

Financial Regulations

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** Policies will be reviewed more frequently if legal changes or good practice require*

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GENERAL PROVISIONS

Background

The Institution is a further education corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in the instrument and articles of government, which may only be amended by application to the Secretary of State for Education. The institution is accountable through its Corporate Board, which has ultimate responsibility for the effectiveness of its management and administration.

The Corporate Board discharges its responsibilities through the Corporation itself, sub-committees, the Chief Executive and Executive Principal and other members of staff.

The institution is an exempt charity by virtue of the Charities Act 1993.

The financial memorandum between the funding councils and the institution sets out the terms and conditions on which grant is made. The Corporate Board is responsible for ensuring that conditions of grant are met. As part of this process, the institution must adhere to the funding council's audit code of practice which requires it to have sound systems of financial and management control. The financial regulations of the institution form part of this overall system of accountability.

Status of Financial Regulations

This document sets out the institution's financial regulations. It translates into practical guidance the institution's broad policies relating to financial control. This document was approved by the Corporate Board on 6 July 2023. It applies to the institution and all its subsidiary undertakings.

These financial regulations are subordinate to the institution's instruments and articles of government and to any restrictions contained within the institution's financial memorandum with the funding body and the funding body's audit code of practice.

The purpose of these financial regulations is to provide control over the totality of the institution's resources and provide management with assurances that the resources are being properly applied for the achievement of the institution's strategic plan and business objectives:

- financial viability;
- achieving value for money;
- fulfilling its responsibility for the provision of effective financial controls over the use of public funds;
- ensuring that the institution complies with all relevant legislation; and
- safeguarding the assets of the institution.

Compliance with the financial regulations is compulsory for all staff connected with the institution. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the institution's disciplinary policy. The Corporate Board will be notified of any such breach through the Audit Committee. It is the responsibility of College Managers to ensure that their staff are made aware of the existence and content of the institution's financial regulations. The Deputy Chief Executive will have delegated powers to waive financial regulations where necessary to ensure sound financial control and the effective running of the financial affairs of the College, subject to any powers reserved by the Corporation itself. All requests for financial waivers must be accompanied by confirmation from the Deputy Chief Executive that the financial implications of the College have been taken into account and such waivers shall be reported to the Chief Executive and Executive Principal.

The Deputy Chief Executive shall maintain a record of all waivers for inspection at the Corporate Board and present a report each Board meeting of all waivers granted.

The Corporate Board is responsible for maintaining a continuous review of the financial regulations through the Deputy Chief Executive.

CORPORATE GOVERNANCE

The Corporate Board

The Corporate Board is responsible for the management and administration of the institution. Its financial responsibilities are to:

- ensure the solvency of the institution and the safeguarding of the institution's assets;
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Chief Executive and Executive Principal 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 institution are appropriate and sufficient to safeguard public funds;
- approve the appointment of external auditors and internal audit service;
- ensure the efficient, economical and effective management of all the institution's resources and expenditure, capital assets and equipment and staff, so that the investment of public funds in the institution is not put at risk;
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution;
- plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure;
- approve an annual budget before the start of each financial year;
- determine tuition fees;
- ensure that the institution complies with the funding body's audit code of practice;
- approve the institution's strategic plan;
- approve the annual financial statements; and
- monitor the financial position and financial control systems.

Committee Structure

In accordance with the Financial Memorandum, the corporation has established the following committees.

Search, Governance and Remuneration Committee

Consideration of senior management's pay and conditions is the responsibility of the Search, Governance and **Remuneration Committee**. It has the power to make recommendations to the Corporate Board on their remuneration, including pay and benefits, as well as contractual arrangements.

Audit Committee

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

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

The audit requirements of the institution are set out in the funding council's audit code of practice.

Code of Conduct

Staff dealing with financial issues must act with integrity at all times and must act so as to avoid suspicion or any appearance of improper conduct.

The Nolan Report reviewed Standards in Public Life and has outlined the seven principles of conduct which underpin public life, they are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Additionally, members of the Corporate Board, senior management or those involved in procurement are required to disclose interests in the institution's register of interests maintained by the Clerk and Governance Adviser to the Corporation (or other designated officer). They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.

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

Receiving of Gifts or Hospitality

In order to minimise any potential perceptions of impropriety, bias or prejudice, Corporation members and College staff are required to refuse any business gifts or hospitality that is other than of insignificant value (less than £50) or where refusal may cause undue offence. The Clerk and Governance Advisor to the Corporation is responsible for maintaining a record of all receipts other than the most trivial.

Responsibilities

The Chief Executive and Executive Principal

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

The Deputy Chief Executive

Day to day financial administration is controlled by the Deputy Chief Executive. The Deputy Chief Executive is responsible to the Chief Executive and Executive Principal for:

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

Deputy Executive Principals/Vice Principals/Director of IT, Assistant Principals

Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT are responsible to the Chief Executive and Executive Principal for financial management in their own areas. They are advised by the Deputy Chief Executive in executing their financial duties.

Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT are responsible for establishing and maintaining clear lines of responsibility within their area/department for all financial matters.

Where resources are devolved to budget holders, they are accountable to their Deputy Executive Principal/Vice Principals, Assistant Principals/Director of IT for their own budget.

Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT shall provide the Deputy Chief Executive with such information as may be required to enable:

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

All Members of Staff

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

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

They shall make available any relevant records or information to the Deputy Chief Executive or his or her authorised representative in connection with the implementation of the institution's financial policies, these financial regulations and the system of financial control.

They shall provide the Deputy Chief Executive with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Corporate Board.

They shall immediately notify the Deputy Chief Executive whenever any matters arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the institution. The Deputy Chief Executive shall take such steps as he or she considers necessary by way of investigation and report.

A Scheme of Delegation of Financial Responsibility is shown in Appendix E.

Risk Management

The institution acknowledges the risk inherent in its business and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance

on the level of risk considered to be acceptable/unacceptable by the institution will be set out in a separate risk management strategy.

The Corporate Board has overall responsibility for ensuring there is a risk management strategy and a common approach to the management risk throughout the institution through the development, implementation and embedment within the organisation of a formal, structured risk management process.

Whistleblowing

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

The full procedure for whistleblowing is set out in the institution's whistleblowing policy. Further details of the Public Interest Disclosure Act are set out in Appendix C.

Security of Documents

The Clerk and Governance Advisor to the Corporation is responsible for the safekeeping of official and legal documents relating to the institution. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Clerk and Governance Advisor to the Corporation. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

FINANCIAL PLANNING AND CONTROL

Financial Planning

The Deputy Chief Executive is responsible for the preparation of annually, a rolling two year financial plan for approval by the Corporate Board and for preparing financial forecasts for submission to the funding council. Financial plans should be consistent with the strategic plans and estates strategy approved by the Corporate Board.

Resource Allocation

The College must use funds earmarked by the funder for the specific purposes which may have been provided. Resources are allocated annually by the Corporate Board. Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT are responsible for the economic, effective and efficient use of resources allocated to them.

Budget Preparation

The Deputy Chief Executive is responsible for the preparation of an annual revenue budget and capital programme for consideration by the Corporate Board. The budget should also include monthly cash flow forecasts for the year end and a projected year-end balance sheet. The Deputy Chief Executive must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT as soon as possible following their approval by the Corporate Board.

During the year, the Deputy Chief Executive is responsible for the submission of revised budgets for consideration by the Corporate Board for approval.

Capital Programmes

Capital expenditure on land, buildings and associated costs can only be considered as part of the capital programme approved by the Corporate Board.

The Deputy Chief Executive is responsible for the preparation of regular statements concerning all capital expenditure to the Corporate Board for monitoring purposes.

Proposed capital projects should be supported by:

- a statement which demonstrates the project's consistency with the strategic plans and estates strategy approved by the Corporate Board;
- an initial budget for the project for submission to the Corporate Board. 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 funding council guidance on option and investment appraisal;
- a demonstration of compliance with normal tendering procedures and funding council regulations; and
- a cash flow forecast.

