



NOTTINGHAM COLLEGE

FINANCIAL REGULATIONS

Effective 1st October 2020

FINANCIAL REGULATIONS

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1 INTRODUCTION

- 1.1 Nottingham College is a Further Education Corporation created under the provisions of the 1992 Further and Higher Education Act. It is also an Exempt Charity by virtue of the 1992 Act. The College's structure of governance is laid down in the Instrument and Articles of Government (as amended by the Corporation). The College is accountable through the Corporation which has the ultimate responsibility for the effectiveness of its management and administration.
- 1.2 The Financial Memorandum between the Education and Skills Funding Agency and the College sets out the terms and conditions on which any funding is paid to the College. The Corporation is responsible for ensuring that the conditions of grants/funding are met.
- 1.3 The Corporation is responsible for ensuring that the College adheres to the Post-16 Audit Code of Practice (as amended from time to time). The code sets out the assurance and accountability requirements for post-16 providers (including Colleges).

STATUS

- 1.4 These Financial Regulations set out the responsibility for Financial Management within the College and apply to the College and any subsidiary undertakings.
- 1.5 The objective of these Regulations is to provide the College with a sound basis upon which it may conduct its internal financial arrangements and to ensure best practice in the management of its financial activities. They provide direction for staff employed by the College who have responsibility for the management of resources or the control of income and expenditure. As such, they ensure the College:
- Meets the high standard of accountability and transparency expected when dealing with public funds
 - Complies with all relevant legislation
 - Operates with regard for economy, efficiency and effectiveness
 - Safeguards assets from loss due to fraud, theft or extravagance
- 1.6 These Regulations apply to all financial transactions of the College including those where costs are fully met by third parties.
- 1.7 All staff should ensure that they are familiar with the College's Financial Regulations and associated procedures, since failure to comply with any of their terms may result in disciplinary action being instigated against the relevant staff.
- 1.8 The Regulations are to be determined by the Corporation Governors under the power conferred by the Articles of Government. The Regulations complement the 'Financial Memorandum' between the Corporation Governors and the College's Principal Funders. Nothing in these Regulations shall supersede any provision contained within the 'Financial Memorandum' or the College's 'Instrument and Articles of Government'.

- 1.9 College staff will be advised of any changes to the Financial Regulations as appropriate.
- 1.10 Where staff have any doubt about the meaning of any Financial Regulation they should consult the Director of Finance.
- 1.11 All references to monetary amounts in these Regulations are assumed to exclude VAT.

MAINTENANCE OF THE FINANCIAL REGULATIONS

- 1.12 The Director of Finance, acting under the direction of the Principal – Finance shall be responsible for the periodic review and update of the regulations along with the review of associated policies and procedures.
- 1.13 Changes to the regulations will only be made following approval by the Corporation.

WAIVER, SUSPENSION OR VARIATION OF THE REGULATIONS

- 1.14 The CEO, in consultation with the Chair or Vice Chair may waive, suspend or vary any regulation if circumstances so dictate.
- 1.15 Requests for such waivers etc. should be formally recorded and signed off by the CEO and Chair / Vice Chair and reported to the next meeting of the Corporation.
- 1.16 in the event of any waiver, suspension or variation, the Chair of the Audit Committee must be informed within 48 hours of that decision being made.

TERMINOLOGY

- 1.17 In these regulations:
- 'Funding Body' means the Education and Skills Funding Agency (ESFA) or the Higher Education Funding Council/Office for Students (HEFCE/OfS).
 - A 'cost centre' is any level of the accounting reporting hierarchy that accumulates income and costs.
 - 'Budget holder' means a person given responsibility for budgetary control of a cost centre.
 - 'Budget' means a financial plan for a given period (usually a year) which is underpinned by a set of delegated income targets and/or spending authorities against specific cost centres.
 - 'Outturn' means the actual income or expenditure against a budget at the end of a

financial year.

- The 'College' means Nottingham College and all trading/non-trading subsidiaries.
- The 'Corporation' means the Board of Governors of Nottingham College.
- The 'Audit Committee' refers to the members of the Board of Governors and co-opted members who serve on the Audit Committee.

Other definitions are:

WORKS	Any work carried out on the College's plant, machinery, buildings or grounds
CEO	Chief Executive Officer
SLT	The College's immediate Senior Leadership Team
CLT	College Leadership Team (SLT, Directors and Heads)
OLT	Organisational Leadership Team (SLT, Directors, Heads and Managers)

Responsibilities assigned within these regulations to any specific post holder shall, if the post is vacated or removed, be reassigned to that post holder's immediate line manager.

2 FINANCIAL RESPONSIBILITIES, ACCOUNTABILITY AND DELEGATION

2.1 **The Governing Body** is responsible for the strategic management of the College. Its financial responsibilities are to:

- ensure the solvency of the College and the safeguarding of the College's assets;
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the CEO and other senior post-holders and the Clerk to Corporation;
- set a framework for pay and conditions of service of all other staff;
- ensure that the financial, planning and other management controls, including controls against fraud and theft applied by the College, are appropriate and sufficient to safeguard public funds;
- approve the appointment of external auditors and an internal audit service (if required);
- secure the efficient, economical and effective management of all the College's resources and expenditure, capital assets and equipment and staff, so that the investment of public funds in the College is not put at risk;
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution;
- approve an annual budget before the start of each financial year;
- determine tuition fees;
- ensure that the College complies with the Post-16 Audit Code of Practice;
- approve the College's strategic plan, and;
- approve the annual financial statements.

The Governing Body has ultimate responsibility for the College's finances, but delegates specific powers and processes as it feels appropriate. The Governing Body is required by the Financial Memorandum and the Instrument and Articles to appoint an Audit Committee.

2.2 **The Chief Executive Officer (CEO)** (who is also the **Accounting Officer**) is responsible to the Corporation for:

- preparing annual budgets for consideration by the Corporation;

- the management of resources within estimates approved by the Corporation;
 - ensuring that its financial obligations and targets are met and resources are managed;
 - ensuring that there are effective systems of financial management and financial control are in place.
- 2.3 Except when provided to the contrary, the CEO may delegate functions, but not responsibility, to other staff.
- 2.4 To assist in the discharge of his/her responsibilities, the CEO is empowered to designate members of staff as budget holders. Budget holders shall be responsible for the control and monitoring of expenditure within budgets allocated to them, and will be authorised to place orders against those budgets. Budget holders are responsible to the CEO or his/her nominee, for ensuring that the action they take is in accordance with the Financial Regulations.
- 2.5 **The Principal – Finance** is responsible to the CEO for:
- advising on the financial aspects of the College’s policy;
 - the overall financial administration of the College;
 - ensuring that the College has satisfactory systems of financial control and management;
 - the leadership of all planning and resourcing processes and the management of organisational risk linked to the delivery of the College’s strategic goals.
- 2.6 **The Director of Finance** is responsible to the Principal – Finance for:
- developing financial policies, frameworks and procedures along with appropriate management and financial controls;
 - undertaking strategic analysis of the financial position of the College and provide strategic input into the evolution and delivery of the financial strategy;
 - ensuring the smooth integration of all financial systems and associated processes within the finance service;
 - delivering value for money and managing resources effectively ensuring targets are met, including procurement;
 - ensuring that detailed finance procedures and systems incorporating the principles

of segregation of duties and internal controls are in place, documented and maintained and supplement these instructions;

- ensuring that there is a focus on economy, efficiency and effectiveness of deployed resources;
- ensuring that sufficient records are maintained and show and explain the College's financial transactions in order to disclose with reasonable accuracy, the financial position of the College at any time;
- the preparation of business plans, financial forecasts, annual capital and revenue budgets and monthly accounts;
- preparation of annual financial statements for the College and its subsidiaries and any other financial statements or accounts which the College may be required to submit to other authorities.

2.7 Heads of Faculty / Service areas/ Budget Managers are responsible to the Principal – Finance for the financial management of the areas they control. Heads shall provide the Principal – Finance with such information as may be required to enable:

- effective financial planning;
- compilation of the College's financial statements;
- the provision of clear explanation as to variances against planned budgets;
- financial reviews to be undertaken.

2.8 All managers and employees, generally and collectively, are responsible for:

- the security of the property of the College;
- avoiding loss;
- exercising economy and efficiency in the use of resources;
- conforming with the requirements of the Financial Regulations and associated Procedures;
- providing the Director of Finance with any financial or other information as may be deemed necessary to carry out the requirements of the Corporation;
- notifying the Principal Finance of any matter which may involve irregularities concerning cash or property of the College.

Whistleblowing

- 2.9 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, equality matters 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.
- 2.10 Normally, any concern about a workplace matter at college should be raised with the relevant member of staff's line manager or Head of Faculty / Service. However, the College recognises that the seriousness or sensitivity of some issues, together with the identity of the person who might be involved, may make this difficult or impossible. In such cases, the College's Whistleblowing procedure should be followed.
- 2.11 The full procedure for whistleblowing is set out in the College's Whistleblowing policy, which is available on the College's Intranet.

Bribery Act 2010

- 2.12 It is an offence under the Bribery Act 2010 for members of staff to carry out any act of bribery.
- 2.13 The College prohibits employees or associated persons from offering, promising, giving, soliciting or accepting any bribe. The bribe might be cash, a gift or other inducement to, or from, any person or company. The bribe might be made to ensure that a person or company improperly performs duties or functions (for example, by not acting impartially or in good faith or in accordance with their position of trust) to gain any commercial, contractual or regulatory advantage for the company in either obtaining or maintaining College business, or to gain any personal advantage, financial or otherwise, for the individual or anyone connected with the individual.
- 2.14 This prohibition also applies to indirect contributions, payments or gifts made in any manner as an inducement or reward for improper performance, for example through consultants, contractors, sub-contractors, agents, sub-agents, sponsors or sub-sponsors, joint-venture partners, advisors, customers, suppliers or other third parties.
- 2.15 Employees should refer to the full Anti-Bribery Policy for further guidance which is available on the College's Intranet. A copy of the Policy is also attached as Appendix 1.

Money laundering

- 2.16 The College policy is to do all it can to prevent, wherever possible, the organisation

and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases. It cannot be stressed too strongly, however, that it is every member of staff's responsibility to be vigilant.

- 2.17 A person is guilty of fraud if they are in breach of any of the sections listed in subsection (2) of the Fraud Act 2006 (which provide for different ways of committing the offence). The sections are (a) Section 2 (fraud by false representation), (b) Section 3 (fraud by failing to disclose information), and (c) Section 4 (fraud by abuse of position).
- 2.18 Employees should refer to the full Anti-Money Laundering Policy which is attached as Appendix 2

Fraud

- 2.19 The College is committed to the values of probity and accountability and requires staff at all times to act honestly and with integrity, to safeguard the public resources for which they are responsible. Fraud is an ever-present threat to these resources and it is necessary for all staff to be aware of what is required of them in the event of being notified or becoming aware of a suspected fraud.
- 2.20 The Anti-Fraud Policy and the associated Fraud and Theft Response Procedures are available on the College's Intranet. A copy of the Anti-Fraud Policy is attached as Appendix 3

Risk Management

- 2.21 The College 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. The Governing Body will establish a formal risk management policy which will form part of the College's internal control and corporate governance arrangements.
- 2.22 The Governing Body has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the College through the development, implementation and embedment within the organisation of a formal, structured risk management process.
- 2.23 The Audit Committee shall monitor progress of risk management action plans.

