

**Building**

**Fairer Futures.**

## Financial Regulations

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<sup>1</sup> At the meeting on 28 March 2025, the Audit & Risk Committee delegated authority to the COO to make minor changes to Annex 1 (post holder titles).

## SECTION 1 – INTRODUCTION AND GENERAL

### 1.0 Introduction

Milton Keynes College (the College), a corporation, was established under the Further & Higher Education Act 1992. The College is an exempt charity within the meaning of part 3 of the Charities Act 2011.

### 1.1 General

- 1.1.1 The College has exempt charitable status and is governed by the provisions of:
- a) The Education Acts (as defined in section 578 of the Education Act 1996) and any subsequent Education Acts e.g. the Education Act 2011 (Revised Schedule 4).
  - b) The Further and Higher Education Act 1992 and the modification order 2012.
  - c) The Instrument and Articles of the Corporation.
  - d) **Funding Agreements with its funding bodies.**
  - e) The values of the College, as agreed by the Board.
  - f) The Standing Orders of Milton Keynes College.
  - g) These Financial Regulations.
  - h) The framework for financial management set out in Managing Public Money
- 1.1.2 In the event of any conflict between the above regulations, the latter regulations are subordinate to the earlier regulations e.g. (c) is subordinate to (b) which is subordinate to (a).
- 1.1.3 The College is accountable through its Board (and referred to in the Financial Regulations as The Board) which has ultimate responsibility for the College's management and administration.
- 1.1.4 The Funding Agreement sets out the terms and conditions on which grant funding is made. The Board is responsible for ensuring the conditions of grant are met. As part of this process, the College must adhere to the College Financial Handbook which requires it to have sound systems of financial and management control. These Financial Regulations form part of this overall system of accountability.

- 1.1.5 In November 2022, The Office for National Statistics determined that the College should be reclassified as a Public Sector Body and must abide by the rules within the '[Managing Public Money](#)' guidance.
- 1.1.6 From 1 August 2024 the [College Financial Handbook](#) shall be adhered to by the College, and these Financial Regulations reflect the requirements contained within that handbook.

## **1.2 Status of these Financial Regulations**

- 1.2.1 These Financial Regulations set out the College's policies relating to financial control and supersede all earlier issues. These apply to the College and all its subsidiary undertakings.
- 1.2.2 As well as being subordinate to the Instruments of the Board, these Financial Regulations are subordinate to the [College Financial Handbook](#)
- 1.2.3 Compliance with these Financial Regulations is compulsory for all staff connected with the College. A breach of these regulations is a disciplinary matter which may lead to the dismissal of the staff member concerned. It is the responsibility of all Line Managers to ensure that their members of staff are made aware of the existence and content of the College's Financial Regulations.
- 1.2.4 The Board may receive reports from the College Auditors and members of the Senior Leadership Team or Head of Governance on matters which may give rise to a review of these regulations. It is the responsibility of the Board to maintain a continuous review of the Financial Regulations.
- 1.2.5 It is the responsibility of the CEO and Group Principal to ensure that the Financial Regulations are kept in line with the Rules for Conduct of Board Business (contained in the Standing Orders). The Rules for Conduct of Board Business are the responsibility of the Head of Governance.
- 1.2.6 It is the responsibility of the Chief Operating Officer to ensure that these Financial Regulations are posted to the College staff intranet.
- 1.2.7 All references to posts in the Financial Regulations are generic. Annex 1 contains a list of the Generic Posts used in these regulations and the current description of that post in use in the College at the date of the Annex. It also indicates whether a post holder, or designated Senior Post Holder, is part of the Executive Leadership Team or Group Leadership Team and whether it is included on a list for bank mandate purposes.

1.2.8 The purpose of the Finance Regulations is to provide control over the College's resources. They provide management with the assurance that these resources are being effectively utilised to achieve the College's strategic plan and business objectives. Specifically, they focus on:

- Maintaining financial viability
- Achieving value for money
- Upholding effective financial controls over the use of public funds
- Complying with all relevant legislation
- Safeguarding assets for the public benefit

## SECTION 2 – RESPONSIBILITY, DELGATION AND MONITORING

### 2.0 Responsibility for the Affairs of the College

#### 2.0.1 The Corporation (Board)

The members of the Corporation (also known as the Board, Governing Body or Board) have the ultimate responsibility for the affairs of the College.

#### 2.0.2 Responsibility of the Board

The financial responsibilities of the Board are to:

- ensure the solvency of the College and the safeguarding of the College assets.
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Group Principal and other senior post-holders.
- set a framework for pay and conditions of service of all other staff.
- ensure that the financial planning and other management controls, including controls against fraud and theft, applied by the College are appropriate and sufficient to safeguard public funds.
- approve the appointment of external auditors and reappointment on an annual basis.
- determine whether an internal audit service is required and approve the appointment of the internal audit service and reappoint on an annual basis.
- secure the efficient, economical and effective management of all the College's resources and expenditure, capital assets and equipment and staff so that the investment of public funds in the College is not put at risk.
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution.
- plan and conduct its financial and business affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure.
- approve an annual budget before the beginning of the financial year.
- ensure that the College complies with the [College Financial Handbook](#) and [Framework for auditors and reporting accountants of colleges](#)
- approve the College's strategic plan and approve and publish the annual Financial Statements.

## 2.1 Committees of the Board

The Board has created the following Committees and scrutiny groups with delegated authority for the specific areas stated. Ultimate responsibility for these areas remains with the Board.

### 2.1.1 Remuneration Committee

The Remuneration Committee is responsible for the preparation of a framework for pay and conditions of service of senior post-holders. It will advise the Board on the remuneration of the senior post-holders and other issues concerning their employment.

### 2.1.2 Audit & Risk Committee

Colleges are required by the Funding Agreement and by the funding body's [College Financial Handbook](#) and [Framework for auditors and reporting accountants of colleges](#) to appoint an Audit Committee. The Committee is independent, advisory and reports to the Board. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors.

The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

### 2.1.3 Search and Governance Committee

The Search and Governance Committee is responsible for keeping under review requirements for appointment or reappointment of Governors and changes in the number and composition of the Board and making recommendations thereon to the Board.

It also maintains oversight of Board performance, training and governance related policies.

### 2.1.4 Scrutiny Groups

The Board may establish scrutiny groups from time to time with delegated powers set out in the group's terms of reference. These are not formal committees but provide an additional layer of scrutiny and monitoring. Groups are often time bound i.e. established to serve a specific purpose and are then disbanded.

## 2.2 Management of the College

The Board and Members of the Committees, being non-executive, cannot undertake the day-to-day management of the College.

### 2.2.1 The CEO and Group Principal

In compliance with the College's Accountability Agreement, the Board must appoint, in writing, a named individual as Accounting Officer. The CEO and Group Principal is the College's designated Accounting Officer and is responsible for the financial administration of the College's affairs.

The Accounting Officer role carries specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to the Education and Skills Funding Agency's (DfE's) accounting officer, for the college's financial resources.

The Accounting Officer:

- must be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly regularity, propriety and value for money.
- must adhere to The Seven Principles of Public Life.
- must have oversight of financial transactions, by:
  - ensuring that the college group's property and assets are under the governors' control and measures exist to prevent losses or misuse.
  - ensuring bank accounts, financial systems and financial records are operated by more than one person.
  - keeping full and adequate accounting records to support the college's annual report and account.
- must complete and sign a statement of regularity, propriety and compliance each year and submit this to DfE with the college's audited annual report and accounts, as set out in the College Accounts Direction (the Accounting Officer's Annual Statement).

The Accounting Officer's duty to raise concerns:

The Accounting Officer must take personal responsibility (which must not be delegated) for assuring the Board that there is compliance with the Accountability Agreement and the College Financial handbook, though it should be noted that this obligation on the part of the Accounting Officer does not remove or reduce the responsibility of the governors for oversight of compliance.

The Accounting Officer must formally advise Board members in writing if action the Board is considering is incompatible with the governing document (for example, Instrument and Articles of Government or Articles of Association), Accountability Agreement or College Financial Handbook. The Accounting Officer must also formally advise Board members in writing if the Board fails to act where required by the Instrument and Articles, Accountability Agreement or College Financial Handbook.



Where the Board is nevertheless minded to proceed, the Accounting Officer must consider the Board's reasons as provided in writing. If the Accounting Officer is required to implement the Board's decision, but still considers the action proposed by the Board is in breach of the instrument and articles of government, the Accountability Agreement or the College Financial handbook, the Accounting Officer must notify DfE's accounting officer as soon as practical in writing.

### 2.2.2 Chief Operating Officer

The Chief Operating Officer is the designated Chief Financial Officer. The Chief Operating Officer (unless delegated to the Group Director of Finance, where these regulations permit):

- is responsible to the CEO and Group Principal for ensuring the administration of the financial affairs of the College and shall provide financial advice to the Board and its Officers; supervise the implementation of financial policies; design; implement and supervise financial control systems; and prepare and maintain such accounts, estimate, records and reports as the Board may require for the purpose of carrying out its duties.
- is responsible to the CEO and Group Principal for preparing annual statements of account for the College. The accounts will be prepared in accordance with guidelines issued by the appointed Government funding bodies and conform to recommended accounting practice. These statements of account are to be presented to the appropriate Committee or Scrutiny Group prior to being presented to the Board for formal approval and for signature by two members of the Board, one of whom is to be the Chair.
- is responsible for any the administration of any College companies.
- preparation of accounts, management information, monitoring and control of expenditure against budgets and all financial operations.
- maintenance of the College's financial systems of control including computing systems.
- ensuring that existing and new members of staff are informed of their responsibilities within the terms of these Financial Regulations.
- reporting to the Board any issues giving cause for concern with regard to the general stewardship of public funds.
- Provision of advice on all matters relating to financial policies and procedures including advice to budget holders in the execution of their financial duties.

### 2.2.3 Other Members of Senior Leadership Team

Members of the Senior Leadership Team may vary from time to time and the current members are shown in Annex 1 – Post Holder Titles and Groups.

#### 2.2.4 Head of Governance

The Head of Governance is appointed by the Board and is responsible for:

- ensuring the Board operates within its powers
- ensuring the Board follows agreed and proper procedures
- ensuring the business of the Board is conducted smoothly and efficiently

#### 2.2.5 Budget Holders

Budget holders are ultimately accountable to the Chief Executive Officer for the financial management of their respective areas or activities. They receive guidance from the Chief Operating Officer and the Group Director of Finance in fulfilling their financial responsibilities.

Budget holders must establish and maintain clear lines of responsibility for all financial matters within their areas. When resources are allocated to budget holders, they are responsible for managing their own budgets.

Budget holders must provide the Group Director of Finance with the necessary information to facilitate:

- Completion of the Colleges Financial Statements
- Implementation of financial planning and forecasting
- Execution of external and internal audits, financial reviews, project reviews and any other finance-related value for money initiatives.

#### 2.2.6 All Members of Staff

- Have a general responsibility for compliance with these Financial Regulations and for the security of the College's property, for avoiding loss and for due economy in the use of resources.
- shall make available any relevant records or information to the Chief Operating Officer or their authorised representative in connection with the carrying out of their duties of implementation of the College's financial policies and system of financial control.
- shall provide the Chief Operating Officer or Group Director of Finance with such financial and other information as they may deem necessary, from time to time, to carry out the requirements of the Board.
- shall immediately notify the Chief Operating Officer or Group Director of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash, stores or property of the College. The Chief Operating Officer shall, take such steps as they consider necessary by way of investigation and report.

## 2.3 Access to Information

In order to perform the responsibilities imposed above and also to comply with statutory provisions, access to the documents and records of the College shall be available to:

- Any Governor, the CEO and Group Principal, Head of Governance or Member of the Senior Leadership Team.
- Any properly appointed auditors whether internal or external.
- Any properly authorised official from the following external bodies:
  - HM Revenue and Customs
  - Police
  - Funding bodies
  - Courts
- Relevant government departments
- Any other official or person authorised by the Governors

## 2.4 Budget Responsibilities

### 2.4.1 Responsibilities

The CEO and Group Principal, who is the College's Accounting Officer, holds overall responsibility for the achievement of the total College budget.

The COO and Group Director of Finance are responsible for preparing a three-year financial plan on an annual basis for approval by the Board and for preparing the financial forecasts for submission to the funding body. Financial plans will be based on the budget objectives set by the Board and will be consistent with the Strategic Plan and the Estates Strategy approved by the Board.

The COO and Group Director of Finance are responsible for an annual revenue budget and a Capital Programme, which will include scenario Planning and identify any Risks for approval by the Board.

The COO and Group Director of Finance will ensure these budgets are communicated to budget holders in a timely manner and in advance of the new Financial Year.

Each Budget Holder is accountable for ensuring that their respective budgets are achieved by staying within budgeted income and expenditure levels.

The CEO reserves the right to assume control of a budget where there is a risk of expenditure exceeding set limits.

## 2.5 College Budget and Virement

Budgets for revenue and capital expenditure will be set in accordance with the procedure outlined in the Financial Regulations Section 4 – Revenue and Capital Budget.

The Board may approve revisions of the total budgets and forecasts within the Financial Year.

The Capital Budgeting Process will be the responsibility of the COO and Group Director of Finance.

No budget virements are permitted without the approval of the Group Director of Finance. Virement between pay costs and non-pay costs is **not** permitted

## 2.6 Student Union

The Student Union (the Union) shall receive appropriate funds from the College to enable it to effectively pursue its aims and objectives. This annual allocation of funding shall be approved by the Board at the last meeting of the financial year, on presentation of the Union's estimates for the forthcoming academic year.

The Union, acting through its trustee board, shall be empowered, in pursuit of its aims and objectives, to manage budgets with prior approval of the Group Director of Finance and / or College budget holder. Any decisions on borrowing, investing, offering material assets as security are subject to the Financial Regulations.

