



education
training
collective

Financial Regulations

Date approved:	9 December 2021	Review Date:	October 2022		
Approved by:	FE Corporation				
Relevant to (please ✓):	<input checked="" type="checkbox"/> Vocational	<input checked="" type="checkbox"/> A Level	<input checked="" type="checkbox"/> HE	<input checked="" type="checkbox"/> NETA	<input checked="" type="checkbox"/> WBL
Signed (Lead Manager):	Fiona Sharp				
Print Name:	Fiona Sharp				

Financial Regulations December 2021 – Designated staff and funding body

DESIGNATED ROLE	STAFF DESIGNATED
Chief Executive and Group Principal	Phil Cook
Senior managers (Group) – senior post-holders	Phil Cook, Phil Hastie, Fiona Sharp
Senior manager with responsibility for physical resources and ILT – Executive Director: Planning and Infrastructure	Phil Hastie
Senior manager with responsibility for finance – Executive Director of Finance	Fiona Sharp
Senior manager with responsibility for quality – Director of Quality	Peter Wood
Senior manager with responsibility for human resources – Human Resources Director	Kay Taylor
Senior manager with responsibility for business engagement	Gary Potts
Senior managers with responsibility for curriculum	Jason Faulkner (Redcar), Lesley Graham (Teesdale), Ben Robinson (Bede)
Senior manager with responsibility for students	Ben Robinson
Senior manager with responsibility for Marketing	Erika Marshall
Senior manager with responsibility for NETA Training Trust	Phil Blewitt
Middle managers – heads of department/budget holders (curriculum)	Neil Bowen, Rebecca Cadden , Gillian Hutchinson, Karl Johnson , Tracey Laycock , Rebecca Matthews, Andrew Parsons David Laycock, Sean Johnston
Middle managers – heads of service/budget holders (support services)	David Brown , Mark Moore, Abigail Clay , Liz Elwell , Sharon Lamb , Dave Morgan, Vicky Petrie, Gary Pluck, Joanne Scott, Sarah Short, Bev Smith, Sarah Thompson, Cath Turner, Val Wintersgill, Graeme Wood Carol Richardson
Finance manager	Sharon Lamb
Clerk to the Corporation	Sarah Thompson
Designated lead funding body	The Education and Skills Funding Agency

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FINANCIAL REGULATIONS

A GENERAL PROVISIONS

1 BACKGROUND

- 1.1 The Group 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. The Group is accountable through its Corporation, which has ultimate responsibility for the effectiveness of its management and administration. On 25 July 2019, with the approval of the Secretary of State, the Corporation changed its name to the Education Training Collective.
- 1.2 The Group is an exempt charity for the purposes of Part 3 of the Charities Act 2011.
- 1.3 On 30 June 2015, Tees Valley Catering Ltd was incorporated and commenced trading from August 2015 to provide catering services primarily to students and hospitality to external clients.
On 3 August 2015, Stockton Riverside College became the sole member of the charity NETA Training Trust, an independent training provider.
- 1.4 The financial memorandum between the funding body and the Group sets out the terms and conditions on which funding is made. The corporation is responsible for ensuring that conditions of funding are met. As part of this process, the Group must adhere to the funding bodies' audit code of practice, which requires it to have sound systems of financial and management control. The financial regulations of the Group form part of this overall system of accountability.

2 STATUS OF FINANCIAL REGULATIONS

- 2.1 This document sets out the Group's financial regulations. It translates into practical guidance the Group's broad policies relating to financial control. This document was reviewed and approved by the Corporation on 9 December 2021. It applies to the Group and all its subsidiary undertakings (referred to as the 'Group').
- 2.2 These financial regulations are subordinate to the Group's charter and statutes and to any restrictions contained within the Group's financial memorandum with the funding body and the funding bodies' audit code of practice.

- 2.3 The purpose of these financial regulations is to provide control over the totality of the Group's resources and provide management with assurances that the resources are being properly applied for the achievement of the Group'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 Group complies with all relevant legislation; and
 - Safeguarding the assets of the Group.
- 2.4 Compliance with the financial regulations is compulsory for all staff connected with the Group. A member of staff who fails to comply with the financial regulations will be subject to disciplinary action under the relevant disciplinary policy. The Corporation will be notified of any such breach through the Audit Committee. It is the responsibility of senior and Group managers to ensure that their staff are made aware of the existence and content of the Group's financial regulations.
- 2.5 The Finance and Employment Committee is responsible for maintaining a continuous review of the financial regulations, through the Executive Director of Finance, and for advising the Corporation of any additions or changes necessary.
- 2.6 In exceptional circumstances, this committee may authorise a departure from the detailed provisions herein, such departure to be reported to the Corporation at the earliest opportunity.
- 2.7 The Group's detailed financial procedures set out precisely how these regulations will be implemented and are contained in a separate manual which is available on the Group intranet. These financial procedures and any amendments thereto are to be authorised by the Executive Director of Finance.

B CORPORATE GOVERNANCE

3 THE CORPORATION

- 3.1 The Corporation is responsible for the management and administration of the Group. Its financial responsibilities are to:
- Ensure the solvency of the Group and the safeguarding of the Group's assets;
 - Appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Chief Executive and Group Principal and other senior post-holders;
 - Set a framework for pay and conditions of service for all other staff;

- Ensure that the financial, planning and other management controls, including controls against fraud, bribery and theft, applied by the Group are appropriate and sufficient to safeguard public funds;
- Approve the appointment of external auditors and an internal audit service;
- Secure the efficient, economical and effective management of all the Group's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the Group is not put at risk;
- Ensure that appropriate financial considerations are considered 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;
- Determine tuition fees;
- Ensure that the Group complies with the funding bodies' audit code of practice;
- Approve the Group's strategic plan; and
- Approve annual budgets and the annual financial statements.

4 ACCOUNTING OFFICER

4.1 The Chief Executive and Group Principal is the Group's Accounting Officer and is responsible for ensuring the financial administration of the Group's affairs in accordance with the financial memorandum with the funding body. As the Accounting Officer, the Chief Executive and Group Principal may be required to justify any of the Group's financial matters to the Public Accounts Committee at the House of Commons.

In particular, the articles of government 3.(2).(e) charge the Chief Executive and Group Principal with responsibility:

"... for preparing annual estimates of income and expenditure, for consideration and approval by the Corporation, and for the management of budget and resources, within the estimates approved by the Corporation."

The Chief Executive and Group Principal shall demonstrate his or her oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements, and Form 5 of the three-year financial forecasts submitted to the designated funding body.

5 COMMITTEE STRUCTURE

5.1 The Corporation has ultimate responsibility for the Group's finances but delegates specific powers and processes to the committees detailed below. These committees are accountable to the Corporation. A diagram depicting the committee structure is included at **Appendix A**.

5.2 **Finance and Employment Committee**

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

Consideration of the Group's medium-term and strategic plans is undertaken by the Finance and Employment Committee. It is responsible for ensuring that all the financial implications of such plans are considered before their approval by the Corporation. In addition, it is responsible for considering the Group's capital programme before it can be recommended to the Corporation for approval. Similarly, it considers and makes recommendations to the Corporation on the allocations of resources between academic and non-academic areas. A more detailed extract from the Finance and Employment Committee's terms of reference is shown at **Appendix B**.

5.3 **Audit Committee**

Colleges are required by their financial memorandum with the funding body and by the audit code of practice to appoint an Audit Committee. The committee is independent, advisory and reports to the Corporation. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and 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. A more detailed extract from the Audit Committee's terms of reference is shown at **Appendix C**. The audit requirements of the Group are set out in the funding bodies' audit code of practice.

5.4 **Remuneration Committee**

Consideration of senior post-holders' pay and conditions is the responsibility of the remuneration committee. It has the power to make recommendations to the Corporation on their remuneration, including pay and other benefits, as well as contractual arrangements.

5.5 In addition, regular meetings are held by the NETA Board and the Tees Valley Catering Board.

6 OTHER SENIOR MANAGERS WITH FINANCIAL RESPONSIBILITY

6.1 Executive Director of Finance

Day-to-day financial administration is controlled by the Executive Director of Finance, who is responsible to the Chief Executive and Group 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 Group's annual accounts and other financial statements and accounts, which the Group is required to submit to other authorities;
- Ensuring that the Group maintains satisfactory financial systems;
- Providing professional advice on all matters relating to financial policies and procedures; and
- Day-to-day liaison with internal and external auditors in order to achieve efficient processes.

Appendix D shows, for the main areas in which advice is sought, details of the key contacts within the finance department.

6.2 Budget Holders

Budget holders are responsible to the Chief Executive and Group Principal for financial management for the areas or activities they control. They are advised by the Executive Director of Finance in executing their financial duties. The Executive Director of Finance will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Budget holders are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved to delegated budget holders, they are accountable to their budget holder for their own budget. Budget holders shall provide the Executive Director of Finance with such information as may be required to enable:

- Compilation of the Group's financial statements;
- Implementation of financial planning; and
- Implementation of audit and financial reviews, projects and value for money studies.

6.3 All Members of Staff

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

They should ensure that they are aware of the Group's financial authority limits (section 18.2) and the values of purchases for which quotations and tenders are required (section 18.6). The authority limits are summarised at **Appendix M**.

They shall make available any relevant records or information to the Executive Director of

Finance or his or her authorised representative in connection with the implementation of the Group's financial policies, these financial regulations and the system of financial control.

They shall provide the Executive Director of Finance with such financial and other information as deemed necessary, from time to time, to carry out the requirements of the Corporation.

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

7 RISK MANAGEMENT

- 7.1 The Group acknowledges the risks inherent in its business and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable/unacceptable by the Group will be set out in a separate risk management strategy.
- 7.2 The Corporation has overall responsibility for ensuring that there is a risk management strategy and a common approach to the management of risk throughout the Group through the development, implementation and embedment within the Group of a formal, structured risk management process.
- 7.3 In line with this policy, the Corporation requires that the risk management strategy and supporting procedures include:
- The adoption of common terminology in relation to the definition of risk and risk management;
 - The establishment of Group-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis;
 - A decision on the level of risk to be covered by insurance (section 22.1);
 - Detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas;
 - Development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question;
 - Regular reporting to the Corporation of all risks above established tolerance levels; and
 - An annual review of the implementation of risk management arrangements.

The strategy and procedures must be capable of independent verification.