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

Financial Control

Budgetary Control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder who must ensure that day to day monitoring is undertaken effectively. Budget holders are responsible to their Deputy Executive Principal/Vice Principal//Assistant Principal/Director of IT for the income and expenditure appropriate to their budget. The budget holder will be assisted in this duty by management information provided by the Finance Department. Significant departures from agreed budgetary targets must be reported immediately to the Deputy Chief Executive by the Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT concerned and, if necessary, corrective action taken.

The Deputy Chief Executive is responsible for the preparation of budgetary reports on all aspects of the institution's finances to the Corporate Board on an agreed basis.

Changes to the Approved Budget

Changes proposed to the approved budget will be considered and approved otherwise by the Corporate Board, unless they fall within the delegated approval arrangements:

- Deputy Chief Executive 1% Providing the surplus remains unchanged

Virement

Where a budget holder is responsible for more than one budget, virement is permitted up to 5% of the budget from which virement is sought, with the written approval of the Deputy Chief Executive.

Virement between budgets held by different budget holders is permitted up to 5% of the budget from which virement is sought, with the written approval of the transferring budget holder and the Deputy Chief Executive. Virement between specific capital projects budgets is permitted up to 10% of the budget from which virement is sought. The Deputy Chief Executive is responsible for submitting requests for virement of resources above 10% to the Corporate Board for consideration.

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. Specific departmental consumables and equipment account balances may be carried forward with the approval of the Deputy Chief Executive.

Accounting Policies

Basis of Accounting

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

Format of the Accounts

The accounts are prepared for the financial year ending 31 July, in the format required by the funding council and in accordance with the provisions of the Companies Acts 1985 and 2006.

Basis of Consolidation

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

Capitalisation and Depreciation

Definition

Capital expenditure is defined as being on the purchases of items with an expected useful economic life of over one year and with a value at purchase of £1,000 (including Value Added Tax).

On capitalisation, these items become fixed assets of the College, subject to its depreciation policy (see below) and accounted for within the College's fixed asset register held by the Finance Department under categories of: Land, Buildings, Plant, Short-Life Accommodation, Furniture Fixtures and Fittings, Equipment, and Computer Equipment.

In determining whether a purchase is capitalisable the following guidelines will apply:

1. renovations of buildings (including any costs of professional fees, VAT, etc.) which significantly affect their value, usefulness or expected lifetime are in general capitalisable, whereas repairs and redecorations are not; or

2. purchase of a single item of furniture (e.g. a chair) for £200 is not capitalisable, but a single purchase of five or more such items to equip a room is generally capitalisable.

Capital Budget

Fixed assets are not allocated to department in the College but are held centrally. The budget-holders for these items and their associated depreciation amounts is the Deputy Chief Executive. All requests for capital items must be endorsed by the Deputy Chief Executive before they are submitted to the Chief Executive and Executive Principal or Corporation for approval.

Depreciation Policy

Capitalised assets shall be depreciated in the College accounts via the straight line method over their expected useful economic lives as follows:

Land: Not depreciated	Plant: 15 – 25 years
Buildings: Range 50 – 60 years	Furniture, Fixture, Fittings: 10 years
Short-Life Accommodation – 10 years	Equipment (incl. Vehicles): 10 years
Computer Equipment – 6 years	

Asset Disposals

The Corporation must approve, disposal of any asset where the current net book value exceeds, or the proceeds are expected to exceed £50,000. The Education Skills Funding Agency must be informed of any disposal of land or buildings developed with their funds, and may require repayment of some or all of the associated grant.

Disposal of land and buildings must only take place with the authorisation of the Corporation, Funding body consent may also be required.

Disposal of other assets are subject to the following authorisation limits:

Value of Assets (incl VAT)	Authorisation for Disposal
Up to £1,000	Director of Finance
Up to £10,000	Deputy Chief Executive

Up to £50,000	Chief Executive and Executive Principal (or their Nominee)
Over £50,000	The Corporation

Where the anticipated value of an asset is less than £1,000 (including VAT) sales may be advertised internally only.

When an asset is identified by a Senior Manager as obsolete for College purposes, the Manager must ascertain the maximum value of the this asset and complete an Asset Disposal Request Form which will establish why the asset is not required, its age, condition, specialisation, market demand, and quantity.

The Deputy Chief Executive and or Chief Executive and Executive Principal will determine whether and (subject to the authorisation limits) how to sell the asset by whatever means in order to realise the 'best' overall value or return, and this may be choice, not necessarily be the full market value of the asset. Thus affecting or having a bearing on the assets book value. The College would also reserve the right to sell the assets in whatever quantities or amounts, that best satisfies an enquiry or potential sale.

On occasions it may be prudent or best practice to 'gift' the assets to a third party, which would render the value of the asset to nothing, potentially creating a negative asset book value. Once it has been agreed in principle to dispose of the asset the Asset Disposal Request Form will be authorised. This includes broken or damaged assets which are being simply being disposed of through proper licensed waste collections.

The Finance Department will co-ordinate the sale process with the responsible department. All receipts and monies received through this process must be retained by the Finance Department, along with a copy of the supporting sale documentation. The sale proceeds will be returned to College Central budgets as these are used to facilitate resources for capital investment.

Accounting Records

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

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

- official orders;
- paid invoices;
- accounts raised;

- bank statements; and
- copies of receipts

The Deputy Chief Executive will make appropriate arrangements for the retention of electronic records.

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

Audit

Audit Requirements

General

External auditors and internal auditors shall have authority to:

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

The Deputy Chief Executive is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly. Following consideration and recommendation by the Audit Committee they will be submitted to the Corporate Board for approval.

External Audit

The appointment of external auditors will take place annually and is the responsibility of the Corporate Board. The Corporate Board will be advised by Audit Committee.

The primary role of external audit is to report on the institution's financial statements and to carry out such examination of the statements, underlying records and control systems as are necessary to reach their opinion

on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the funding body's audit code of practice and the Auditing Practices Board's auditing standards.

Internal Audit

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

The institution's financial memorandum with the funding body requires that it has an effective internal audit function. The main responsibility of internal audit is to provide the Corporate Board, the Chief Executive and Executive 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 Corporate Board, Chief Executive and Executive Principal and Chairman of Audit Committee.

The internal auditor will comply with the Auditing Practices Board's Auditing Guideline Guidance for Internal Auditors.

Other Auditors

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

Fraud and Corruption

It is the duty of all members of staff, management and the Corporate Board to notify the Clerk and Governance Advisor to the Corporation immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

The Clerk and Governance Advisor to the Corporation shall immediately invoke the fraud response plan, which incorporates the following key elements:

- he or she will notify the Chief Executive and Executive Principal and the Audit Committee (through its Chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report;
- any significant cases of fraud or irregularity shall be reported to the funding body in accordance with their requirements as set out in the Audit Code of Practice;

- the Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the Internal Audit Service or others, as appropriate; and
- the Internal Audit Service, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such report shall include advice on preventative measures.

Value for Money

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

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

Treasury Management

General

The Corporate Board is responsible for approving a treasury management policy (setting out the strategy and policies for cash management, long term investments and borrowings. It also has a responsibility to ensure implementation, monitoring and review of such policies.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Deputy Chief Executive and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the institution and shall conform to any relevant funding council requirements.

Appointment of Bankers and Professional Advisors

The Corporate Board is responsible for the appointment of the institution's bankers. The appointment shall be for a period not exceeding five years after which consideration shall be given by the Corporate Board to competitively tendering the service.

Banking Arrangements

The Deputy Chief Executive is responsible for, on behalf of the Corporate Board, liaising with the institution's bankers in relation to the institution's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Deputy Chief Executive who shall make proper arrangements for their safe custody.

All bank accounts shall be in the name of the institution or one of its subsidiary companies in the format approved by Corporate Board.