Gifts and Hospitality

- 2.24 Gifts are items of value other than a cash or monetary payment, for example, book tokens or wine. When gifts are offered to staff in return for their contribution as part of their duties or particular events, such as speaking engagements, they may be accepted provided that the value of the gift does not exceed £25. Above this value and

up to £50, such gifts should be registered centrally with the Executives' Office in the College's official Gifts and Hospitality Register. The offer of casual gifts, of a value greater than £50, by contractors, suppliers, parents and students should, normally, be declined. These should also be registered centrally with the Executives' Office and should be returned with a polite refusal. Under no circumstances must an employee accept an offer of cash. Where refusal of a gift might give serious offence it should be reported to the Executives' office to determine under what circumstances it might, justifiably, be retained.

2.25 Hospitality

It is not always possible or desirable to reject offers of hospitality, for example attending a function in an official capacity, or having a working lunch. Hospitality in these circumstances is defined as any seminar, conference, event, lunch/dinner or other form of entertainment provided free of charge by a body external to the College. Hospitality should only be accepted when it is reasonably incidental and appropriate to the circumstances as long as it does not exceed £30. Above this level permission should be sought from the College SLT and the hospitality recorded in the Gifts and Hospitality register. It is acknowledged that staff at senior levels in the organisation, may from time to time be offered hospitality in connection with their responsibilities as Senior Managers in the College.

Under no circumstances must gifts or hospitality be accepted during the run up to or through a contract / tender award process.

General Code of Conduct

2.26 HM Treasury has recommended the following guidelines to managers and staff of publicly funded organisations to ensure regularity and propriety in the handling of public funds.

- Don't bend or break the rules.
- Put in place and follow clear procedures.
- If approval is needed, get it first.
- Don't allow a conflict of interest to affect, or appear to affect, decisions.
- Don't use public money for private benefit.
- Be even-handed.
- Record the reasons for decisions

3 INCOME

General

- 3.1 On behalf of the CEO, the Director of Finance shall ensure all income due to the Corporation is invoiced and correctly accounted for.
- 3.2 Whereas the Corporation would wish to maximise income from all sources, proper regard must be had to the potential associated expenditure, capital investment or contractual terms associated with certain income streams. For this reason no individual should commit the Corporation to achieving additional income without regard to the provisions set out in this section.
- 3.3 Before providing any goods or services over the value of £10,000, a credit worthiness check should be carried out by the Procurement Manager.

Recurrent Funding

- 3.4 The Corporation receives funding from the ESFA and HEFCE/OfS under Financial Memoranda between these bodies and the Corporation. Details of the funding allocation, including the cash allocation and the related activity targets, are incorporated into the Strategic Plan and budgets approved by the Corporation each year.

Education and Training Contracts

- 3.6 Generally, these are contracts entered into with funding authorities such as Government Departments, HEFCE/OfS, the ESFA, and other external agencies.
- 3.7 Bids valued above £1,000 are evaluated by the Policy, Bidding and Funding Group who assess suitability and viability. Budget holders should forward written requests to bid for such contracts to the Director of Finance and Bid & Planning Manager. Approval to submit bids will be given by the Group.
- 3.8 The Budget Holder will be responsible for ensuring the Corporation complies with all contractual obligations and for maintaining proper supporting documentation to demonstrate compliance with contractual obligations.
- 3.9 The Director of Finance will ensure financial records are maintained to demonstrate such funds have been applied for the purposes intended.
- 3.10 Income contracts may only be signed on behalf of the College by the CEO, Principal or Vice Principal.

Grant Income

- 3.11 Generally such grants would be provided for specific purposes by other funding authorities including the ESFA, HEFCE/OfS, LEP or other external agencies.
- 3.12 Budget holders should forward written requests to bid for such grants to the Director of Finance. Following a financial appraisal of the proposal by the Director of Finance, authority to bid for the contract will be given by the CEO, a Principal or Vice Principal.
- 3.13 In the event the bid is successful, the budget holder should inform the Director of Finance who should advise whether the contract can be signed. Grant income contracts may only be signed on behalf of the College by CEO, a Principal or Vice Principal
- 3.14 The Budget Holder will be responsible for ensuring the Corporation complies with all of the contractual obligations and for maintaining proper supporting documentation to demonstrate compliance with contractual obligations.
- 3.15 Larger contracts and, in particular, those involving partner organisations will be subject to report to the Corporation at least annually.

Tuition Fees and Charges

- 3.16 The procedures for collecting tuition fees must be approved by the Director of Finance. He/she is responsible for ensuring all student fees due to the College are received.
- 3.17 Where awarding body rules allow, any student who has not paid an account for fees or any other item owing to the College shall not receive the certificate for any qualification awarded by the College until all outstanding debts have been cleared. Such students shall be prevented from re-enrolling at the College and from using any of the College's facilities unless appropriate arrangements have been made.
- 3.18 On behalf of the Corporation, the Director of Finance will be responsible for presenting a fees and charges policy for approval by the Corporation before 31 July each year.
- 3.19 Generally, the responsibility for the payment of fees rests with the student. This liability may only be relieved by:
- another individual undertaking to pay the fees, provided such an undertaking is confirmed in writing; and,
 - an employer or another organisation undertaking to pay the fees, provided such an undertaking is confirmed in writing on headed paper by a duly authorised representative of the organisation.
- 3.20 The Corporation will maintain a facility for students to pay fees by instalments in certain circumstances. The terms of the instalment scheme will be reviewed and incorporated into the Fees and Charges Policy each year.

Collection of Debts

3.21 The Director of Finance should ensure:

- debtor invoices are raised promptly on official invoices, in respect of all income due to the College;
- 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;
- outstanding debts are monitored and reports prepared for management;
- that appropriate debt collection agency arrangements are put in place as appropriate.

3.22 Only the Director of Finance can implement credit arrangements.

The Head of Finance are authorised to write off individual debts/sign credit notes up to a value of £1,000. The Director of Finance is authorised to write off individual debts/sign credit notes up to a value of £10,000 and the Principal – Finance is authorised to write off individual debts up to a value of £25,000. Debts above this level must be referred to the Corporation.

3.23 All debts written off will be charged back to the relevant budget unless a prior bad debt provision has been made.

3.24 The Director of Finance will provide an annual report to the Corporation informing it of any write offs between £1,000 and £10,000 made during the period.

Commitments to Expenditure Relating to Additional Income

3.25 Save for the provisions in the relevant paragraphs of these Regulations, no individual shall commit the Corporation to permanent or recurring expenditure directly related to time-limited contracts. Such commitments would be treated as unauthorised in contravention of these Regulations.

Profitability and Recovery of Overheads

3.26 All income-generating activities must be self-financing or surplus-generating unless it is intended that a new course or activity is to be launched as a loss leader. If that is the

case, the reason for it must be specified and agreed by the Head of Faculty / Service and the Director of Finance.

- 3.27 Other income-generating activities organised by members of staff must be costed and agreed with the Director of Finance before any commitments are made. Provision must be made for charging both direct and indirect costs in particular for the recovery of overheads using the standard template from Finance.

Deficits

- 3.28 Any unplanned deficits incurred on income-generating activities will be charged to Faculty / Service budgets.

New Ventures

- 3.29 All new contracts or projects with income or expenditure over £200,000 should be reported to the Corporation.
- 3.30 All substantial arrangements that might have long term commitments entered into for business purposes whether extending the College's provision or of a commercial nature must be approved by the Corporation on the basis of a full business plan.
- 3.31 Such arrangements will be subject to annual reports to the Corporation with more regular reporting where there are high risk factors such as a heavy reliance on third parties, activity that is distant from the main campuses or involvement in the provision of non-educational goods or services.
- 3.32 No new proposals involving income generation should be implemented without prior consideration as to any tax or other statutory compliance implications.

4 PROCUREMENT OF GOODS AND SERVICES

- 4.1 The CEO is responsible for the management of resources within the estimates approved by the Corporation. Outside of the Corporation's payroll costs, expenditure on goods and services represents the most significant cost to the Corporation.
- 4.2 The Director of Finance is responsible for making payments to suppliers of goods and services to the College.
- 4.3 Suppliers invoices or accounts will not be paid unless they can be linked to an official College purchase order. To secure payment, suppliers must quote an order number. The only exceptions to this requirement are:
- ongoing recurrent charges from agreements such as leasing or rental agreements;
 - utilities or business rates;
 - petty cash expenses;
 - One off purchases/payments.
 - Other exceptions approved by the Director of Finance
- 4.4 Official orders shall not be raised for any personal or private purchases, nor shall personal use be made of any College contracts. The Principal – Finance may however approve staff benefits arising from College contracts, as long as they are available to all staff and not the exclusive benefit of a single staff member or group of staff.
- 4.5 Save for the exceptions outlined above, any expenditure committed on behalf of the Corporation without an official order having been raised will be treated as unauthorised and in contravention of these Regulations.
- 4.6 Orders should not be raised retrospectively of the goods or services being received or an invoice being raised. Any such instances will be recorded by Finance and the budget holder made aware Financial Regulations have been breached.
- 4.7 One off purchases can be paid using a BACS/cheque requisition form. This should be sent to Finance with a valid invoice and authorised by the budget holder. The BACS/cheque requisition will be checked by the Purchasing Manager to ensure it could not have gone through the purchase ordering system.

Scheme of Delegation / Financial Authorities

- 4.8 The Head of Faculty / Service is responsible for purchases within his or her Faculty /Service. Purchasing authority may be delegated to named individuals within the Faculty / Service. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.
- 4.9 The Director of Finance shall maintain a register of authorised signatories and Heads of

Faculty / Service must supply him or her with specimen signatures of those authorised to certify invoices for payment (for paper-based systems).

- 4.10 Under procedures agreed by the Director of Finance central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits (for electronic systems).
- 4.11 The Director of Finance must be notified immediately of any changes to the authorities to commit expenditure.
- 4.12 Heads of Faculty / Service and budget holders are not authorised to commit the College to expenditure without first reserving sufficient funds to meet the purchase cost.
- 4.13 The member of staff (or budget holder) authorising the invoice for payment must be different from the member of staff responsible for signing the purchase order form.
- 4.14 The College's ECOM electronic ordering system contains set spending limits for individual budget holders based on the value of their budget and level of delegated authority.

Authorisation of Contracts

- 4.15 Contracts should be signed the CEO or Principal Finance or a designated nominee on behalf of the Corporation. Contracts up to the value of £10,000 may be signed by a member of SLT provided they have been reviewed in accordance with the financial regulations and are centrally logged on a contracts register.
- 4.16 Budget holders should forward requests to enter into such contracts to the Director of Finance. Following a financial appraisal of the proposal by the Director of Finance authority to sign the contract rests with the CEO, Principal or Vice Principal
- 4.17 On behalf of the CEO, the Director of Finance will ensure efficient sign-off procedures are maintained.
- 4.18 The Budget Holder will be responsible for ensuring the Corporation complies with all of the contractual obligations.
- 4.19 For the avoidance of doubt a contract is deemed to be anything requiring a College signature for the purchase of goods, services or works that is neither a cheque requisition, purchase order or goods received note.