7.4 Senior and middle managers/budget holders must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the Group may be exposed. The advice of the Senior Management Team should be sought to ensure that this is the case.

8 WHISTLEBLOWING

8.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, 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 and any other country or territory.

8.2 Normally, any concern about a workplace matter within the Group should be raised with the relevant member of staff's immediate line manager. However, the Group recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.

8.3 A member of staff may, therefore, make the disclosure to the person the Group has chosen to deal with such matters: Wayne Brown, Head of Education Services of the firm of AuditOne, leading internal audit for the Group.

8.4 The full procedure for whistleblowing is set out in the Group's Whistleblowing policy, which is available through the Human Resources department and on the Group intranet. **Further details of the Public Interest Disclosure Act are set out in Appendix E.**

9 CODE OF CONDUCT

9.1 The Group is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. These principles are set out at **Appendix F**. In addition, the Group expects that staff at all levels will observe the Code of Conduct which covers:

- Integrity and accountability;
- Selflessness, objectivity, openness and honesty; and
- Leadership.

9.2 Additionally, members of the Corporation, senior management or those involved in procurement are required to disclose interests in the Group's register of interests maintained by the Clerk to the Corporation (or another 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.

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

9.4 **Receiving Gifts or Hospitality**

It is an offence under the Bribery Act 2010 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:

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

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

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant head of department, Executive Director of Finance or the Clerk to the Corporation. For the protection of those involved, the Clerk to the Corporation will maintain a register of gifts and hospitality received where the value is in excess of £10. Members of staff in receipt of such gifts or hospitality are obliged to notify the Clerk to the Corporation promptly.

9.5 **Bribes and Inducements**

The making or accepting of bribes or any other inducements, financial or non-financial, in respect of any transactions carried out on behalf of the Group by any staff is forbidden and shall be a disciplinary offence.

C FINANCIAL MANAGEMENT AND CONTROL

10 FINANCIAL PLANNING

10.1 The Executive Director of Finance is responsible for preparing annually a rolling three-year financial plan for approval by the Corporation on the recommendation of the Finance and Employment Committee and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with strategic plans and estates strategy approved by the Corporation.

10.2 Budget Objectives

The Corporation will, from time to time, set budget objectives for the Group. These will help the Executive Director of Finance in preparing detailed financial plans for the Group.

10.3 Resource Allocation

Resources are allocated annually by the Corporation on the recommendation of the Finance and Employment Committee, and on the basis of the above objectives. Budget holders are responsible for the economic, effective and efficient use of resources allocated to them.

10.4 Budget Preparation

The Executive Director of Finance is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Finance and Employment Committee before submission to the Corporation. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Executive Director of Finance must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to budget holders as soon as possible following their approval by the Corporation.

During the year, the Executive Director of Finance is responsible for submitting revised forecasts to the Finance and Employment Committee for consideration before submission to the Corporation for approval.

10.5 Capital Programmes

The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs, where the cost of the purchase is greater than £500 (£3,000 for IT software), whether or not they are funded from capital grants or capitalised for inclusion in the Group's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the Corporation.

The Executive Director of Finance will establish protocols for the inclusion of capital projects in the capital programme for approval by the Corporation. These will set out the information that is required for each proposed project as well as the financial criteria that

they are required to meet. They are summarised at **Appendix G**.

The Executive Director of Finance will also establish procedures for the approval of variations, including the notification of large variations to the funding body, as laid down in funding body guidelines.

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

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Finance and Employment Committee, including actual expenditure against budget and reconciling funding arrangements where a variance has occurred, as well as other issues affecting completion of the project.

Post-project evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines.

10.6 **Overseas Activity**

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

10.7 **Other Major Developments**

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £10,000 should be presented for approval to the Finance and Employment Committee.

The Executive Director of Finance will establish protocols for these major developments to enable them to be considered for approval by the Corporation. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet. They are summarised at **Appendix H**.

11 **FINANCIAL CONTROL**

11.1 **Budgetary Control**

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible to the Executive Director of Finance for the income and expenditure appropriate to their budget. This is covered in the detailed financial procedures.

Significant departures from agreed budgetary targets must be reported immediately to the Executive Director of Finance by the budget holder concerned and, if necessary, corrective

action taken.

11.2 **Financial Information**

Budget holders are assisted in their duties by management information provided by finance staff. The types of management information available to the different levels of management are described in the detailed financial procedures, together with the timing at which they can be expected.

The Executive Director of Finance is responsible for supplying budgetary reports on all aspects of the Group's finances to the Finance and Employment Committee on a basis determined by the Finance and Employment Committee but subject to any specific requirements of the funding bodies. The relevant extracts from the overall position are reported to each committee so that they are aware of their own financial performance against budget. These reports are presented to the Corporation, which has overall responsibility for the Group's finance.

11.3 **Treatment of Year end Balances**

At the year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year unless the Executive Director of Finance has approved a specific scheme for carrying forward all or part of unspent amounts.

12 **ACCOUNTING ARRANGEMENTS**

12.1 **Financial Year**

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

12.2 **Basis of Accounting**

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

12.3 **Format of the Financial Statements**

The financial statements are prepared in accordance with the Statement of Recommended Practice *Accounting for Further and Higher Education*, subject to any specific requirements of funding bodies, and in accordance with the provisions of the Companies Act 1985, where that is appropriate.

12.4 **Capitalisation and Depreciation**

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

Expenditure incurred on repair, refurbishment or extension of existing buildings will not

be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost is £500 or more. Capitalised assets other than land and buildings will be depreciated over a period of years commencing in the year of acquisition. Details for the depreciation rates used by the Group are included in the financial procedures.

12.5 **Accounting Records**

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

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

- Official purchase orders;
- Paid invoices;
- Sales invoices;
- Bank statements;
- Copies of receipts;
- Paid cheques; and
- Payroll records.

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

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as those of the EU.

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

12.6 **Public Access**

Under the terms of the Charities Act 1993 (the 'Act'), the Corporation is required to supply any person with a copy of the Group's most recent financial statements within two months of a request.

The Act enables the Corporation to levy a reasonable fee and this will be charged at the discretion of the Executive Director of Finance. The Group will publish the annual financial statements on the Group's website.

12.7 **Taxation**

The Executive Director of Finance is responsible for advising budget holders, in the light of

guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the Group. Therefore, the Executive Director of Finance will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

The Executive Director of Finance is responsible for maintaining the Group's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. This is covered in the detailed financial procedures.

13 AUDIT REQUIREMENTS

13.1 General

External auditors and internal auditors shall have authority to:

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

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

The financial statements should be reviewed by the Audit Committee and the Finance and Employment Committee. On the recommendation of the Finance and Employment and the Audit Committees they will be submitted to the Corporation for approval.

13.2 External Audit

The appointment of external auditors for the main financial statements of the Group will take place annually and is the responsibility of the Corporation. It is a requirement of the Corporation to conduct a tender for the appointment of the external auditor at least every five years. The Corporation will be advised by the Audit Committee.

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

13.3 Internal Audit

The internal auditor is appointed by the Corporation on the recommendation of the Audit Committee. It is a requirement of the Corporation to conduct a tender for the appointment of the internal auditor at least every five years.

The Group's financial memorandum with the funding bodies requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the funding bodies' audit code of practice. The main responsibility of internal audit is to provide the Corporation, the Chief Executive and Group Principal and senior management with assurances on the adequacy and effectiveness of the Group's risk management, internal control system and governance processes.

The internal audit service remains independent in its planning and operation but has direct access to the Corporation, Chief Executive and Group Principal and Chair of the Audit Committee. The formal responsibilities of internal audit are detailed at **Appendix I**. The internal auditor will also comply with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*.

13.4 Fraud and Irregularity

It is the duty of all members of staff, management and the Corporation to notify the Executive Director of Finance immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

The Executive Director of Finance shall immediately invoke the fraud response procedures as detailed at **Appendix J** which incorporate the following key elements:

- Notify the Chief Executive and Group Principal and the Audit Committee (through its chair) of the suspected irregularity and shall take such steps as considered necessary by way of investigation and report;
- The Chief Executive and Group Principal shall inform the police if a criminal offence is suspected of having been committed;
- 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 reports should include advice on preventative measures

If the suspected fraud is thought to involve the Executive Director of Finance and/or the Chief Executive and Group Principal, the member of staff shall notify the Clerk to the Committee direct of their concerns regarding irregularities.

The responsibilities of all staff relating to the detection and reporting of fraud are covered in the Anti-Fraud Policy, contained within the detailed financial procedures.

13.5 Value for Money

It is a requirement of the financial memorandum that the Corporation of the Group 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, considering 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.

13.6 Other Auditors

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

14 TREASURY MANAGEMENT

14.1 Treasury Management Policy

The Group has a Treasury Management Policy that is contained within the detailed financial procedures.

14.2 Appointment of Bankers and Other Professional Advisers

The Corporation is responsible for the appointment of the Group's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Finance and Employment Committee. The appointment shall be for a specified period after which consideration shall be given by the Finance and Employment Committee to competitively tendering the service.

14.3 Banking Arrangements

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

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

All cheques drawn on behalf of the Group must be signed in the form approved by the Finance and Employment Committee. Cheques up to an agreed amount, specified in the

Group’s detailed financial procedures, shall require one signature. Cheques over the agreed amount must be signed by two authorised persons, of which only one may be that of an authorised member of staff in the finance department. Details of authorised persons and limits shall be provided for in the Group’s detailed financial procedures. Changes to the bank mandates and lists of authorised signatories must be authorised by the Finance and Employment Committee, except for deletions of leavers which can be affected by the Executive Director of Finance.

All automated transfers on behalf of the Group, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Finance and Employment Committee. Details of authorised persons and limits shall be provided for in the Group’s detailed financial procedures.

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

15 INCOME

15.1 General

The Executive Director of Finance is responsible for ensuring that appropriate procedures are in operation to enable the Group to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Executive Director of Finance.

Levels of charges for services rendered, rents and lettings, tuition fees and other charges to students are determined by procedures approved by the Finance and Employment Committee, and are approved by the Corporation.

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

The Executive Director of Finance is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the Group’s accounts.