Bank Account Signatories

The following employees shall be signatories to bank accounts:

Chief Executive and Executive Principal

Deputy Executive Principal – Teaching Learning and Improvement

Deputy Executive Principal – Strategy and Curriculum

Deputy Chief Executive

Vice Principal - Information and Learning Resources

Director of IT

Director of Finance

Financial Accounting Manager

All cheque payments and any other payment instrument must be signed by two of the above authorised signatories. Signatories to bank accounts are also empowered to transfer monies between bank accounts with no limit to the value of the transfer.

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

Unofficial Funds

Where an employee by reason of employment with the College has responsibility for a voluntary fund other than an official fund, this is deemed to be an unofficial fund. Unofficial funds shall be kept separate from official funds and accounted for as distinct entities.

Income

General

The Deputy Chief Executive is responsible for ensuring that appropriate procedures are in operation to enable the institution 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 Deputy Chief Executive.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Corporate Board.

The Deputy Chief Executive is responsible for the prompt collection, security and banking of all income received.

The Deputy Chief Executive is responsible for ensuring that all grants notified by the funding council and other bodies are received and appropriately recorded in the institution's accounts.

The Deputy Chief Executive is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

Receipt of cash, cheques and other negotiable instruments

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.

Fees may not be paid to lecturing staff. Money must be paid to the Finance Department daily and custody of all cash holdings must comply with the requirements of the institution's insurers.

No deductions may be made from any cash collected on behalf of the institution prior to paying into the finance department.

Personal or other cheques must not be cashed out of money received on behalf of the institution.

Receipts by credit or debit card: the institution may only receive payments by debit or credit card using procedures approved by the Deputy Chief Executive.

The Collection of Debts

The Deputy Chief Executive should ensure that:

- debtors' invoices are raised promptly in respect of income due to the institution;
- debtors are raised on official institution invoices, by the Finance Department;
- swift and effective action is taken to collect overdue debts in accordance with the institution's formal procedures; and
- outstanding debts are monitored and reports are prepared for managers.

The Deputy Chief Executive is responsible for implementing credit arrangements and indicating a period in which different types of invoice must be paid.

Requests to write-off debts in excess of £10,000 must be referred in writing to the Deputy Chief Executive for submission to Corporate Board for consideration. Debts below the level of £1,000 may be written off with the permission of the Director of Finance.

Student Fees

The procedures for collecting tuition and examination fees must be approved by the Deputy Chief Executive. He/she is responsible for ensuring that all student fees due to the institution are received. Fees may not be paid to lecturing staff.

Any student who has not paid an account for fees or any other item owing to the institution shall not be awarded a degree or any diploma, certificate and qualification from the institution until all outstanding debts have been cleared. The name of such students shall not be included on any pass lists until all outstanding accounts have been settled in full. Such students shall be prevented from re-enrolling at the institution and from using any of the institution's facilities.

Student Loans

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

Other Income Generating Activities

Off-site collaborative provision (franchising)

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

There shall be a contract signed by the Chief Executive and Executive Principal 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 activity shall be approved in advance by the Corporate Board.

Where the partnership would represent a significant departure from the institution's strategic plan, the Corporate Board shall approve the departure, and the Chief Executive and Executive Principal shall seek the views of and inform the funding body.

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 Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the institution's costing and pricing policy.

If the institution sub-contracts such work to external providers, the relevant Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT shall ensure that:

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

Additional Payments to Staff

Any proposal which involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT and, in the case of Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT, the Chief Executive and Executive Principal.

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 Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT (and in the case of the Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT).
- applications for permission to undertake work as a purely private activity must be submitted to the Deputy Executive Principals/Vice Principals/Assistant Principals or Chief Executive and Executive Principal, as appropriate, 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 institution resources required (for the calculation of the full economic cost); and
- an undertaking that the work will not interfere with the teaching and normal institution duties of the member(s) of staff concerned.

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 Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT and the Deputy Chief Executive

Other income-generating activities organised by members of staff must be costed and agreed with the Deputy Chief Executive before any commitments are made.

Intellectual Property Rights and Patents

General

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

Patents

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

Intellectual Property Rights

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

Expenditure

General

The Deputy Chief Executive is responsible for making payment to suppliers of goods and services to the institution.

Purpose of Goods or Services bought

Under no circumstances should goods or services be bought by any method that are for personal or private use, or for gifts for another member of staff. All expenditure undertaken using College Funds should be solely and exclusively for the benefit of the College.

Authorities

The Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT is responsible for purchases within his/her area/department. Purchasing authority may be delegated to named budget holders within the area/department.

The Deputy Chief Executive shall maintain a register of authorised signatories. Any changes to the authorities to sign must be notified to and agreed by the Deputy Chief Executive immediately. Deputy Executive Principals/Vice Principals/ Director of IT/Assistant Principals must supply the Deputy Chief Executive with specimen signatures of those authorised to certify invoices for payment.

Deputy Executive Principals/Vice Principals/Assistant Principals/Director of IT and budget holders are not authorised to commit the institution to expenditure without first reserving sufficient funds to meet the purchase cost.

Under procedures agreed by the Deputy Chief Executive, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits (for electronic systems).

The Corporate Board has delegated authority to the Chief Executive and Executive Principal to approve any properly presented purchase requisition up to a value of £100,000 (incl. VAT). The Corporate Board delegate authority to three nominated external Corporation Board members to oversee and approve expenditure between £100,000 and £250,000 including VAT. Expenditure above £250,000 shall be submitted to the Corporate Board for approval.

Similarly, the Chief Executive and Executive Principal has delegated authority to budget-holders to approve any properly presented purchase requisition with a value of £2,000 (including VAT), between £2,000 and

£5,000 (including VAT) jointly to budget holders and also the Director of Finance and, additionally with the Deputy Chief Executive up to a value of £20,000 (including VAT).

Purchase Orders

Only the Finance Department may raise purchase orders committing the College to a purchase. Official institution orders must be used for the purchase of all goods or services. The College reserves the right to refuse to accept liability for any commitment entered into by any member of College staff or Corporation, other than according to these regulations. The supplier may enforce liability on the individual who made the commitment.

The budget holder is expected to work with the requisitioner to determine alternative sources of supply to ascertain product/service quality, reputation, on delivery and post-purchase support and price, in as realistic a time scale as possible for the requisitioner's needs.

Both the Budget holder and requisitioner are expected to apply their skills and knowledge to achieve the best commercial decision for the College - which is not necessarily lowest price but shall represent the best value for money also taking into account:

- fitness for purpose;
- delivery and availability against price;
- whole life costs (for example maintenance and running costs);
- on costs (for example transport and storage); and
- the cost of procurement (including time spent on purchase).

The requisitioner will raise purchase requisitions; authorisers should not approve requisitions which will breach agreed budgets. The appropriate budget code is to be copied from the requisition to the order: any changes in code are only to be made in consultation with the requisitioner. The Deputy Chief Executive is also empowered to request Departments to generate serial orders for call-ups as and when specific requisitions are raised: serial orders may have a life span of greater than a financial year.

Note: College staff are allowed to use the employee expense reimbursement procedure to purchase low-value (under £50 including VAT) items locally and in person, or to pay for travel and subsistence costs incurred on College business; this procedure requires neither requisition nor purchase order, but does require an authorising signature (normally the line manager) and, where different, the budget holder's counter-signature.

Purchase orders are to state the agreed payment terms (normally net 30 days) and that suppliers should send their invoices in the first instance to the Finance Department. Where payment is required with the orders, the order should state "Payment with Order" and have supporting documentation identifying the value to be paid and evidence for pre-payment.

Amendment or cancellation to purchase orders can only be via supplementary requisitions, the raising and issuing of which is to follow the same regulations as above for original purchase orders.

Purchase orders are required to be raised through the College's Purchase Ordering system for all purchases, with the exception of the following items: utilities, rates, exam costs, student trip activities, food purchases for catering and agency staff. For further clarification, please refer to the Director of Finance.