The Union's trustee board shall supervise all Union finances and ensure that proper books of account are maintained.

The trustee board shall be responsible for ensuring that the annual budget, amendments to the budget, audited accounts (if appropriate) and all other short-term financial reports and financial proposals are discussed and approved by Student Council.

A copy of the Union's budget and the audited accounts (if appropriate) shall be given promptly to the Corporation each financial year for approval and be made available to all students.

The financial year of the Union shall run from 1st August to 31st July.

## 2.7 Monitoring and Reporting

The Board shall determine how often it receives an Income and Expenditure report and the College's overall performance including a comparison with the budget and commentary on the results. This should be included in the Board's annual business plan but not to be less than once per term.

The Board will also receive monthly management accounts including:

- Measurement of performance against revenue and capital budgets
- Report of budget variances
- Balance sheet as at the end of the month to which reports relate
- Cash Flow report comparing actual against projections
- Cash flow forecast

#### 2.7.1 Senior Management

Each month the Senior Leadership Team will review the latest Management Accounts.

#### 2.7.2 Budget Holders

Budget Holders will be supported in their role by the Group Director of Finance and will be provided with a summary of their respective financial performance monthly. A detailed report is also made available.

#### 2.7.3 Treatment of Year End Balances

At year-end budget holders will not have the authority to carry forward a balance on their budget to the following year, unless approved through the Annual Planning Process and approved through the normal College Budget approval process, externally funded projects are an exception to this.

## 2.8 Managing Public Money

Colleges were reclassified by the Office for National Statistics into the central government sector in November 2022 with immediate effect. The College is now subject to the framework for financial management set out in MPM (Managing Public Money), which sets out a number of requirements. The DfE' Bite Size Guides summarise the guidelines.

The College must have systems and controls to identify, record, approve and, where required, report to DfE transactions of a certain type. The table below lists the categories of transactions in scope.

Category	Approvals Required
Borrowing	<ul style="list-style-type: none"><li>• Consent required for new financing or amendments to existing borrowing</li></ul>
Senior Pay Controls	<ul style="list-style-type: none"><li>• Consent required for newly advertised appointments with salaries in excess of £150,000</li><li>• Consent required for pay awards above 9% to staff on salaries above £150,000 or where a pay award of over 9% takes the salary to or above the threshold</li></ul>

	<ul style="list-style-type: none"> <li>• Consent required for performance related pay over £17,500</li> </ul>
Special severance, compensation, and ex-gratia payments	<ul style="list-style-type: none"> <li>• Consent required for Staff Severance payments with non-statutory or non-contractual elements of over £50k or more than 3 months' salary</li> <li>• Consent required for Compensation payments with non-statutory or non-contractual elements of over £50k</li> <li>• Consent is required for any ex-gratia payment</li> <li>• Consent required for any value of special staff severance payments where the employee earns over £150,000</li> <li>• Consent required where total severance payment is £100k or more</li> </ul>
Debt write-off, Indemnities, guarantees and letters of comfort	<ul style="list-style-type: none"> <li>• Consent required for individual items representing 1% of annual income or £45,000 (whichever is smaller) or for cumulative amounts within a financial year beyond 5% of its annual income or £250,000 in a year (whichever is smaller)</li> </ul>
Novel, contentious, and repercussive transactions	<ul style="list-style-type: none"> <li>• Consent must be sought for transactions that are deemed novel, contentious, or repercussive</li> </ul>

The College is permitted to sell assets, but proceeds must be held for capital reinvestment and not used as revenue. The College may also carry forward any surpluses at year end without limit.

## SECTION 3 - ACCOUNTING POLICIES AND PROCEDURES, STATISTICAL INFORMATION, TAXATION, AUDIT AND RETENTION OF RECORDS

### 3.0 Accounting Policies and Procedures

The College's financial year will run from the 1<sup>st</sup> of August until the 31<sup>st</sup> of July the following year.

The annual report and accounts will be prepared in accordance with the Statement of Recommended Practice 2019 Accounting for Further and Higher Education, Financial Reporting Standard 102 (FRS102) and the latest College Accounts Direction.

The accounts are audited in line with the [Framework for auditors and reporting accountants of colleges](#).

Accounts will be prepared with the historic cost convention.

Any Subsidiary Accounts will be prepared in the format in accordance with the provisions of the Companies Act 2006.

The Group Director of Finance will be responsible for preparing year-end consolidated financial accounts for audit by the external auditors.

The Financial Statements will be submitted to the Board for final approval.

The Financial Statements will be reviewed by the Audit & Risk Committee particularly in the context of the audit management letters and internal audit reports, having particular regard to the Statement of Corporate Governance and Internal Control and the Statement of Responsibilities of the Members of the Corporation.

#### 3.0.1 Capitalisation and Depreciation

Land and Buildings will be recorded in the balance sheet at actual build or acquisition cost. Where Land and Buildings are acquired with the aid of specific grants, the capital grants are capitalised, held as deferred income and recognised over the expected useful life of the asset.

Assets under Construction are not depreciated until they are brought into use.

Assets with acquisition cost of over £1,000 will be capitalised and depreciated on a straight line basis over its useful economic life currently between 5 and 10 years.

### 3.1 Statistical Information

Other returns and statistical information may be required from time to time by funding agencies and other Government bodies or agencies. Completion of such returns will be the responsibility of:

- CEO and Group Principal - for strategic planning returns.
- Chief Operating Officer and Group Director of Finance – for budgets, financial and cash forecasts.
- Group Director of Funding, Data and Exams - for student numbers and other student information.

Following completion and where appropriate, returns shall be authorised for submission by any appropriate Committee and the Board.

## **3.2 Taxation**

The Group Director of Finance is responsible for advising Budget Holders in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues. Therefore, the Group Director of Finance will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, Corporation Tax and Import Duty.

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

## **3.3 Audit**

### **3.3.1 Audit Requirements**

Colleges must appoint external auditors.

Although Corporations are not required to commission internal auditors, an IAS (Internal Audit Service), supplemented by specialists in particular areas, will provide assurance on the effectiveness of internal controls. Internal auditors, Financial Statements auditors and funding auditors shall have authority to:

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

### **3.3.2 Internal Audit**

The Board is ultimately responsible for the College's system of internal control and for reviewing its effectiveness.

The Audit & Risk Committee shall be responsible for developing an internal audit procedure, which may be carried out by outside appointees or by the development of a specialist internal audit team. If an outside appointee, the internal auditor shall be appointed annually each year by the Board on the recommendation of the Audit & Risk Committee. The Audit & Risk Committee shall consider and recommend to the Board each year an updated Strategic Plan and Annual Operating Plan for Internal Audit.



The Internal Auditors shall be independent from the Finance Department and have no line management responsibility within the College, reporting directly to the Audit & Risk Committee. The Internal Auditors shall have direct access to the Board, the CEO and Group Principal, and Chair of the Audit & Risk Committee and all staff of the College or of subsidiaries or associates.

The Internal Auditors shall be responsible for ensuring that the College acts in accordance with the provisions of the various regulations set out in these Financial Regulations.

The Internal Auditors shall also be responsible for reviewing the financial controls and procedures of the College and reporting whether they are being correctly followed and are adequate for their purpose. They should also recommend improvements to the controls and procedures if appropriate. The above includes the information security and operation of the computer systems used by the College to record transactions.

The Internal Auditors shall report to the Audit & Risk Committee with a review of their findings at least three times a year. In the event of the Internal Auditors wishing to report their findings more urgently they may convene a meeting of the Audit & Risk Committee which must meet within 14 days of such a request.

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

The appointment of internal auditors will be subject to a three year tendering cycle with an option to extend for two years to ensure best value for money.

### 3.3.3 External Audit

The appointment of external auditors for the main Financial Statements of the College will take place annually and is the responsibility of the Board. The Board will be advised by the Audit & Risk Committee.

The primary role of external audit is to report on the College's Financial Statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach its opinion on the statements and to report on the appropriate use of funds. Its duties will be in accordance with advice set out in the [Framework for auditors and reporting accountants of colleges](#) and the Auditing Practices Board's auditing standards.

The External Auditors shall report to the Audit & Risk Committee with a review of their audit at least annually following the completion of the audit.

The Group Director of Finance is responsible for setting the timetable for final accounts purposes with Governance Services.

The Group Financial Statements will be reviewed by Audit & Risk Committee by the external auditors before being recommended to the Board for final approval.

### 3.3.4 Monitoring the Performance of Auditors

The Board's Audit & Risk Committee will set KPIs and monitor the performance of auditors. Letters of Engagement will specify contractual terms.

Audit services will be subject to annual re-appointment within the terms of the agreed contract.

### 3.3.5 Policy on Re-tendering

The External Audit Service will be retendered every three to five years (although this does not mean that a different firm of auditors will always be appointed). The quality of the audit service required, as well as the price, will be a consideration.

Although there is no requirement on the retendering of internal auditors, the College will adopt the same good practice and retender the IAS every three to five years.

### 3.3.6 Other Auditors

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

## 3.4 Retention of Records

### 3.4.1 Access

As set out in Financial Regulations Section 2: Responsibility, Delegation and Monitoring, all auditors shall have unrestricted access to all records, documents, minutes etc. of the College as they require.

### 3.4.2 Records

#### 3.4.2.1 Board Meetings

All minutes of Board meetings and committee meetings are to be archived at the year- end and retained indefinitely.

#### 3.4.2.2 Financial Records

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

The College is required by law to retain prime documents for six years after the end of the financial year at a secure location. These include:

- Purchase orders
- Purchase invoices
- Sales invoices
- Bank statements
- Copies of receipts
- Paid cheques
- Payroll records, including part time lecturer contracts

For auditing and other purposes, other financial documents should be retained for three years or as determined by the specific requirements of the funding organisations.

After this time documents should be destroyed/removed to ensure GDPR compliance.

### 3.4.2.3 Supervision of Archive

Records stored in the archive must be clearly labelled.

Access to the archive will be the responsibility of the CEO and Chief Operating Officer or another member of the Senior Management Team.

The retention period and responsibility for college archives is as follows:

Record	Retention Period	Responsibility
Minutes of Corporation and Committees	Indefinite	Head of Governance
Agenda Papers of Corporation and Committees	11 years	Head of Governance
Finance Records incl. Payroll	6 years	Chief Operating Officer

Further information on the retention of records is shown in the Data Protection Policy.

## SECTION 4 – REVENUE AND CAPITAL BUDGET

### 4.0 Introduction

The Board will establish the overall criteria by which the College is to achieve its financial plan in accordance with the Strategic Plan. The Board will set budget objectives for the College.

The Group Director of Finance is responsible for preparing annually a three-year Financial Plan for approval by the Board and for preparing financial forecasts for submission to funding bodies as required. The Financial Plan, including the financial

objectives, should be consistent with the Strategic Plan and Estates Strategy approved by the Board.

The Group Director of Finance is responsible for preparing the Annual Budget comprising a Revenue Budget and Capital Budget for submission to the Board. To enable proper consideration of all facts by the Governors the budget papers submitted to the Governors should include:

- a) Revenue Budgets
- b) Capital Budgets
- c) Cash Flow Projections based on a) and b)

The Group Director of Finance must ensure that detailed budgets are prepared at department level in order to support the resource allocation process and these are to be confirmed with budget holders as soon as possible following approval of the final budget by the Board.

The budget will be built by individual departments using a mix of historical and zero-based budgeting for expenditure. The individual department budgets will then be consolidated to produce the total College budget.

The final budget will be presented to the CEO and Group Principal and the Senior Management Team before being presented to the Governors for their approval.

## **4.1 Budget Setting**

### **4.1.1 Budget Period**

The budgets each year will be for a 12 month period from 1 August to 31 July.

### **4.1.2 Department Budgets**

The Senior Leadership Team will agree at its meetings the financial targets to be achieved, the totals of which will conform to the target set by the Governors.

### **4.1.3 Learner Numbers**

The Learner number targets agreed with the CEO and Group Principal by the Senior Leadership Team will form the basis for funding and income calculations.

### **4.1.4 Budget Construction**

Budgets will be constructed by the Group Director of Finance in consultation with budget holders.

Each budget will commence with a list of the Income and Expenditure assumptions used in the computation of the budget.

In compiling budgets, the following cross College inflators/deflators will be supplied by the Group Director of Finance:

- Payroll cost increases
- Other expenditure headings

Other costs of providing the offered curriculum need to be carefully considered and budgeted on a realistic basis. The opportunity should also be taken to determine whether it is possible to reduce costs.

Following the approval of the Revenue Budget by the Corporation, the CEO and Group Principal is authorised to incur expenditure in accordance with these Financial Regulations.

## **4.2 Capital Expenditure Budget**

Along with the Revenue Budget a Capital Budget will be produced. This will itemise both additions to and disposals of land and buildings and expenditure on equipment, furniture and fittings that departments deem will be necessary during the forthcoming budget period. In addition, a broad outline of capital requirements thought to be needed in each of the following two years in order to meet the strategic plan will be produced.

Requests for capital expenditure will be considered by the Senior Leadership Team. Once approved the Capital Expenditure budget will be submitted to the Board for approval as part of the overall College budget.

Approval of the capital expenditure budget does not provide approval to purchase. It is purely an indication that the submission of a capital expenditure request to the appropriate body for an item in the budget may be approved.

## **4.3 Budget Monitoring**

Budget monitoring is undertaken by means of the reporting procedures set out in Financial Regulations Section 2: Responsibility, Delegation and Monitoring.

# **SECTION 5 – PAY EXPENDITURE**

## **5.0 Remuneration**

All staff appointments shall be made in accordance with the **approved framework**, policies, and budget.