The Executive Director of Finance is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date. Contracts for projects will be signed in accordance with the following limits:

College Principal/Managing Director	Up to £25,000
Director	Up to £25,000

Vice Principal	Up to £25,000
Executive Director	Up to £100,000
Chief Executive and Group Principal	Above £100,000

15.2 Maximisation of Income

It is the responsibility of all staff to ensure that revenue to the Group is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. In particular, this requires the prompt notification to the Executive Director of Finance of sums due so that collection can be initiated. This is covered in the detailed financial procedures.

15.3 Receipt of Cash, Cheques, Credit or Debit Cards, Bank Transfers 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, for example cash, cheques, credit or debit cards, bank transfers and other negotiable instruments.

All monies received must be paid to the cashier promptly, and in accordance with a timetable prescribed by the Executive Director of Finance and set out in financial procedures. The custody and transit of all monies received must comply with the requirements of the Group's insurers.

All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenses or paid into the departmental petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the Group. This is covered in the detailed financial procedures.

15.4 Collection of Debts

The Executive Director of Finance is responsible for ensuring that:

- Debtors' invoices are raised promptly on official invoices, in respect of all income due to the Group;
- Invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account;
- Any credits granted are valid, properly authorised and completely recorded;
- VAT is correctly charged where appropriate, and accounted for;
- Monies received are posted to the correct debtors' account;
- Swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the financial procedures; and
- Outstanding debts are monitored and reports prepared for management.

Only the Executive Finance Director can implement credit arrangements that extend the

standard credit terms.

Requests to write off debts must be referred in writing to the Executive Finance Director. Individual debts up to the value of £5,000 can be approved for write off by the Executive Finance Director. Individual debts in excess of £5,000 and up to the value of £10,000 must be referred in writing to the Chief Executive and Group Principal. Individual debts of over £10,000 to be written off must be submitted to the Finance and Employment Committee for consideration. The collection of debts is covered in the detailed financial procedures.

15.5 Fees

The procedures for collecting tuition/training course fees must be approved by the Executive Finance Director. The Executive Finance Director is responsible for ensuring that all learner/participants fees due to the Group or its subsidiaries are received. The Executive Finance Director is responsible for reporting on all outstanding fees and for commissioning debt collection services for all outstanding fees.

Any learner/participant who has not paid an account for fees or any other item owing to the Group shall be prevented from re-enrolling and from using any of the Group's facilities unless appropriate arrangements have been made.

Qualification certificates are held by the Examination Office until all debt is cleared.

15.6 Student Hardship Funds

The Group's scheme for student hardship loans and payments must be approved by the Corporation. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made other than in accordance with the approved scheme.

The Executive Finance Director is responsible for ensuring the adequacy of the systems in place for:

- Approving loans in accordance with the scheme;
- Paying loans that have been approved; and
- Recovering loans that have been paid.

Payments from student hardship funds are covered in the detailed financial procedures.

16 OTHER INCOME GENERATING ACTIVITY

16.1 Fundraising

Requests for fundraising activities must have the approval of the appropriate head of department before the event takes place by completion of the Fundraising Request form available on the Gateway. Completed forms must be forwarded to Finance in advance of the event taking place. The rules applicable to fundraising activities which must be

complied with are:

- It must be ensured that the charity benefitting is, where applicable, registered with the Charity Commission and does not have any potential links to extremist groups;
- All publicity related to the event must clearly show who the collection is for; and
- All monies collected must be forwarded to Finance to arrange payment to the relevant beneficiaries.

16.2 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 Chief Executive and Group Principal; and
- Applications for permission to undertake work as a purely private activity must be submitted to the Chief Executive and Group Principal and include the following information:
 - The name of the member of staff concerned;
 - The title of the project and a brief description of the work involved;
 - The proposed start date and duration of the work;
 - Full details of any Group resources required (for the calculation of the full economic cost); and
 - An undertaking that the work will not interfere with the teaching and normal collegial duties of the member of staff concerned.

16.3 Short Courses

In this context a short course (normally full cost in nature) is any course which does not form part of the award-bearing teaching load of a department.

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

16.4 Sub-contracting (Franchising)

Any contract or arrangement whereby the Group provides education to students away from Group premises, or with the assistance of persons other than the Group's own staff or with independent contractors, must be subject to the following procedure:

- There shall be a contract signed by the Chief Executive and Group 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 sub-contract activity shall be approved in advance by the Corporation;
- The form of the contract shall be approved by the Finance and Employment Committee or the Corporation;

- The impact of the contract(s) shall be subject to scrutiny by the Finance and Employment Committee or the Corporation. The format for regular reports shall be as stated in funding body guidance. The Finance and Employment Committee shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the Group's financial forecast; and
- Where the sub-contracting would represent a significant departure from the Group's strategic plan, the Corporation shall approve the departure, and the Chief Executive and Group Principal shall seek the views of and inform the funding body.

16.5 **European Union (EU) and Other Matched Funding**

Any such project requires the approval of the Chief Executive and Group Principal prior to any commitment being entered into. Such approval shall be dependent upon the relevant manager being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the Group's costing and pricing policy.

All applications for funding up to £50,000 will be reported to the Finance and Employment Committee and applications for funding above this level will be reported to the Corporation. The report will set out, amongst other things, the potential risk generated by the project.

If the Group sub-contracts such work to external providers, the relevant manager 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.

16.6 **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 manager and the Executive Finance Director.

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

16.7 **Deficits**

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

16.8 Additional Contributions to Departments

Funds generated from any income generating activities between central funds of the Group and individual cost centres will be in accordance with the policy approved by the Executive Finance Director.

16.9 Additional Payments to Staff

Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the budget holder, the Executive Finance Director and the Human Resources Director.

17 INTELLECTUAL PROPERTY RIGHTS AND PATENTS

17.1 General

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

17.2 Patents

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

17.3 Intellectual Property Rights

In the event of the Group or any of its subsidiaries 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 Group and contained in the Group's detailed financial procedures.

18 EXPENDITURE

18.1 General

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

18.2 Delegation of Purchasing Authorities

Each budget holder is responsible for purchases within their department. Purchasing authority may be further delegated to named individuals within the department. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.

Under procedures agreed by the Executive Finance Director, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits within the electronic system.

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

Budget holders are not authorised to commit the Group to expenditure without first reserving sufficient budget or funds to meet the purchase costs.

To ensure segregation of duties, the member of staff authorising the invoice for payment must be different from the member of staff responsible for authorising the purchase order. Expenditure up to £2,000 may be approved by a Budget Holder.

Committing the Group to expenditure in excess of £2,000 shall require the following approval:

Chief Executive and Group Principal	£150,000
Executive Director	£50,000
Vice Principal	£10,000
College Principal/Managing Director	£10,000
Director	£10,000

In the absence of a Vice Principal, College Principal/Managing Director or Director, the Finance Manager has the authority to approve purchase up to a limit of £10,000 if an Executive Director is not available.

In the absence of the Chief Executive and Group Principal, the person deputising for the Chief Executive and Group Principal has authority to approve purchases up to a limit of £150,000 with the approval of the Corporation Chair or Vice Chair.

Any commitments to be made above these limits can only be made on the authority of the Finance and Employment Committee or be exception with the approval of the Corporation or Vice Chair which would be reported to Finance and Employment Committee at the next meeting.

18.3 Procurement

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

The Executive Finance Director is responsible for:

- Ensuring the Group's purchasing procedures are known and observed by all involved in purchasing for the Group;

- Vetting all orders above £2,000 before leaving the Group;
- Advising on matters of Group purchasing policy and practice;
- Advising and assisting budget holders where required on specific purchases;
- Developing appropriate standing supply arrangements on behalf of the Group to assist budget holders in meeting their value for money obligations;
- The drafting and negotiation of all significant purchase contracts (generally in excess of £10,000 undertaken by the Group) in collaboration with the responsible budget holder; and
- Ensuring that the Group complies with EU public procurement regulations.

18.4 **Purchase Orders**

The ordering of goods and services shall be in accordance with the Group’s Standard Terms and Conditions for the Purchase of Goods and Services.

Official purchase orders must be placed for the purchase of all goods or services, except those made using purchasing cards or petty cash. In exceptional circumstances, urgent orders may be given verbally however there must be confirmed by an official purchase order endorsed “confirmation order only” no later than the following working day.

The following items, by substance, do not require a purchase order:

- Examination fees;
- University partnership agreements;
- Local travel arrangements i.e. bus and taxis
- Catering supplies (TVC)

All purchase orders must refer to the Group’s Conditions of Contract (section 18.8 and **Appendix K**).

18.5 **Group Credit and Purchasing Cards**

The Chief Executive and Group Principal or the Executive Finance Director may approve the issuing of Group credit cards and purchasing cards. Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action.

The operation and control of Group credit and purchasing cards is the responsibility of the Executive Finance Director including the implementation of a system to monitor the use of Group credit cards and purchasing cards and to account for expenses incurred.

Holders of Group credit or purchasing cards must use the cards 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 there is sufficient budget available to meet the costs. The Executive Finance Director shall determine what information is required on purchases made with purchasing cards from cardholders and deadlines for receipts in Finance to enable financial control to be maintained and cardholders must provide this information.

Details of the operation of the scheme are set out in the financial procedures.

18.6 Tenders and Quotations

Budget holders must comply with the Group's tendering procedures contained in the Group's code of tendering practice, which are applicable as follows:

- Under £2,000 – no quotation is required however good purchasing practice suggests seeking quotations for all purchases where practicable;
- Between £2,000 and £25,000 – the budget holder shall obtain at least three written quotations, where available, and best value for money must always be obtained.;
- Over £25,000 – the budget holder shall conduct a formal tendering process inviting bids from at least three suppliers, where available; and
- The award of contracts over £100,000 shall be reported to the Finance and Employment Committee.

The main points covered by the Group's Code of Tendering Practice are described at **Appendix L** and may be subject to special rules imposed by funding bodies.

18.7 Post-tender Negotiations

Post-tender negotiations i.e. after receipt of formal tenders but before the signing of contracts with a view to improving price, delivery or other tender terms can be entered into, provided:

- It would not put other tenderers at a disadvantage; and
- It would not affect their confidence and trust in the Group's tendering process.

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

- Background to the procurement;
- Reasons for proposing post-tender negotiations; and
- Demonstration of the improved value for money.

All post-tender negotiations for contracts exceeding £50,000 should be reported to the Finance and Employment Committee.