Competitive Quotations/Tenders

In order to promote fair competition and to preclude perceptions of bias, especially in higher value purchases, the College is required to obtain:

- for single items or services valued at a threshold limit of £3,000 or more (including VAT), the Budget holder shall oversee the obtaining of three competitive quotations for review, before deciding to issue a purchase requisition, the Director of Finance should be furnished with this information and decision before an order is raised.
- for items valued at £10,000 or more (including VAT) sealed tenders from suppliers, to a written specification prepared and agreed by the requisitioner, the Deputy Chief Executive and, where appropriate, the Chief Executive and Executive Principal or one of their direct reports. On-going contracts at this value should be re-tendered every five years;
- for items valued at or above the then current EU-determined limit invitations to tender must be advertised in the Official Journal of the European Community, specifying a closing date for applications of interest.
- the invitation to tender must specify that the College does not bind itself to accept the most financially favourable tender or indeed any tender.

Any invitation to tender must allow a reasonable period for preparation of the tender. It must be sent to the supplier by the Deputy Chief Executive (or their nominee) with an address label for the tender, addressed to the Director of Finance, quoting a tender reference number and the date and time at which the envelope or electronic submission is to be opened.

Where a tenderer gives sufficient notice of a request for an extension of time because of exceptional circumstances, the Deputy Chief Executive is empowered to grant a suitable extension, which shall be extended to all tenderers. The Deputy Chief Executive is empowered to accept a late receipt if proof is provided of posting, which would normally be in time to meet the deadline. The Deputy Chief Executive is empowered to accept corrections to errors in tenders only where not accepting the correction would eliminate the tenderer from the contest.

All tenders are to be time and date stamped on receipt. They are to be held unopened in a secure place until the specified date and time for opening. They are to be opened together, with a minimum of two staff, nominated by the Chief Executive and Executive Principal or Deputy Chief Executive, at least one of which will be from the Finance Department. The main details of each tender are to be noted as they are opened, as evidence of propriety in any future investigation; both members of staff are to initial and date the notes.

The College is required, when deciding on any purchase, to take into account all appropriate information, including, but not limited to: product/service quality; delivery; post-purchase support; supplier reliability; and reputation as well as price. This requirement applies to all purchases whether or not they have involved competitive quotations or tenders.

Where three or more competitive quotations have been sought in accordance with the regulations, but not received, the Deputy Chief Executive shall review the available information and decide whether to place an order on the basis of the reduced information or whether to seek further competitive quotations.

Where the College has determined a preferred supplier by previous competitive quotation, the Deputy Chief Executive (or their nominee) may use that preferred supplier to source further purchases subject to at least annual price testing on a competitive basis.

Where the Deputy Chief Executive uses the services of OGC (the Office of Government Commerce), or such consortia as SUPC (Southern Universities Purchasing Consortium), KCS (Kent County Supplies), Crescent Purchasing Consortium or the NHS, they shall be entitled to rely upon their procurement procedures as having discharged the requirement to obtain competitive quotations.

Where the Director of Finance is satisfied that there is only one supplier for a particular item, including for College standard equipment, there shall be no need to procure competitive quotations. Some examples include utilities, rates, exam costs, staff student trip activities and agency staff. For any further clarification please refer to the Director of Finance. Any disputes with suppliers (e.g. regarding quality, delivery, etc.) are to be resolved using the best offices of both requisitioner and the Director of Finance working together

Purchasing Cards

The operation and control of the institution's purchasing cards is the responsibility of the Deputy Chief Executive.

Holders of purchasing cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. 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 costs. The Deputy Chief Executive shall determine what information is required on purchases made with purchasing cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained and cardholders must provide that information.

Receipt of Goods

All goods shall be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of the delivery and signed by the person receiving the goods.

If the goods are deemed to be unsatisfactory, the supplier will be immediately notified so that the goods can be collected for return as soon as possible. Where goods are short on delivery, the supplier will be immediately notified.

Payment of Invoices

The procedures for making all payments shall be in a form specified by the Deputy Chief Executive.

The Deputy Chief Executive is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by electronic bank transfer, or exceptionally by cheque, to a schedule laid down by the Deputy Chief Executive.

Deputy Executive Principals/Vice Principals/Assistance Principals/Director of IT are responsible for ensuring that expenditure within their area/Department does not exceed funds available.

Suppliers should be instructed to submit invoices for goods or services to the Finance Department.

Payments will only be made by the Deputy Chief Executive against invoices which have been certified for payment by the appropriate Deputy Executive Principals/Vice Principals/Assistance Principals/Director of IT 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; and
- an appropriate cost centre is quoted. This must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

Care must be taken by the budget holder to ensure that discounts receivable are obtained.

Staff Reimbursement

The institution's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditor's system without staff having to incur any personal expense. However, on occasion, staff may incur expenses and are entitled to reimbursement. Travel and subsistence reimbursement are dealt with via Payroll.

Where such purchases by staff are planned, the Deputy Chief Executive and the relevant Deputy Executive Principals/Vice Principals/Assistance Principals/Director of IT may jointly approve cash advances to staff who are going to incur expenditure on the institution's behalf. Upon completion of the project to which the advance relates, within one week a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

Petty Cash

Petty cash floats for the purchase of items required in emergencies, or where the use of the College purchase order system is deemed inappropriate, may be approved as set out below.

The limit for purchases through the petty cash system is set at £50 except where approval has been granted by the Director of Finance, in advance for this limit, to be exceeded in respect of a specific purchase.

The Deputy Chief Executive shall make available to faculties/departments, where approval for area/departmental imprests has been granted, such imprests as are considered necessary for the disbursement of petty cash expenses.

A member of staff is to be designated by the Deputy Executive Principals/Vice Principals/Assistance Principals/Director of IT as the person who is to be personally responsible for its safe keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the institution's insurers when not in use and will be subject to periodic checks by the Deputy Executive Principals/Vice Principals/Assistance Principals/Director of IT or another person nominated by him or her.

Requisitions for reimbursement must be sent to the Director of Finance, together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.

At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter signed by the Deputy Executive Principals/Vice Principals/Assistance Principals/Director of IT

A central College petty cash float will be maintained by finance at each site under the direction of the Deputy Chief Executive.

Other Payments

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Deputy Chief Executive, supported by detailed claims approved by the Deputy Executive Principals/Vice Principals/Assistance Principals/Director of IT.

Individual payments under "outward collaborative provision" contracts shall be authorised by the Deputy Chief Executive.

Pay Expenditure

General

The Deputy Chief Executive is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered.

Staff appointment procedures are set out on the staff intranet. All institution staff will be appointed to the salary scales approved by the Corporate Board and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources office.

The Deputy Chief Executive is responsible for making timely and proper payment of payroll deductions including any necessary returns to H.M. Returns and Customs, pensions agencies and other organisations in accordance with statutory and employee authorised requirements.

Appointment of Staff

All contracts of service shall be concluded in accordance with the institution's approved personnel practices and procedures and all offers of employment with the institution shall be made in writing by the Chief Executive and Executive Principal. Budget holders shall ensure that the Deputy Chief Executive and the Head of HR are provided promptly with all information that they may require in connection with the appointment, resignation or dismissal of employees.

Salaries and Wages

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

The Head of HR will be responsible for keeping the Deputy Chief Executive 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; and
- information necessary to maintain records of service for superannuation, income tax and national insurance.

The Deputy Chief Executive 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 Deputy Chief Executive shall be responsible for keeping all records relating to payroll including those of a statutory nature.

Travel, Subsistence and Other Allowances

All claims for payment of subsistence, allowances, travelling and incidental expenses shall be completed in a form approved by the Deputy Chief Executive. All claims should be submitted for reimbursement within two months of the expenses being incurred.

Claims by members of staff must be certified by their Deputy Executive Principals/Vice Principals/Assistance Principals/Director of IT. The certification by the Deputy Executive Principals/Vice Principals/Assistance Principals/Director of IT shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the institution.

The Chief Executive and Executive Principal claims are authorised by the Chair or Vice Chair of Governors. Claims by Governors for travel and subsistence are authorised by the Clerk and Governance Advisor of the Corporation.