### 5.0.1 Senior Post Holders

Salaries and other benefits for senior post holders and the Head of Governance will be determined by the Remuneration Committee as delegated by the Board. The College adopted the AoC College's Senior Post Holders Remuneration Code.

#### Senior Pay

The College shall adhere to the senior pay controls as set out by the DfE.

### 5.0.2 Salaries

The People Services Group Directors shall make arrangements to pay all salaries, wages, superannuation, benefits, compensation and other emoluments, properly payable by the College.

All budget holders shall notify the People Services Group Directors as soon as possible using the approved College templates of all matters in relation to appointments, absence, superannuation etc. for all employees in their area.

Each budget holder shall be responsible for authorising and ensuring the correct completion of timesheets and overtime claims for employees under their control.

Budget holders shall manage such systems as are necessary to ensure in advance that all salaries/wages claims will be within their budgets and that only time worked is certified for payment. On an exceptional basis where the budget holders need to delegate the certification of pay documents, they shall inform their Line Manager.

Payments of salaries and wages shall be made through BACs via the HR system.

All staff salaries, wages and similar payments are subject to deductions for PAYE and NI unless satisfactory evidence of self-employed status is demonstrated to the Payroll Manager.

All salary claims must be made on the appropriate claim forms. Payment will be withheld unless all sections are completed.

Sickness must be notified to People Services using the HR system. Leave of absence/holiday must be pre-authorised using the HR system.

All variations of pay and conditions, will be managed through People Services.

The Chief Operating Officer will authorise all payroll payments. Day-to-day liaison over matters affecting pay must be dealt with through the People Services Group Directors.

### 5.0.3 Pension Schemes

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

The Payroll Manager is responsible for day-to-day pension matters, including:

- Paying contributions to various authorised pension schemes via the Finance team
- Preparing the annual and monthly returns to various pension schemes
- Informing employees of the pension schemes and changes to the terms and conditions thereof
- Making the correct pension deductions from employees pay.

#### 5.0.4 Travel, Subsistence and Other minor Expenses

Refer to Section 7

#### 5.0.5 Special Payments

Certain transactions by public bodies may fall outside of the usual planned range of activity and may exceed statutory and contractual obligations. These are referred to as special payments, and they are subject to greater control than other payments. They include:

- Staff severance payments
- Compensation payments
- Ex gratia, extra contractual, extra statutory and extra regulatory payments

#### 5.0.6 Staff Severance Payments

Special staff severance payments are paid to employees outside statutory or contractual requirements when leaving public employment. Any special severance payments must be considered appropriate in the circumstances they are made and of an appropriate value. The process of making the payment must be documented including evidence of why the payment is appropriate. Legal and HR advice sought must be taken (if appropriate) and documented. Any confidentiality clauses must respect the individuals' rights under the Public Interest Disclosure Act and GDPR.

The College has delegated authority to make special severance payments up to certain limits. Beyond these limits, they must be referred to DfE for approval in advance. DfE approval is required for special staff severance payments where any of the following scenarios arise individually or collectively:

- The proposed special staff severance payment is for £50,000 or more (gross, before income tax
- or other deductions).
- The proposed special staff severance payment is equivalent to 3 months' salary or more (gross,
- before income tax or other deductions).
- An exit package which includes a special staff severance payment is at, or above, £100,000.
- The employee earns over £150,000.

#### 5.0.7 Compensation Payments

Compensation payments provide redress for loss or injury, for example personal injuries or damage to property. Where a compensation payment is being considered, the College decision must base its decision on a careful appraisal, including legal advice where relevant, to ensure value for money.

The College has authority to approve individual compensation payments, provided any non-statutory or non-contractual element is under £50,000. Where the College is considering a non-statutory or non-contractual payment of £50,000 or more, DfE prior approval must be sought. The DfE may refer such transactions to HM Treasury.

#### 5.0.8 Ex-gratia, Extra Contractual, Extra Statutory or Extra Regulatory Payments

Ex gratia payments are another type of transaction going beyond statutory or contractual cover, or administrative rules. Such payments are essentially voluntary and are sometimes made as a gesture of goodwill rather than from any formal obligation.

Extra- contractual payments are those which, though not legally due under contract, appear to place an obligation which the courts may uphold. They typically arise from an organisation's action or inaction in relation to a contract.

Extra-statutory and extra-regulatory payments are within the broad intention of the statute or regulation, respectively, but go beyond a strict interpretation of its terms.

### 5.1 Payroll Policies and Procedures

The Payroll will be run monthly for all staff employed by the College. The normal pay date is the last working day of the month, but staff will be informed of any changes to these arrangements in advance.

There must be strict segregation of duties between staff who authorise payments (Personnel and Budget Holders) and staff who make payments (Payroll Section).

#### 5.1.1 Suppliers of Payroll Data

Input to the Payroll must be authorised by the appropriate signatory and sent to the Payroll Team for updating the HR system. Input may also be received from statutory authorities e.g. HM Revenue and Customs and Court Orders. Providers of payroll information are informed in advance of the final date for receipt of changes.

#### 5.1.2 Payroll Section Responsibility

- To ensure that all input is correctly authorised.
- To input the information received accurately on to the HR system and check for accuracy.
- To check the calculation of payments and deductions, including statutory deductions, made by the HR system by control totals and random sampling to ensure that the payroll rules are being correctly applied.
- To maintain the integrity and confidentiality of the Payroll data.



#### 5.1.3 Payroll Output to be produced will include:

- Pay slips, P45's, P60's and any other regulation information will be made available to staff in electronic format via HR System.
- Monthly payroll reports will be shared with the Finance team.
- Schedules to support payment of deductions to third parties by the Finance Department.
- Statutory annual return information and control totals to the Finance Department.
- The Finance Department will post journal entries and verify that amounts debited to the College's bank account agree with payroll totals.

## SECTION 6 – PURCHASING AND COMPETITIVE TENDERING

### 6.0 General

The Finance Department will maintain financial control over purchasing.

The Budget Holder is responsible for ensuring that a purchase order is raised for the purchase of all goods and services, except:

- those made through petty cash (maximum amount £20 in any one case);
- those made using purchasing cards or credit cards;
- where specific contracts of supply (e.g. lease agreements) have been authorised; where alternative arrangements have been agreed in advance of the purchase.

All contracts where purchase orders are not required are listed in the Contracts Register. All other arrangements where the purchase order process is amended is recorded in the Purchase Order Exceptions Register. Except for purchasing cards, credit cards and petty cash purchases, no commitment can be made to any supplier for the procurement of goods or services before a purchase order is issued.

Orders must not be placed before a valid purchase order or purchase agreement is obtained. The only exception is for emergency work that has to be ordered and carried out immediately and before the next working day. Such emergency work must be subject to verbal approval from a member of the Senior Leadership Team. In these circumstances, a purchase order must be completed at the earliest practicable opportunity.

Suppliers are required to send their invoices to the Finance Department quoting MK College purchase order number where the appropriate procedure will be followed.

The Budget Holder is responsible for ensuring that goods have been received or services performed satisfactorily and updating this on the Finance System. Budget holders are also responsible for approving any price variance from the original order.

If there is any reason to withhold payment, the Finance Department must be informed immediately. For goods or services supplied with purchase orders, the goods should not be “received” and a note should be added to the Finance System. This may also apply to situations where retention monies may need to be withheld.

Payment to suppliers before goods have been delivered or services performed (known as proforma invoicing) is allowed only in exceptional circumstances and a purchase order must have been raised for any such supply. A member of the Strategic Leadership Team should authorise the use of proforma invoicing.

Suppliers will be paid in accordance with the College's normal payment terms which are 30 days from the date of invoice unless alternative arrangements have previously been authorised by the Group Director of Finance.

Private purchases through the College are not permitted.

Unsolicited goods, vouchers or payments received from suppliers or their agents as a result of an official order being placed, belong to the College and not to the person placing the order.

The use of the expense claims procedure, cheque requisition procedure or petty cash to bypass this system will not be permitted.

## **6.1 Authorisation**

### **6.1.1 Purchasing**

The following table outlines the delegated purchasing authorisation levels for the Group companies unless otherwise stated. These levels apply to all purchases, expense claims and timesheets. The Finance Department will maintain a list of authorised signatories and their authorisation levels.

#### **CAMPUS AND PRISONS PURCHASING AUTHORISATION LEVELS**

<b>Value Range (Including VAT)</b>	<b>Authorisation</b>
Up to £3,000	Budget Holder
£3,001 - £24,999	Budget Holder & Senior Leadership Team member
£25,000 - £149,999	Budget Holder & Senior Leadership Team member & Chief Operating Officer or CEO and Group Principal
£150,000 and above	Budget Holder & Senior Leadership Team member & Chief Operating Officer or Group Principal & Board

Additional authorisation levels may be applied, when necessary, as approved by the Senior Leadership Team.

The budget holder may delegate authorisation of purchase requisitions to other members of the department's management team up to a level of £500. The budget holder remains responsible for any requisitions so ordered. All such delegations of authority must be authorised by a member of the Senior Leadership Team and reviewed on an annual basis.

Splitting of orders to circumvent any limits specified will not be permitted.

All Purchase Requisitions for items of Capital Expenditure (and with a value in excess of £1,000) must be authorised by the Group Director of Finance. Such authority will only be given where prior approval for the purchase has been given as part of the Capital Expenditure Budget approved by the Board.

### 6.1.2 Contracts

Contracts are subject to the following authorisation limits:

#### **CAMPUS AND PRISONS CONTRACT AUTHORISATION LEVELS**

<b>Value Range (Including VAT)</b>	<b>Authorisation</b>
Up to £3,000	Budget Holder
£3,001 - £24,999	Budget Holder & Strategic Leadership Team member
£25,000 - £149,999	Budget Holder & Strategic Leadership Team member & Chief Operating Officer or CEO and Group Principal
£150,000 and above	Board (or delegated to a committee or monitoring group)

Terms of all contracts should be reviewed by the Group Director of Finance prior to any commitment being made by completing the Contract Approval form (required for all contracts over £3,000 or where we need to agree extensive terms and conditions). This is important for all contracts, even those with a low initial value (such as a peppercorn), as these contracts may have a high contingent liability.

Any contract exceeding £3,000 should be referred to the Group Director of Finance.

Copies of all contracts should be held in the Finance Department and the details recorded in the Contracts Register.

## **6.2 Competitive Quotations / Public Tender/ Compulsory Competitive Tender**

In order to achieve best value for money, quotations or tenders are required for certain purchases or longer-term contracts. The table below outlines the levels at which competitive quotations or public tenders are required. These levels are for the full period of supply (eg where a contract is usually awarded for a number of periods) and include VAT.

It is the Budget Holder's responsibility to ensure that the appropriate quotation or tendering process is followed (unless one of the exceptions as listed below applies).

<b>Value Range (Incl. VAT)</b> These values are updated every two years and UK Procurement rules will override this table if the new values are lower.	<b>Authorisation</b>
Up to £2,499	Budget Holder
£2,500 up to £29,999	Budget Holder to arrange at least three written quotations
<b>Services and Goods</b> £30,000 - £139,687 (or Public Contracts Regulations (PCR) Limit if lower)  <b>Works</b> £30,000 - £5,372,608 (or Public Contracts Regulations (PCR) Limit if lower)	Tender exercise to be conducted.
<b>Services and Goods</b> Over £139,688 (or Public Contracts Regulations (PCR) Limit if lower)  <b>Works</b> Over £5,372,609 (or Public Contracts Regulations (PCR) Limit if lower)	Public Tender or Compulsory Competitive Tender

"Written quotation" means that invitations to quote are sent to three or more reputable organisations known to offer such products.

"Compulsory competitive tender" means the procedure to advertise contracts above certain values in accordance with UK Procurement Directives and the UK Procurement Regulations.

### 6.2.1 Exceptions

When purchasing goods or services, which are obtainable from only one supplier and for which no reasonable satisfactory alternative is available, the requirement for competitive tenders for quotations may be dispensed with.

## WAIVER AUTHORISATION LEVELS

Value Range (Incl. VAT)	Authorisation
Up to £29,999	Group Director of Finance
<b>Services and Goods</b> £30,000 - £139,687 (or Public Contracts Regulations (PCR) Limit if lower)	Group Director of Finance and Chief Operating Officer
<b>Works</b> £30,000 - £5,372,608 (or Public Contracts Regulations (PCR) Limit if lower)	
<b>Services and Goods</b> Over £139,688 (or Public Contracts Regulations (PCR) Limit if lower)	Board (or delegated to a committee or monitoring group)
<b>Works</b> Over £5,372,609 (or Public Contracts Regulations (PCR) Limit if lower)	

The budget holder shall maintain a record of these circumstances for two years for inspection by internal and external audit.

- 6.2.2 Where it can be demonstrated that a procurement framework offers compliance with public procurement directives and demonstrates value for money then such frameworks may be employed with the agreement of the Group Director of Finance.

The College can gain value for money from working with established suppliers where quality standards and working relationships are known and understood. For the efficient and effective operation of the College, some discretion and flexibility may be required in the use of suppliers. For example, it is difficult to predict in advance how much a particular, on-going, service such as legal advice for example, will cost in advance. Some prices and terms, such as interest rates, may be assessed without the need for formal tender. The College reviews its appointments on a regular basis, including those of its professional advisors and regular transaction suppliers.

- 6.2.3 Colleges are included in the scope of the “school’s exemptions” under the Procurement Act 2023. Under the school’s exemption Colleges are not required to publish certain notices or tender opportunities to the full UK market. Refer to the reference guide (exemptions cheat sheet which is held by Group Director of Finance).