18.8 Contracts

For all contracts exceeding £50,000 a report will be prepared and submitted to the Chief Executive and Group Principal setting out the results of the competitive tendering, the

proposed terms of the contract and the benefits to be derived from entering into the prepared contract.

The achievement of value for money will be an objective in the letting of all contracts. Conditions of contract for the purchase of goods will be followed as described in the Group's detailed Terms and Conditions. The main points are described at **Appendix K**.

18.9 **UK Public Contracts Regulations**

The Executive Finance Director is responsible for ensuring the Group complies with the UK's Public Contracts Regulations and associated guidance. The UK's Public Contracts Regulations apply to written contracts for all forms of procurement, purchase or hire with a total value exceeding the relevant threshold value for goods, services or works.

The current thresholds are detailed in the Group's Public Contracts Regulations (as amended) Procurement Thresholds available on the Group's Gateway site. A breach of the UK's Public Contracts Regulations is actionable by a supplier or potential supplier.

It is the responsibility of budget holders to ensure compliance with the UK's Public Contracts Regulations by notifying the Executive Finance Director of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as the UK Government's Contracts Finder and Find a Tender.

The Executive Finance Director is, where relevant, also required to submit to the funding body annually details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by the budget holder to the Executive Finance Director.

18.10 **Receipt of Goods**

All goods received at the delivery collection point shall be recorded onto an appropriate goods received document at designated receipt and distribution points on the day of receipt. Goods received shall be forwarded to the person ordering the goods who shall check for quantity and/or weight and inspect for quality and specification. A goods received document shall be signed by the person receiving the goods.

If the goods are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

All person receiving goods on behalf of the Group must be independent of those who negotiated prices and terms and placed the official order.

Upon receipt of goods, a Goods Received Note (GRN) must be matched to the relevant purchase order by the requisitioner in the electronic purchasing system to enable payment of the invoice.

18.11 Payment of Invoices

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

The Executive Finance Director is responsible for deciding the most appropriate method of payment for categories of invoice. Payment to UK suppliers will normally be made by BACS . In exceptional circumstances the Executive Finance Director will prepare cheques manually or arrange a faster payment through the bank account for urgent payments.

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

Suppliers should be instructed by the budget holder to submit invoices for goods or services to Finance, quoting the relevant purchase order number.

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

Payments will only be made by the Executive Finance Director against invoices that have been certified for payment by the appropriate budget holder.

Payments will normally only be made by the Executive Finance Director against invoices that can be matched to an official purchase order.

Certification of an invoice or receipting of an electronic order will ensure:

- 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 inventory;
- An appropriate cost centre is quoted; this must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or services described on the invoice; and
- The payment of invoices is covered in the detailed financial procedures.

18.12 Staff Reimbursement

The Group's purchasing and payments procedures are in place to enable the majority of

non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (section 19.5).

Where such purchases by staff are planned and regular, the Executive Finance Director and Director of Human Resources at the request of the relevant budget holder may jointly approve a 'one off' cash advance for business purposes of up to £250.00 for authorised regional staff who are to incur expenditure on the Group's behalf on an ongoing monthly basis.

An employee in receipt of a cash advance for business purposes will submit expense claims on a monthly basis which will be offset against some or all of the advance and reimbursed. However, should any employee terminate employment the cash advance (*after reconciliation of expenses*) will be deducted from their final pay.

18.14 **Petty cash**

Where a single item is £20 or less in value it can be reimbursed from petty cash (*this excludes travel and subsistence which must be claimed on a monthly basis via the payroll department*). A request for a reimbursement by petty cash must be supported by receipts or vouchers and authorised and coded by the appropriate budget holder.

The authorisation and coding of petty cash transactions for the Senior Leadership Team is delegated by the Chief Executive and Group Principal to the Head of Executive Services

The Executive Director of Finance or Finance Manager are permitted to approve the reimbursement by petty cash whereby the value claimed has a variance of less than 25%.

The Executive Finance Director shall make available to departments such imprests as considered necessary for the disbursement of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

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

The member of staff within a department that is granted a float is personally responsible for its safekeeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the Group's insurers when not in use and will be subject to periodic checks by the budget holder or another nominated person.

At the end of the financial year a certificate of the petty cash balance held should be completed by the member of staff responsible for the float and counter-signed by the

budget holder.

18.15 Other Payments

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Executive Finance Director, supported by detailed claims approved by the budget holder.

18.16 Late payment rules

The Late Payment of Debts (Interest) Act 1998 (the 'Act 1998') was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities.

Key points are:

- Small businesses can charge interest on overdue invoices;
- The Act 1998 also applies to overseas organisations; and
- The Group can be sued for non-payment.

In view of the penalties in the Act 1998, the Corporation requires that invoices must be passed for payment within the credit terms agreed with the supplier.

18.17 Project Advances

The Executive Finance Director and the relevant budget holder may jointly approve cash advances for projects carried out away from the Group where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or a Group credit or purchasing card.

Receipts or paid invoices will be retained for all sums expended by a project advance. Upon completion of the project to which the advance relates and within one month, 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 for a project or to an individual is outstanding.

18.18 Giving Hospitality

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

18.19 Exceptions

An exception to Contract Procedure Rules is a permission to enter into a contract for the purchase of goods or services without complying with one or more of the purchasing rules and procedures set out in this section 18 of the Finance Regulations or within the detailed procurement procedures. An exception to Contract Procedure Rules may be granted

subject to conditions.

Only the Chief Executive and Group Principal, Deputy Principal or Executive Finance Director may grant an exception to Contract Procedure Rules. Applications for exceptions must be made in writing, signed by the relevant budget holder and must include the exception that is requested and the justification for the exception. Exceptions to Contract Procedure Rules will **never** be given retrospectively.

The Executive Finance Director will maintain a register of all approved exceptions to Contract Procedure Rules and report all exceptions to the Finance and Employment Committee.

An application for an exception to Contract Procedure Rules, to allow a contract to be let without genuine competition will not be granted without a cogent reason. A lack of time caused by inadequate forward planning is not a cogent reason and will not permit an exception to Contract Procedure Rules. If an application to let a contract without genuine competition is granted, the manager responsible for the contract must demonstrate that the price obtained is not in excess of the market price and that the contract represents best value for money.

An exception to the requirements to follow the Tender or Quotation Procedure i.e. permission to let a contract without genuine competition **may** be granted in the following circumstances:

- An unforeseeable emergency involving danger to life or health or serious damage to property, in which the work, goods or services are required more urgently than would be possible if the Tender or Quotation Procedure were followed;
- For technical reasons, the works, goods or services can be obtained from only one supplier;
- Acquiring goods or services from a different supplier would result in incompatibility with existing goods or services or disproportionate technical difficulties;
- There is a need to develop and influence the market by extending the range and provision of services, provided the contract is for a fixed term of no more than three years;
- It is necessary to enable the continuation of a new service, development of which was initially grant-aided, provided the contract is for a fixed term of no more than three years;
- Value for money can be demonstrated by inviting a single tender or quotation from a voluntary sector provider;
- Value for money can be achieved by the purchase of used vehicles, plant or materials
- When a grant from a public body includes a recommendation as to the supplier or is time limited; or
- If there are exceptional circumstances in which it would not be in the Group's best interests to comply or follow the Tender or Quotation Procedure.

An exception to Contract Procedure Rules is not required in the following circumstances:

- Placing an order with a single supplier under an existing corporate contract or framework agreement;
- As part of a partnering contract that contemplates a series of contracts with a single supplier, provided the entire series has been properly authorised;
- Legislation requires the Group to let a contract differently from these Contract Procedure Rules;
- Placing an order through an authorised consortium, of which the Group is an affiliate, that has gone through an EU compliant competitive process; and
- Following completion of a Tender and Quotation Procedure, and all of the quotations exceed £50,000.

18.20 Inter Company Loans

From time to time the Group may provide loans to wholly owned subsidiary companies to assist with cash flow and enable the subsidiary company to trade effectively.

Loans to wholly owned subsidiary companies must be approved by both the Chief Executive and Group Principal and the Executive Finance Director in line accordance with purchasing authority limits (section 18.2). Loans of a higher value can only be made on the authority of the Finance and Employment Committee or by exception with the approval of the Chair of the Corporation or Vice Chair which would be reported to Finance and Employment Committee at their next meeting.

Loans in respect of operational cash flow support are not subject to interest charges.

Loans to support infrastructure investment will be charged at a marginal interest rate (to be determined at the time of the loan).

19 PAY EXPENDITURE

19.1 Remuneration Policy

All Group staff will be appointed to the salary scales approved by the Corporation and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources Department.

The Chief Executive and Group Principal will determine what other benefits are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be made available.

Salaries and other benefits for senior post holders and the Clerk to the Corporation are determined by the Remuneration Committee and recommendations made for approval by the Corporation.

19.2 **Appointment of Staff**

All contracts of employment shall be concluded in accordance with the Group's approved Human Resources practices and procedures and all offers of employment with the Group shall be made in writing by the Human Resources Director. Budget holders shall ensure that the Executive Finance Director and the Human Resources Director are provided promptly with all information required in connection with the appointment, resignation or dismissal of employees.

19.3 **Salaries and Wages**

The Executive Finance Director 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 a form prescribed or approved by the Executive Finance Director.

The Human Resources Director is responsible for maintaining staff and payroll records and to ensure the accurate payment of salaries and wages and for keeping the Executive Finance Director 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 Executive Finance Director 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 Executive Finance Director shall be responsible for keeping all records relating to payroll including those of a statutory nature.

All payments must be made in accordance with the Group's detailed payroll financial procedures and comply with HMRC regulations.

19.4 **Pension Schemes**

The Corporation is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees, within the legislative framework governing further education Colleges and its subsidiaries.

The Human Resources Director is responsible for day-to-day pension matters, including:

- Paying contributions to authorised pension schemes; and
- Preparing the annual return to pension schemes,

The Human Resources Director is responsible for administering eligibility to pension arrangements and for informing the Executive Finance Director when deductions should begin or cease for staff.

19.5 **Travel, Subsistence and Other Allowances**

All claims for reimbursement of subsistence allowances, travelling and incidental expenses must be completed in a form approved by the Executive Finance Director. Claims must comply with the relevant detailed financial procedure and shall be authorised by the relevant budget holder or line manager. In no circumstances should a budget holder authorise their own expenses.