- 4.20 Separate arrangements are in existence for sub-contracting (see Section 13).
- 4.21 All contracts should be recorded on the In-Tend system. The Purchasing Manager will maintain access to the In-Tend system and train authorised users.

Generating Official Orders

- 4.22 The starting point for the generation of an official order is the raising of an electronic requisition for approval on the designated system. The Purchase Order Requisition and pending electronic order request are internal documents only and cannot be used as authority to commit expenditure.
- 4.23 To enable an official order to be raised, an electronic order request must be “approved”, “authorised” and committed into the Finance System on-line. Only individuals confirmed as being in the Scheme of Budget Delegation are authorised to sign and/ or approve.
- 4.24 Quotes obtained for work must be attached to orders in the form of word or pdf documents. Orders over the value of £10,000 for goods or services to be purchased in a 12 month period should have a minimum of three quotes attached to the order.
- 4.25 In the event the actual price is likely to exceed the order value by greater than 10 per cent, the budget holder must raise a supplementary order covering the additional costs.

Official Suppliers

- 4.26 Supplies must be sought from a College-approved supplier who is a supplier on the official suppliers list maintained by the Purchasing Manager.
- 4.27 Where a budget holder’s chosen supplier is not an approved supplier, the placing of the order must be preceded by a proposal from the budget holder to establish the supplier as an approved supplier. The proposal should be by way of a completed New Supplier Proposal Form, duly authorised by the budget holder.
- 4.28 New supplier proposals must be authorised by way of a signature by any one of the following:
- Director of Finance
 - Head of Finance
 - Purchasing Manager

Value for Money

Non – Capital (including Building Maintenance and small Works)

- 4.29 Goods and services purchased by the College should be obtained on the best possible terms. Requisitions or electronic order requests for orders should therefore be supported by the following:

Value of Order over a 12 month period (Excluding VAT) or life of contract (if longer)	Requirement
Up to £10,000	Budget holders shall satisfy themselves that value for money is achieved.
£10,000 to £25,000	Three written quotations should be obtained. Copies of three written quotations should be attached to the purchase order requisition. This should be approved by the Director of Finance
Over £25,000	Purchasing Consortia should normally be used. If no such contract is already in place competitive tendering with at least three tenders required. Should accord with the College tendering procedures and should involve entering into a written contract. For orders £25,000-£50,000 to be approved by Principal-Finance, for £50,000-£180,000 – CEO to approve
Over £150,000	Contact the Purchasing Manager to ensure compliance with EU legislation. (See also paragraph 6.51 below). Orders up to £180,000 to be approved by the CEO, orders over £180,000 require Corporation approval.

- 4.30 Orders for a series of goods or services that are all one transaction shall be added together for the purpose of these limits. However, sealed tenders are not required for orders under £25,000.
- 4.31 Orders should not be split so they fall under the £10,000 (Annual value) quote or £25,000 (Annual value) tender threshold. Quotes will need to be obtained or a tender exercise carried out, unless there is an appropriate consortium arrangement in place or there is suitable justification from a Director why this supplier is being used. This should be noted on the order.
- 4.32 Any additional orders for goods or services which take the total cost over the £10,000 quote threshold will need justification and quotes provided. Any such instances will be recorded by Finance and the budget holder made aware Financial Regulations have been breached.
- 4.33 In instances where an order exceeds £10,000 and only one supplier is available, which prevents competitive quotes from being obtained, the relevant Manager/Budget holder should complete the relevant justification paperwork and seek the approval of the Purchasing Manager and Director of Finance prior to placing such an order.
- 4.34 In the case of emergency purchases (e.g. burst gas main) a CLT member approval is required and the Purchasing Manager and Director of Finance advised as soon as is practical.

Efficiency Measures

- 4.35 Efficiency Measures are where the College has identified monetary and non-monetary

savings. These could be in the way of purchasing better value goods, changing the requirement of a contract resulting in cost savings, or time saved on changing processes.

- 4.36 Budget holders are responsible for reporting efficiency savings to the Purchasing Manager on a monthly basis. These efficiencies will be included in a report to SLT. All savings should be collated and presented on the designated document.

Tendering Procedures

- 4.37 Where an order for goods or services exceeds £25,000 (excluding VAT) or where the College is required to enter into a contract with a supplier, the College should first identify if a suitable consortium arrangement is in place.
- 4.38 If not a sealed competitive tendering process must be used. Due regard must be taken of European and UK legislation in this area and all such regulations must be complied with (including the advertising of such tenders or contracts where appropriate) – see paragraph 6.50 below.
- 4.39 Invitations to tender and the preparation of contracts is a specialised area and any transactions falling into this category must be discussed with the Purchasing Manager before being progressed.
- 4.40 The Director of Finance, or his or her designated representative, shall be responsible for establishing and maintaining a Tender Register. This will include the following details for each project put out to Tender:
- Sequential numbering of each project put out to Tender.
 - Title of Tender.
 - Estimated value of contract.
 - Date Tender issued.
 - Closing time and date.
 - Names of parties invited to Tender
- 4.41 Invitations to Tender must be accompanied by comprehensive and clearly written specifications. They must contain a date and time beyond which Tenders will not be accepted.
- 4.42 A workflow of the tender process will be maintained on the In-Tend system which will be monitored by the performing officer, who should be appointed by the Director of Finance, and be independent from the tender evaluation function.

- 4.43 All contractors should be registered with In-Tend. Tenders will be distributed and returned using this system.
- 4.44 For each Tender the Corporation should assess its criteria for selection prior to the Tenders being received. These should be incorporated onto an Evaluation form. These criteria should include financial and non-financial factors.
- 4.45 Tenders will be sent through the In-Tend system to the College. The date and time of receipt of tenders will be recorded by the system. They will be stored until the designated time of opening. Late tenders will not normally be accepted.
- 4.46 Tender opening must be in a controlled manner. They will be available electronically to all designated officers after an agreed time.
- 4.47 On opening sealed tenders, a record should be kept of each tender indicating the:
- nature of the goods, materials or services to be supplied or work to be executed;
 - name of each person by or on whose behalf a tender was submitted;
 - date and time of receipt of each tender as recorded on the envelope;
 - amount of each tender;
 - date and time of the opening of each tender;
 - names of all persons present at the opening of the tender.
- 4.48 The acceptance of tenders should be in accordance with the terms of the invitations to tender. In the case of projects whose total value (excluding VAT) exceeds £180,000, the decision for acceptance of a particular tender must be taken by the Corporation.
- 4.49 When the Corporation considers it necessary to engage external consultants to act as advisors on a project the Corporation should firstly assess whether these external consultants should be invited to quote or tender for their work in accordance with the Financial Regulations and Procedures. The scope of responsibilities of external consultants should be clearly set out and they should be required to report in such detail as to enable the Corporation to understand the basis on which any recommendations have been arrived at.
- 4.50 At least three Tenders must be received unless prior approval for fewer Tenders has been given by the Principal - Finance or his or her designated representative.
- 4.51 The awarded Tender Documents (together with the Tender Evaluation Form) should be retained for the lesser of six years or the end of the Contract.
- 4.52 The unsuccessful Tender documents should be retained until the end of the financial

year following the year in which the actual work was undertaken. The safekeeping of these documents should be the responsibility of the Director of Finance and CEO or his or her nominated officer.

- 4.53 If a Tender is to be evaluated by external consultants, arrangements for document retention and safekeeping should be established when the scope of the responsibilities of the consultants is defined.

Post-tender Negotiations (Non-OJEU tenders)

- 4.54 Post-tender negotiations (i.e. after receipt of formal tenders but before 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;
- it would not affect their confidence and trust in the College's tendering process.

In each case, a statement of justification should be approved by the Principal - Finance, showing:

- background to the procurement;
- reasons for proposing post-tender negotiations;
- demonstration of the improved value for money;
- All post-tender negotiations should be reported to the Corporation;

Post-tender negotiations should not be undertaken for OJEU tenders but clarifications are permitted.

Capital

- 4.55 The above requirements shall apply to any order or contract for expenditure of a capital nature.
- 4.56 The CEO is authorised to enter into contracts of a capital nature not exceeding £180,000 (excluding VAT). All such contracts must be reported to the Corporation at the earliest opportunity. Contracts for works or capital expenditure greater than £180,000 must be approved by the Corporation.

EU Regulations

- 4.57 The College complies in full with OJEU on all regularities.
- 4.58 Tender thresholds are in force – see Appendix 3. These are subject to change. Please contact the Purchasing Manager to confirm the most up to date regulations.

Receipt of Goods

- 4.59 Goods should be delivered to the designated delivery point for each main campus whereupon a record of the delivery should be entered into the Official Delivery Log Book.
- 4.60 When logged, goods should be despatched to the appropriate destination accompanied by an Official Goods Issued Note (OGIN). The order requester should duly sign the OGIN as confirmation of satisfactory receipt of goods. Where an electronic order has been placed the recipient must also then acknowledge receipt of all goods on the system.
- 4.61 Where a budget holder is not able to confirm satisfactory receipt of goods, the goods together with the OGIN should be returned to the designated delivery point where the return to the supplier will be arranged. The Budget Holder must also inform the Purchasing Manager of the reason for return / Order Number / supplier details.
- 4.62 All goods delivered documentation (both external and internal) must be duly filed and kept in chronological and numerical order in the Goods In Office.

Payments for Goods and Services

- 4.63 Wherever possible payments for goods and services should be by way of BACS transfer. Alternatively, in exceptional circumstances, payments should be by official College cheque.
- 4.64 Payments for goods and services should be made no later than the end of the month following the month in which the invoice was received in accordance with the terms and conditions specified on official College purchase orders. For these purposes the end of the month is the last working day. These terms should not be varied other than, in exceptional circumstances, by the prior agreement of the Director of Finance. An additional payment run is created in the middle of each month (except December) to cover payments missed from the previous end of month run.
- 4.65 Payments for goods and services should only be processed where an invoice can be matched to an official order and where there is evidence by way of an OGIN or electronic receipt and, signed by a budget holder or designated recipient, to confirm there has been satisfactory receipt of goods. In the absence of an OGIN, the budget holder must annotate the invoice to state 'goods received' and sign as authorisation to pay. In case of electronic orders the recipient must confirm receipt of goods via e-mail to the Purchasing Manager.
- 4.66 Prior to processing payments either through BACS or by cheque, the Accounts Payable Teamleader should produce a proposed payments schedule listing all proposed

payments. Payments may only be processed when the proposed payments schedule has been authorised by way of a signature from an authorised finance signatory.