#### 6.2.4 Quotations

For purchases valued at £2,500 and up to £29,999 at least three written quotations should be obtained from suppliers known to supply similar products or services. The quotation which represents the best value for money will be accepted. The judgement will include economy, efficiency and effectiveness for the whole of the product or service's useful life. Where it is not possible to obtain three quotations, reason should be provided prior to the order being authorised.

### 6.3 Tenders

In certain situations it will be necessary for the College to comply with the UK Procurement Directives and Compulsory Competitive Tendering. The Directives require that certain contracts have to be tendered if they exceed certain values. These values are reviewed every two years, are prescribed in euros and converted into sterling values. This limit shall be applied irrespective of the paragraph above.

The splitting or undervaluing of contracts in order to avoid the requirements of the Directives is specifically prohibited.

This tender section does not overrule procurement rules, but a tender exercise should be followed for all purchases of over £30,000 (unless exemption applies).

The College seeks to obtain value for money for all its expenditure. Tendering is one way of obtaining value for money. It is not intended that these procedures place an encumbrance on the efficient and effective completion of projects or the carrying out of College operations. The tender limit of £30,000 is set to allow efficient planning of workflows in conjunction with market testing at a level where significant value for money may be achievable.

The Group Director of Finance is responsible for ensuring the College complies with its legal obligations concerning UK procurement legislation, including proposed changes to the Procurement Act 2023, which came into effect from February 2025. This includes the requirement to report contracts and tenders on Find a Tender.

UK procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value. The Group Director of Finance will advise budget holders on the thresholds that are currently in operation. A breach of these regulations is actionable by a supplier or potential supplier.

### 6.3.1 Tender Procedure

- (a) The Group Director of Finance will give guidance on seeking tenders, specifying goods and services to be quoted for and the date for the return of tender.
- (b) A document entitled 'Invitation to Tender' should be included in any tender invitation. Each prospective supplier is required to complete and return the section relating to the acceptance of the tender terms and conditions. Copies are available from the Finance Department.
- (c) Appropriate selection criteria will be set for each tender and used for evaluation of the bids.
- (d) The person managing the tender process will either identify at least three suppliers to be invited to tender, or if the order is likely to be greater than £30,000 will advertise the contract for prospective bidders to apply for the invitation to tender using a suitable tender advertising portal.
- (e) Each prospective tender will require technical and financial review and approval. Where the lowest tender is not, for some reason, proposed to be accepted, the reason must be set out in writing.
- (f) A copy of the letter notifying the successful contractor, and approval, will also be kept with the tender / purchase order file. Copies of letter and feedback to unsuccessful contractor(s) should also be retained to provide an audit trail in the event that the tender process / outcome is challenged.
- (g) The Group Director of Finance will ensure that contracts for capital goods requiring tender are in accordance with the schedule of agreed capital bids.
- (h) All documentation relating to the tendering process will be retained in the Finance Department, including details of the selected tender and the report examining the reason where a lowest tender is not accepted.

### 6.3.2 Receipt, Custody and Acceptance of Tenders

#### 6.3.2.1 Hard Copy Tenders

Tenders received in hard copy shall be returned to the Group Director of Finance in a plain envelope which has been securely sealed and bears the words "Tender" followed by the product or service to which it relates. Envelopes shall be kept in safe custody until the time appointed for opening.

Tenders shall be opened at the same time by the Group Director of Finance or deputy together with two other members of staff approved by the CEO and Group Principal. An external advisor may be appointed to assist with the process. Details of all tenders will be recorded on a pre-prepared schedule.

No offer received after the time appointed for opening shall be considered. If a reply is not received from any of those invited to tender or is returned as rejected, this fact shall be recorded on the schedule.

An offer received after the time fixed for receipt but before other offers have been opened shall be considered provided there is evidence that it was posted or dispatched early enough to be received in due time by the normal course of post or dispatch. Any offer rejected for late delivery shall be immediately returned to the sender and no details of such offer shall be recorded or disclosed.

If an error in an offer is discovered, the offeror shall be given the opportunity of confirming, withdrawing the offer, rectifying minor errors e.g. typo. Under no circumstances are post-tender negotiations allowed in an attempt to reduce the price of goods or services.

If a reply is not received from any of those invited to tender or is returned as rejected, this fact shall be recorded on the schedule.

On completion of the tender opening, the Group Director of Finance or deputy and other members of staff present, together with the external advisor (if present) shall all sign and date the schedule. The schedule recording sheet shall be filed in a central register of tenders maintained by the Group Director of Finance.

#### 6.3.2.2 Electronic Tenders

An electronic tendering process may be used using a web portal or dedicated inbox.

Follow the process in 6.3.2.1.

#### 6.3.3 Criterion for the Award of a Contract

The College follows the UK Directives on Public Sector Purchasing: Criteria for the award of Contract. The College places contracts which represent the best overall value for money which is not judged solely on the basis of initial cost. The College always selects the most economically advantageous tender.

The tenders received will be evaluated using a scoring methodology which is published as part of the invitation to tender. This may include economy, efficiency and effectiveness for the whole of the product or service's useful life, with due regard to the College's legal duties in respect of the promotion of diversity.

The panel reviewing the tenders will note the reason for acceptance or rejection of each tender – this may be for price or other reasons.

### 6.4 Legal and Professional Expenses

#### 6.4.1 Litigation

Any litigation action (including planning and employment appeals) initiated by the College (except for small debt recovery at County Court) requires the prior approval of the Chair of Governors and shall be reported to the next meeting of the Board.



The cost of legal advice or assistance commissioned by the College in defence of litigation by other parties shall be reported at least annually to the Board.

If the cost of legal assistance in any matter of litigation is expected to exceed £10,000, or if any matter is transferred to the High Court, the Chair of Governors (or a special committee) must be notified, and the matter reported to the next meeting of the Board, or to the Special Committee, as decided by the Chair of Governors, after consultation with the CEO and Group Principal and Head of Governance.

#### 6.4.2 Commercial Property Advice

The cost of legal and other consultancy fees in respect of property or other commercial transactions should be authorised as part of the overall authorisation for the project.

#### 6.4.3 Advice on Personnel Issues or Other Matters

These costs (other than litigation costs referred to above) should be contained within normal budgets and subject to the normal budgetary controls.

## SECTION 7 - REIMBURSEMENT OF EXPENSES

### 7.0 Introduction

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in accordance with the College's Travel and Subsistence Expenses Policy. The latest policy is available via the College Intranet or Finance Department.

Expense claims must be made online via the expense claims system, which, together with all supporting documentation, should be submitted to the appropriate Budget Holder for approval. If the claimant cannot access via the expense claims system, the expense claim should be raised using the College's standard expense claim form. All claims must be approved by an employee senior to the claimant. No member of staff shall authorise the reimbursement of his or her own expenses. Expense claims should be submitted within three months of the expenditure being incurred.

The contents of this policy shall be subject to regular review, and any policy amendments agreed by the Senior Leadership Team. Travel and subsistence rates paid shall be within those allowed by the Inland Revenue as not creating a taxable benefit.

## **7.1 Use of college premises and catering facilities**

Staff entertaining guests from outside bodies should wherever possible use the College's premises and catering facilities to reduce costs. Where this is not the case and the value of the hospitality is over £50, permission must be obtained in advance from the CEO & Group Principal and reasons must be stated when submitting a claim for reimbursement. Levels of hospitality should be modest, and appropriate for the occasion.

## **7.2 Gifts to staff, stakeholders and learners**

Budget holders are not permitted to use College budgets to provide routine gifts to staff or stakeholders. In exceptional circumstances permission to purchase and give a gift can be obtained from the Group Director of Finance or Chief Operating Officer. This must be obtained in writing in advance of the gift being purchased. Managers are permitted to reward learners from within their budgets, with the maximum amount of any single award being £25 (vouchers not cash).

## **7.3 Alcohol**

The CEO & Group Principal shall have authority to approve a small number of events over the course of a year for staff, students, visitors and prospective students such as openings, exhibitions, welcome days and other promotional events. At such events, the responsible consumption of alcohol may be permitted, subject to the express prior approval of the CEO & Group Principal.

Arrangements for Governing Body events, training sessions, seminars and similar shall be approved by the Chair of Governors. Reasonable levels of refreshments including alcoholic drinks may be provided at purely social events such as farewell functions. However, alcohol shall not be permitted at meetings of the Governing Body, Committees or training events.

Sale of alcohol is subject to alcohol licensing laws; the College has a licence for Sports Central and the IoT/ Brasserie (not Chaffron Way). A licence is only required for the sale of alcohol.

## **7.4 UK Travel and Subsistence**

Journeys must be authorised by a member of the Senior Leadership Team or Budget Holder. Public transport should be used where appropriate.

Staff requiring the use of motor vehicles for the efficient performance of their duties will be eligible to receive a mileage rate for the use of their cars whilst carrying out College business. Travel must be pre-authorised by the appropriate member of the Senior Leadership Team, or Budget Holder.

Staff are permitted to claim for the cost of carrying a colleague or colleagues on official business in accordance with approved HMRC rates.

Staff shall have included and maintain in their policy of insurance a clause indemnifying themselves for business use.

Staff must maintain an official record of their journeys, showing full particulars of and the reason for each journey, including the names of any passengers carried when claiming car mileage rate. Staff making the same journey on the same business should arrange to travel together.

Payments may only be made within the approved rates. The claims must be:

- For the reimbursement of expenditure incurred on College business and be in accordance with the rates set.
- Show full particulars and reason for incurring the expenditure.
- Accompanied by supporting vouchers for the cost of travel, accommodation, food and other items of expenditure.
- In respect of vehicles which are adequately insured where an owner's vehicle is being used for travel on College business.

Subsistence expenses will only be paid where the employee is required to be away from their normal place of work.

The current rates are shown in the Travel and Subsistence Expenses Policy.

## **7.5 International Travel**

The arrangements for international travel for staff accompanying students are set out in the Policy for Educational visits.

### **7.5.1 General**

All staff travelling internationally on College business requires the prior approval of the CEO and Group Principal or Chief Operating Officer.

International travel on College business by the CEO and Group Principal, any Senior Post Holder or a Governor requires the prior approval of the Chair of Governors. In the case of the Chair of Governors, approval should be by the Vice Chair.

Any international travel of a Senior Post Holder or Governor on College business and the cost thereof shall be reported to the next Board meeting.

Wherever possible all travel and accommodation costs are to be invoiced to the College for payment, using the normal College procurement procedures.

### 7.5.2 Mode of Transport

International travel should be by the most advantageous and economic mode of travel available. Air travel will be by economy class unless the journey length makes it appropriate for the traveller to use a higher class (and agreed in advance by the CEO and Group Principal).

Exceptionally a member of staff, Senior Post Holder or Governor may use his or her own vehicle for international travel. The College will meet the direct costs of ferries/tunnel/tolls, and mileage at published College rates.

### 7.5.3 Accommodation and Subsistence

Direct costs of accommodation and subsistence (for which receipts are necessary) will be reimbursed to staff, Senior Post Holders or Governors whilst overseas on College business. All expenses not associated with the business of the trip must be met by the traveller from their own resources.

## 7.6 Allowances for Members of the Governing Body

Only reasonable out of pocket expenses, accompanied by receipts, will be reimbursed. Claims for members of the Governing Body will be authorised by the CEO and Group Principal and the Chair of Governors. Claims for the Chair of Governors will be authorised by the CEO and Vice Chair of Governors. The table below summarises the authorisation required:

<b>Post Holder</b>	<b>Authorisation Required by</b>
Chief Executive	Chair of Governors
Principal/ COO	CEO and Group Principal
Head of Governance	CEO and Group Principal and Chair of Governors
Chair of Governors	CEO and Group Principal and Vice-Chair of Governors
Governors	CEO and Group Principal & Chair of Governors

## SECTION 8 - INCOME

### 8.0 Introduction

The Chief Operating Officer is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled. All receipt forms, invoices or other official documents together with the relevant procedures for the invoicing, collection and banking of all income must have the approval of the Chief Operating Officer.

Levels of charges for services rendered, goods supplied, and rents and lettings are determined by procedures approved by the Senior Leadership Team.

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

The Chief Operating Officer is responsible for ensuring that all grants notified by any funding bodies are received and appropriately recorded in the College's accounts.

The Senior Leadership Team is responsible for ensuring that all claims for funds are made by the due date.

It is the responsibility of all staff to ensure that revenue to the College is maximised by the efficient application of procedures for the identification, collection and banking of income.

## **8.1 Sales Invoicing**

Sales invoices will be raised by the following departments:

Finance / Little Explorers Nursery / Sports Central

All sales invoices will be raised from reports produced from the student record system, from applications for placement or alternatively via a booking form. All requests should include full details of the amounts and reasons for the invoice, cost centre and account code, and any information about VAT (if known).

The same regulations apply to credit notes, where appropriate these should be approved by the budget holder.

## **8.2 Student Fees and Charges**

The College may charge fees for tuition, resources, examinations, registrations, kits, DBS checks, educational visits or other items appropriate for the programme of study. If any other fees arise these must be discussed with the Group Director of Funding, Data and Exams and an appropriate process agreed prior to charging these.

The Board is responsible for the Fee Policy. This is normally delegated to the Senior Leadership Team. Fees are determined by the curriculum managers responsible for the programmes concerned, in accordance with the Fees Guidance. All fees for new programmes are verified (as being in accordance with the Fees Guidance) by a member of the Senior Leadership Team as part of the new programme verification process, prior to being set up in the College Information System.

All fees cover the whole programme and are due at enrolment. The only exception is for those examinations where the learner is required to pay directly to the Awarding Body. Students may be able to pay by instalments as shown in the Instalment Guidance agreed by the Senior Leadership Team. Where sponsors are to pay, students must provide evidence, and sponsors will be invoiced by the Finance Department.

### **8.3 Refunds of Fees**

Refunds will be provided if a programme is cancelled by the College.