The authorisation shall be taken to certify that:

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

Arrangements for travel by the Chief Executive and Group Principal shall be approved by the Chair of the Corporation. Arrangements for travel by members of the Corporation, including the Chair, shall be approved by the Clerk to the Corporation.

19.6 **Overseas Travel**

All arrangements for overseas travel must be approved by the Chief Executive and Group Principal in advance of committing the Group to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Chief Executive and Group Principal or members of the Corporation shall be approved by the Chair of the Corporation. Arrangements for travel by the Chair shall be approved by the Finance and Employment Committee.

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

19.7 **Allowances for Members of the Corporation**

Members are not entitled to payments to attend meetings or for loss of earnings but are entitled to claim for expenses incurred. These include: travel to and from Corporation and Committee meetings, other travelling and subsistence in accordance with the Group's expenses policy; fees for agreed attendance at conferences or other training events; and

other incidental expenses. Claims for members of the Corporation will be authorised by the Clerk to the Corporation.

19.8 Severance and Other Non-recurring Payments

Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Corporation through the Finance and Employment Committee. Professional advice should be obtained where necessary. Where a budget has been allocated for this purpose, no amounts shall be expended that exceed the budget. Where no such specific budget has been allocated, severance payments will not prevent the Group achieving its annual budget as approved by the Corporation unless prior authorisation has been sought. All such payments shall be authorised by the Chief Executive and Group Principal and calculations checked by the Human Resources Director or Executive Finance Director.

Any individual amounts that do not fall within the parameters above or are in excess of £50,000 require approval by the Finance and Employment Committee. In exceptional circumstances this approval may be given by the Chair of the Finance and Employment Committee in consultation with the Chief Executive and Group Principal, to be reported to the next meeting of the relevant committee. Amounts paid must be declared in the financial statements.

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

20 ASSETS

20.1 Land, Buildings, Fixed Plant and Machinery

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Corporation and with reference to funding body requirements.

20.2 Fixed Asset Register

The Executive Finance Director is responsible for maintaining the Group's register of land, buildings, fixed plant and machinery. Heads of department will provide the Executive Finance Director with any information needed to maintain the register.

20.3 Inventories

The manager responsible for infrastructure is responsible for maintaining inventories, in a form prescribed by the Executive Finance Director, for all plant, furniture and stores in all departments with a value in excess of £200. The inventory must include items donated or held on trust.

Inventories must be checked at least annually as described in the Group's detailed financial

procedures.

When transferring equipment etc. between departments, a transfer record must be kept and the inventories amended accordingly.

20.4 Stocks and Assets

Heads of department 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 Executive Finance Director.

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

Those heads of department whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Executive Finance Director and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the Group's detailed financial procedures.

20.5 Safeguarding Assets

Heads of department are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult with the Executive Finance Director 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 Group shall, so far as is practical, be effectively marked to identify them as Group property.

20.6 Personal Use

Assets owned or leased by the Group shall not be subject to personal use without proper authorisation.

20.7 Asset Disposal

Disposal of equipment and furniture must be in accordance with procedures agreed by the Finance and Employment Committee and contained in the Group's detailed financial procedures.

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

20.8 All Other Assets

Heads of department are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the Group, whether tangible (such as stock – see above) or intangible (such as intellectual property – section 17), including electronic data.

21 FUNDS HELD ON TRUST

21.1 Gifts, Benefactions and Donations

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

21.2 Student Welfare and Learner Support Funds

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

Records of learner support funds will be maintained according to funding body requirements.

21.3 Trust Funds

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

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

21.4 Voluntary Funds

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

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

22 OTHER

22.1 Insurance

The Executive Finance Director is responsible for the Group's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy (sections 7.1 to 7.4), 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. This portfolio of insurances will be considered and approved by the Finance and Employment Committee on an annual basis.

The Executive Finance Director is responsible for effecting insurance cover as determined by the Finance and Employment Committee. The Executive Finance Director is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Executive Finance Director will keep a register of all insurances effected by the Group and the property and risks covered in addition to dealing with the Group's insurers and advisers about specific insurance problems.

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

The manager responsible for infrastructure must ensure suitable records are kept of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

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

22.2 Companies and Joint Ventures

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

Under the Learning and Skills Act 2000, a College needs the prior approval of the funding body before a company or a joint venture can be established. The Corporation is responsible for ensuring that the required procedures are followed. This process involved in forming a company or a joint venture and arrangements for monitoring and reporting on the activities of these undertakings are documented in the Group's financial procedures.

It is the responsibility of the Corporation to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the Group. These and other arrangements will be set out in a memorandum of understanding.

The directors of companies where the Group is the majority shareholder must submit, via the Finance and Employment Committee, an annual report to the Corporation. They will also submit business plans or budgets as requested to enable the committee to assess the risk to the Group. The Group's internal and external auditors shall also be appointed to such companies.

Where the Group is the majority shareholder in a company, the funding body requires that the company's financial year must be consistent with that of the Group.

22.3 **Security**

Keys to safes or other similar containers are to be carried on the person of those responsible at all times or kept in a secure location. The loss of such keys must be reported to the Executive Finance Director immediately.

An officer shall be responsible for maintaining proper security and privacy of information held on the Group's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on Group systems will be subject to the provisions of the Data Protection Act 1998. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

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

22.4 **Students' Association**

The Group shall provide an accounting service to the student association and will prepare its annual financial statements. The budget holder responsible for the students' association budget is subject to the normal controls and procedures relating to Group budgets.

At year end, the students' association accounts will be reviewed by the Finance Manager and independently examined by the Executive Finance Director for presentation to the Joint Audit and Finance and Employment Committee for information.

In accordance with an agreement between the Group and the students' association, the Group's internal auditor shall have access to records, assets and personnel within the students' association in the same way as other areas of the Group.

Effective September 2021 the students' association has developed to a students' union.

22.5 Use of the Group Seal

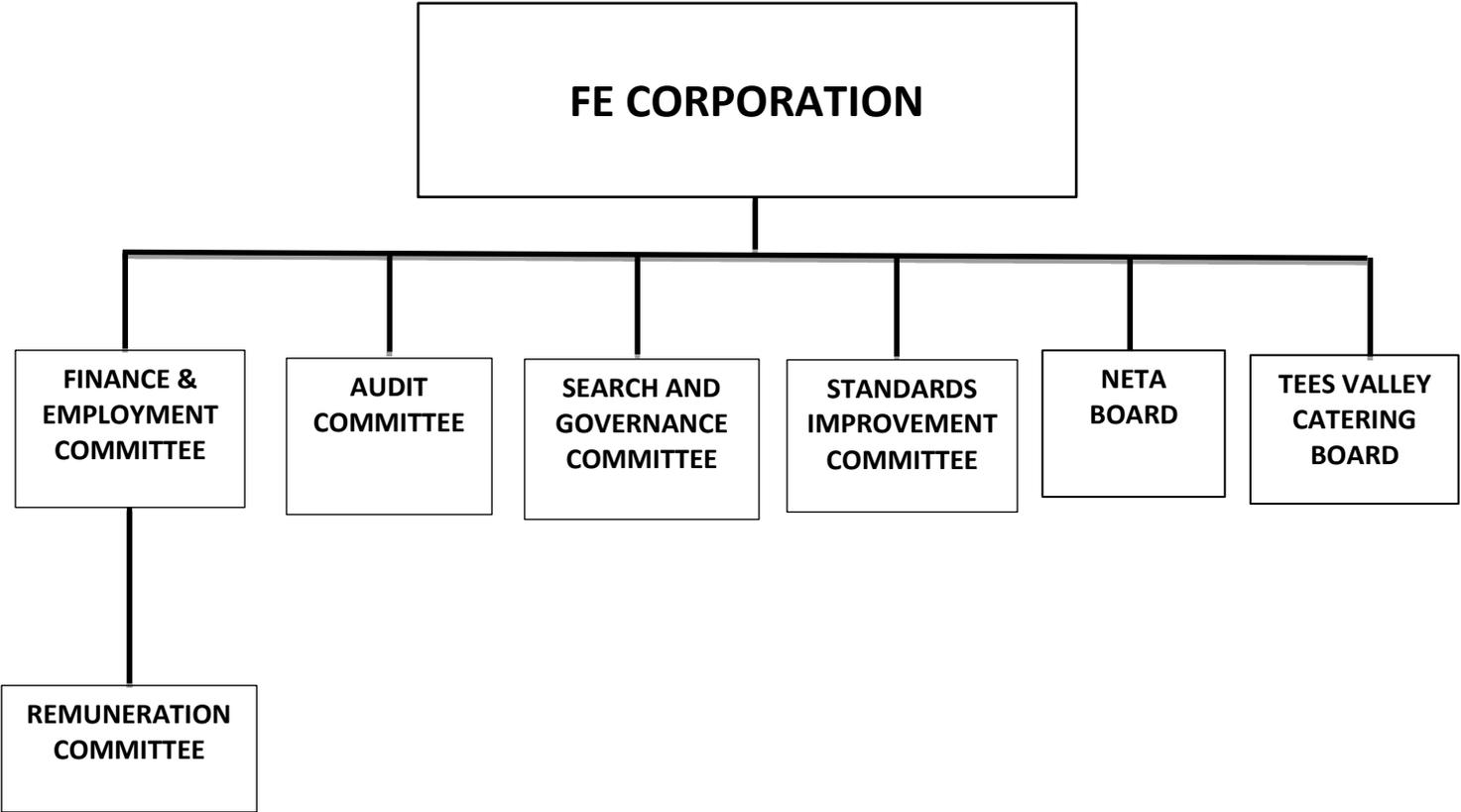
Where a deed or document requires the Group seal, it must be sealed by the Clerk to the Corporation or, in absence, the Executive Finance Director, in the presence of a member of the Corporation.

The Clerk to the Corporation is responsible for submitting a report to the next following meeting of the Corporation detailing the use of the Group seal.

22.6 Provision of Indemnities

Any member of staff asked to give an indemnity, for any purpose, should consult the Executive Finance Director before such indemnity is given.