College Credit and Debit Cards and Government Procurement Cards (GPC)

- 4.67 Where appropriate, the Principal – Finance or Director of Finance may approve the issuing of a College card to designated staff. Such cards shall be used for the payment of valid business expenses or purchases. The misuse of such cards shall be grounds for disciplinary action.
- 4.68 Expenditure incurred on these cards still requires appropriate receipts to be maintained where verification of legitimate expenditure may be required. A transaction log should be maintained to enable verification of the monthly statement. All company cards shall be subject to scrutiny by the relevant line manager and for the CEO by the Chair of Governors.
- 4.69 Procurement card holders should refer to the Procurement Card User Guide for further details.

Approved Specimen Signatures List

- 4.70 The Director of Finance will maintain an up to date list of specimen signatures for each named individual in the scheme of budget delegation.

Petty Cash

- 4.71 The Director of Finance will provide petty cash floats as appropriate. All petty cash balances will be maintained on an imprest system
- 4.72 A nominated officer granted a cash float is personally responsible for the safe custody of the float. The level of floats held shall be determined by the Director of Finance.
- 4.73 Proper records of accounts must be maintained by nominated officers responsible for floats, and reconciliations must be carried out on a regular basis.
- 4.74 Payments from petty cash must be properly certified and will be limited to minor items of expenditure not exceeding £20 in any one case. A list of signatures of officers authorised to certify claims shall be held and maintained by the Finance Office.
- 4.75 No payments should be made from petty cash funds which could be paid through the normal creditor payments routine. Cash floats should not be used for staff travel or subsistence expenditure.

- 4.76 No income received on behalf of the Corporation may be paid into a petty cash float.
- 4.77 A nominated officer responsible for a petty cash float shall, if so requested, provide to the Director of Finance a statement showing the current state of float.
- 4.78 A certificate of the balance of the float must be provided at 31 July each year countersigned by an independent officer and submitted to the Director of Finance.
- 4.79 The Director of Finance should ensure, where a nominated officer leaves the employment of the Corporation, the petty cash float is properly handed over to his or her successor.
- 4.80 Cash advances will only be provided to staff where appropriate and must be authorised by the Director of Finance. A reconciliation of any advance must be provided within two weeks of the event the advance was required for. Any discrepancies in an advance will be charged back to the individual responsible unless there are exceptional circumstances involved.

Sub-Contracting

- 4.81 Sub-contracting is the term commonly used to describe an arrangement whereby the Corporation enters into a contract with a partner in order to deliver (on the Corporation's behalf) provision funded by a third party e.g. ESFA.

Controls over sub-contracting

- 4.82 On behalf of the CEO, the Vice Principal – Partnerships, Apprenticeships and Enterprise is responsible for ensuring that all sub-contracted provision is subject to appropriate controls in accordance with guidance issued by the ESFA or other funding bodies.
- 4.83 Only the CEO or the Principal – Finance are empowered to sign such contracts.
- 4.84 Contracts must not be signed unless a complete due diligence process has been undertaken and specific approval has been granted by the Corporation. This applies to subcontracts of any value.
- 4.85 The Vice Principal – Partnerships, Apprenticeships and Enterprise is responsible for ensuring that compliance audits and basic control tests are undertaken on a regular systematic basis and properly documented.

Reporting

- 4.86 The Corporation shall receive at least termly a comprehensive report covering sub-contracting provision in order for it to be able to form a view on activity levels/volumes and type of provision being subcontracted to each partner. Funding values and chain

supply fee details should also be included as well as any quality issues that need to be considered by the Corporation.

Award of contracts

- 4.87 The selection of sub-contractors shall be subject to the College's normal tendering procedures and contracts should be in place prior to provision taking place.

Publication requirements

- 4.88 The Vice Principal – Partnerships, Apprenticeships and Enterprise shall ensure that the College complies with ESFA rules in respect of publishing sub-contracting / partner arrangements on the College website.

5 PAY EXPENDITURE (STAFF COSTS)

General

5.1 Expenditure on pay costs represents the Corporation's most significant outgoing. In addition to the basic salary costs, the Corporation must meet the cost of national insurance, apprentice levy and pension contributions, provide annual leave and sick pay and ensure all requirements under employment law are fulfilled.

Responsibilities

5.2 On behalf of the CEO, the Director of OD & HR is responsible for all matters connected with the appointment; employment and termination of employment of staff, specifically for ensuring effective procedures are in place for:

- providing accurate and timely information, as necessary, to the Director of Finance to enable the proper payment of salaries, wages and other emoluments to all employees of the Corporation;
- the appointment of staff and staff contracts, terms and conditions;
- maintaining up to date personnel records;
- the termination of contracts by way of resignation, redundancy or retirement;
- operating within the requirements of employment law.

5.3 On behalf of the CEO, the Director of Finance is responsible for ensuring an effective payroll system is in operation, either in house, contracted-out or a combination of the two, in particular:

- all employees of the Corporation are paid the correct amount at the appropriate times;
- all statutory deductions are properly calculated, proper records are maintained and payments to the relevant agencies is done in a timely manner;
- all other statutory requirements are fulfilled.

5.4 The Director of OD & HR will be responsible for keeping the Director of Finance informed of all matters relating to personnel for payroll and budgeting purposes. In particular these include:

- appointments, resignations, dismissals, supervisions, secondments and transfers;
- absences from duty for sickness or other reason, apart from approved leave;

- changes in remuneration other than normal increments and pay awards;
 - information necessary to maintain records of service for superannuation, income tax and national insurance.
- 5.5 The Director of Finance is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.
- 5.6 The Director of Finance shall be responsible for keeping all records relating to payroll including those of a statutory nature.
- 5.7 All payments must be made in accordance with the College's detailed payroll financial procedures and comply with Inland Revenue regulations.

Pension Schemes

- 5.8 The Corporation is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.
- 5.9 The Director of Finance is responsible for day-to-day pension matters, including:
- paying contributions to various authorised superannuation schemes;
 - preparing the annual return to various superannuation schemes.
- 5.10 The Director of OD & HR is responsible for administering eligibility to pension arrangements and for informing the Director of Finance when deductions should begin or cease for staff.

Establishment

- 5.11 On behalf of the CEO, the Director of Finance and the Director of OD & HR will produce a fully detailed and costed listing of approved posts for the College and its subsidiaries (the funded establishment) as part of the annual approval of the budget. The funded establishment will represent the key control document for managing payroll costs. Only approved posts within the funded establishment will be deemed to have budgetary provision.

Authorisation to Recruit to Vacant Posts

- 5.12 The starting point for seeking authorisation to recruit to a vacant post is the completion of the Staff Panel Form. When completed the proposal will be subject to the following authorisation process:

Authorisation Required	Authorisation authority
Confirmation of request to appoint and proposed appointment details.	Budget Holder
Confirmation by the relevant SLT lead having reviewed and checked the proposal	Relevant SLT lead
Confirmation that the Human Resource implications of the proposal have been reviewed and are acceptable	Director of OD & HR
Confirmation that the post is on the approved funded establishment and the financial implications of the proposal have been reviewed and are acceptable	Director of Finance
Consideration by Staffing Panel	SLT

Amendment to Existing Employees Salaries

- 5.13 The starting point for seeking authorisation to amend existing employee's salaries is the completion of a Staff Panel Form.
- 5.14 The authorisation requirements are the same as those set out the table above. Specifically, budgetary provision must be identified by the budget holder to meet the cost of changes in employees' salaries.

Part-Time Hourly Paid Employees

- 5.15 The starting point for the appointment of part-time hourly paid is also the completion of a Staff Panel Form. The form should be authorised by the Head of Faculty / Service.
- 5.16 The authorisation requirements are the same as those set out the table above. Specifically, budgetary provision must be identified by the budget holder to meet the cost of changes in employees' hours.
- 5.17 Budget holders must not commit the Corporation to expenditure on part-time hourly paid staff where no budget provision exists. Such expenditure will be treated as unauthorised in contravention of these regulations.

Appointment of Temporary Staff

- 5.18 Generally, the appointment of temporary staff is by one of two means. Either an individual is recruited by the Corporation on a temporary contract for a given period of time, or the Corporation engages an agency to provide staff for a given period of time.
- 5.19 In either case, temporary staff may only be appointed or engaged where there is budget provision arising as a result of a vacant post in the approved funded establishment.
- 5.20 The authorisation requirements for recruiting temporary staff by either means are the same as those set out in the table within 5.12.

Employment Status

5.21 The College needs to consider the Intermediaries Legislation (IR35) when assessing whether a self-employed person (or a person providing services through a limited company) should be treated as an employee or can be paid on invoice without consideration of NI and tax. Just because a person is self-employed or a limited company it is not necessarily the case that payment can be made gross by means of a simple invoice. If IR35 checks undertaken conclude that a person cannot be treated as 'off-payroll', then payment must be made through payroll, deducting tax and NI as appropriate.

5.22 Relevant factors when deciding if someone has 'employed status', which include:

- the worker's responsibilities;
- who decides what work needs doing;
- who decides when, where and how the work is done;
- how the worker will be paid;
- acceptance of a substitute;
- if the engagement includes any benefits or reimbursement for expenses.

6 BUDGETS

- 6.1 The CEO is responsible for preparing annual estimates of income and expenditure for approval by the Corporation.

Budget Preparation

- 6.2 On behalf of the CEO, the Principal – Finance is responsible for preparing, before 31 July each year, annual revenue and capital budgets for the College and its subsidiary companies. These budgets should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Principal - Finance must ensure detailed budgets are prepared in order to support the resource allocation process and these are communicated to Heads of Faculty / Service as soon as possible following their approval by the Corporation.
- 6.3 A long term financial forecast and commentary must accompany the budget in the prescribed ESFA format and should be presented for approval by the Corporation, the first year of which must represent the College's overall consolidated budget. The budget and financial forecast must be approved prior to 31 July.
- 6.4 The budget and forecast submissions will as a minimum contain:
- a summary of all significant assumptions on which the plan is based;
 - details of major changes in workload, delivery of services or resources required to achieve the plan;
 - a sensitivity analysis;
 - a contribution analysis.
- 6.5 Additionally, the budget will:
- be in accordance with the overall strategic financial plan;
 - be in accordance with workload and personnel plans;
 - be produced in discussion with appropriate budget holders;
 - be prepared within the limits of available funds;
 - identify any potential key risks and contingency plans;
 - identify key financial strategic objectives.

- 6.6 All budget holders must provide information as required by the Principal – Finance to enable budgets to be compiled.
- 6.7 The Principal – Finance has a responsibility to ensure that adequate training and guidance is delivered on an ongoing basis to managers and budget holders to help them manage successfully.
- 6.8 No expenditure which potentially involves continuing financial commitment in future years may be incurred without consultation with the Principal – Finance.
- 6.9 Virement of allocations between budget headings may only take place within parameters set by the Principal – Finance.

Delegation

- 6.10 The CEO may delegate the management of budgets to permit the performance of a range of defined activities. The scheme of delegation will be established on behalf of the CEO by the Principal – Finance and will record:
- budget holder names;
 - designations;
 - delegated budgets;
 - budgetary limits.