If a student wishes to withdraw from a programme the College must be notified at least 14 days prior to the start date of the programme. A refund of programme fees minus an administration fee will be made. The administration fee level will be shown in the Fees Guidance. If notification is received less than 14 days prior to the start date of the programme then the full programme fees are payable.

Any request for a refund not covered by the above must be made as per the College Refund Policy. A decision on whether a refund shall be granted will be made by the CEO and Group Principal based upon the information provided. All refunds granted shall be paid by the Finance Department.

### **8.4 Learner Support Funds**

The College Learner Support Funds are used to assist students who have difficulty in starting or completing their course for financial reasons. In deciding the level of financial support offered, students' living and working situation as well as their responsibilities and sources of support are taken into account.

Every application is assessed to find those students who are most in need of help and prioritised according to need.

Whilst the availability of financial support is publicised to all students, particular care will be taken to ensure that learners from disadvantaged groups are financially supported to ensure access to education and successful completion of their programmes.

Guidance notes are published annually to inform students of:

- Eligibility criteria
- How calculations are made to decide on levels of support
- Help available with enrolment costs
- Help available on course
- Targeted financial support available for those students in special circumstances (disadvantaged)
- Help specifically for childcare
- Methods of application
- The appeals procedure

Allocation of support will use common assessment standards that take account of the student's income and circumstances.

Financial support is available throughout the student's course. Students will be informed, each term, about the availability of financial assistance.

All students are informed in writing of any financial allocations made. Where possible (for example childcare and transport), payments will be made directly to the third party rather than to the students themselves.

## **8.5 Other Income**

Procedures for the collection of other sources of income, e.g. Restaurants, Refectories, Nursery, Hair and Beauty Salons, and Sports Central are subject to the individual procedures which are in operation, and it is the responsibility of the Budget Holders controlling those operations to ensure that the procedures are followed.

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

Every sundry remittance or sum of money received on behalf of the College must be acknowledged by the issue of a formal receipt.

All monies received must be passed immediately to Reception or Finance for banking.

## **SECTION 9 – CREDIT MANAGEMENT**

### **9.0 Introduction**

The College recognises two separate groups of customers:

- individual students
- sponsors, corporate clients and users of other services

The basic aims of the College's credit policy are:

- to encourage enrolment and course completion for individual students to obtain payment of fees and charges at the earliest appropriate moment
- to contain bad debt within minimal limits.

Fees from students are part of the College's income. They are payments in return for a service and are not voluntary contributions.

## 9.1 Credit Management

### 9.1.1 Terms of Trade

All fees charged for a programme of study are the personal liability of the individual student and must be paid prior to the commencement of the course. Students may be able to pay by instalments, but these must be arranged at enrolment.

Where sponsors are to pay, students must provide evidence, and sponsors will be invoiced by the Finance Department. If the sponsor does not pay the invoice, the payment becomes the personal responsibility of the student.

All invoices are due for immediate payment unless prior approval for credit terms has been given by the Group Director Finance. Terms greater than 30 days will not normally be approved.

All invoices, fees and charges can be paid by cash, cheque, direct bank transfer, most major credit or debit card.

### 9.1.2 Collection

The Finance Department is responsible for managing debt and taking appropriate action to maximise the amount collected.

Amounts owed by students are controlled through the College's Management Information System (MIS), from which account statements and chasing letters are generated. The student record within MIS will be updated when a payment is received from a student.

Invoiced amounts are controlled through the College's Finance System, from which account statements and chasing letters are generated. All payments for invoices will be entered or exported into the finance system and allocated to the debtor's account. If a debt becomes over ninety days old, the file is reviewed and one or more of the following options may be taken:

- Passed to the appropriate Head of School with a recommendation that the student enrolment be cancelled.
- If, after investigation, the debt is deemed to be recoverable but not likely to be paid voluntarily, the file will be passed to a debt collection company.
- Any other appropriate action may be taken if authorised by the Group Director of Finance.
- Debts will be written off.

### 9.1.3 Debt Write Off

All write-off of debts must be referred to the Group Director of Finance and the following action taken:



<b>Individual Account Debt Amount (see note 1 below)</b>	<b>Action</b>
Up to <b>£4,999</b>	Approved by the Group Director of Finance
<b>£5,000 to £9,999</b>	Approved by the Chief Operating Officer
Over <b>£10,000 and below £44,999</b>	Referred by the Chief Operating Officer to the Board for approval
Over £45,000 <sup>1</sup>	Approval must be sought from DfE

<sup>1</sup>The College is required to seek approval from the DfE for any individual write off in excess of £45k or if the total sum written off during the year exceeds 1% of annual turnover or £250k.

A schedule of debts written off shall be submitted to the Board annually.

#### 9.1.4 Student Debt

If students:

- enrol but do not commence their course; or
- start their course but subsequently withdraw from it,

The College shall seek to recover outstanding fees depending on the period of time the student has attended. The Senior Leadership Team may agree specific procedures to deal with debts outstanding from students who have withdrawn. If it is determined that any debts should be written off, authorisation is required in accordance with the procedures above.

Students ending a programme with debt still outstanding will not be allowed to enrol on any new programme until that debt has been cleared (unless there is a genuine dispute with the amount). Students with debt remaining at the end of their period of study will be flagged in the College Information System to identify them. This can then be identified when they try to enrol again and at that point, they can be given the option of paying the debt in full and continuing with the enrolment. If they are unable to pay the debt, they should be referred to the Finance Department to assess the risk of allowing them re-enrolment while carrying forward their outstanding debt.

## SECTION 10 - TREASURY MANAGEMENT, BANKING AND CASH

### 10.0 Introduction

The Board is responsible for setting a strategy for investment of surplus funds, holding reserves and cash management, long term investments and including levels of delegation.

Day-to-day decisions concerning investment are the responsibility of the Chief Operating Officer who shall report termly to the Audit & Risk Committee on treasury management activities.

### **10.1 Investment of Surplus Funds**

Any surplus funds shall be invested in interest earning accounts. The Chief Operating Officer shall have the authority to deposit surplus funds through any deposit account including money market deposits; such funds must only be placed with a commercial bank or building society with an office in the UK having a minimum Group A for Standard & Poor's credit rating.

Any deposits made must also conform to any conditions specified in the Funding Agreement.

### **10.2 Reserves Policy**

The Board, following the recommendation of the Audit & Risk Committee, is responsible for approving the reserves policy, setting out the College's approach to retained reserves to ensure that the college retains sufficient cash to enable it to maintain operations and provide sufficient headroom to cover short falls in financial performance whilst corrective actions are being taken.

The Chief Operating Officer is responsible for the drafting and implementation of this policy and will report on performance within the management accounts and Financial Statements.

### **10.3 Appointment of Bankers**

The Board is responsible for the appointment of the College's bankers on the recommendation of Senior Leadership Team. The appointment shall be for a specified period of between three and seven years after which consideration shall be given to competitively tendering the service (or conducting a benchmarking exercise to ensure value for money).

The Board will approve the opening and closing of all bank accounts and be advised of the closure of accounts.

Bank mandates for the opening of bank accounts will be approved by the Board and such mandates will be signed by a Governor and the Head of Governance.

The mandates will authorise the signatories to the accounts and the limits of their authority for all banking transactions.

## **10.4 Operation of Bank Accounts**

No new commercial borrowing will be allowed unless permission for such is granted by the DfE. All borrowing shall be undertaken in the name of the College and shall conform to any relevant funding body requirements.

The College's bank mandate for all its accounts is to be made up of post holders in list A and list B. Current portfolios in each list are included in the Annex 1 – Post Holder Titles and Groups. All banking transactions shall be authorised by any two signatories provided that at least one signatory is from list A.

All cheques, BACS, CHAPS and any other payment from the College's accounts shall be authorised in accordance with the Bank Mandate.

Banking negotiations will be conducted by the Chief Operating Officer. It is expected that there will be one formal meeting per year. The meeting is likely to be at the end of each financial year following the approval of budgets and cash flow projections by the Board to agree banking requirements for the forthcoming year.

## **10.5 Cash Flow**

The College will prepare revenue and capital expenditure budgets for each fiscal period. A cash flow projection based on the budgets will be prepared and submitted to the Board for approval with the budgets.

Should projections indicate that borrowing might be needed, the College will be required to obtain the written consent of DfE in advance of committing to any new financing arrangements or actioning any new drawdowns of overdrafts, RCFs or loans.

The Board shall, when considering the financial operating statements of the College, receive a report comparing actual cash flow with the projections.

## **10.6 Cash Management Procedure**

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

Every sundry remittance or sum of money received on behalf of the College must be acknowledged by the issue of a formal receipt.

All monies received must be passed immediately to Reception for banking.

Cheques/cash received in the Finance Department will be logged. Sales ledger items will be identified and posted to sales ledger account. Other items received will be passed and posted to the General Ledger.

Finance Department receipts will be banked regularly.

Cleared bank balances will be obtained from the bank on a daily basis and will be reviewed by the Chief Operating Officer or other appropriate Finance Officer. Decisions taken on transfers to deposit accounts or overnight investment on the money market will be made by the Chief Operating Officer.

In the event of any significant adverse cash flow variance against projections the CEO and Group Principal will be notified immediately.

Negotiations for the provision of any necessary finance must comply with the terms contained in the Funding Agreement and may not be concluded without the approval of the Board.

Negotiations for the provision of any necessary finance must comply with the terms contained in the Funding Agreement and may not be concluded without the approval of the Board.

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

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

## **10.7 Petty Cash**

Petty cash floats may be held within departments under the control of a named individual only on the authorisation of the Group Director of Finance.

The holder of the float shall be personally responsible for its safe custody. The Group Director of Finance shall determine the level of float.

Proper records of accounts must be kept for each float and reconciliation carried out on a regular basis.

Payments from petty cash must be properly certified and will be limited to minor items of expenditure, less than £20. A list of signatures of officers authorised to certify claims shall be held and maintained in the Finance Department and not to be used for regular purchases.

No payments shall be made from petty cash which could be paid through the normal creditor payments routine. Cash floats shall not be used for staff travel or subsistence expenditure.

No income received on behalf of the College may be paid directly into a petty cash float.

The Group Director of Finance shall ensure that regular independent checks on petty cash floats take place and that where a nominated officer leaves the employment of the College, the petty cash is properly handed over to his/her successor.

## **SECTION 11 – RESEARCH PROJECTS AND EXTERNAL CONTRACTS**

### **11.0 Introduction**

Where approaches are made to outside bodies for support for research projects or where contracts are undertaken on behalf of such bodies, it is the responsibility of the Budget Holder to ensure that the financial implications have been appraised by the member of Senior Leadership Team responsible for that area.

A member of Senior Leadership Team is responsible for examining every formal application ensuring that the full cost is established after consultation with the Group Director of Finance.

The application must be approved by the CEO and Group Principal and the formal contract accepted by him or her on behalf of the College.

### **11.1 Additional Payments to Staff**

Any proposal which involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the CEO and Group Principal.

### **11.2 Private Consultancies and Other Paid Work**

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

- Outside consultancies or other paid work may not be accepted without the consent of the CEO and Group Principal.
- Applications for permission to undertake work as a purely private activity must be submitted to the CEO and Group Principal, and include the following information:
  - the name(s) of the member(s) of staff concerned
  - title of the project and a brief description of the work involved
  - the proposed start date and duration of the work
  - full details of any College resources required (for the calculation of the full economic cost)
  - an undertaking that the work will not interfere with the teaching and normal College duties of the member(s) of staff concerned

Staff must not hold themselves out as acting on behalf of the College when undertaking personal consultancy work. For example, staff undertaking personal consultancy work must not use College headed stationery. The College accepts no responsibility for work done or advice given in a personal capacity.

### **11.3 Profitability and Recovery of Overheads**

All other income-generating activities must be self-financing or surplus-generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the CEO and Group Principal.

Other income-generating activities organised by members of staff must be supported by a fully costed business case and agreed with the Group 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.

Where a business plan is needed, refer to the list of requirements in Section 13.2.

### **11.4 Deficits**

Any unplanned deficits incurred on other income-generating activities will be charged to the relevant cost centre funds.

### **11.5 Intellectual Property**

All intellectual property, patents, copyrights or other rights for original work (invention) arising out of the normal course of employment or study, or whilst using College resources, are owned by the College unless otherwise agreed in writing by the Board.

The CEO and Group Principal must be notified immediately in writing of any invention and discoveries made by staff in the course of their work and will inform the Chief Operating Officer.

The Chief Operating Officer will be responsible for establishing procedures to deal with any intellectual property accruing to the College from inventions and discoveries made by staff.

## **SECTION 12 – INVENTORY & ASSET MANAGEMENT**

### **12.0 Property Acquisitions and Disposals**

All acquisitions or disposals of assets of land or buildings, or any alienation of leases or licenses, or any grant of leases or licenses, require the consent of the Board and all such contracts will be sealed.

### **12.1 Deeds**

All original title deeds etc. are kept offsite with the College's legal advisors.

## 12.2 Condition Details

Detailed information on the condition of all buildings and the responsibility for the day-to-day management of the College's estate lies with the Group Director of Estates.

## 12.3 Equipment

Capital expenditure on equipment is money spent on an item which is not immediately consumed but has a useful life in the business of over 12 months and has a value, including VAT, in excess of £1,000.

All requisitions for capital expenditure must be authorised by the Group Director of Finance or Chief Operating Officer. Such authorisation will only be given where prior approval has been given for the purchase by:

- the Board, either specifically through its approval of a capital expenditure budget which included the item or by subsequent specific approval; or
- where the capital expenditure is supported by specific ("ring fenced") grant aid when Senior Leadership Team may approve and incur such expenditure and subsequently report it to the Board.