**APPENDIX A
COMMITTEE STRUCTURE**



APPENDIX B

FINANCE AND EMPLOYMENT COMMITTEE

TERMS OF REFERENCE

Composition:	Minimum five members (including Chief Executive and Group Principal as ex officio member and any external co-opted member(s) as appropriate) No cross membership with Audit Committee
Quorum:	40% of committee membership, subject to minimum of three
Attendance	The Corporation attendance target is 80%. Committee members are therefore expected to attend all four of the meetings scheduled in 2020-21
No of meetings per year	Minimum of four
Chair:	Selected by committee, reviewed annually
Public access to meetings:	By chair's invitation, with members' approval - see Standing Orders Section 12
Conduct of meetings:	See Standing Orders Section 5
Minutes:	Approval, see Standing Orders Section 4 vi
Minutes:	Circulation/publication see Standing Orders Section 10
In attendance:	Group Executive Director Planning and Infrastructure Group Executive Director Finance Group Director of HR Group Vice Principal Business, Innovation and Partnerships Group Director of Marketing
Key functions and delegated powers:	<p>1 Finance</p> <p>1.1 To make recommendations to the Corporation on:</p> <ul style="list-style-type: none"> i) The annual estimates of income and expenditure ii) Major variations of expenditure iii) Capital expenditure, funding and financing requirements iv) The annual financial report <p>1.2 To consider, review and report to the Corporation on the monthly financial monitoring reports (relating to revenue and capital budgets, cash flow and balance sheet) and any subsidiary or other joint venture</p> <p>1.3 To monitor student enrolment and associated funding against targets</p> <p>1.4 To monitor non-core funding activity</p> <p>1.5 To monitor levels of subcontracting</p> <p>1.6 To review arrangements for securing value for money, solvency and safeguarding of assets including an annual review of the portfolio of group insurances</p> <p>1.7 To agree variations to the financial forecast against budget</p> <p>1.8 To make recommendations to the Corporation on the financial</p>

APPENDIX B

FINANCE AND EMPLOYMENT COMMITTEE

TERMS OF REFERENCE

	<p>regulations</p> <p>1.9 To approve the tuition fee policy and the supply chain fees and charges policy</p> <p>1.10 To determine the group investment and borrowing policies</p> <p>1.11 To consider and advise on financial issues of a sensitive, confidential and/or strategically significant nature</p> <p>2 Employment</p> <p>2.1 To determine, on the advice of the Remuneration Committee, the job descriptions, pay and conditions of senior post holders and the Clerk to the Corporation</p> <p>2.2 To approve a framework for pay and conditions of service; to determine guidelines for annual pay negotiations</p> <p>2.3 To determine the personnel and human resource policies of the Corporation and to fulfil necessary responsibilities under those policies</p> <p>2.4 To consider and advise on employment issues of a sensitive, confidential and/or strategically significant nature</p> <p>2.5 To agree relevant documentation for publication (e.g. Gender Pay Gap Report)</p> <p>3 Assets</p> <p>3.1 To provide governor input in relation to group accommodation (where this has a significant financial or strategic impact)</p> <p>3.2 To monitor the progress and impact of any major accommodation projects</p> <p>3.3 To inform the identification, acquisition and use of appropriate off-site premises and to identify funding sources for any approved new build projects</p>
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APPENDIX C

AUDIT COMMITTEE

TERMS OF REFERENCE

Composition:	Minimum of three members, including at least two governors. In line with the Post 16 Audit Code of Practice, the Corporation Chair and Principal may not serve on the committee. Staff governors may serve on the committee if the Corporation is satisfied that good practice standards of independence and objectivity can be met. The Corporation has a responsibility to maintain the committee's independence when appointing members and must appoint individuals with an appropriate mix of skills and experience to allow the committee to discharge its duties effectively. No cross membership with Finance & Employment Committee. Collectively the members of the committee must have recent and relevant experience in risk management, finance and assurance. The committee must not adopt an executive role.
Quorum:	40% of committee subject to minimum of 3
Attendance	The committee attendance target is 75%. Committee members are therefore expected to attend three of the four meetings scheduled in 2020-21
No of meetings per year	Minimum 4
Chair:	Selected by committee, reviewed annually and may not be chaired by Chair of Corporation, Group Principal, staff or external co-opted member
Public access to meetings:	By chair's invitation, with members' approval - see Standing Orders Section 12
Conduct of meetings:	See Standing Orders Section 5
Minutes:	Approval, see Standing Orders Section 4
Minutes:	Circulation/publication see Standing Orders Section 10
In attendance:	Group Executive Director Finance Group Executive Director Planning and Infrastructure Chief Executive and Group Principal (by invitation from the Chair) Representative of Internal Audit Service Representative of External Auditors Other members of staff may be called upon to attend at chair's discretion
Key functions and delegated powers:	<p>The Audit Committee has authority to investigate any activity within its terms of reference and has the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit. The Audit Committee must not adopt an executive role.</p> <ol style="list-style-type: none"> 1 To advise the Governing Body on the adequacy and effectiveness of the College Group's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of the College Group's assets. <p>This advisory role does not reduce the prime responsibility of the College Group management to institute, monitor and review all internal control systems.</p> <ol style="list-style-type: none"> 2 To recommend the annual financial statements to the Governing Body for approval and to advise and support the Corporation to explain, in its accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities. 3 To advise the Governing Body on the appointment, reappointment, dismissal and remuneration of the external auditor, reporting accountant, internal audit (as

APPENDIX C

AUDIT COMMITTEE

TERMS OF REFERENCE

	<p>applicable) and other assurance providers (as applicable) and establish that all such assurance providers adhere to relevant professional standards</p> <p>4 To establish, in conjunction with Group management, relevant annual performance measures and indicators for the IAS (where appointed) and external auditor and review and monitor the effectiveness, independence and objectivity of the IAS and external auditors, including through these measures and indicators</p> <p>5 To decide whether a competition for price and quality of the audit service is appropriate, and make appropriate recommendations to the Governing Body</p> <p>6 To advise the Governing Body on the scope and objectives of the work of the IAS, the external auditor and the funding auditor (where appointed), including the audit strategy and annual internal audit plans for the IAS</p> <p>7 To develop and implement policy on the engagement of the external auditor to supply services other than financial statements audit and regularity audit, taking into account relevant ethical guidance; to inform the Governing Body of any additional services provided by the external auditor, reporting accountant, internal audit (as applicable) and other assurance providers (as applicable) and explain how independence and objectivity were safeguarded</p> <p>8 To review and consider the reports of external auditor, reporting accountant, internal audit (as applicable) and other assurance providers (as applicable)</p> <p>9 To monitor the implementation of agreed recommendations arising from any reports of audit and assurance providers to agreed timescales</p> <p>In order to facilitate such monitoring, the committee is empowered to invite individual members of staff to attend meetings</p> <p>10 To consider and advise the Governing Body on relevant reports by the National Audit Office (NAO), the Education and Skills' Funding Agency and other funding bodies, and, where appropriate, management's response to these</p> <p>11 To produce an annual report for the Governing Body summarising the activities of the Audit Committee as they relate to the year under review including:</p> <ul style="list-style-type: none"> - a summary of the work undertaken by the committee during the year - any significant issues arising up to the date of preparation of the report - any significant matters of internal control included in the reports of audit and assurance providers - the committee's view of its own effectiveness and how it has fulfilled its terms of reference - the committee's opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, its framework of governance, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets <p>and to submit the annual report to the Corporation before the statement of corporate governance and internal control in the annual accounts is signed</p>
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APPENDIX C
AUDIT COMMITTEE
TERMS OF REFERENCE

	<p>12 To approve, on behalf of the Corporation, policies on and processes around fraud, irregularity, impropriety and whistleblowing and ensure:</p> <ul style="list-style-type: none">- 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 auditor (and internal auditor if applicable) are informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow-up action has been planned / actioned- that all significant cases of fraud or suspected fraud, theft, bribery, corruption, irregularity, major weakness or breakdown in the accounting or other control framework are reported to the ESFA as soon as possible- that risks around fraud have been identified and controls put in place to mitigate them <p>13 To review, monitor and approve the risk management action plan and to consider the effectiveness of risk management processes</p>
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APPENDIX D

FINANCE FUNCTIONS

INTRODUCTION

- 1 Finance (is located on the third floor of the SRC1 building (Teesdale) within the General Office and is normally open between 8.30 am and 4.30 pm.
- 2 In order to obtain maximum benefit from Finance, it is important to observe the published deadlines. The deadlines have been established in order to guarantee the delivery of particular services which might not otherwise be achievable.
- 3 The main services are listed on the following pages together with appropriate contact names. There is also a list at the end of the document which gives contact details for individual post-holders.

EXCHEQUER SERVICES

1 Creditor Payments

This section pays all sums owed by the Group other than payroll items. Payments are made mainly to suppliers of goods and services and childcare providers. Payments can be made to any country and in most currencies.

2 Collection of Income

All income due to the Group must be banked via Finance. Payments are received by BACS, cheque, cash, credit or debit cards and can be in sterling or foreign currencies. Instalment facilities are available for some categories of student in relation to their tuition fees. Overdue debts are pursued in consultation with departments and, where appropriate, court action is taken. Security arrangements for cash in transit are made for transfers between Finance and the bank but not for internal transfers to Finance. Cash and cheques are collected from each site every two weeks by Security Plus Ltd for transfer to the bank.

3 Payroll

The Group's payroll service is completed in-house at the Teesdale site and administered in the Group's Human Resources Department. Payroll enquiries should be directed to Diane Appleyard, Payroll Officer, diane.appleyard@the-etc.ac.uk (Ext. 5425).

4 Travel

Requests for travel arrangements should be directed to Finance by submission through the electronic workflow, eBis.

FINANCIAL ACCOUNTING

- 5 Many of the functions under this heading will not directly affect curriculum departments. They include the maintenance of the accounting system, preparation of final and other accounts, tax returns, etc. Another such function relates to treasury management, which encompasses borrowing and lending, cash flow forecasting and management of the bank accounts. There are, however, several services which are for the specific benefit of users.

APPENDIX D

FINANCE FUNCTIONS

6 **Other Services Rendered and Research Grants Projects**

Other services rendered and research job numbers are allocated on receipt of proposal forms so that all income and expenditure can be matched to projects. Advice is available for the preparation of bids for projects, especially in relation to external funding. Arrangements are also made for vetting and auditing various grant claims. For queries relating to other services rendered and research contracts please contact the Finance Manager.

7 **Use of System**

Advice and training are provided for users to access and use the data held in the accounting system. For queries relating to the operation of the accounting system please contact the Project Accountant.