Capital Programmes

- 6.11 The capital budget will includes all proposed expenditure on land, buildings, equipment, furniture, ICT and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the College's financial statements. Expenditure of this type can only be considered as part of the overall budget approved by the Corporation.
- 6.12 The annual budget for capital expenditure will be set as part of the overall budget setting process, the allocation of the capital to specific projects will be determined via a bidding process with adequate justification from budget managers.
- 6.13 The Director of Finance is responsible for providing regular statements concerning all capital expenditure to the Corporation for monitoring purposes.
- 6.14 Following completion of a major capital project, a post-project evaluation or final report should be submitted to the Corporation and should include 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.

Other Major Developments

- 6.15 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 £180,000 should be presented for approval to the Corporation as part of the annual budget process. Any such in-year proposals must also be referred to the Corporation.

7 BUDGETARY CONTROL AND FINANCIAL MANAGEMENT

General

7.1 The CEO is responsible for the effective budgetary control of the College.

Control Framework

7.2 On behalf of the CEO, the Principal Finance shall maintain an effective framework of budgetary control including:

- Maintaining a computerised accounting system;
- Making proper arrangements for financial administration to capture and record all financial transactions of the College;
- Ensuring that all financial transactions can be tracked back to specific budgets;
- The production of timely and accurate financial information.

Budget reporting

7.3 The Director of Finance will ensure that:

- All budget holders have access to a monthly statement of income and expenditure against their delegated budget cost centres
- A comprehensive monthly financial report (management accounts) is prepared for consideration by the SLT and Corporation which will include as a minimum:
 - a consolidated income and expenditure to date compared to budgets, showing trends and a forecast for the year-end position;
 - a balance sheet;
 - a summary of capital expenditure and forecast spending;
 - a commentary to support the statements, including explanations of any material variations from the profiles;
 - details of corrective action where necessary and a view of whether such actions are sufficient to correct the situation;
 - a curriculum contribution analysis;

- a rolling 12 month cash flow forecast;
- key KPIs;
- subsidiary company information.

The final management accounts and budget holder reports for each month should be available by the 10th working day of the following month.

- 7.4 Budget holders receive timely and comprehensive advice and guidance covering areas for which they are responsible.
- 7.5 There is effective monitoring of agreed management actions to correct identified variances
- 7.6 Each budget holder is responsible for ensuring that the amount provided in the approved budget is not used in whole or in part for any purpose than specifically authorised, subject to the rules of virement which shall be determined by the Principal – Finance.

8 BANKING AND TREASURY MANAGEMENT

Treasury Management Policy

- 8.1 The Corporation is responsible for approving a Treasury Management Policy incorporating a strategy and policies for cash management, investments and borrowing. (including leasing). There must be full compliance with ESFA rules and if necessary any restrictions imposed by the Transaction Unit and/or the College's bankers.
- 8.2 All executive decisions concerning borrowing, investment or financing shall be delegated to the Principal – Finance who shall operate within the approved Treasury Management Policy authorities.

Appointment of Bankers

- 8.3 The College shall appoint a principal bank through a competitive tender process as directed by the Corporation. This will normally be no greater than every 5 years.

Bank accounts

- 8.4 The Director of Finance shall operate bank accounts in accordance with the needs of the College. Payments will be made out of the College accounts by means of signatory / electronic authority combinations as approved by the Director of Finance and the Principal – Finance. A central record will be maintained by Finance in respect of these approval combinations. No transaction on any account may be made by a single signatory / authority.
- 8.5 The Director of Finance is authorised to close accounts or open new accounts. No other employee is authorised to open or operate an account of any kind in the name of the College. Account opening will be signed in accordance with the bank mandate.

Petty Cash and Floats

- 8.6 Petty cash accounts shall be operated in accordance with the instructions of the Head of Finance.
- 8.7 Cash floats shall be operated in accordance with the instructions of the Head of Finance.
- 8.8 All disbursements from petty cash accounts or issued floats shall be supported by adequate vouchers and records.

Direct Debits and Standing Orders

- 8.9 No payments will be made by standing order or direct debit without the prior approval of the Head of Finance.

9 STORES AND INVENTORIES

- 9.1 Inventories shall be maintained by all areas in respect of portable or desirable items with a replacement cost in excess of £500
- 9.2 All employees shall be responsible for the safe custody of stores and inventory items.
- 9.3 Where stock levels are significant, areas shall maintain appropriate systems of stock control and valuation as directed by the Head of Finance.
- 9.4 The disposal of all plant, machinery and equipment shall be authorised by the Director of Finance under arrangements made by him/her.

10 INSURANCES

- 10.1 The Procurement Manager shall be responsible to the Director of Finance for effecting the necessary insurance in respect of all liabilities. The establishment of insurance covers shall be agreed during the periodic procurement of insurance cover which is subject to Corporation scrutiny and approval.
- 10.2 All insurance claims will be submitted through the Procurement Manager.
- 10.3 All staff shall notify the Director of Finance immediately of any loss, liability or damage which may lead to a potential claim against the College or a contingent liability.
- 10.4 All staff must advise the Director of Finance of all new insurable risks, who will inform the College's insurers as appropriate.
- 10.5 Staff members are responsible for making sure their own vehicle insurance extends cover to business use if necessary.

11 PROPERTY AND ASSETS

- 11.1 The Head of Finance is responsible for the maintenance of registers of assets and the method of updating and arranging for physical checks of assets against the asset register to be conducted as deemed appropriate.
- 11.2 Additions to the fixed asset register must be clearly identified to an appropriate budget head and be updated by reference to:
- Properly authorised and approved agreements, architects' certificates, suppliers' invoices and other documentary evidence in respect of purchases from third parties.
 - Lease agreements in respect of assets held under a finance lease.

- 11.3 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate). Where required, disposal will be referred to the Principal Funding Body or original grant funding body.
- 11.4 The Head of Finance shall establish procedures for reconciling balances on fixed assets accounts in accounting ledgers against balances on the fixed asset register.
- 11.5 The value of each asset shall be depreciated using methods and rates in line with professional accounting standards, College policies and other relevant guidelines.
- 11.6 No personal use shall be made of any College property or other assets.

12 SECURITY OF ASSETS

- 12.1 The overall control of fixed assets is the responsibility of the CEO.
- 12.2 Whilst each employee has a responsibility for the security of property of the College, it is the responsibility of senior managers and senior employees in all disciplines to apply such appropriate normal security practices in relation to College property.
- 12.3 Any damage or loss of College property must be reported by senior managers and employees in accordance with the procedure for reporting losses.
- 12.4 Where practical, assets should be marked as College property.

13 TAXATION

- 13.1 The Director of Finance shall make proper arrangements for the prompt assessment and payment of taxes due, together with the appropriate tax returns within the due dates, ensuring that the College does not incur penalties for the incorrect treatment of such taxes.

14 PRESENTATION OF FINANCIAL STATEMENTS

- 14.1 The Director of Finance shall prepare the College's annual accounts in a format conforming to the requirements of the ESFA. The financial statements will be subject to examination by and approval of the College's External Auditors. The College shall make its signed financial statements available on its website by the 31 January each year.
- 14.2 The CEO or his/her nominee, shall present the final audited accounts to the Corporation Governors for approval prior to forwarding them to the Principal Funding Body as required along with all associated documents as directed by the ESFA.

15 FINANCIAL RETURNS

- 15.1 Throughout the financial year it will be necessary to make certain statutory returns and claims, etc. The authority to sign such returns and claims is delegated to the CEO or Principal - Finance or appointed nominees.
- 15.2 This authority does not override any specific arrangements laid down in these Regulations.

16 COLLEGE SEAL AND EXECUTION OF DEEDS AND OTHER LEGAL DOCUMENTS

- 16.1 The official College seal may only be executed or affixed to legal and other documents when supported by the signature of either the Chair of the Corporation or another member of the Corporation approved by the Corporation, and the signature of any other member of the Corporation (*This Regulation is specifically stated in the Instrument and Articles*).
- 16.2 Where a deed or other legal document (other than general contracts) is to be executed by authorised signatures rather than the application of the official College or Company seals, this should be done by two members of the senior team which for this regulation comprises of the SLT and Director of Finance.

17 LOANS OF COLLEGE EQUIPMENT

- 17.1 No loans or personal use of College equipment and other resources shall be made to any member of staff unless so authorised under specific schemes.

18 TRAVEL, EXPENSES AND SUBSISTENCE

- 18.1 Where staff and students are required to travel either in the UK or overseas to carry out College duties or undertake training, the College's Expenses and Travel Policies and Procedures must be adhered to.

19 LEGAL SERVICES

- 19.1 Legal advice should not be sought from any of the College's legal advisors other than those authorised by the CEO or Principal - Finance.

20 LITIGATION

- 20.1 In the event that a litigation claim is made against the College, the matter shall be considered by the Principal – Finance.

21 RECORDS AND DATA RETENTION

- 21.1 All of the College's financial records shall be retained for the six financial periods prior to the start of the current financial year, or longer as required by any statutory body.

- 21.2 Certain records such as in respect of capital projects may require to be retained for longer periods on the instruction of the Head of Finance or a requirement of the Principal Funding Body or other grant funders.
- 21.3 On the disposal of records it is critically important to separate any records containing information relating to any individual or other sensitive College matter. Such records shall be disposed of in a secure manner.
- 21.4 The College Retention and Disposal of Records policy should be adhered to by all staff.

22 THE GENERAL DATA PROTECTION REGULATIONS (GDPR)

- 22.1 The College is required to comply with the Data Protection Act 1998 and the General Data Protection Regulations (GDPR)
- 22.3 The CEO, or his/her nominee, shall appoint a Data Protection Officer which is a requirement of the legislation and be responsible for ensuring policies and procedures are in place to safeguard the College from risk of data breaches or breaches of the Data Protection legislation
- 22.4 All staff must undertake data protection training and adhere to the policies in relation to data protection.

23 AUDIT

Audit Committee

- 23.1 The Audit Committee shall at all times operate within the guidelines contained within the Post-16 Audit Code of Practice and specific terms of reference will be approved by the Governing Body. The role of the Audit Committee shall be advisory. The College must establish an Audit Committee to advise on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.
- 23.2 To establish the role of the Audit Committee, the Governing Body must set terms of reference for the Audit Committee. Whilst the Governing Body may add to these terms of reference, it must not add terms that:
- require the Audit Committee to adopt an executive role;
 - require members of the Audit Committee to offer professional advice to the Governing Body outside their role as Governors; or,
 - cause the Committee to lose its primary focus on the adequacy and effectiveness of the College's audit arrangements and risk management, control and governance processes.

- 23.3 Prior to the Governing Body approving the financial statements, Audit Committee must also receive the financial statements to inform their review of the management letter of the financial statements auditor and consideration of the statements on Corporate Governance and Internal control, Regularity propriety and compliance with funding body terms and conditions of funding, and Responsibilities of Members.
- 23.4 The Audit Committee must have the right of access to obtain all the information it considers necessary from members of the staff and governors, and to consult the IAS and financial statements auditor directly.
- 23.5 The Audit Committee shall set appropriate performance indicators to measure the performance of the external and internal auditors.
- 23.6 The Internal Audit service shall be re-tendered as a minimum every five years (or less if so recommended by the Audit Committee).