The approvals given are for the maximum expenditure (including VAT) on the item/s and must not be exceeded. The Board will receive reports at its meeting monitoring actual capital expenditure against budget.

## 12.4 Asset Register

A register of all assets of land, buildings and capital items of equipment held by the College is maintained by the Group Director of Finance.

The term 'capital item of equipment' is intended to cover all equipment in the College's possession; plant and fixtures (such as lifts, boilers etc.) that would normally be provided as an integral part of the buildings will be included with the 'building' asset. Items which are expected to last for less than one year should be treated as consumable revenue expenditure and not included as a capital item.

## 12.5 Inventory

Each year an annual audit of the capital equipment will be undertaken against the details held on the Asset Register. Items will be verified either by a full asset check or by sample spot checks. These checks shall be carried out by the Finance Team, as determined by the Group Director of Finance.

Budget Holders are accountable for the capital equipment in their care and should take all reasonable measures to prevent loss. A full asset check shall be carried out on an annual basis by the budget holder, with the budget holder confirming any disposals/damaged/ missing assets via an asset disposal form.

In the event of loss, the Finance Department should be informed as soon as possible.

No capital equipment is to be removed from the College premises without the prior written permission of the appropriate member of Senior Leadership Team with the exception of items which would be expected to be moved in their normal use. Where this is the case the Budget Holder for the particular department will be responsible for authorising the issue and maintaining a log of issues and returns. The IT Services Department is responsible for maintaining a register of all computers and other devices, such as mobile phones and tablet computers.

Any sale of assets surplus to requirement must be agreed with the Finance Department in the first instance. If agreed, negotiation for the sale of the surplus assets is the responsibility of the Budget Holder. The best price possible should be obtained and agreed with the [Group](#) Director of Finance prior to a sale being agreed. This shall ensure the College gets a reasonable price from the sale of the asset, and ensure the sale is carried out at arm's length.

In all cases an asset disposal form must be completed. This form should be signed by the Cost Centre Budget Holder and authorised by the Group Director of Finance or Chief Operating Officer. Only then does the budget holder have authority to remove the asset from the register and dispose of the asset.

Where capital equipment is kept beyond its expected life span, it will remain on the Asset Register until the Finance Department is notified of its disposal.

## 12.6 Depreciation

All assets will be depreciated over their useful economic life depending on the type of asset. Depreciation will be provided in the year of purchase. A monthly depreciation charge will begin in the first month the asset enters into full use.

Class of Asset	Depreciation Rate
Freehold Land	Not depreciated
Freehold Buildings	60 years on a straight-line basis
Refurbishments and improvements to freehold buildings	10% (10 years) on a straight-line basis
General equipment	15% to 25% (4 to 7 years) on a straight-line basis
Furniture and Fittings	15% to 25% (4 to 7 years) on a straight-line basis
Motor vehicles	33% (3 years) on a straight-line basis



Computer equipment	20% (5 years) on a straight-line basis
Major adaptations of buildings	Useful life of the adaptation on a straight-line basis
Refurbishment and improvements to leased buildings	Over the remaining terms of the lease, on a straight-line basis

## 12.7 Subsequent Expenditure on Existing Fixed Assets

Where significant expenditure is incurred on fixed assets it is normally charged to the income and expenditure account unless it meets one of the following criteria, in which case it is capitalised:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension to the asset's useful life beyond that conferred by repairs and maintenance

## 12.8 Sales or Disposal of a Capital Equipment Asset

On sale or disposal of a capital asset, an Asset Disposal form must be completed. This form should be signed by the Cost Centre Budget Holder in the first instance, then further authorised by the Group Director of Finance or the Chief Operating Officer. Only then does the budget holder have authority to remove the asset from the register and remove the asset from the premises. MPM requirements are that the proceeds from any disposal must be ringfenced for reinvestment in capital assets.

## 12.9 Security

Budget Holders are responsible for maintaining proper security at all times for all buildings, stock, stores, equipment, cash, etc. under his or her control. The Chief Operating Officer or Group Director of Estates should be consulted in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Keys to safes or other similar secure areas are to be carried with the person at all times. The loss of such keys must be reported to the Finance Department or Estates Department, as appropriate, immediately.

## SECTION 13 - CAPITAL PROJECTS

### 13.0 Definition

All capital investment projects involving expenditure which is equal to or in excess of £150,000 must follow the regulations laid down in this section.

All capital projects over £150,000 should have a Project Director (usually the Group Director of Estates) and a Project Manager (who may be external or internal).

### 13.1 Small Works Projects

All capital investment projects with a cost (including any value added tax) of between £150,000 and £500,000 are defined as small works projects.

A member of the Senior Leadership Team will be responsible for ensuring that progress reports are made to the Board, (or designated Board Committee or Scrutiny Group) together with a report of the financial status of the project.

### 13.2 Major Capital Projects

All capital investment projects involving expenditure greater than £500,000 are defined as major capital projects.

Proposed major capital projects should be supported by a business plan for three years which sets out:

- a statement which demonstrates the project's consistency with the strategic plans and accommodation strategy approved by the Board;
- an initial budget for the project for submission to the Board. The budget should include:
  - breakdown of costs including professional fees, VAT and funding sources;
  - details of the need and the assumptions (based on reference data) of the level of demand available using market intelligence
  - details of the staff required to deliver, promote and manage the proposal, together with any re-skilling or recruitment issues
  - details of any premises and other resources required
- a financial evaluation of the proposal together with its impact on revenue and surplus, plus advice on the impact of possible alternative plans and sensitivity analyses in respect of key assumptions
- contingency plans for managing adverse sensitivities
- risks and mitigations
- consideration of taxation and other legislative or regulatory issues
- a three-year financial forecast for the proposal including a monthly cash flow forecast and details of the impact on the College cash flow forecast for the financial

years in question

- a demonstration of compliance with normal tendering procedures and funding body regulations;
- an appropriate project management structure

Prior to commencement, the Board or designated Monitoring Group (if authority has been delegated), shall approve:

- the procedure for appointment of professional advisers;
- the terms of reference for professional advisers;
- the nomination of staff member responsible for the project;
- how the project is monitored and dealing with who should make reports to the Board, together with a report of the financial status of the project;
- how the tender procedure will be used;
- how the contracts will be paid;
- how often a financial appraisal of the project will be given to the Board.

The Group Director of Finance will provide a checklist for any major capital expenditure and ensure the necessary steps are followed and evidenced as such on the checklist.

All major capital building projects in excess of £500,000 will be the subject of a post project investment appraisal.

Following completion of a capital project, a post-project evaluation or final report will be submitted to the relevant committee, including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as any other issues impacting completion of the project.

### **13.3 Appointment of external Project Manager and other professional advisors**

Appointment of the Project Manager (if external) and other professional advisors will be subject to any relevant guidance. The appointment of an external Project Manager and other professional advisors will be in accordance with the College's procurement procedures; the agreed terms and conditions will be governed by the Royal Institute of Chartered Surveyors (RICS) Standard form of contract or equivalent.

### **13.4 Project Monitoring**

To ensure that all particular financial requirements of a project are integrated, a capital building project will be monitored through a designated Scrutiny Group or Sub-Committee (the 'Monitoring Group').

This Monitoring Group will normally include Governors, the CEO and Group Principal, the relevant member of the Senior Leadership Team, Project Director/Manager, other persons appointed by the Governors or other professional advisors (as appropriate) with the consent of the Group's Chair. Meetings will be held on a monthly basis until the project has been fully implemented.

The Monitoring Group will receive monthly reports on the progress and cost of the project. The Monitoring Group will report on its activities to the Board including any significant variance to scope, costs or timescales.

A review should be undertaken at the end of the project to include commentary on the performance of consultants/contractors, adherence to budgets or commentary on any areas of variance and whether or not the project has met its original objectives. The review should be documented and submitted to the Board or designated Monitoring Group, using the standard template.

### **13.5 Tendering for the Construction - Selection of Firms to Tender**

The relevant member of the Senior Leadership Team, taking advice from any Project Manager or consultants shall determine selection of firms from whom tenders are to be sought. Where the estimated value of the contract exceeds the limit determined by the Public Contracts Regulations 2023 (PCR), the tender procedures shall comply with the PCR.

#### **13.5.1 Tender Procedures**

Where invitations to tender for construction have been issued, the relevant member of the Project Director/Manager shall give the Board or Monitoring Group a contract schedule stating the title of the tender, and the names of the persons or companies invited to tender.

The invitation to tender for construction must be accompanied by comprehensive and clearly written specifications. It must contain a date and time beyond which tenders will not be accepted.

Tenders shall be received in accordance with the tendering processes set out in Section 6 Purchasing and Competitive Tendering (2.3 Receipt, Custody and Acceptance of Tenders).

Other than for Open Tenders, the invitation to tender for construction should include a request that a nil return be made should the tenderer not wish to proceed.

#### **13.5.2 Return of Tenders**

All returned tenders shall be dealt with in accordance with the Financial Regulations Section 6 – Purchasing and Competitive Tendering.

### 13.5.3 Acceptance of Tenders

Tenders for any sum greater than £150,000 may only be accepted following authorisation by the Board or Monitoring Group (if the Board has delegated this authority).

The College is not obliged to accept any tender; however, reasons for non-acceptance shall be recorded. A tender evaluation report detailing all submissions and confirmation of the accepted tender should be submitted to the Board or Monitoring Group.

## 13.6 Compliance and Approval

Every contract made by or on behalf of the College shall comply with provisions contained in the Financial Regulations Section 6 – Purchasing and Competitive Tendering. No exceptions will be made from any of these provisions other than with the express approval of the CEO and Group Principal.

Before any order is placed, or contract entered into, the Group Director of Finance shall ensure that there is adequate financial provision for the work and the necessary approvals have been received.

## 13.7 Form of Contract

All contracts shall be in writing. Contracts shall only be signed in accordance with the delegated financial authorities.

A clause shall be included in all contracts to require that, where appropriate, British Standard Specification, International Standard Specification, or similar national standards of EU member states have been used, provided that they meet the British equivalent current at the date of tender. All goods and materials supplied or used and all workmanship shall be in accordance with that standard or such higher standard as may be specified.

Contracts exceeding £1m must be referred to the College's solicitors for review (unless it is a standard contract issued by a professional body).

All contracts exceeding £250,000 in value shall be signed under seal. The Head of Governance shall maintain a record of all contracts under seal.

## 13.8 Assignment and Sub-Letting

Each contract shall provide that a contractor shall not assign or sub-let a contract, or any part of the contract, without the written consent of the CEO and Group Principal or the Chair of Governors (unless agreed in the original contract).

### **13.9 Nominated Sub-Contractors**

Where a sub-contractor or supplier is to be nominated to a main contractor, competitive tenders shall be invited and the contract and tender procedures contained herein shall apply as if the tenders were for a contract with the College.

### **13.10 Performance Bond**

If, after discussion with the CEO and Group Principal, it is considered necessary to take security for the due performance of a contract or for any advance payments to be made under the contract, such a security shall be incorporated into the contract.

### **13.11 Liquidated Damages**

Every contract which exceeds £500,000 in value shall provide for liquidated damages in the event of the whole or part of the works not being completed within the time prescribed in the contract document.

When the completion of the contract is delayed, it shall be the duty of the Senior Leadership Team to consider, with the CEO and Group Principal, whether any action regarding deduction of liquidated or other damages should be provided.

### **13.12 Gifts and Inducements**

A clause shall be included in every contract empowering the College to cancel a contract and to recover from the contractor the amount of any loss resulting from such cancellation if the contractor shall have offered, or given, or agreed to give to any person, any gift or consideration of any kind as an inducement or reward for doing any action in relation to obtaining or execution of the contract with the College, or for showing or appearing to show favour or disfavour to any person in relation to the contract or any other contract with the College, or having committed any offence under the Bribery Act 2010.

The acceptance of gifts and hospitality is covered in the Financial Regulations Section 15 – Conflicts of Interest, Bribery, Gifts and Hospitality which includes sections on what is and what is not acceptable.

### **13.13 Contracts Register**

The Group Director of Finance shall arrange for the maintenance of a register recording amounts due and payments made in respect of every contract for the execution of works, which provides for payment to be made by instalments.

## **13.14 Contract Monetary/Payment**

### **13.14.1 Interim Certificates**

All payments on account shall be made on a certificate signed by the project nominated officer and consultant named in the contract document. The certificates shall show the total value of the contract, authorised variations, the estimated value of work executed to date, amount certified to date, the amount now certified and the value of retention money.

### **13.14.2 Extensions and Variations**

All extensions, additions or variations above the limit defined in the contract, shall be issued by the nominated project officer named in the contract using the appropriate variations order/architects' instructions procedure for that type of contract. Extensions, additions or contract above five per cent of the total project budget must be reported to and approved by the Board or Monitoring Group if authority is delegated, at the earliest opportunity. All such instructions must be in writing and shall show the estimated cost of carrying out the work.

The relevant member of the Senior Leadership Team shall be responsible for ensuring that the financial effect of all variation orders and architects' instructions are notified to the Board or Monitoring Group if authority is delegated, and that compliance with the overall budget is monitored.

### **13.14.3 Claims**

Claims by contractors or any other party are to be notified to the CEO and Group Principal without delay.

### **13.14.4 Final Accounts**

On completion of a contract, the responsible officer shall forward the final account, together with any supporting information, to the Project Director/Manager. Such information shall be provided in sufficient time to permit a final audit to be carried out, where this is deemed necessary, prior to the due date of the final certificate. The final account will be made available by the Group Director of Finance for review by the Internal Auditors, and they shall be entitled to make all such enquiries and receive such information and explanations as they may require, in order to satisfy themselves as to the accuracy of the accounts.