8 **Major Capital Projects**

Assistance in the preparation of bids for funding, investment appraisals and monitoring of schemes are all included within the service. It is mandatory for the negotiation of funding packages to be carried out by Finance.

MANAGEMENT ACCOUNTING

9 Much of the work in this area is at a corporate level. This includes the preparation of the financial plan, consolidation and submission of planning data to the funding council, compilation of the detailed annual budget and production of comparative statistical data. The Executive Finance Director must also provide regular monitoring statements and financial advice to the Corporation and its committees.

10 **Budget Monitoring**

At department level, detailed budget reports are accessible to budget holders via the eBis portal indicating performance against latest year end forecast at account code level. All users also receive regular visits from Finance to assist with the monitoring of budgets. Advice is available for all budget holders in the preparation for Performance Reviews.

11 **Budget Planning**

Advice is available for all budget managers for the purpose of the preparation of their business plans as part of the Business Planning process.

APPENDIX D

FINANCE FUNCTIONS

MANAGEMENT CONTROL

A range of services provided by Finance relate to the overall control of the Group's systems. Some of these are mandatory.

12 Internal Audit

All Colleges must have an independent internal audit function, which operates in conjunction with the Audit Committee. Finance is responsible for the receipt and co-ordination of responses to audit reports and for the implementation of audit committee projects.

13 Procedures and Regulations

Financial regulations and detailed financial procedures are maintained and disseminated by Finance. Their existence is a funding body and Audit Committee requirement. For queries relating to management control matters please contact the Executive Finance Director.

PURCHASING

14 The purchasing function is generally devolved, with authority to purchase granted to budget holders within the threshold framework stipulated in the financial regulations. Budget holders are responsible to the Chief Executive and Group Principal for the management of budgets within their control. The Group has a contract with The Tenet Group to supply procurement services, their primary purpose is to advise on and co-ordinate the operation of the Group's purchasing policy and procedures. The Group main contact at Tenet is Pippa Dooley. A Procurement Consultant is available on site by appointment to meet with budget holders and staff for advice and assistance with purchasing.

15 Operational Issues

Purchasing advice and guidance on the acquisition of goods/services, assistance with compiling specifications, quotations, sourcing of vendors, negotiations, and maintenance of the on-line stationery catalogue.

16 Low Value Purchasing

A purchasing card system for the procurement of low value goods/services is in operation. The Executive Finance Director has responsibility for the operation and control of Group credit and purchasing cards including the implementation of a system to monitor.

17 Purchasing Consortium

The Group is a member of the Crescent Purchasing Consortium.

APPENDIX D FINANCE FUNCTIONS

Finance Contact Details

POST	NAME	PHONE NUMBER	EMAIL
Finance Manager	Sharon Lamb	01642 865427	sharon.lamb@the-etc.ac.uk
Technical Accountant	Michelle Stephenson	01642 865455	michelle.stephenson@the-etc.ac.uk
Assistant Accountant	Vacancy	01642 865429	
Technical Accountant	Andrew Bashford	01642 865492	andrew.bashford@the-etc.ac.uk
Finance Officer – Income & Compliance	Carol Dietz	01642 865428	carol.dietz@the-etc.ac.uk
Finance Assistant	Lindsay Short	01642 865584	lindsay.short@the-etc.ac.uk
Finance Officer – Purchase & Procurement	Sarah Gaffney	01642 865449	sarah.gaffney@the-etc.ac.uk
Finance Assistant	Louie Miller	01642 865431	louie.miller@the-etc.ac.uk
Finance Assistant	Lynn Robinson	01642 865533	Lynn.robinson@the-etc.ac.uk
Finance Apprentice	Jake Johnstone	01642 865530	jake.johnstone@the-etc.ac.uk

APPENDIX E

MAIN FEATURES OF THE PUBLIC INTEREST DISCLOSURE ACT 1998

SUMMARY

The Act 1998 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 1998 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 professionals in the NHS. Employment law restrictions on minimum length of service and age do not apply. At present, the Act 1998 does not cover the genuinely self-employed, volunteers, the army, intelligence services or police officers. The Act 1998 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 1998 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 the 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 in place.

FULL PROTECTION

Where the whistleblower is victimised in breach of the Act 1998 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, they may apply for an interim order to keep their job.

APPENDIX E

MAIN FEATURES OF THE PUBLIC INTEREST DISCLOSURE ACT 1998

Not all disclosures made by an employee are protected under the Act 1998. 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; and
- Deliberate covering up of information tending to show any of the above five matters.

APPENDIX F

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 example.

SUMMARY OF PROTOCOLS FOR PROPOSED CAPITAL EXPENDITURE

Proposed capital projects should be supported by:

- A statement that demonstrates the project's consistency with the strategic plans and estates strategy approved by the Corporation;
- An initial budget for the project for submission to the Finance and Employment Committee. The budget should include a breakdown of costs including professional fees, VAT and funding sources;
- A financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans;
- An investment appraisal in an approved format which complies with funding body guidance on option and investment appraisal;
- A demonstration of compliance with normal tendering procedures and funding body regulations. This will require careful consideration where partnership arrangements are in place; and
- A cash flow forecast.

SUMMARY OF PROTOCOLS FOR PROPOSED MAJOR DEVELOPMENTS

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

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

APPENDIX I

INTERNAL AUDIT RESPONSIBILITIES

The current joint audit code of practice was issued by the ESFA in March 2017 and updated in July 2020.

The prime responsibility of the internal audit service is to provide the Corporation with assurance on the adequacy and effectiveness of the risk management, control and governance processes. Responsibility for risk management, control and governance processes remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management to improve systems of risk management, control and governance processes and so to reduce the potential effects of any significant risks faced by the Group. Risk assessment provides the opportunity for internal audit work to be efficient and focused. It does not necessarily imply that internal audit activity has to be increased.

Internal audit can also provide independent and objective consultancy advice specifically to help management improve the risk management, control and governance processes. In such circumstances, internal auditors apply their professional skills in a systematic and disciplined way to contribute to the achievement of corporate objectives. Such advisory work contributes to the opinion that internal audit provides on the overall adequacy and effectiveness of risk management, control and governance.

APPENDIX J

FRAUD RESPONSE PLAN

1 Purpose

The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The definition of fraud or irregularity shall include all actions that may constitute a breach of confidence, deceit, bribery, corrupt practices and other actions perpetrated for profit or to gain some unfair or dishonest advantage. The use of the plan should enable the Group to:

- ● Initiate a response;
- ● Prevent further loss ;
- ● Establish and secure evidence necessary for criminal and disciplinary action;
- ● Notify the funding body, if appropriate;
- ● Recover losses;
- ● Deal with requests for references for employees disciplined or prosecuted for fraud;
- ● Review the basis for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud;
- ● Keep all personnel with a need to know suitably informed about the incident and the Group's response; and
- ● Establish lines of communication with the police.

2 Scope

This policy applies to all employees of the Group, regardless of position held, as well as those acting on behalf of the Group, including governors, other volunteers, temporary workers, consultants, contractors, and/or any other parties who have a business relationship with the Group.

3 Stage 1: Executive Finance Director (or nominee)

Establish as many details as possible by discussion with the notifying individual only.

Irrespective of the source of the concern, the Group Executive Director Finance (in capacity of Executive Finance Director) should undertake an initial enquiry to ascertain the facts to confirm or repudiate the suspicions which have arisen so that, if necessary, further action may be taken. If the suspected fraud involves the Executive Finance Director, responsibility for ensuring the following steps are followed passes to the Group Executive Director Planning and Infrastructure (in capacity of Executive Director: Planning and Infrastructure).

Secure the Evidence

Preliminary examination may involve the review of relevant documents and, if initial investigation supports the suspicion that a fraud has been perpetrated, the Executive Finance Director should take steps to ensure that these are preserved in a safe place.

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FRAUD RESPONSE PLAN

Notify the Appropriate Member of the Senior Management Team

Whilst the Executive Finance Director should establish as many details as possible they should normally report the incident to the member of the Senior Management Team responsible for the area concerned.

At all times, the Chief Executive and Group Principal should be informed of any actions taken regarding fraudulent behaviour.

Notify a Senior Member of Internal Audit

The Executive Finance Director should, after notifying the appropriate member of the Senior Leadership Team, contact a senior member of the Group's internal audit service provider to notify them of the suspected fraud and make preparation for their inclusion in the Fraud Response Group.

4 Stage 2: Finance Director

Establish Fraud Response Group

The Executive Finance Director should, at the earliest opportunity and within five working days, hold a meeting of the following group to decide on the initial response:

- Group HR Director (in capacity of Human Resources Director);
- A senior representative of internal audit;
- Executive Director: Planning and Infrastructure ; and
- Any other person that the Executive Finance Director considers necessary to assist the Group.

The Group should, on the basis of the evidence available and the preliminary investigation undertaken by the Executive Finance Director, consider the significance of the fraud and decide on the level of action to be taken. This may be an internal investigation led by a senior member of Group staff or a Special Investigation led by internal audit.

The Executive Finance Director will notify the Chief Executive and Group Principal who will in turn notify the Chair of the Corporation, the Chair of the Audit Committee and the Chair of the Finance and Employment Committee within 24 hours of the Fraud Response Group meeting.

Consideration should also be given as to whether to inform the police and the Chief Executive of ESFA.

Notify the Group Insurers

At an early stage, the Group's insurers should be informed of a suspected fraud, where applicable and appropriate.

APPENDIX J

FRAUD RESPONSE PLAN

Prevent Further Losses

Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the Fraud Response Group will decide how to prevent further loss, with consideration being given to advice from police liaison, where necessary. This may require, after consultation with the Human Resources Director, the suspension of the suspects to prevent them destroying or removing evidence that may be needed to support disciplinary action or criminal prosecution.

In these circumstances, the suspects should be approached unannounced. They should be supervised at all times before leaving the Group's premises. They should be allowed to collect personal property under supervision but should not be able to remove any property belonging to the Group. Any security passes and keys to premises, offices and furniture should be returned.

Advice should be obtained on the best means of denying access to the Group while suspects remain suspended including permissions for the Group's computer systems.

Appoint an Investigating Officer

For each notified suspicion the Fraud Response Group will appoint an 'Investigating Officer' who will be in charge of the investigation on a day to day basis. For Special Investigations, this will be the Head of the Internal Audit Service.