Internal Audit Service (IAS)

- 23.7 The College is no longer required to appoint an Independent Audit Service but does have an obligation under the Post-16 Audit Code of Practice to determine how it will fulfil its obligations to secure proper, economic, effective and efficient resources and how to safeguard the College's assets. The Corporation will therefore determine the need for an IAS.

External Audit

- 23.8 The conduct, appointment and operation of the External Audit Service shall at all times comply with the Post-16 Audit Code of Practice, enforced by the Principal Funding Body.
- 23.9 In accordance with the directions of the Principal Funding Body, the College shall employ suitably qualified External Auditors to perform an annual audit of the College's financial statements. The External Auditors will be re-appointed each year, and a competitive tender for External Audit will be carried out at least every five years.
- 23.10 The basic objective of the College's financial statements auditor is to report on the truth and fairness of the income and expenditure for the year, and the financial position of the College and any subsidiary companies shown in the financial statements. The financial statements auditor must form an opinion as to whether proper accounting records have been kept and whether the accounts are in agreement with those records, and to state that the accounts have been properly prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education Institutions.
- 23.11 The financial statements auditor must also be concerned with the requirements of the Principal Funding Bodies to report on the regularity and propriety of transactions. The

financial statements auditor must report, in all material respects, whether monies expended out of funds from whatever source administered by the College for specific purposes have been properly applied for those purposes and that monies expended out of funds provided by the Principal Funding Body (and the Office For Students (OfS) if applicable) have been applied in accordance with the Financial Memorandum and the funding agreement with OfS (if applicable) and any other terms and conditions attached to the funding.

- 23.12 External Audit shall have the right of access to all such records and documents, including computer data, of the College as may be necessary for the purposes of carrying out an effective audit. External Audit shall be entitled to require from any member of staff of the College such information and explanation as may be thought necessary for that purpose.

Additional Audit Services

- 23.13 The Governing Body must be informed of additional services provided beyond the scope of the auditors' terms of reference, and this will be achieved through the Audit Committee's annual report to the Corporation.
- 23.14 The Audit Committee and the auditors must ensure that additional services do not compromise the audit service providers' objectivity, independence or ability to achieve audit plans. All work, regardless of value, where there is a possible conflict of interest must be referred to the Governing Body to enable them to formulate a view on it.

Appendix 1

Anti-Bribery Policy

1 POLICY STATEMENT

- 1.1 This document sets out Nottingham College's policy and advice to employees in dealing with bribery or suspected bribery. This policy details the arrangements made in the College's guidelines and procedures for such concerns to be raised by employees.
- 1.2 The Bribery Act 2010, which came into force on 1 July 2011, introduces a new, clearer regime for tackling bribery that will apply to all businesses based or operating in the UK. It covers all sorts of bribery, the offering and receiving of a bribe, directly or indirectly, whether or not it involves a public official, in the UK or abroad. There are offences by individuals, and a corporate offence for corporates and partnerships, and penalties for non-compliance are serious.
- 1.3 Bribery is a criminal offence for both individuals and commercial organisations and can be punished with imprisonment of up to 10 years or unlimited fines. Ministry of Justice guidance on Adequate Procedures (S7 para 35) states that "As regards bodies incorporated, or partnerships formed, in the UK, despite the fact that there are many ways in which a body corporate or a partnership can pursue business objectives, the Government expects that whether such a body or partnership can be said to be carrying on a business will be answered by applying a common sense approach. So long as the organisation in question is incorporated (by whatever means), or is a partnership, it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made." If any employee was accused of bribery, Nottingham College's reputation might be damaged considerably, and subsequent enforcement action would be time-consuming and hinder the College from focussing on its core business and service delivery.
- 1.4 It is therefore the policy of the College to prohibit any form of bribery or corrupt practices, whether covered directly by the Bribery Act 2010 or not. The policy applies to Nottingham College, all its employees and anyone acting for, or on behalf of, the College ("associated persons"), including governors, other volunteers, temporary workers, consultants and contractors, independent of their grade and position, and shall be respected at all times.

2 DEFINITIONS

- 2.1 Definitions for bribery and corruption vary, but both are covered within The Bribery Act 2010. Some common definitions are:
- Bribery** - "Inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages".
- Corruption** - This can be broadly defined as the offering or acceptance of

inducements, gifts, favours, payment or benefit-in-kind which may influence the action of any person. Corruption does not always result in a loss. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another.

- 2.2 This policy relates to all forms of bribery and is intended to provide direction and help to employees who may identify or suspect bribery. The overall aims of this policy are to:
- Improve the knowledge and understanding of everyone in the College, irrespective of their position, about the risk of bribery within the organisation and its unacceptability;
 - Assist in promoting a climate of openness and a culture and environment where staff feel able to raise concerns sensibly and responsibly;
 - Set out the College's responsibilities in terms of the deterrence, prevention, detection and investigation of bribery and corruption; and
 - Ensure the appropriate sanctions are considered following an investigation, which may include any or all of the following:
 - Criminal prosecution;
 - Civil prosecution; and
 - Internal/external disciplinary action (including professional/regulatory bodies).
- This policy applies to all employees of the College regardless of position held, as well as those acting on behalf of the College, including governors, other volunteers, temporary workers, consultants, contractors, and/or any other parties who have a business relationship with the College. It will be brought to the attention of all employees and Board members, and will form part of the induction process for new staff and Governors. It is incumbent on all of the above to report any concerns they may have concerning bribery.

In implementing this policy, managers must ensure that all staff are treated fairly and within the provisions and spirit of the College's Human Resources Policies. Nottingham College has procedures in place that reduce the likelihood of bribery occurring. These include Financial Regulations, documented policies and procedures, including on whistleblowing, a system of internal control (including Internal and External Audit) and a system of risk assessment.

3 POLICY

- 3.1 All employees have a personal responsibility to protect the College from bribery or corruption, are responsible for maintaining the highest standards of business conduct and are expected to behave honestly and with integrity
- 3.2 The College is absolutely committed to maintaining an honest, open and constructive culture so as to best fulfil its objectives. It is therefore also committed to the elimination of bribery, to the rigorous investigation of any such allegations and to taking appropriate action against wrong doers, including possible criminal prosecution.

- 3.3 All gifts, payments or any other contribution, whether in cash or in kind, shall be documented, regularly reviewed, and properly accounted for.
- 3.4 Nottingham College procures goods and services ethically and transparently with the quality, price and value for money determining the successful supplier/contractor, not by receiving (or offering) improper inducements. The College will not engage in any form of bribery, either in the UK or abroad.
- 3.5 Nottingham College prohibits employees and associated persons from offering, giving, soliciting or accepting any bribe in any way, or to give, or be perceived to have given, a financial or other advantage to any person (whether a UK or foreign public official, political candidate, party official, private individual, private or public sector employee or any other person) in order to induce that person to perform his/her functions or activities improperly. The bribe might include cash, a gift or other inducement, to or from any person or organisation, wherever they are situated, and irrespective of whether or not they are a public official/body or private person or company, by an individual governor, employee, agent or other person or body acting on the College's behalf. The bribe might be in order to:
- Gain any commercial, contractual or regulatory advantage for the College in a way which is unethical; or,
 - otherwise, for the individual or anyone connected with the individual.
- 3.6 The College may, in certain circumstances, be held responsible for acts of bribery committed by intermediaries acting on its behalf such as subsidiaries, clients, business partners, contractors, suppliers, agents, advisors, consultants or other third parties. The use of intermediaries for the purpose of committing acts of bribery is prohibited.
- 3.7 All intermediaries shall be selected with care, and all agreements with intermediaries shall be concluded under terms that are in line with this policy. The College will contractually require its agents and other intermediaries to comply with the Anti Bribery Policy and to keep proper books and records available for inspection by the Principal Finance, auditors or investigating authorities. Agreements with agents and other intermediaries shall at all times provide for the necessary contractual mechanisms to enforce compliance with the anti-bribery regime. The College will monitor performance and, in case of non-compliance, require the correction of deficiencies, apply sanctions, or eventually terminate the agreement even if this may result in a loss of business

4 FACILITATION PAYMENTS

- 4.1 'Facilitation payments' are payments made to secure or expedite the performance of a routine action by a government official or agency to which the payer (or the company) has legal or other entitlement.

This applies to Nottingham College or the College's employees in the UK or any other country.

- 4.2 This policy is not intended to prohibit appropriate corporate entertainment and/or hospitality undertaken in connection with the College's business activities, provided the activity is customary under the circumstances, is proportionate, and is properly recorded / disclosed to the College in accordance with its Financial Regulations and procedures.
- 4.3 Courtesy gifts and hospitality must not be given or received in return for services provided or to obtain or retain business but shall be handled openly and unconditionally as a gesture of esteem and goodwill only. Gifts and hospitality shall always be of symbolic value, appropriate and proportionate in the circumstances, and consistent with local customs and practices. They shall not be made in cash. Please refer to the College's Gifts and Hospitality Policy and Register for more guidance.
- 4.4 Nottingham College does not make any contributions to charities, politicians, political parties or election campaigns.
- 4.5 Sponsoring means any contribution in money or in kind by the College towards an event organised by a third party in return for the opportunity raise the College's profile. All sponsoring contributions must be transparent, pursuant to a written agreement, for legitimate business purposes, and proportionate to the consideration offered by the event host. They may not be made towards events organised by individuals or organisations that have goals incompatible with the College's ethical standards or that would damage Nottingham College's reputation. All sponsorships will be publicly disclosed.
- 4.6 Where commercial sponsorship is used to fund the College's training events, training materials and general meetings, the sponsorship must be transparent, pursuant to a written agreement, for legitimate business purposes, and proportionate to the occasion. Where meetings are sponsored by external sources, that fact must be disclosed in the papers relating to the meeting and in any published minutes/proceedings.

5 RAISING CONCERNS

- 5.1 Employees and associated persons are requested to remain vigilant in preventing, detecting and reporting bribery. Employees and associated persons are expected to report any concerns regarding any suspected bribery in accordance with the College's procedures outlined in the Whistleblowing Policy. Nottingham's policy, which will be rigorously enforced, is that no individual will suffer any detrimental treatment as a result of reporting reasonably held suspicions. The Public Interest Disclosure Act 1998 came into force in July 1999 and gives statutory protection, within defined parameters, to staff who make disclosures about a range of subjects, including bribery and corruption, which they believe to be happening within the organisation employing them. Within this context, 'reasonably held' means suspicions other than those which are raised maliciously and are subsequently found to be groundless.

5.2 Any unfounded or malicious allegations will be subject to a full investigation and appropriate disciplinary action.

6 ROLES & RESPONSIBILITIES

6.1 The Corporation

6.1.1 The Corporation has a duty to ensure that it provides a secure environment in which to work, and one where people are confident to raise concerns without worrying that it will reflect badly on them. This extends to ensuring that staff feel protected when carrying out their official duties and are not placed in a vulnerable position. If staff have concerns about any procedures or processes that they are asked to be involved in, the College has a duty to ensure that those concerns are listened to and addressed.

6.1.2 The Corporation and/or the Chief Accounting Officer will be liable to be called to account for failing to prevent bribery. The College therefore has a duty to ensure employees receive adequate training and support in order to carry out their responsibilities. Therefore, the Principal Finance will monitor and ensure compliance with this policy.