## **13.15 Security of Documents**

All contracts and supporting documents shall be kept securely by the Group Director of Finance. Documentation relating to unsuccessful tenders shall be kept by the Group Director of Finance until the project has been completed and the final account audited.

### 13.16 Insurance

The Group Director of Finance shall ensure that all contracts effect adequate public liability insurance and that the contract works have been adequately insured against all risks in accordance with the requirements of the appropriate form of contract.

## SECTION 14 – RISK MANAGEMENT

### 14.0 The Risk Management Process

#### 14.0.1 General

The CEO and Group Principal, supported by Senior Leadership Team, must ensure a sound system of internal control to safeguard the College's investments and assets.

The Board will, at least annually, conduct a review of the effectiveness of the College's system of internal controls and will report that they have done so by way of a statement in the College's Financial Statements. The review will cover all controls, including financial, operational and compliance controls and risk management.

#### 14.0.2 Assessment

In assessing the system of internal control, the Board and Senior Leadership Team must have regard to:

- The nature and extent of the risks facing the organisation;
- The extent and categories of risk which it regards as acceptable to bear;
- The likelihood of the risks concerned materialising; and
- The costs of operating particular controls relative to the benefit thereby obtained in managing the related risks.

The assessment of the internal control system shall consider the adequacy of the policies, processes, tasks, behaviours and other aspects of the College that, taken together:

- Facilitate its *effective and efficient operation* by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the College's objectives. This includes the safeguarding of assets from inappropriate use or from loss and fraud and ensuring that liabilities are identified and managed.
- Help ensure the *quality of internal and external reporting*. This requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the College. There must be procedures for reporting immediately to appropriate levels of management and the Board if appropriate any significant control failings; and



- Help ensure compliance with *applicable laws and regulations* and also internal policies with respect to the conduct of business.

Any College subsidiary companies will be subject to the same risk management process.

#### 14.0.3 Process and Implementation

The risk management process and implementation will be in accordance with the College's Risk Management Policy and Process.

### 14.1 Insurance

#### 14.1.1 General

The Group Director of Finance is responsible for affecting insurance cover as determined by the Board and is responsible for obtaining quotes, negotiating claims and maintaining the necessary records and dealing with the College's insurers and advisers about specific insurance problems.

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

#### 14.1.2 Insurance Register

A register, or similar, of all insurances relating to the College is maintained by the Group Director of Finance who is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

For each record the register includes:

- Risk covered
- Claim limits (excess)
- Special clauses
- Insurer
- Policy number
- Cover note (where applicable)
- Renewal date
- Last annual premium
- Claims procedure
- Claims Clerk

#### 14.1.3 Policies

All policies are kept by the Group Director of Finance.

#### 14.1.4 Claim Details

All claims are processed by the office of the Group Director of Finance. Records of all claims are maintained in this office.

Budget Holders must advise the Group Director of Finance immediately of any event which may give rise to an insurance claim. The Group Director of Finance will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the Budget Holder for transmission to the insurers.

#### 14.1.5 Authorisation

Authorisation for emergency insurances is as for other requisitions and given by Budget Holders from delegated budgets.

All such transactions are reported to the office of the Group Director of Finance by the Department requiring the cover.

The authorisation of the Group Director of Finance is required for all insurances within the Insurance Schedules, agreed by the Board.

#### 14.1.6 Claim Settlement

Authority to settle insurance claims on behalf of the College is dealt with by the College's insurer and the Group Director of Finance.

Authority to settle claims raised against the College by individuals or outside parties shall rest with the CEO and Group Principal acting on the advice of the insurer. Any payment of more than £10,000 shall be reported to the Board.

## SECTION 15 - CONFLICTS OF INTEREST, BRIBERY, GIFTS AND HOSPITALITY

### 15.0 Business Conduct

#### 15.0.1 Application

This section sets out the expectations of the Board with regard to the business conduct of governors and staff. It also sets out the corresponding responsibilities and obligations of governors and staff.

This section applies to all individuals working at all levels and grades, including senior managers, governing body members, employees (whether permanent, fixed-term or temporary and including visiting lecturers), consultants, contractors, trainees, seconded staff, home workers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with the College, or any of its subsidiaries or their employees, wherever located (collectively referred to as “staff” in this policy).

#### 15.0.2 General Statement

The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the seven principles of public life:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

The code would be breached, and the reputation of the College jeopardised, if more favourable treatment were given to certain individuals, groups or organisations.

#### 15.0.3 Principles of Business Conduct

The Board expects every member of staff and all governors and co-opted members to:

- Be impartial and honest in the conduct of their official business.
- Employ any resources committed to the best advantage of the College.
- Ensure that quality and value for money are secured in every transaction.
- Not abuse their official position in any way.
- Not secure any personal advantage either for themselves or for their family and friends or for personal and business acquaintances, or seek to advance the private business or other interests of any such person or organization.

#### 15.0.4 Financial Interest

Where any governor, co-opted member, member of the Senior Leadership Team or Budget Holder has a financial interest in an order for supply of goods or services, it shall be declared to the College. A register of interests is kept by the Head of Governance and updated on an annual basis. All governors, co-opted members, members of the Senior Leadership Team or Budget Holders are required to complete the Register of Interest.

Reference should be made to the Conflicts of Interest Policy for Board Members, co-opted members and Executive Team. Due to the nature of the College's operations and the composition of the Corporation, (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member may have an interest.

All transactions are conducted in accordance with the College's Financial Regulations (including procurement procedures where appropriate) and through the scrutiny of the Delivery Partnerships and Contracts Group (where appropriate). To mitigate perceptions risk, any contracts in excess of £10k may be subject to additional scrutiny (as agreed between the Chief Operating Officer and Chair of Audit & Risk Committee).

## 15.1 Bribery – Definition

Bribery takes place where an inducement or reward is offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

The Bribery Act 2010 introduced offences for acts of bribery by individuals, or persons associated with relevant organisations. The College's Anti-Fraud and Corruption Policy should be consulted for more detail. The guiding principles to be followed by all members of staff must be:

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

## 15.2 Gifts and Hospitality

15.2.1 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.

The policy of the College is that gifts, favours and offers of hospitality should be politely but firmly refused. Wherever this policy cannot be applied, refer to the table below:

### GIFTS

Value	Authorisation	Other considerations
Up to £24.99	May be accepted if refusal would cause offence. Line Manager to authorise.	Make available for general use wherever possible.

Over £25.00	Declare to the Head of Governance who will update the gifts and hospitality register and will refer to the CEO and Group Principal for approval	
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If a gift is accepted then, if possible, it should be made available for general use (e.g. boxes of sweets placed in departmental offices; bottles of wine used for staff social functions). Governors and staff may find it helpful to consider whether an offer of hospitality could be reciprocated by the College at a similar monetary value before deciding to accept it.

### HOSPITALITY

Value	Authorisation
Up to £49.99	May be accepted if refusal would cause offence. A member of the Senior Leadership Team to authorise.
Over £50.00	Declare to the Head of Governance who will update the gifts and hospitality register and will refer to the CEO and Group Principal for approval

In all of the above, gifts and hospitality offered to the CEO and Group Principal requires approval of the Chair of Governors.

It is appreciated that the practice of giving business gifts varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift or hospitality is reasonable and justifiable. The intention behind the gift should always be considered.

## 15.3 What is not Acceptable?

It is not acceptable for a member of staff (or someone on their behalf) to do any of the following which are liable to involve offences under the Bribery Act 2010:

- give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given. "Business advantage" includes academic advantage such as the award of a degree (including an honorary degree and a particular class of degree) or academic title;
- give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure, such as admission to the institution as a student;

- accept payment from a third party that is known or suspected to be offered with the expectation that it will obtain a business advantage for them;
- accept a gift or hospitality from a third party if it is known or suspected that it is offered or provided with an expectation that a business advantage will be provided in return;
- threaten or retaliate against another member of staff or student who has refused to commit a bribery offence or who has raised concerns under this policy; or
- engage in any activity that might lead to a breach of this policy.

## 15.4 Facilitation Payments and “Kickbacks”

The College does not make, and will not accept, facilitation payments or “kickbacks” of any kind. Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action by a government official. They are not commonly paid in the UK but are common in some other jurisdictions.

If a member of staff is asked to make a payment on behalf of the College, the member of staff, should always be mindful of what the payment is for and whether the amount requested is reasonable, justifiable and proportionate to the goods or services provided. Always ask for a receipt which details the reason for the payment. If there are any suspicions, concerns or queries regarding a payment, you should raise these with your Line Manager, Group Director of Finance or the Head of Governance.

Kickbacks are typically payments made in return for a business favour or advantage. All staff must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted.

## 15.5 Responsibilities

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the College or under its control. All members of staff are required to avoid any activity that might lead to, or suggest, a breach of this policy.

Members of staff must notify their Line Manager, Group Director of Finance or the Head of Governance as soon as possible if it is believed or suspected that a conflict with this policy has occurred, or may occur in the future. For example, if a student or potential student or client or potential client offers something to gain a business advantage with the College, or indicates that a gift or payment is required to secure their business. Further “red flags” that may indicate bribery or corruption are set out in Potential Risk Scenarios: “Red Flags” at the end of this section.

You are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If you are unsure whether a particular act constitutes bribery or corruption, or if you have any other queries, these should be raised with the Group Director of Finance or Head of Governance. Concerns should be reported by following

the procedure set out in the College's Public Interest Disclosure (Whistleblowing) Policy. A copy of the Whistleblowing Policy can be found on the intranet and college website.

The Board has overall responsibility for ensuring this policy complies with the College's legal and ethical obligations, and that all those under our control comply with it.

The Group Director of Finance has primary and day-to-day responsibility for implementing this policy, and for monitoring its use and effectiveness. Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy and are given adequate and regular training on it.

Any member of staff who breaches this policy will face disciplinary action, which could result in suspension or dismissal for gross misconduct under the College's staff disciplinary procedure and the College contacting the police. [The College reserves its right to terminate its contractual relationship with other workers if they breach this policy.]

## 15.6 The Schedule - Potential Risk Scenarios: "Red Flags"

The following is a list of possible red flags that may arise and which may raise concerns under various anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

If any of these red flags are encountered while working for the College you must report them promptly to your Line Manager **OR** to the Group Director of Finance or the Head of Governance **OR** using the procedure set out in the Public Interest Disclosure (Whistleblowing) Policy:

- a) you become aware that a third party engages in, or has been accused of engaging in, improper business practices with a view to gaining a financial or other advantage;
- b) you learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with foreign government officials;
- c) a third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us;
- d) a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- e) a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- f) a third party requests an unexpected additional fee or commission to "facilitate" a service;
- g) a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- h) a third party requests that a payment is made to "overlook" potential legal violations;

- i) a third party requests that you provide employment or some other advantage such as a place on a course or an academic award to a friend or relative;
- j) you receive an invoice from a third party that appears to be non-standard or customised;
- k) a third party insists on the use of side letters or refuses to put terms agreed in writing;
- l) you notice that the College has been invoiced for a commission or fee payment that appears large given the service stated to have been provided;
- m) a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to the College;
- n) you are offered an unusually generous gift or offered lavish hospitality by a third party.

## SECTION 16 – PARTNERSHIP AND SUB-CONTRACTING

### 16.0 Introduction

A proportion of all Government funded activity may be through partnership or sub-contracting arrangements. The Senior Leadership Team have agreed a central framework for negotiation and operating any partnership and sub-contracting arrangements. This section outlines that framework and gives guidelines to those staff who may be involved in the agreement and operation of such ventures.

All the documents, procedures and working practices are based upon the recommendations and guidelines outlined to colleges by the current Education & Skills Funding Agency (DfE) Funding Guidance. The DfE guidance relates to College's procedures covering both Partnerships and Sub-Contracting. For HE provisions we work to the guidance provided from the Office for Students (OfS) and retain best practice from the DfE guidance.

### 16.1 Definitions

Two types of delivery arrangement are recognised: direct (either by the institution or with a partner) and indirect, via subcontract. They are defined as:

- Partnership / Direct delivery provision: staff delivering the provision are under the direct management of the College either as employees or through employment/staffing agency arrangements. An employment/staffing agency is a business whose undertaking is wholly or mainly the provision of staff to third parties to work under the direct management of the third party.
- Sub-Contract provision: eligible provision which is not direct provision, including where the College arranges with another organisation to deliver provision under the College's control, normally at sites away from the College's premises.



## 16.2 The Context of Partnership and Sub-Contracting Arrangements

The Senior Leadership Team has responsibility for managing and developing partnership provision. This is done within the context of the strategic objectives of working in collaboration with partners to identify and meet community needs.

## 16.3 The Procedure for Agreeing Franchise and Partnership Arrangements

The annual budget, as approved by the Board, shall contain a budget line for Sub-Contracting. Any variations to this budget line shall be reported to the Board. The Senior Leadership Team will be responsible for authorising contracts which the Chief Operating Officer or CEO & Group Principal shall authorise.

All partnership and sub-contracting arrangements must be agreed by the Delivery Partnership and Contracts Group, according to its procedures and guidelines and the contract be in a form approved by the Board.

The criteria for agreement will be on the basis of the published DfE due diligence checklist but with additional features including:

- the position within the portfolio of provision as outlined in the Strategic Plan, and how the arrangement will add to the College's portfolio including how it fits with the College's priorities.
- an assessment of the learner number and funding value of the arrangement;
- the anticipated risk attached to the arrangement;
- projection of income and costs and an assessment of contribution to profitability;
- a check on the control issues identified by the DfE;
- confirmation of the suitability of the Partner / Sub-Contractor to conduct the venture to include:
  - a) Statement of the objectives.
  - b) Copy of Partner /Sub-Contractor latest accounts.
  - c) All Sub-Contractor /Partner ventures must be detailed in a final contract with the Partner / Sub-Contractor.
  - d) At least once per year the CEO and Group Principal shall report all Sub-Contractor/ Partner activity to the Board.

