



Brockenhurst College

FINANCIAL REGULATIONS

JUNE 2010

BROCKENHURST COLLEGE

FINANCIAL REGULATIONS

INDEX

	Page
Financial Control and Accountability - Introduction	3
Financial Regulations - Introduction	4
Section 1 - Financial Memorandum	5 - 15
Section 2 - Financial Principles	17 - 28
Section 3 - Financial Procedures	30 - 33
Section 4 - Financial Regulations	35 - 52
Schedule A - Schedule of Financial Limits	53
Schedule B - Schedule of Authorised Officers and Budget Managers	54
Schedule C - Schedule of Budget Managers and Budget Holders	55



Brockenhurst College

FINANCIAL CONTROL AND ACCOUNTABILITY

INTRODUCTION

- 1 The Corporation has overall responsibility for financial strategy, including the safeguarding of solvency and oversight of financial regulations. These responsibilities are discharged by the Board itself, the Finance and Standards Committee and through powers delegated to the Principal as Chief Executive.
- 2 The Financial Memorandum between the Skills Funding Agency and the College lays down the framework for financial regulations.
- 3 Responsibilities and associated detailed financial regulations and procedures are included in this document. An overview of the Corporation Structure and lines of management accountability is shown in the following chart:



Brockenhurst College

FINANCIAL REGULATIONS

INTRODUCTION

This document encompasses the regulations to which all staff must adhere in respect of the finances of the institution. It is divided into four Sections:

- 1 The Financial Memorandum which exists between the Skills Funding Agency and Brockenhurst College - this lays down the broad framework for the regulations.
- 2 The Financial Principles which underlie all aspects of finance.
- 3 The Financial Procedures which pertain as a result of these principles.
- 4 The specific Financial Regulations by which all transactions are measured.

These Regulations, as a whole, are approved by the Corporation and cannot be altered without the express approval of that body.

Signed
(Clerk to the Corporation)

Approved in the Minutes of the Corporation dated 1 July 1999 and subsequent meetings held on 5 July 2001, 4 July 2002, 10 July 2003, 7 July 2005, updated on page 41, 6 July 2006, updated on page 25.

Approved in the Minutes of the Corporation dated 13 December 2006 and updated on pages 22, 43, 44, 48, 53 and 55.

Approved in the Minutes of the Corporation dated 6 December 2007 and updated on page 41.

Approved in the Minutes of the Corporation dated 2 July 2009 and updated on pages 6, 11, 14, 27, 30, 31, 32, 33, 35, 36, 37, 38, 39, 40, 42, 44, 47, 48, 49, 50, 51 and 53,

Approved in the Minutes of the Corporation dated 6 July 2010 and updated on pages 3, 4, 6, 11, 14, 19, 20, 21, 22, 24, 27, 30, 31, 32, 33, 37, 40, 41, 42, 46, 48, 49, 50, 51, 53, 54, 55



Brockenhurst College

SECTION 1

FINANCIAL MEMORANDUM

FINANCIAL MEMORANDUM (Revised December 1999)

INTRODUCTION

1 This memorandum sets out the terms and conditions of the agreement under which the Council provides funds to Colleges. It provides information on the framework of relationships between Colleges and the Council.

Definitions

2 For the purpose of this memorandum:

- 'Act' means the Further and Higher Education Act 1992
- 'Board' means the further education corporation or, in the case of an unincorporated institution, the person or persons conducting the College and in receipt of funds from the Council
- 'Principal' means the chief executive or principal appointed by the Board of a further education corporation or the equivalent individual in the case of a designated institution
- 'Clerk' means the person appointed by the Board to the position of Clerk to the Board or in the case of a designated institution the person appointed by the governing body to fulfil a similar duty.
- 'College' means the educational institution conducted by the Board and named in part 2 of this memorandum
- 'Council' means the Further Education Funding Council for England (superseded by the LSC April 2001) superseded by the Skills Funding Agency in 2010
- 'BIS' means the Department for Business, Innovation and Skills
- 'SFA' means Skills Funding Agency
- 'YPLA' means Young People's Learning Agency
- 'Financial year' means the College financial year 1 August to 31 July
- 'Exchequer funds' means government grant or grant-in-aid, including grant paid by the Council and grant paid by the former Department of Education. 'Exchequer funds' does not include funds provided by a local authority
- 'Secretary of State' means the secretary of state for education and employment
- 'Senior Postholders' means the chief executive and holders of the other senior posts whom the Board have selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff.