6.1.3 Nottingham College's staff, its Governors, volunteers, temporary workers, consultants and contractors.

6.1.4 College's Standards of Business Conduct, Gifts and Hospitality and Declaration of Interest policies which include guidance on the receipt of gifts or hospitality.

6.1.5 Line managers at all levels have a responsibility to ensure that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively. The responsibility for the prevention and detection of bribery therefore primarily rests with managers but requires the co-operation of all employees.

6.1.6 As part of that responsibility, line managers need to:

- inform staff of the College's Code of Business Conduct, Gifts and Hospitality, Declaration of Interest, Anti-Money Laundering, Fraud and Bribery policies as part of their induction process, paying particular attention to the need for accurate completion of personal records and forms;
- Ensure that all employees for whom they are accountable are made aware of the requirements of the policies;
- Assess the types of risk involved in the operations for which they are responsible;
- Ensure that adequate control measures are put in place to minimise the risks. This must include clear roles and responsibilities, supervisory checks, staff rotation (particularly in key posts), separation of duties wherever possible so

that control of a key function is not invested in one individual, and regular reviews, reconciliations and test checks to ensure that control measures continue to operate effectively;

- Be aware of the College's Bribery Policy;
- Identify sensitive/at-risk posts;
- Ensure that controls are being complied with; and contribute to their line manager's assessment of the risks and controls within their area, which feeds into the College's overall statements of accountability and internal control.

6.1.7 All instances of actual or suspected bribery, which come to the attention of a manager, must be reported immediately. It is appreciated that some employees will initially raise concerns with their manager, however, in such cases managers must not attempt to investigate the allegation themselves, and they have the clear responsibility to refer the concerns in line with the College's Whistleblowing Policy as soon as possible.

6.1.8 The Head of IT will contact the Principal Finance immediately in all cases where there is suspicion that the College's IT infrastructure is being used for the purposes of bribery. This includes inappropriate use of internet, intranet, e-mail, telephones and other electronic devices.

7 PROCUREMENT

7.1 Procurement practices will be conducted in a fair and transparent manner and not deal with contractors or suppliers known or reasonably suspected to be paying bribes. Before engaging contractors and suppliers, the College will undertake properly documented due diligence. The College will require contractors and suppliers to comply with its Anti-Bribery Policy as a minimum standard. Agreements with contractors and suppliers shall, at all times, provide for the necessary contractual mechanisms to enforce compliance with the anti-bribery arrangements. The College will monitor performance and, in case of non-compliance, require the correction of deficiencies, apply sanctions, or eventually terminate the agreement.

8 EXTERNAL COMMUNICATIONS

8.1 Individuals (be they employees, temporary workers, volunteers, consultants, contractors or suppliers) must not communicate directly with any member of the press, media or any other third party about a suspected act of bribery, but should address any such concerns in accordance with the College's Whistleblowing Policy.

8.2 Nottingham College will provide anti-bribery training to all relevant employees to make them aware of our Bribery Policy and guidelines, in particular of possible types of bribery, the risks of engaging in bribery activity, and how employees may report suspicion of bribery.

Appendix 2

Anti-Money Laundering Policy

Introduction

In response to the Proceeds of Crime Act 2002 and Money Laundering Regulations 2003 this policy aims to ensure that the College and its employees comply with the legislation and that the highest standards of due diligence are applied in relation to 'know your customer' principles.

Legislation has broadened the definition of money laundering and the range of activities where this can apply, so it is not just a concern for banks and the financial sector but now applies to all companies and institutions including colleges. This policy therefore sets out the procedure to be followed if money laundering is suspected and defines the responsibility of individual employees in the process.

What is money laundering?

The legislation defines money laundering as;

- Concealing, disguising, converting, transferring criminal property or removing it from the UK.
- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.
- Acquiring, using or possessing criminal property.

College obligations

The College has a responsibility to:

- Appoint a Money Laundering Reporting Officer (MLRO) to receive, consider and report as appropriate, disclosure of suspicious activity reported by employees.
- Implement a procedure to enable the reporting of suspicious activity.
- Maintain customer identification procedures to 'know your customer', in relevant circumstances.
- Maintain adequate records of transactions.

Employee obligations

Money laundering legislation applies to ALL employees. Potentially any member of staff could

be committing an offence under the money laundering laws if they suspect money laundering or if they become involved in some way and do nothing about it. If any individual suspects that money laundering activity is or has taken place or if any person becomes concerned about their involvement it must be disclosed as soon as possible to the MLRO. **Failure to do so may result in you being personally liable to prosecution.**

Guidance on how to raise any concerns is included in this policy document.

Relevant circumstances

Money laundering regulations apply to **cash transactions** in excess of 15,000 euros approximately £10,000. However the Proceeds of Crime Act applies to **all transactions** and can include dealings with agents, third parties, property or equipment, cheques, cash or bank transfers.

By way of example at the College, this may include circumstances where a student pays fees exceeding £10,000 by cash. Or where a student pays a fee for another student who is not present at the time or a sponsor/third party not known to the College pays fees for students. In practice at the College third party details are checked for all cash and card transactions over £5,000.

Particular rules apply to foreign students and the immigration service needs to be notified if a student or employer with a visa discontinues and Revenue & Customs need to be notified with details of all foreign students studying at the College. These cases should be dealt with by Student Records in the normal course of business. Fees paid in advance by foreign students who have subsequently been refused a visa are only refundable providing appropriate documentary evidence is available to demonstrate the circumstances. Where appropriate, refunds should only be made to the person making the original payment.

Precautions should also be taken in respect of refunds requested following a payment by credit card or bank transfer. In these cases refunds should only be made by the same method to the same account. In the event of an attempted payment by credit or debit card being rejected the reason should be checked with Streamline prior to accepting an alternative card. If in any doubt about the identity of the person attempting to make a payment the transaction should not be accepted.

'Know your Customer'

It is important that controls are in place to identify the student, customer or other party dealing with the College. Satisfactory evidence of identity must be obtained. Examples include passport, visa, birth certificate, correspondence with students at their home address and for third parties, letters or documents proving name, address and relationship. If an organisation is not known to the College look for letter-headed documents, check web-sites, request credit checks or aim to meet or contact key sponsors as you feel appropriate to verify validity of contact. Cheques drawn on an unexpected or unusual source should always be verified with regard to validity of the source.

A guidance note on possible signs of money laundering is included on page 53.

The Money Laundering & Proceeds of Crime Reporting Officer (MLRO)

The Principal Finance is the officer nominated to receive disclosures in respect of suspected transactions or activity within the College.

Disclosure Procedure to be followed by Individuals

Where you know or suspect that money laundering activity is taking or has taken place, or you become concerned that your involvement in a transaction may amount to a breach of the regulations, you must disclose this immediately to your line manager. If in consultation with the Principal reasonable suspicion is confirmed, a disclosure report must be made to the MLRO. This disclosure should be made on the proforma report attached to this policy and should be completed the same day the information came to your attention. **Should you not do so you may be personally liable to prosecution under the regulations?**

Your report should include as much detail as possible including:

- Full available details of the people, companies involved including yourself and other members of staff if relevant.
- Full details of the transaction and the nature of each person's involvement in the transaction.
- Suspected type of money laundering activity or use of proceeds of crime with exact reasons as to why you are suspicious.
- The dates of any transactions, where they were undertaken, how they were undertaken and the likely amount of money or assets involved.
- Any other information that may help the MLRO judge the case for knowledge or suspicion of money laundering and to facilitate his/her report to the Serious Organised Crime Agency (SOCA) formerly National Criminal Intelligence Service (NCIS).

Once you have reported your suspicions to the MLRO you must follow any instructions provided. You must not make any further enquires unless instructed to do so by the MLRO. At no time and under no circumstances should you voice any suspicions to the person(s) you suspect of money laundering.

If appropriate the MLRO will refer the case to the SOCA who will undertake any necessary investigation. This may include consent to continue with a particular transaction and care should be taken not to 'tip off' the individuals concerned, otherwise you may be committing a criminal offence.

Action & Disclosure by the MLRO (Money Laundering Reporting Officer)

On receipt of a disclosure report the MLRO will:

- Note the date of receipt and acknowledge receipt of it.
- Assess and advise the individuals concerned when a response can be expected.
- Consider the report and any other relevant information, undertaking further enquires necessary to decide if a report should be made to the SOCA.

Once the MLRO has evaluated the case a timely determination will be made as to if:

- There is actual or suspected money laundering taking place.
- There are reasonable grounds to know or suspect that is the case.
- Consent is required from SOCA for a particular transaction to proceed.

Where the MLRO concludes that the case should be disclosed to SOCA this needs to be done:

- In a timely manner; and,
- In the prescribed manner on a standard report format provided by SOCA.

Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then consent will be given for transactions to proceed and the disclosure report will be marked accordingly.

Record Keeping Procedure

All disclosure reports and relevant documents will be retained in a confidential file by the Principal Finance for a minimum of six years.

Departments conducting relevant transactions must maintain records for at least six years of:

- Student / Customer identification evidence; and,
- Details of financial transactions carried out.

In practice Departments will routinely create and retain records in the course of normal business and these will be sufficient for this purpose.

Conclusion

Instances of suspected money laundering are likely to be rare given the nature of services provided by the College. However we must be aware of the legislative requirements, as failure to comply would have serious implications for both the College and individuals concerned.

Please take prompt action referring to the guidance in this policy and if you have any suspicions please consult the MLRO about your concerns.

Suspected Money Laundering - Report to the MLRO

From:.....Department:.....

Contact Details:

DETAILS OF SUSPECTED OFFENCE

Name(s) and address(es) of person(s) involved including relationship with the College

Nature, value and timing of activity involved

Nature of suspicions regarding such activity

Provide details of any investigation undertaken to date

Have you discussed you suspicions with anyone and if so on what basis

Is any aspect of the transaction(s) outstanding and requiring consent to progress

Any other relevant information that may be useful

Signed

Date

MLRO REPORT (to be completed by the MLRO)

Date Report Received

Date Receipt of report acknowledged

CONSIDERATION OF DISCLOSURE

Further Action Required

Are there reasonable grounds for suspicion requiring a report be made to SOCA?

If YES: Confirm date of report to SOCA
Notice periodto
Moratorium period to
Any Further details

Is consent required from SOCA to any on-going transactions?
If yes confirm details & instructions

Date consent received
Date consent given to staff

IF NO: Confirm reason for non-disclosure

Date consent given to staff

Signed Date

Guidance Note

Possible signs of money laundering

It is not possible to give a definitive list of ways to spot money laundering or how to decide whether to make a report to the MLRO. The following are types of risk factors which may, either alone or collectively, suggest the possibility of money laundering activity:

- A new customer, business partner or sponsor not known to the College.
- A secretive person or business e.g. that refuses to provide requested information without a reasonable explanation.
- Payment of any substantial sum in cash (over £10,000).
- Concerns about the honesty, integrity, identity or location of the people involved.
- Involvement of an unconnected third party without a logical reason or explanation.
- Overpayments for no apparent reason.