All foreign travel by staff or Governors directly related to their relationship with the College will be approved in writing prior to any commitment being made. Where the Chief Executive and Executive Principal undertakes such travel, this will be authorised by the Chair of the Corporation. In all other cases, the Chief Executive and Executive Principal will give approval.

All claims shall be in accordance with the circumstances and where appropriate the rates for travel and subsistence approved by the Corporation from time to time and set out in Appendix G of these financial regulations.

Allowances for members of the Corporate Board

Claims for members of the Corporate Board will be authorised. Claims for meeting attendance will be based on standard amounts for each individual, but only reasonable expenses can be reimbursed.

Assets

Land, Buildings and Equipment

The purchase, lease or rent of land or buildings or fixed plant can only be undertaken with authority from the Corporate Board and with reference to funding council requirements where exchequer funded assets or exchequer funds are involved.

Fixed Asset Register

The Deputy Chief Executive is responsible for maintaining the institution's register of land, buildings and equipment. Deputy Executive Principals/Vice Principals/Assistance Principals/Director of IT will provide the Deputy Chief Executive with any information he or she may need to maintain the register.

Inventories

In addition to the asset register, Deputy Executive Principals/Vice Principals/Assistance Principals/Director of IT are responsible for maintaining inventories for all plant, equipment and furniture and stores in their departments with a value in excess of £500. The inventory must include items donated or held on trust.

Stocks and Stores

Deputy Executive Principals/Vice Principals/Assistance Principals/Director of IT are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting in departments must have the approval of the Deputy Chief Executive.

Deputy Executive Principals/Vice Principals/Assistance Principals/Director of IT 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 Deputy Executive Principals/Vice Principals/Assistance Principals/Director of IT whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Deputy Chief Executive.

Safeguarding Assets

Senior Leaders are responsible for the care, custody and security of buildings, stock, stores, furniture, cash etc. under their control. They will consult the Deputy Chief Executive in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Assets owned by the institution shall, so far as practicable, be effectively marked to identify them as institution property.

Other

Insurance

The Deputy Chief Executive is responsible for the institution's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets.

The Deputy Chief Executive is responsible for effecting insurance cover as determined by the Corporate Board. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Deputy Chief Executive will keep a register for all insurances effected by the institution and the property risks covered. He or she will also deal with the institution's insurers and advisers about specific insurance problems.

Senior Leaders must ensure that any agreements negotiated within their Departments' with external bodies cover any legal liabilities to which the institution may be exposed. The Deputy Chief Executive advice should be sought to ensure that this is the case. Senior Leaders must give prompt notification to the Director of IT of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Senior Leaders must advise the Deputy Chief Executive immediately of any event that may give rise to an insurance claim. The Deputy Chief Executive will notify the institution's insurers and, if appropriate, prepare a claim in conjunction with the Senior Leader for transmission to the insurers.

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

Companies

In certain circumstances it may be advantageous to the institution to establish a company to undertake services on its behalf. The Corporate Board 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 are documented in the institution's financial procedures. It is the responsibility of the Corporate Board to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the institution. The directors of companies where the institution is the majority shareholder must submit an annual report to the Corporate Board.

Companies and Joint Ventures

Any new business activity, or proposed establishment of a company or joint venture outside the normal course of business, which will require an investment in buildings, resources or staff time of more than £50,000 should be presented for approval to the Corporate Board.

There may be a statutory requirement to refer the proposal for a new company or joint venture to the relevant or other funding body and any statutory requirement should be adhered to by the College before approval is confirmed.

Security

Senior Leaders 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 Deputy Chief Executive in any case where security is thought to be defective or where it 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 Deputy Chief Executive immediately.

The Director of IT shall be responsible for maintaining proper security and privacy of information held on computer. 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 will be subject to the provisions of the Data Protection Act. The Data Protection Officer is to ensure compliance with the Act.

Students' Union

The students' union is a department of the College and not a separate legal entity from 1 August 2019.

Use of the College's Seal/Contracts/Leases

Where a deed or document requires the institution's seal, it must be sealed by the Clerk and Governance Advisor to the Corporation or, in his or her absence, the Deputy Chief Executive, in the presence of a member of the Corporate Board.

The Clerk and Governance Advisor to the Corporation is responsible for submitting a report to each meeting of the Corporate Board detailing the use of the institution's seal since the last meeting.

The Chairman of the Board of Governors and one other Governor is responsible for signing on behalf of the College.

The Clerk and Governance Advisor to the Corporation (or their nominee) is responsible for the safekeeping of the College's (any subsidiary undertaking) seals and legal documents. Signed copies of deeds, leases, and contractual agreements must be forwarded to the Clerk and Governance Advisor to the Corporation for safekeeping in an appropriately secure and fireproof location with duplicates held at a separate location.

Managing Public Money

Since the reclassification of colleges into the public sector the college must ensure compliance with the HM Treasury's document, 'Managing Public Money'.

MPM includes the following which the college must adhere to:

1. Senior Pay Controls
2. Write offs and Losses
3. Special Payments, including severance, compensation and ex-gratia payments
4. Indemnities, guarantees and letters of comfort
5. Novel, contentious and repercussive transactions
6. Assets disposals
7. New financing and amendments to existing borrowing

Guidance relating to each of the areas is evolving and specific detail can be found on the ESFA Gov.uk website:

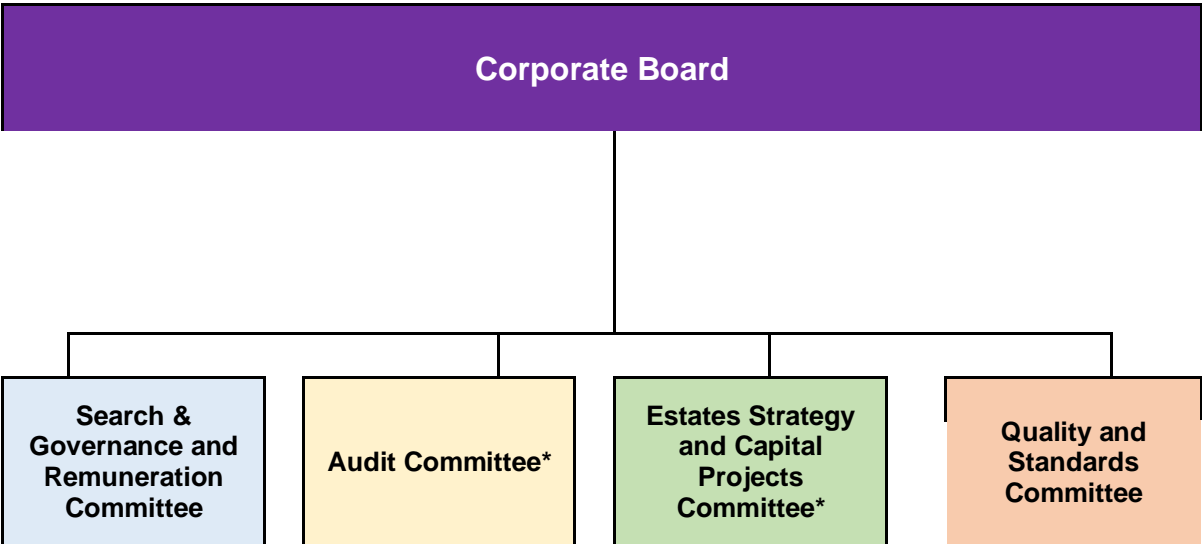
https://www.gov.uk/government/publications/bite-size-guides-to-aid-colleges-in-meeting-new-requirements-following-reclassification?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=8049ba92-faa5-459a-a354-da97098b70a8&utm_content=immediately

The ESFA may make adjustments to the current guidance and the college will always follow this when issued and the Financial Regulations will be updated accordingly at the next review.