## 16.4 Control Issues

The following control issues need to be covered:

- The College must be able to enrol or reject students as it would do if the students were to be taught on its own site.

- A learning agreement must be entered into at the time of enrolment which reflects the outcome of initial advice and guidance as well as any assessments for an individual student.
- A learning programme and its means of delivery must have been clearly specified by the College.
- The College must be in control of the delivery of the education.
- Arrangements for assessing the progress of individual learners must be in place.
- A procedure for the College to monitor regularly the delivery of programmes provided in its name must be in place.

## 16.5 Contractual Arrangements

All Partner / Sub-Contractor agreements, contracts and service level agreements must be based on the latest version of the DfE/OfS guidance and in a form approved by the Board.

Schedules to the contract cover quality issues and financial issues:

Schedule 1	Funding breakdown
Schedule 2	Programme details
Schedule 3	Quality and compliance targets
Schedule 4	Profile of numbers of starts and completions
Schedule 5	Location of delivery
Schedule 6	Insurance cover
Schedule 7	Miscellaneous

## 16.6 Sub-Contractor / Partner Provision

The College will at all times comply with the terms and conditions set out in the DfE/OfS funding guidance as well as those listed below. The College remains ultimately responsible for all provision that is delivered either in partnership or as part or wholly Sub-Contracted.

Sub-Contracting – The College must:

- Have a legally binding contract with each sub-contractor which includes the terms as defined in the DfE/OfS Funding Guidance for the appropriate funding year.
- Have a clearly defined service level agreement for all sub-contracting arrangements, know about it, and the sub-contractor's roles and responsibilities.
- Carry out comprehensive due diligence checks prior to entering into any contract for the delivery of DfE funded programmes.
- Carry out regular reviews of sub-contractors' performance.
- Only award contracts for delivering funded provision to legal entities. If the legal entity is a registered company, it must be recorded as 'Active' on the Companies House database. Inform the DfE of any new sub-contracting arrangements in line with audit requirements.
- Publish its policy on management fees and services provided to sub-contractors.
- Hold details of the levels of funding the College is retaining and the services it provides to its partners for this funding.

Sub-Contracting – The College must not:

- Award a contract to a legal entity if:
  - it has an above average risk warning from a credit agency
  - it has passed a resolution (or the court has made an order) to wind up or liquidate the company, or administrators have been appointed, or its statutory accounts are overdue.
- Sub-contract to a value in excess of £100,000 to any legal entity that is not registered on the Register of Training Organisations (ROTO)

Partnerships – The College:

- Must hold details of all delivery partners.
- Must hold details of what provision the partners are providing, and how it fits into priorities.
- Must ensure that partners are aware of the Colleges policies and procedures, relating to quality and compliance.
- Must hold details of the levels of funding the College is retaining and the services it provides to its partners for this funding.
- Must have a clearly defined contract and service level agreement for all partnerships.

## **16.7 Retention of Documents**

The College shall retain original invoices and management information returns and all other documents necessary to verify the provision delivered by it or its sub- contractors in relation to the College's agreement with the funding agencies for six years after the end of the contract year, save that where any of the provision is funded using monies from the European Social Fund or other funding agencies where other arrangements must be followed.

## **16.8 Delivery Partnership and Contracts Group**

Reference should be made to the Conflicts of Interest Policy for Board Members, co-opted members and Executive Team. Due to the nature of the College's operations and the composition of the Corporation, (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member may have an interest.

All transactions are conducted in accordance with the College's Financial Regulations (including procurement procedures where appropriate) and through the scrutiny of the Delivery Partnership and Contracts Group. To mitigate perceptions risk, any contracts in excess of £10k may be subject to additional scrutiny (as agreed between the Chief Operating Officer and Chair of Audit & Risk Committee).

In all cases, contracts are awarded on a best fit / best value basis.

## SECTION 17 - COLLEGE COMPANIES AND JOINT VENTURES

### 17.0 Introduction

The Board is responsible for approving any investment (including the giving of a guarantee) in a company or joint venture and the procedure to be followed in order to do so. Appropriate legal advice should be sought prior to entering into any such investments.

### 17.1 Conduct of Company/Joint Venture

The Board should ensure that following the establishment of a separate company a formal memorandum is established between the College and the company, setting out the relationship between the company and the College.

Before any College funds are made available to a company, the Board should ensure that it will receive a satisfactory return and that the College bears an acceptable level of risk.

For each proposed business venture the Board should undertake a thorough review of its business plan and proposed control arrangements.

Where the College costing system does not distinguish public funds from other funds, Governors should regard all the funds at their disposal as if they were public funds.

It is the responsibility of the Board to establish the shareholding arrangements. Directors of companies will be appointed in accordance with the Articles of the company and in accordance with legal or other guidance. The performance and audited annual accounts of the company/joint venture must be reported annually to the Board.

Any company/ joint venture in which the College has a controlling interest shall operate within the same financial framework as the College and have the same external auditors as the College. Where a controlling interest does not exist, the Board must be satisfied that there are appropriate, transparent controls and accountability arrangements at least as rigorous as those of the College, and it must have board representation for any significant investment.

## SECTION 18 – SPONSORSHIP AND CHARITABLE DONATIONS

### 18.0 General

Milton Keynes College (the College) is an exempt charity and the Charities Commission imposes strict rules concerning donations from one charity to another charity.

## **18.1 Sponsorship**

18.1.1 Sponsorship is usually a marketing tool where there is mutual benefit.

18.1.2 Sponsorship (where the recipient provides some form of advertising or publicity), may be permissible providing it can be clearly demonstrated that:

- The aims and benefits of the sponsorship are in line with the purpose of the College
- It represents value for money
- There is ultimate benefit for learners.

18.1.3 Due diligence should be carried out in the usual way to ensure there is no risk of bribery.

18.1.4 All sponsorship must be approved by the CEO and Group Principal using the Sponsorship and Donations form held by the Group Director of Finance.

## **18.2 Charitable Donations**

18.2.1 Making a charitable donation is generally not permitted. In exceptional circumstances, and where the source of funding permits, this may be authorised in advance by the CEO and Group Principal using the Sponsorship and Donations form held by the Group Director of Finance.

The form should be retained in order that it may be reviewed by auditors).

## Annex 1 - Post Holder Titles and Groups

The table below identifies the generic posts referred to in the Financial Regulation and links these to the current post. The term Senior Management Team (SMT) is used throughout the Regulations and the College's current nomenclature for the SMT is Senior Leadership Team (SLT).

Post	Current Post Description	Senior Post Holder	Member of ELT	Member of SLT	Mandate List
CEO & Group Principal	Chief Executive Officer & Group Principal Designated <b>Accounting Officer</b>	✓	✓	N/A	A
Chief Operating Officer	Chief Operating Officer Designated <b>Chief Financial Officer</b>	✓	✓	N/A	A
Executive Principal	Executive Principal	N/A	✓	N/A	A
Clerk to the Board	Head of Governance	✓	N/A	N/A	N/A
Registrar	Group Director: Funding Data & Exams	N/A	N/A	✓	B
Finance Director	Group Director of Finance	N/A	N/A	✓	A
Other Members of Senior Leadership Team	Group Director: Inclusion	N/A	N/A	✓	B
	Group Director: Curriculum & Pedagogy	N/A	N/A	✓	B
	Group Director: Employer Engagement & Partnerships	N/A	N/A	✓	B
	Group Director: People Services	N/A	N/A	✓	N/A
	Interim Group Director: Employee Relations and People Development	N/A	N/A	✓	N/A
	Group Director: IoT, Adult and HE	N/A	N/A	✓	N/A
	Group Director: Quality and Standards	N/A	N/A	✓	N/A
	Group Director: Estates	N/A	N/A	✓	N/A

<b>Post</b>	<b>Current Post Description</b>	<b>Senior Post Holder</b>	<b>Member of ELT</b>	<b>Member of SLT</b>	<b>Mandate List</b>
	Lead Director: Prison Services	N/A	N/A	✓	N/A
	Head of Marketing and Communications	N/A	N/A	✓	N/A

### Authorisation Levels

Category	1. Budget Holder / Line Manager	2. Relevant GLT member	3. Group Director of Finance	4. Chief Operating Officer	5. CEO & Group Principal	6. Audit & Risk Committee	7. Remuneration Committee	8. Board	9. DfE
<b>Budgetary Control (S2, S4)</b>									
Budget virements	No virements is permitted without the approval of the Group Director of Finance. Virement between pay costs and non-pay costs is <b>not</b> permitted								
Budget management (inc. capex)	✓		✓	✓	✓				
Budget scrutiny and oversight (inc. capex)								✓	
Budget / Budget reforecasts approval (inc. capex)								✓	
<b>Purchasing and Competitive Tendering (S6)</b>									
Purchases (incl. VAT)	up to £3,000	£3,001 – £24,999 (plus 1)		£25,000 - £149,999 (plus 1 and 2)	£25,000 - £149,999 (plus 1 and 2)			£150,000 and above (plus 1,3 and 4 or 5) (unless delegated)	
Contract approval and signatures post award incl. VAT (Use Contract Approval Form)	up to £3,000	£3,001 – £24,999 (plus 1)		£25,000 - £149,999 (plus 1 and 2)	£25,000 - £149,999 (plus 1 and 2)			£150,000 and above (plus 1,3 and 4 or 5) (unless delegated)	



Category	1. Budget Holder / Line Manager	2. Relevant GLT member	3. Group Director of Finance	4. Chief Operating Officer	5. CEO & Group Principal	6. Audit & Risk Committee	7. Remuneration Committee	8. Board	9. DfE
Review contract terms			£3,000 and above	✓					
Requirement for competitive quotations (works) (incl. VAT)	Up to £2,499: no requirement £2,500 - £29,999: Budget Holder to arrange three written quotes £30,000 - £5,372,608 (or PCR limit if lower): tender exercise to be conducted £5,372,609 and above (or PCR limit if lower): public tender or compulsory competitive tender								
Requirement for competitive quotations (good and services) (incl. VAT)	Up to £2,499: no requirement £2,500 - £29,999: Budget Holder to arrange three written quotes £30,000 - £139,687 (or PCR limit if lower): tender exercise to be conducted £139,688 and above (or PCR limit if lower): public tender or compulsory competitive tender								
Contract waivers (if sole supplier) (works)	Up to £29,999: Group Director of Finance £30,000 - £5,372,608 (or PCR limit if lower): Group Director of Finance and Chief Operating Officer £5,372,609 and above (or PCR limit if lower): Board								
Contract waivers (if sole supplier) (goods and services)	Up to £29,999: Group Director of Finance £30,000 - £139,687 (or PCR limit if lower): Group Director of Finance and Chief Operating Officer £139,688 and above (or PCR limit if lower): Board								
Acceptance of a Tender above £150,000 (S13)								✓ (unless delegated)	
<b>Treasury Management (S10)</b>									
Appointment of College bankers and other professional financial advisors								✓	
Bank mandate changes								✓	
Opening a College bank account								✓	

Category	1. Budget Holder / Line Manager	2. Relevant GLT member	3. Group Director of Finance	4. Chief Operating Officer	5. CEO & Group Principal	6. Audit & Risk Committee	7. Remuneration Committee	8. Board	9. DfE
Cheques and automated transfers	Two signatories as per the bank mandate								
Income									
Approval of credit agreements and payment periods (S9.1)	Group Director of Finance (periods over 30 days will not normally be approved)								
New course which is not expected to recover its costs (S11)					✓				
Debt write-off (S9) and credit notes (S8)									
Write off irrecoverable debts and issue of credit notes			Up to £4,999	£5,000 - £9,999				£10,000 - £44,999 (plus COO) (report the schedule of write offs to Board annually)	£45,000 and above or if the total sum written off during the year exceeds 1% of annual turnover or £250,000 (whichever is the lower)
Capital Expenditure / Projects (S13)									
Capital programmes and budget	Use normal purchase order rules								

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Capital expenditure orders following capital projects approval	Use normal purchase order rules								
Capital contract variations (below £5k)			✓	✓				If above 5% of the total project budget (unless delegated)	
<b>Assets (S12)</b>									
Acquisitions or disposals of land or buildings, or any alienation of leases or licences, or any grant of leases or licences								✓	
Other asset disposals			✓						
Depreciation	Refer to S11								

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<b>Pay expenditure (S1, S5)</b>									
Senior Postholders pay, conditions, recruitment and appointment to vacancies					✓		✓		1. New appointments over £150,000. 2. Pay awards over 9% where salaries are over £150,000 or 3. takes the salary to or above the threshold
All staff except Senior Postholders pay, conditions, recruitment and appointment to vacancies	✓	✓			✓				
Special severance and compensation payments					up to £49,999				Over £50k or more than 3 months' salary Any amount where pay is above £150,000

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Ex-gratia payments					✓				Yes
Any additional payments to staff (S11)					✓				
Private consultancies and other aid work (S11)					✓				
<b>Travel, subsistence and other expenses (S6, S7)</b>									
Authorisation limits	Same as Purchases limits – see above Refer to the Travel & Subsistence (Expenses) Policy								
<b>Gifts and Hospitality (S15)</b>									
Acceptance of Gifts	up to £24.99				£25 and over (via Head of Governance)				
Acceptance of Hospitality	up to £49.99				£50 and over (via Head of Governance)				
<b>Other</b>									
Borrowing (S2, S10)									✓

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Debt write-off, Indemnities, guarantees and letters of comfort (S1)									Individual items over £45,000 or 1% of income, or £250,000 cumulative in a year
Novel contentious or repercussive transactions (S1)									✓
Reappointment of Internal and External Auditors						✓		✓	