- Absence of any legitimate source for the funds received.
- Significant changes in the size, nature, frequency of transactions with a customer that is without reasonable explanation.
- Cancellation, reversal or requests for refunds of earlier transactions.
- Requests for account details outside the normal course of business.
- A history of poor business records, controls or inconsistent dealing.
- Any other facts which tend to suggest that something unusual is happening and give reasonable suspicion about the motives of individuals.

Appendix 3

ANTI-FRAUD POLICY

Introduction

- 1.1 Nottingham College is committed to the values of probity and accountability and requires staff at all times to act honestly and with integrity, to safeguard the public resources for which they are responsible. Fraud is an ever-present threat to these resources and it is therefore necessary for all managers to be aware of what is required in the event of being notified of a suspected fraud. The College wholeheartedly opposes any form of fraud and bribery. The Anti-Fraud Policy and Fraud & Theft Response Procedure describe what staff should do if they suspect a fraud and the way in which a suspected fraud will be dealt with by the College. The Policy should be read in conjunction with the College's Whistleblowing Procedure which identifies a framework to allow members of the College's staff, management, Board Members or the College community to raise concerns confidentially. Failure to comply with regulations and policies may result in disciplinary action. The CEO is the Accounting Officer with overall responsibility for preventing fraud.

Definitions

Fraud

- 1.2 A person is guilty of fraud if they are in breach of any of the sections listed in subsection (2) of the Fraud Act 2006 (which provide for different ways of committing the offence). The sections are (a) Section 2 (fraud by false representation), (b) Section 3 (fraud by failing to disclose information), and (c) Section 4 (fraud by abuse of position).

Computer Fraud

- 1.3 Computer fraud is where information technology equipment has been used to manipulate programmes or data dishonestly (for example, by altering, substituting or destroying records, or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud. Theft or fraudulent use of computer time and resources is included in this definition.

Bribery

- 1.4 This is defined as the giving or receiving of a financial or other advantage in connection with the improper performance of a position of trust, or a function that is expected to be performed impartially or in good faith.
- 1.5 Further reference should be made to the Anti-Bribery Policy.

Purpose of the Fraud Policy

- 1.6 The Board already has procedures in place that reduce the likelihood of fraud occurring. These include Standing Orders, Financial Regulations, documented procedures and internal control and risk management systems.
- 1.7 The purpose of this policy is to define the relevant responsibilities of College staff and the Board, and to identify a response plan and reporting lines in the event of a suspected fraud or irregularity.
- 1.8 The Bribery Act 2010 repeals existing corruption legislation and has introduced the offences of offering and/or receiving a bribe. It also places specific responsibility on organisations to have in place sufficient and adequate procedures to prevent bribery and corruption taking place. Bribery is defined as “Inducement for an action which is illegal unethical or a breach of trust. Inducements can take the form of gifts loans, fees rewards or other privileges.” Corruption is broadly defined as the offering of the acceptance of inducements, gifts or favours, payments or benefit in kind which may influence the improper action of any person; corruption does not always result in a loss. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another.
- 1.9 To demonstrate that the College has in place sufficient and adequate procedures and to demonstrate openness and transparency, all staff are required to comply with the requirements of the Anti-Bribery Policy. For a more detailed explanation, please refer to the Anti-Bribery Policy. Should members of staff wish to report any concerns or allegations they should contact the most appropriate person identified within the Whistleblowing Policy and Procedure. It is expected that all staff members will lead by example in acting with the utmost integrity and ensuring adherence to all relevant regulations, policies and procedures.

Public Service Values

- 1.10 Colleges in the Further Education Sector are accountable to a wide range of bodies, including the Education Skills Funding Agency (ESFA) and the Higher Education Funding Council for England (HEFCE). Therefore colleges must set high standards of conduct and propriety to ensure the correct and ethical use of public funds. The College ensures this through adopting and implementing sound systems of internal control.
- **Accountability.** Everything done by those who work in the organisation must be able to stand the test of parliamentary scrutiny, public judgements on propriety and professional code of conduct.
 - **Probity.** Absolute honesty and integrity should be exercised in dealing with students, assets, staff, suppliers and customers.

- Openness. The organisation's activities should be sufficiently public and transparent to promote confidence between the College and its students, staff and the public.

All those who work in the organisation should be aware of, and act in accordance with these values.

Board Policy Statement

- 1.11 The Board is absolutely committed to maintaining an honest, open and well intentioned atmosphere within the College. It is therefore also committed to the elimination of any fraud within the College and to the rigorous investigation, reporting and subsequent action on any such cases.
- 1.12 The Board wishes to encourage anyone having reasonable suspicions of fraud to report them. Therefore it is also the Board's policy, which will be rigorously enforced, that no employee will suffer in any way as a result of reporting reasonably held suspicions.
- 1.13 All members of staff can therefore be confident they will not suffer in any way as a result of reporting reasonably held suspicions of fraud. For these purposes 'reasonably held suspicions' shall mean any suspicions other than those which are raised maliciously and found to be groundless.

Prevention, Awareness and Training

- 1.14 The adoption of proper and adequate measures to prevent fraud and bribery are the responsibility of the Board, the CEO, Principal, Vice Principal and other managers.
- 1.15 All Board members and staff need to be made aware of, and have ready access to, the College's agreed policies and procedures e.g. Financial Regulations, Standing Orders, Codes of Conduct, and any relevant practice and procedure documents.
- 1.16 References will be taken up for all permanent and temporary staff to verify their suitability, honesty and integrity. This will include DBS checks which may identify criminal convictions.
- 1.17 The College has and will maintain in place systems and procedures, which incorporate internal controls, including adequate separation of duties to ensure, as far as possible, errors, fraud and bribery are prevented.
- 1.18 Financial Procedures detail key financial systems and provide guidance to underpin the College's Financial Regulations. Managers are responsible for ensuring appropriate internal controls are properly maintained.
- 1.19 The College will deal swiftly with any instances of fraud or bribery. Disciplinary action

will be taken as necessary and the police informed / involved if appropriate.

- 1.20 In the event fraud is suspected on the part of contractors, employees internally or by staff involved in agency or contract work on behalf of other bodies, procedures and responsibilities for reporting and initial investigation are the same as for staff. The College will inform and involve employing contractors or agencies when appropriate.
- 1.21 The College recognises the continuing effectiveness of the Anti-Fraud Policy and Fraud & Theft Response Procedure depends largely on the awareness and responsiveness of Board members and staff.
- 1.22 It is essential Board members and staff are made aware of the strategy when they join the College and receive a copy for inclusion in their personal records and, in addition, have ready access to all other relevant documents, policies and procedures which regulate the College's activities.
- 1.23 Action will be taken on a regular basis to remind Board members and staff of the importance the College places on avoiding and preventing fraud and bribery.

Role of the Chief Executive Officer

- 1.24 The CEO, as accountable officer, is responsible for ensuring an effective system of internal control is maintained and operated by the College. This system includes the establishment of Financial Regulations and procedures, which must be adhered to at all times and by all staff.

Managers' Responsibilities

- 1.25 Managers are responsible for ensuring an adequate system of internal control exists within their areas of responsibility and controls operate effectively. The responsibility for the prevention and detection of fraud, therefore, rests primarily with managers. There is a need for all managers to assess the types of risk involved in the operations for which they are responsible; to review and test the control systems for which they are responsible regularly; to ensure controls are being complied with; and to satisfy themselves their systems continue to operate effectively.
- 1.26 The Principal Finance, Director of Finance and the Internal Audit Service are available to offer advice and assistance on control issues as necessary. In terms of establishing and maintaining effective controls it is desirable that:
- There is a regular rotation of staff responsibilities, particularly in posts where key financial controls are operating;
 - Wherever possible, there is a separation of duties so control of a key function is not vested in one individual;
 - Backlogs are not allowed to accumulate;

- Checks are built into systems in order to maintain control; and,
- In designing any new system, consideration is given to building in safeguards against internal and external fraud.

All Staff Responsibilities

- 1.27 Every member of staff has a duty to ensure public funds are safeguarded, whether they are involved with cash or payments systems, receipts, stocks, assets or dealing with contractors or suppliers. Staff should alert the Principal Finance (or his or her nominee) where they believe the opportunity for fraud exists because of poor procedures or lack of effective controls. Staff should alert the Principal Finance (or his or her nominee) if they suspect a fraud has been committed or see any suspicious acts or events as a matter of urgency.
- 1.28 Declaration of interest by persons involved with the negotiations of orders and contracts with suppliers / customers / third parties should be reported to the Clerk of the Board.
- 1.29 If the suspected fraud involves the Principal Finance, the member of staff should make their concerns known to the CEO.
- 1.30 If the suspected fraud involves the CEO, a Principal or a Vice Principal, the member of staff should make their concerns known to the Clerk to the Board.
- 1.31 Staff should also assist in any investigations by making available all relevant information and by co-operating in interviews.
- 1.32 Board Members and Senior Management need to declare outside interests.
- 1.33 It should be added that under no circumstances should a member of staff speak or write to representatives of the press, TV, radio or to another third party about a suspected fraud without the express authority of the CEO or the Director of Marketing and Communications. Care needs to be taken to ensure nothing is done that could give rise to an action for slander or libel.

Responsibilities of Internal Audit

- 1.34 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 College'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.

Responsibilities of External Audit

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

Personal Conduct

- 1.36 The College subscribes to seven principles of public life set out in the Nolan Committee's first report. As stewards of public funds, College staff must have, and be seen to have, high standards of personal integrity and must adhere to the College's employment policies. Staff should not accept gifts, hospitality or benefits of any kind from a third party which might be seen to compromise their integrity. Guidelines are included in the College's Financial Regulations and Financial Procedures.

Disciplinary Action

- 1.37 After proper investigation, the College will take legal and/or disciplinary action in all cases where it is considered appropriate. Generally, in relation to proven frauds or frauds which come to light, whether perpetrated by a member of staff or by persons external to the College, the case will be referred to the police at the earliest possible juncture. The College will co-operate fully with police enquiries and these may result in the offender(s) being prosecuted. All investigations will consider whether there has been a failure of supervision and where this has occurred appropriate disciplinary action will be taken against those responsible.

Recovery of Losses

- 1.38 In all cases, the College will take steps to recover any losses resulting from the fraud.

Review of the Anti-Fraud Policy and Fraud Response Procedure

- 1.39 The Anti-Fraud Policy and Fraud & Theft Response Procedure will be reviewed as part of the periodic revision of the College's Financial Regulations.

Appendix 4**EU Public procurement thresholds – Applicable from 1 January 2020**

Where the College intends to award contracts for certain goods, supplies and services above specific limits, the College is obliged to comply with the 'EU Public Procurement Directives', which set out a detailed tender framework which must be followed and fully complied with.

The thresholds applicable from 1st January 2020 are those applicable to 'Other Contracting Authorities' and are:

Supply services and design contracts	£ 189,330
Works contracts	£ 4,773,252
Social and other specific services	£ 663,540

(The above thresholds are exclusive of VAT)

It should be noted that the thresholds are in respect of a total contract value, not an annual contract cost.