APPENDICES

APPENDIX A

Committee Structure



NB: *Terms of Reference for finance related committees are included for reference below

APPENDIX B

Audit Committee Terms of Reference

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1. Definitions

Definitions of auditors used in these terms of reference are as follows:

External Auditor:	the appointed Financial Statements and Regulatory Auditor
Internal Auditor:	the appointed Internal Audit Services Auditor
Funding Auditor:	the Funding agency or an auditor appointed by the funding agency to audit the funding provided to North Kent College

2. Membership and Operation

- 2.1 The Audit Committee ("the Committee") shall comprise five members; at least three members of the Committee must be members of the Corporation. The Committee should include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively, members of the Committee should have recent, relevant experience in risk management, finance and audit and assurance.
- 2.2 The internal auditors (where appointed) shall be entitled to attend and speak at all meetings of the Committee (but not to vote) as shall the external auditor and funding auditor (where appointed) where business relevant to them is being discussed. Senior management should also be invited to attend meetings of the Committee, particularly where their area of responsibility is under discussion, and shall be entitled to attend and speak at such meetings but not to vote.
- 2.3 The Committee may invite the Corporation's advisers or other third parties to attend meetings of the Committee as appropriate (such persons shall not have a vote but shall be entitled to speak at the meeting).
- 2.4 The Chief Executive/Chief Accounting Officer and other senior post holders may not be members of the Committee.
- 2.5 In order to maximise the Committee's independence and objectivity, the Committee must not adopt an executive role and the following people shall not be eligible to sit on the Committee:
 - 2.5.1 The Chair of the Corporation; and
 - 2.5.2 Governors who have significant interests in North Kent College
- 2.6 The Chair of the Committee will be selected by the Audit Committee.

- 2.7 The quorum for the meetings of the Committee shall be three.
- 2.8 The Clerk & Governance Advisor to the Corporation shall act as Clerk to the Committee.
- 2.9 The Committee will meet at least three times per year. The internal auditor, funding auditor or financial statements auditor may request a meeting of the Committee if they consider that one is necessary and the Committee will endeavour to comply with such request.
- 2.10 The Committee shall be entitled, whenever it is satisfied that it is appropriate to do so, to go into confidential session and (subject to the rules as to quoracy set out above) to exclude any, or all, participants and observers, except the Clerk to the Committee.
- 2.11 The Committee has authority to investigate any activity within its terms of reference. The Committee shall be granted rights of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit. This may include access to members of the staff and governors of the Corporation, and consultation with the internal auditors, external auditor and funding auditor directly.

3. Terms of Reference

- 3.1. To assess and provide the Corporation with an opinion on the adequacy and effectiveness of the College's audit arrangements, framework of governance, risk management and control, and processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets;
 - 3.1.1. To assess and provide the Corporation with an opinion on the oversight of subcontracted provision to ensure that it is delivered responsibly. Specific assurance activities in this area require providers to comply with the funding agreement annual subcontracting assurance clause. This clause requires the College to obtain an independent report that provides assurance on the arrangements in place to manage and control subcontractors. This report must be provided to the audit committee to be included in the Annual Audit Committee report.
- 3.2. To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditors and other assurance providers (where appointed), including internal auditors, and establish that all such assurance providers adhere to relevant professional standards;
- 3.3. Advise the Corporation on the scope and objectives of the work of the internal auditors (where appointed), the external auditor and the funding auditor (where appointed);

- 3.4. To ensure effective co-ordination between the internal auditors, the funding auditor (where appointed) and the external auditor including whether the work of the funding auditor should be relied upon for internal audit purposes;
- 3.5. To consider and advise the Corporation on the audit strategy and annual internal audit plans for the internal auditors;
- 3.6. To advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the management letters of the external auditor (including their work on regularity) and the funding auditor (where appointed), and management's responses to these;
- 3.7. To monitor, within agreed timescales, the implementation of recommendations arising from the management letters and reports of the External Auditor, and of any reports submitted by other providers of audit and assurance providers to the college;
- 3.8. To consider and advise the Corporation on relevant reports by the National Audit Office ("NAO"), the Education Skills Funding Agency ("ESFA"), Office for Students ("OfS"), other funding bodies and where appropriate, management's response to these;
- 3.9. To establish, in conjunction with North Kent College management, relevant annual performance measures and indicators, and to monitor the effectiveness of the internal auditors and external auditor through these measures and indicators and to decide, based on this review, whether a competition for price and quality of the audit service is appropriate;
- 3.10. To oversee the College's approach and adherence to "Value for Money" ensuring that Economy, Efficiency and Effectiveness are being practiced in conjunction with the Financial Regulations
- 3.11. To produce an annual report for the Corporation. The annual report must summarise the committee's activities relating to the financial year under review, including any significant issues arising up to the date of preparation of the report, and any significant matters of internal control included in the management letters and reports from auditors or other assurance providers. It must include the Committee's view of its own effectiveness and how it has fulfilled its terms of reference. The report must include the Audit Committee's opinion on the adequacy and effectiveness of the college's audit arrangements, its framework of governance, risk management and control, and its processes for securing economy, efficiency and effectiveness. The annual report must be submitted to the corporation before the Statement of Corporate Governance and Internal Control in the accounts is signed. A copy of the audit committee's annual report must be submitted to the relevant funding body with the annual accounts.

- 3.12. To advise the Corporation on the college's overall risk appetite, tolerance and strategy, taking account of the current financial environment.
- 3.13. Oversee and advise the Corporation on the current risk exposures of the college and future risk strategy.
- 3.14. To keep under review the college's overall risk assessment processes that inform the Corporation's decision making, ensuring both qualitative and quantitative metrics are used;
- 3.15. To set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- 3.16. To review the college's capability to identify and manage new risk types [in conjunction with the Corporation Board]
- 3.17. Review reports on any material breaches of risk limits and the adequacy of proposed action.
- 3.18. To provide qualitative and quantitative advice to the Search Governance & Remuneration committee on risk weightings to be applied to performance objectives incorporated in senior post holders remuneration.
- 3.19. Review the adequacy and security of the college's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 3.20. To oversee the college's policies on fraud and irregularity and whistleblowing, and ensure the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity; that investigation outcomes are reported to the Audit Committee; that the external auditors (and internal auditors where appointed) have been informed, and that appropriate follow-up action has been planned / actioned, and that all significant cases of fraud or suspected fraud or irregularity are reported to the chief executive of the appropriate funding body;
- 3.21. To inform the Corporation of any data breaches, GDPR issues and Health & Safety Incidents.
- 3.22. To inform the Corporation of any additional services provided by the financial statements, regularity and other audit and assurance providers and explain how independence and objectivity were safeguarded;
- 3.23. To recommend the annual financial statements to the Corporation for approval.

- 3.24. To advise the Corporation, the Senior Leadership Team and the Directors and employees of any subsidiary trading companies on audit matters relating to the subsidiary companies, as required.

4. Committee Membership

- 4.1. Chair of Committee
External Governor with Finance expertise, where possible.
- 4.2. Governors
Five external Governors
- 4.3. College Senior Leadership Representation
Deputy Chief Executive and the Deputy Executive Principal, Strategy and Development North Kent College/Gravesend
- 4.4. External Representation
The Internal Audit Services is provided by Scrutton Bland and Financial Statements Services is provided by Buzzacott.
- 4.5. Clerk & Governance Advisor to the Corporation

5. Audit Committee Annual Business Plan

- 5.1 Autumn Term
- 5.1.1 Confidential session with IAS and FSA;
 - 5.1.2 Internal Audit Report;
 - 5.1.3 Internal Audit Services Annual Report;
 - 5.1.4 Financial Statements Audits;
 - 5.1.5 Annual Management Report;
 - 5.1.6 Regularity Audit Report;
 - 5.1.7 Annual Audit Committee Report to the Board & Chief Executive/Executive Principal;
 - 5.1.8 Annual Performance review of audit providers;
 - 5.1.9 Risk Register update and review;
 - 5.1.10 Disclosures Update;
 - 5.1.11 Risk Management Policy & Procedures;
 - 5.1.12 Outstanding Internal Audit Recommendations; and
 - 5.1.13 Monitoring of College performance – Audit
- 5.2 Spring Term
- 5.2.1 Confidential session with IAS and FSA
 - 5.2.2 Private session prior to meeting with Members & IAS and FSA
 - 5.2.3 Internal Audit Report
 - 5.2.4 Outstanding Internal Audit Recommendations
 - 5.2.5 Risk Register update and review
 - 5.2.6 POLICIES for review
 - 5.2.7 PIDA Whistle Blowing
 - 5.2.8 Anti-Fraud Policy
 - 5.2.9 Anti-Bribery Policy
 - 5.2.10 Gifts & Hospitality Policy
 - 5.2.11 Financial Regulations
 - 5.2.12 Monitoring of College performance – Audit

5.3 Summer Term

- 5.3.1 Confidential session with IAS and FSA;
- 5.3.2 Internal Audit Report;
- 5.3.3 Outstanding Internal Audit Recommendations;
- 5.3.4 Internal Audit Services Strategic Plan for the next year;
- 5.3.5 Financial Statement Audit Strategy;
- 5.3.6 Monitoring of College performance – Audit; and
- 5.3.7 Risk Register update and review.