5 Stage 3: Finance Director and Investigating Officer

The Investigating Officer and Executive Finance Director must:

- Identify a course of action (what, who, when, how, where); and
- Identify the reporting process (who by, to whom, when and how); and ensure that strict confidentiality is continuously maintained.

If the suspected Fraud involves the Executive Finance Director, the Executive Director: Planning and Infrastructure shall undertake the responsibilities of the Executive Finance Director.

6 Liaison

The Chief Executive and Group Principal

The Chief Executive and Group Principal is responsible for informing ESFA, external auditors and internal auditors (if applicable), and, where a special investigation is proposed, consulting with the Chair of the Audit Committee to commission this investigation, usually to the Group's Internal Audit Service.

If the suspected fraud involves the Chief Executive and Group Principal, the Clerk to the

APPENDIX J

FRAUD RESPONSE PLAN

Corporation shall undertake the responsibilities of the Chief Executive and Group Principal.

Internal and External Audit

The primary role of internal audit is to report on the adequacy and effectiveness of systems and procedures (the 'internal control' environment). Where the Investigating Officer is not the Head of Internal Audit, then the latter should be kept informed of progress and will always be available to assist the Investigating Officer. Internal audit should consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the Group's assets. The Head of Internal Audit and staff will always be receptive to discussing concerns raised by staff, students, suppliers or the general public.

The Group also has a duty to report all suspected frauds to its external auditors at the earliest opportunity.

The Police

The experts at investigating fraud are the police. They can also advise on the likely outcome of any intended prosecution. If the police decide that a formal investigation is necessary, all staff should co-operate fully with any subsequent requests or recommendations. All contact with the police following their initial involvement will usually be via the Investigating Officer or the Executive Director: Planning and Infrastructure. When the police decide to formally investigate this will not prejudice any internal disciplinary procedures. However, the Group's investigation, and that of the police, should be co-ordinated to make maximum use of resources and information and to ensure that neither investigation is compromised whilst ever they run concurrently.

ESFA

The circumstances in which the institution must inform the Chief Executive of ESFA about actual or suspected frauds are detailed in ESFA's *Audit Code of Practice (ACOP)*. The Chief Executive and Group Principal is responsible for informing the Chief Executive of ESFA of any serious weaknesses, significant frauds, major accounting and other control breakdowns. A serious weakness is defined in the ACOP as one which 'may result in a significant fraud or irregularity, and may include cases of irregularities in expenditure which could lead to suspicions of fraud'.

Significant fraud is defined as 'usually where one or more of the following factors are involved:

- The sum of money in excess of £10,000;
- There is likely to be public interest because of the nature of the fraud or the people involved;
- The particulars of the fraud are novel or complex; and

- The fraud is systematic or unusual in nature.

For circumstances which do not meet these definitions, further clarification may be sought from the local ESFA Head of Provider Market Oversight.

7 Investigating Suspected Fraud

Internal Investigation

Once fraud is suspected any investigation should be conducted in a professional manner aimed at ensuring that the current and future interests of both the Group and the suspected individual(s) are protected.

The Investigating Officer will be responsible for conducting an internal fact-finding investigation and in doing so must:

- Open a file to record chronologically:
 - telephone conversations face-to-face discussions
 - records/documents reviewed
 - tests undertaken and results
 - steps taken to support the parties involved

The file should be indexed and all details recorded no matter how insignificant they might initially appear;

- Ensure the correct form of evidence is obtained and appropriately retained;
- Ensure the need for specialist investigative techniques has been considered, where appropriate; and
- Ensure interviews are conducted in the appropriate manner.

Special Investigation

The decision by the Audit Committee to commission a special investigation will constitute authority to internal audit to use time provided in the internal audit plan for special investigations. All special investigations will normally be led by internal audit who will follow their own written procedures on fraud investigation.

Special investigations should not be undertaken by management, although management should co-operate with requests for assistance from internal audit.

8 Reporting Fraud

Interim Report

As soon as the initial 'detection' stage of the investigation has been completed an interim confidential report should be made by the Investigating Officer to the Executive Finance Director and any other officer decided upon at the preliminary stage.

The Interim Report should set out:

- The findings to date;
- The interim conclusions drawn from those findings; and
- Should seek approval to continue the investigation if this is appropriate

If it is decided to continue the investigation then future reporting arrangements and any changes to the planned action should be confirmed.

Final Report

This report will supersede all other reports and be the definitive document on which management (in a disciplinary situation) and possibly the police (in a criminal situation) will base their initial decisions. The format of the Final Report will not always be the same as each case is unique, but will frequently set out:

- How the investigation arose;
- Who the suspects are;
- Their position within the organisation and their responsibilities;
- How the investigation was undertaken;
- The facts and evidence which were identified;
- Quantification of losses;
- Progress with any recovery action;
- Progress with any disciplinary action;
- Progress with any criminal action;
- Action taken to prevent and detect similar incident;, and
- A summary of findings and recommendations, both regarding the fraud itself and any additional work required on the system weaknesses identified during the investigation.

9 Report to Audit Committee

Under its normal reporting arrangements, internal audit will keep the Chair of the Audit Committee, Finance and Employment Committee and the Chair of the Corporation informed of its work in the area of fraud and corruption. In certain circumstances however, internal audit may consider it necessary to report directly and promptly to the Audit Committee. This applies, in particular, to cases of suspected fraud involving senior employees. Such notification will, of course, be carried out in a manner consistent with the Group's disciplinary procedures. This is to ensure that Governors maintain their independence in respect of appeals from employees against disciplinary action.

Any variations from the approved fraud response plan, together with reasons for the variation should be reported promptly to the Chair of Audit Committee and the Chair of the Corporation. On completion of a special investigation, a written report should be submitted to the Audit Committee containing:

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FRAUD RESPONSE PLAN

- A description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud'
- The measures taken to prevent a recurrence; and
- Any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken.

10 Report to Corporation

Where the Audit Committee feels that there is evidence of irregularity, fraud, corruption or any impropriety, the Chair of the Audit Committee must notify the Chair of the Corporation who must raise the matter at their next meeting. Where the matter is considered significant, the Governors must consider holding a special meeting.

11 Recovery of Losses

Recovering losses is a major objective of any fraud investigation. In all investigations, the amount of any loss should be quantified and repayment of losses should be sought. Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation and about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The Group would normally expect to recover costs in addition to losses.

The possibility of recovering a loss through insurance should not be overlooked. There may be time limits for making a claim and in certain cases claims may be invalidated if legal action has not been taken.

12 Register of Actual/Attempted Fraud Incidents

The Executive Finance Director will maintain an up to date register of actual and attempted fraud incidents. As part of the notification procedure for potential frauds the Finance Director will update the register to include all notifications of potential fraud.

If subsequently an investigation leads to the conclusion that a fraud neither took place nor was attempted, the potential fraud will be removed from the register.

13 References for Employees Disciplined or Prosecuted for Fraud

A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The Group will follow disciplinary procedures against any member of staff who has committed fraud. The Group will normally pursue the prosecution of any such individual if a criminal offence is suspected of having been committed.

Any request for a reference for a member of staff who has been disciplined or prosecuted

APPENDIX J

FRAUD RESPONSE PLAN

for fraud shall be referred to the Human Resources Director. The Human Resources Director shall prepare any answer to a request for a reference having regard to employment law.

14 Review of the Fraud Response Plan

The Fraud Response Plan will be reviewed as part of the annual revision of the Group's Financial Regulations.

15 Linked Policies

Anti-Bribery Policy

Anti-Fraud Policy

Whistleblowing Policy

Disciplinary Procedure

APPENDIX K

CONDITIONS OF CONTRACT FOR THE PURCHASE OF GOODS

LIST OF HEADINGS

- 1 Definitions and Interpretations
- 2 Application of Terms and Basis of Purchase
- 3 Suppliers' Warranties
- 4 Indemnity and Insurance
- 5 Delivery
- 6 Property and Risk
- 7 Price and Payments
- 8 Confidentiality and Data Protection
- 9 Intellectual Property and Group Property
- 10 Termination
- 11 Assignment and Sub Letting
- 12 Force Majeure
- 13 Equality Act
- 14 Corruption and Bribery
- 15 Spare Parts
- 16 Waiver
- 17 Third Party Rights
- 18 Enforceability
- 19 Law
- 20 Publicity

MAIN POINTS INCLUDED IN THE GROUP'S TENDERING PROCEDURES

- Duty to comply by the Group's staff;
- EU directives to be complied with;
- Competitive tendering procedure, which will:
 - ensure fairness of competition
 - ensure that companies invited to tender are financially and technically able to meet the Group's requirements
 - indicate the terms of the contract
 - outline the appropriate British Standards to be complied with
- Quotation procedure, which will indicate:
 - the minimum number of firms that should be expected to provide quotations
 - lists of available firms in existence which have been approved by the Group that might undertake the work specified
 - the terms by which the contractors will be paid
 - the national requirements concerning good practice that should be followed
- Submission of tenders (e.g. time, date, etc.);
- Receipt and safe custody of tenders and records;
- Admissibility and acceptance of tenders;
- Acceptance of tenders/quotations; and
- Justification of acceptance of tenders not at the lowest price.

APPENDIX M AUTHORISATION LIMITS

Purchasing Limits

Order/Requisition Value (Including VAT)	Signature 1	Signature 2
Up to £150,000	Budget Holder	Chief Executive and Group Principal
Up to £50,000	Budget Holder	Executive Director
Up to £10,000	Budget Holder	Vice Principal
Up to £10,000	Budget Holder	College Principal/MD
Up to £10,000	Budget Holder	Director
Up to £2,000	Budget Holder	Finance Manager

In the absence of a Vice Principal, College Principal/Managing Director or Director, the Finance Manager has the authority to approve purchase up to a limit of £10,000 if an Executive Director is not available.

Credit Notes and Bad Debt Write Off

Value	Authorised Signatory
Bad Debts over £10,000	Finance & Employment Committee
Bad Debts up to £10,000	Principal
Bad Debts up to £5,000	Finance Director
Credit Notes over £1000	Finance Director
Credit Notes up to £1000	Finance Manager

Authorisation of Contracts for Projects

Value of Contract	Authorised Signatory
£100,000 and above	Chief Executive and Group Principal
Up to £100,000	Executive Director
Up to £50,000	Vice Principal
Up to £25,000	College Principal/Managing Director