3 The financial memorandum is in two parts. Part 1 sets out the general terms and conditions under which the Council funds boards. Part 2 is specific to each College and will include:

- the annual notification of the main allocation payable to the Board
- the educational provision which the College has undertaken to deliver
- individual limits on borrowing and property transactions where these are lower than those provided for in paragraphs 24, 28 and 29

- any specific conditions which relate to the financial year
- any specific conditions which relate to the particular College.

This document is part 1 of the financial memorandum. Each College will receive individual annual notification of part 2 of the financial memorandum.

GENERAL

- 4 The financial memorandum does not over-ride the duties and powers given to the Council and to Boards by the Act.

RESPONSIBILITIES

Council

- 5 The Council intends that in all its dealings with Colleges it should operate fairly and as openly as possible.

Council's Accounting Officer

- 6 As accounting officer the chief officer of the Council is responsible and accountable to Parliament for ensuring that the uses to which the Council puts its funds are consistent with the purposes for which the funds were given and comply with the conditions attached to them. The chief officer of the Council is responsible for the regularity and propriety of expenditure from those funds and for securing the best possible value for money from them.
- 7 Funds paid to Boards are subject to the terms and conditions determined by the Council. These terms and conditions include those in this financial memorandum. The chief officer of the Council is required to monitor the College's compliance with any terms and conditions attached to its funding. She or he must be satisfied that each Board has appropriate arrangements for sound financial management, achieving value for money and accounting and that the uses to which the Council's payments are put are consistent with the purposes for which they have been given.

College

- 8 The respective responsibilities of the Board, the Principal, and the Clerk are set out in the College's instruments and articles of government. The role of the Board is to set objectives for the College, to determine the limits on the Principal's discretion to act, to monitor the performance of the College, the Principal and themselves and to be accountable to the College's stakeholders. The role of the Principal is to manage the College towards the objectives set by the governors and within the limits they have prescribed. As accounting officer the Principal is responsible for the College's application of public funds. The Clerk is responsible for administrative support for the Board's work, for advising on proper procedure and for intervening when the Clerk considers that the Board is acting inappropriately or beyond its powers. Further guidance is given in the Council's publication: Guide for College Governors; College Governance: A Guide for Clerks and the Notes for Governing Bodies series.

The Board

- 9 The Board can only use funds from the Council in accordance with the Act. The Board must use funds from the Council only in accordance with this memorandum and any other conditions which the Council may from time to time prescribe.
- 10 The responsibilities of the Board include:
- determining the educational character and mission of the College and for oversight of its activities
 - ensuring the solvency of the College and the safeguarding of the College's assets. In particular, College governing bodies must receive at least termly a report that reviews the College's financial

- position.
- appointing, grading, suspending, dismissing and determining the pay and conditions of service of the Principal and other Senior Post Holders.
- setting a framework for pay and conditions of service of all other staff.
- ensuring 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.
- approving the appointment of external auditors and an internal audit service.
- securing 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.
- ensuring that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution.
- planning and conducting its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure.
- making appropriate arrangements to appoint a Clerk with the necessary expertise to fulfil the duties of the post.
- approving an annual budget before the start of each financial year.
- determining tuition fees.
- approving rules and procedures relating to staff grievances, conduct, suspension, dismissal and appeals.
- approving the students' union constitution and rules relating to the conduct of students.
- in the case of further education corporations, acting only within the powers given in sections 18 and 19 of the Act.

Guidance on how these responsibilities should be discharged in the case of terminating contracts of employment by agreement is given in the explanatory notes to the financial memorandum.

11 The Board shall establish:

- an audit committee which must include at least one person, whether a Governor or not, with relevant financial/audit experience.
- a remuneration committee.
- a committee or committees to advise on financial matters and employment policy.