APPENDIX C

Estates Strategy & Capital Projects Committee

Terms of Reference	
Estates Working Group	<p>The purpose and responsibilities of this group are:</p> <ol style="list-style-type: none">1. To oversee specified projects within the North Kent College Estates Condition Improvement and Capital Projects<ol style="list-style-type: none">1.1. Dartford Land Disposal – Bellway Project1.2. DfE Capital Improvement Grants1.3. Estates2. To receive and consider the views of the Chief Executive and Deputy Chief Executive and other College managers on the delivery of any planned estates proposals and developments and capital projects3. To receive and consider regular reports comparing progress against the agreed action plan so that any potential slippages can be identified and remedial correcting action determined.4. To receive and consider the views of the Chief Executive and Deputy Chief Executive and other College managers so as to monitor the performance of the Property Consultants/Build Contractors, the architects and others including the impact (positive or negative) on the delivery of any planned building project on time and on budget.5. To receive and consider the views of the Property Consultants, the architects and others on the performance of College management on the delivery of the planned building project on time and on budget.6. To approve, on behalf of the Corporation, any expenditure associated with the Estates Strategy of between £100,000 and £500,000 (inclusive of VAT).7. To consider and forward notification to the Corporation on any planned expenditure associated with the Estates Strategy and/or capital projects of £100,000 or more (inclusive of VAT).

	<p>8. To approve payment, subject to the Corporation Board setting a financial limit, to any party in the pursuance of the above. The figure authorised by Corporation Board for any single approval by the Estates Strategy & Capital Projects Committee is up to £500,000 provided that any expenditure approved by the Estates Strategy & Capital Projects Committee over £100K will be notified to all Governors. A full report on all expenditure on the/each capital project will be presented to every Corporation Board meeting.</p> <p>Where an expenditure commitment exceeds the £500,000 limit, approval will be required by the Corporation Board, either at its next meeting or by written resolution to expedite authorisation by Governors.</p> <p>9. Where consideration and approval of an expenditure commitment is required at short notice due to unforeseen circumstances and a formal meeting is not achievable, the Estates Strategy & Capital Projects Committee will be permitted to review and approve the proposed contract expenditure electronically.</p> <p>10. To consider and approve the contents of the tender document leading to the appointment of either construction contractors or project contractors.</p> <p>11. To review the necessary applications to the Local Authority prior to submission, covering building regulations and planning permission considerations.</p> <p>12. To carry out any other matters relating to the Estates Strategy which may arise from time to time and to ensure that appropriate issues are drawn to the attention of the Corporation.</p> <p>POWERS OF THE ESTATES WORKING GROUP</p> <p>In order to exercise the role provided for under the Terms of Reference, the Estates Strategy & Capital Projects Committee will have the power to:</p> <ol style="list-style-type: none"> 1. Investigate any activity within its Terms of Reference; 2. Seek any information it requires from the Property Consultants, the architects and other advisors; 3. Obtain external professional advice.
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	<p>Chair – to be appointed by the members of the Corporation Board for the duration of the project(s) to be overseen.</p> <p>Frequency of Meetings – as required</p>
Committee Details	
<u>DESCRIPTION</u>	<u>NAME OF GOVERNOR</u>
Chair of Committee	External Governor Chair – to be appointed by the members of the Committee for the duration of the project to be overseen
Governors	X 5(including Chair of Corporation and Chief Executive) (To include at least two governors with relevant expertise and skills)
External Consultant	1 x External Property Consultant – in attendance by invitation when required
SLT Representation	Deputy Chief Executive
Clerk & Governance Advisor to the Corporation	Y Hughes
Quorum	3 Governors (Excluding the Chief Executive)

APPENDIX D

Main Features of the Public Interest Disclosure Act 1998

Summary

The Act came into force on 2 July 1999. It encourages people to blow the whistle about malpractice in the workplace and is designed to ensure that organisations respond by acting on the message rather than against the messenger. The Act applies to employees blowing the whistle about crime, civil offences (including negligence, breach of contract, etc.) miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It applies whether or not the information is confidential and extends to malpractice occurring in the UK and any other country or territory. In addition to employees, it covers trainees, agency staff, contractors, home workers, trainees and every professional in the NHS. Employment law restrictions on minimum length of service and age do not apply. At present, the Act does not cover the genuinely self-employed, volunteers, the army, intelligence services or police officers. The Act has been described as “the most far reaching whistleblower protection in the world”.

Internal Disclosures

A disclosure in good faith to a manager or the employer will be protected if the whistleblower has a reasonable suspicion that the malpractice has occurred, is occurring or is likely to occur.

Regulatory Disclosures

The Act protects disclosures made in good faith to prescribed bodies such as the Health and Safety Executive, the Financial Services Authority and the Inland Revenue, where whistleblower has a reasonable belief that the information and their allegation(s) are substantially true.

Wider Disclosures

Wider disclosures (e.g. to the police, the media, MPs, and non-prescribed regulators) are protected if, in addition to the tests for regulatory disclosures, they are reasonable in all the circumstances and they meet one of the three preconditions. Provided they are not made for personal gain, these preconditions are that the whistleblower:

- reasonably believed they would be victimised if they raised the matter internally or with a designated regulator;
- reasonably believed a cover-up was likely and there was no regulator; and
- had already raised the matter internally or with a prescribed regulator.

An employee who makes a wide, public disclosure is more likely to be protected if there was no internal procedure set up.

Full Protection

Where the whistleblower is victimised in breach of the Act they can bring a claim to an employment tribunal for compensation. Awards are uncapped and based on the losses suffered. Additionally, where an employee is sacked, there may apply for an interim order to keep their job. Not all disclosures made by an employee are protected under the Act. Those that are include criminal acts, health and safety violations, breaches of legislation and miscarriages of justice. However, such acts are only protected as long as the disclosure is made in good faith to the employer, or any other person authorised under a procedure set up by the employer for this purpose. (Disclosures can also be made to appropriate regulatory bodies, such as the Health and Safety Executive). Where an employee reasonably suspects malpractice (and this includes any crime), they will be protected from victimisation where they raise the matter in good faith with a person who is legally responsible for whistleblowing.

Qualifying Areas

The qualifying areas consist of information that the employee reasonably believes tends to show one or more of the following matters is either happening now, took place in the past, or is likely to happen in the future:

- a criminal offence;
- the breach of a legal obligation;
- a miscarriage of justice;
- a danger to the health or safety of any individual;
- damage to the environment; or
- deliberate covering up of information tending to show any of the above five matters.

APPENDIX E

The Seven Principles of Public Life from the report of the Committee for Standards in Public Life (The Nolan Report)

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

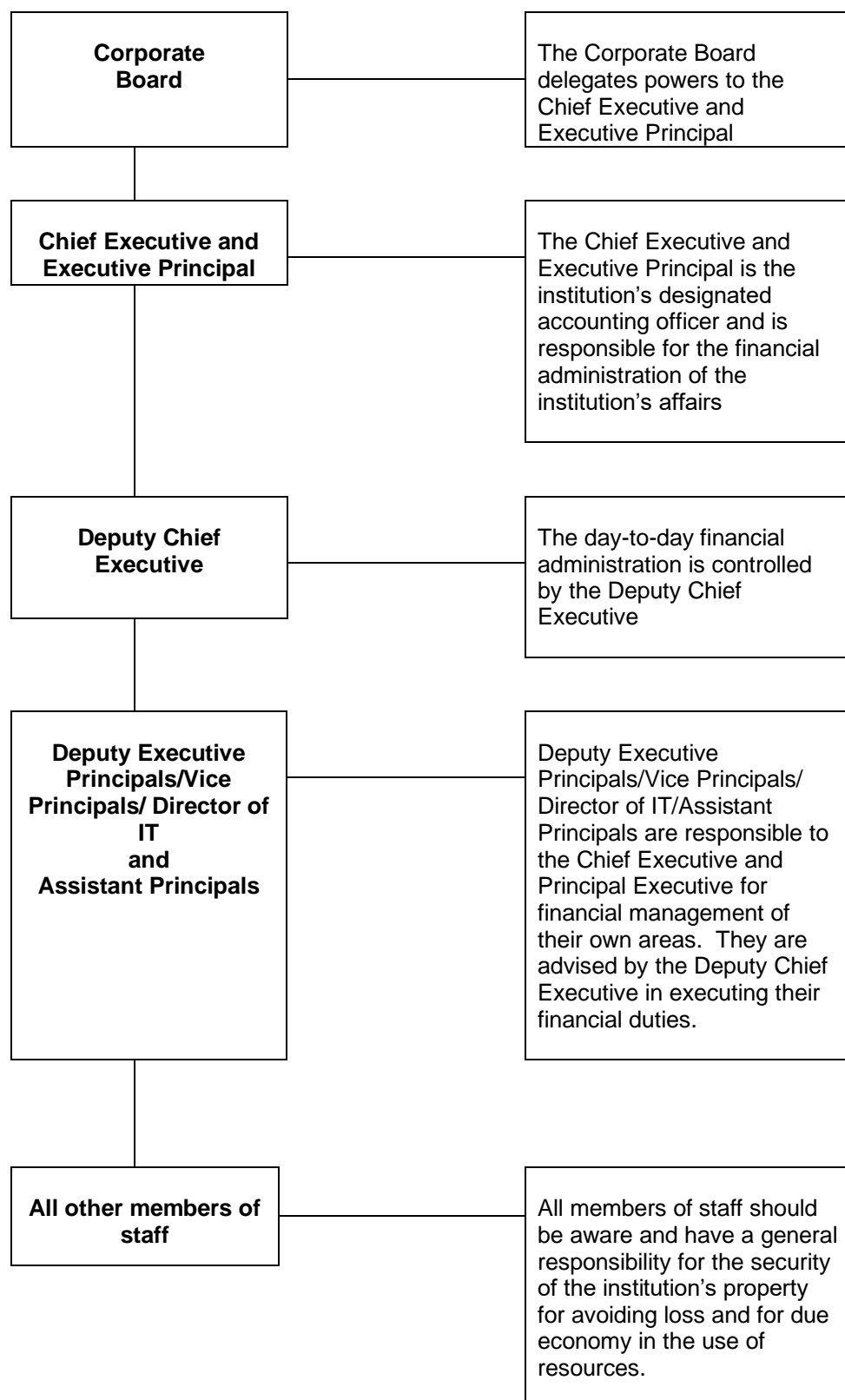
Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and management.

APPENDIX F

Scheme of Delegation of Financial Responsibility



APPENDIX G

Financial Limits

Reference (Page No)	Item	Authorisation Value	Authorisation Position
8	Gifts and Hospitality	Up to £50 Over £50	Any member of Staff or Corporation Not to be accepted
12	Budgetary Control	1% providing the surplus remains unchanged	Deputy Chief Executive
13	Capitalisation	£1,000 (including VAT)	Deputy Chief Executive
14	Depreciation	Asset Lives: Land : Not depreciated Buildings: 50-60 years Plant: 15-25 years Short-Life Accommodation: 10 years Furniture, Fixture and Fittings: 10 years Equipment (including Vehicles): 10 years Computer Equipment: 6 years	Deputy Chief Executive
14-15	Asset Disposals	Up to £1,000 Up to £10,000 Up to £50,000 Over £50,000	Director of Finance Deputy Chief Executive Chief Executive and Executive Principal Corporation
21	Write of Debts	Up to £1,000 Up to £10,000 Over £10,000	Director of Finance Deputy Chief Executive Corporation
24	Purchasing	All values including VAT Up to £2,000 Up to £5,000 Up to £20,000 Up to £100,000 From over £100,000 up to £250,000 Over £250,000	Budget holders Director of Finance Deputy Chief Executive Chief Executive and Principal Executive Three nominated Governors Corporation
26	Competitive Quotations Tendering	All values including VAT Up to £3,000 £3,001- £10,000 - Three competitive quotations £10,001 and above – Sealed Tenders Over £100,000	Budget holder Budget holder working with the Director of Finance Deputy Chief Executive Corporation
47	Travel and Subsistence Rates		All

Appendix H

Travel and Subsistence Rates

The Chief Executive and Executive Principal has delegated authority to make amendment to Appendix H

1. Inter Site Travel By Car / Motorcycle / Bicycle

- Inter site travel is paid for official journeys between College sites and is subject to line manager approval
- Travel claims will be paid monthly in arrears. In order for payment to be made in a particular month the approved claim must be input into the expenses module of the HR system by the 8th of the month and approved by the line manager by the 12th of the month.
- Inter site travel claims will be paid using the rates below:
 - *Cars 45p per mile (for the first 10,000 miles, and 25p per mile thereafter)*
 - *Motorcycles 24p per mile*
 - *Bicycles 20p per mile*

2. Off Site Travel

Staff are normally expected to use public transport for travel off site, using a travel warrant. Where the travel is necessary and has been agreed by the line manager the following applies:

- The College will refund second class train / bus / coach fares provided a receipt is produced and the journey was approved by the line manager in advance
- Travel for staff development activity must be agreed in advance as part of the staff development application.

For travel where public transport is not reasonable the following mileage rates apply:

Cars 45p per mile (for the first 10,000 miles, and 25p per mile thereafter)
Motorcycles 24p per mile
Bicycles 20p per mile

If the journey exceeds 121 miles in total, permission must be obtained in advance from the Senior Leadership Team member.

Valid vehicle insurance cover for College business use must be produced annually and a valid driving licence held, a copy of the insurance cover must be supplied with each electronic claim.

COLLEGE LEASE CAR/CAR ALLOWANCE

For staff with a car allowance the following rates apply (pence per mile):

Engine size	Fuel	
1400cc or less	16	
1401-2000cc	18	
2000cc+	22	

SUBSISTENCE ALLOWANCE

- Subsistence is subject to line manager approval

- Subsistence allowances are paid when it is necessary to be away from the workplace during normal working hours on official College business. This does not include subsistence support for normal assessment activity in the candidates' workplace, or where lunch is included in the activity
- Claims must be supported by receipts
- All overnight hotel bookings and meals must comply with College purchasing policy and will therefore be pre-booked. Normally two or three star hotels or equivalent shall be used for any hotel booking e.g. IBIS, Travel Inn or Travel Lodge.

Breakfast	Up to £6.00
Lunch	Up to £7.00
Dinner	Up to £15.00
Overnight Hotel	
Accommodation	Up to £60.00

RELOCATION OF WORK BASE

- Relocation allowances are payable when a staff member's permanent workplace is transferred to another College location and there is a contractual requirement to fund a relocation allowance.
- The allowance is payable for a maximum of **two years** from the post relocation date.
- The amount claimed is based on the excess home to new work location compared with the previous home to work location.
- Relocation of work base allowances are subject to income tax and national insurance.
- College lease car users can claim the normal lease car mileage allowance.
- Claims for relocation allowances should be made on the specific relocation claim form to be found on the College intranet.