Boards may also establish other committees. The Board shall periodically review the membership and terms of reference of its committees. In determining the terms of reference of these committees the Board shall not delegate responsibility for determining the educational character and mission of the College, approving the budget, ensuring the solvency of the College, safeguarding the College's assets or the appointment or dismissal of the Principal and other Senior Postholders.

Principal

12 Within this framework the Council and the Board will require the Principal to take personal responsibility, which may not be delegated, for ensuring the proper and effective operation of the financial, planning

and management controls referred to in paragraph 10 above, and for giving effect to the Board's policies for securing the efficient, economical and effective management of all the College's income, assets and expenditure.

13 The responsibilities of the Principal include:

- making proposals to the Board about the educational character and mission of the College and for implementing the decisions of the Board
- the organisation, direction and management of the College and the leadership of its staff
- preparing a budget for consideration and approval by the Board and for managing the College within the budget approved by the Board
- the maintenance of student discipline.

14 The Principal shall be responsible for ensuring that funds from the Council are used only for the purpose for which they are given and in accordance with any terms and conditions attached to them. These terms and conditions include those set out in the financial memorandum. As accounting officer, the Principal may be required to appear before the Committee of Public Accounts, alongside the chief officer of the Council, on matters relating to the funds paid by the Council to the College and the use made by the College of such funds. The Principal has a duty to report to the Council should the Board adopt a policy or commission an action which is incompatible with the terms of this memorandum or which would infringe the requirements of propriety or regularity.

15 The Principal is responsible for advising the Board in writing if any action or policy under consideration by them is incompatible with the terms of this memorandum or would infringe the requirements of propriety or regularity. The Principal is also responsible for advising the Board in writing if the Board appears to be failing to act where required to do so by this memorandum or where required to meet the requirements of propriety or regularity. The report should include a reference to the Principal's duty to report to the Council should the board seek to over-rule his or her advice. Where the Board determines to proceed despite the advice of the Principal, the Principal should consider the reasons the Board have given for their decision. If after considering the reasons given by the Board, the Principal still considers that they could not defend such a policy or action then they should advise the chief officer of the Council in writing of the situation at their College. The Council would not consider the provision of such a written report to the Board or the notification of the Council as grounds to take disciplinary action or suspend a Principal.

The Clerk

16 The Clerk is responsible for administrative support for the Board's work, for advising on proper procedure and for intervening when the Clerk considers that the Board is acting inappropriately or beyond its powers. Guidance on these matters is given in College Governance: A Guide for Clerks. Each Board should specify the procedures they would expect the Clerk and the Board to follow if there were difficulties in this area. The Council would not consider that action within the specified procedures should provide grounds for disciplinary action or the suspension of the Clerk.

ALLOCATION OF FUNDS

17 The amount of funds to be paid to the Board in any year will be decided by the Council after considering the activities to which they will be applied and taking account of other competing demands on resources. The payment of funds will be subject to such terms and conditions as the Council may impose, including those set out in this memorandum.

VIREMENT

18 The Board shall use any funds earmarked by the Council solely for the purposes for which they have been earmarked. The Board may apply its main allocation to capital purposes.

PAYMENT OF FUNDS

- 19 The Council will explain to the College the basis on which any funds are to be allocated. It will send to the College as soon as possible in advance of the financial year a statement of the College's funding allocation awarded for the year. This notification will normally be issued by the end of May prior to the start of each financial year.
- 20 The Council will make payments to the board in monthly instalments in accordance with a funding profile for the whole financial year. The profile will be constructed to take account of expected need within the further education sector as a whole. Instalments will normally be paid through the Banks Automated Clearing System Ltd. The Council intends to provide Colleges with a notification of their monthly payment at the beginning of each month.
- 21 The Council may also make exceptional ad hoc payments to the Board between monthly instalments. Such payments will only be made on written application from the College, will not be made in advance of the College's need to make disbursements and will not be additional to the sums allocated to the Board.
- 22 In addition to the main allocation the Council may also make allocations for specific purposes, for example access funds.

LAND AND BUILDINGS TRANSACTIONS

- 23 The Board should manage and develop its estate with regard to the guidance issued from time to time by the Council on estate procedures, including strategic estate and equipment management, option and investment appraisal, the affordability of the project and private finance. The Board should also:
 - keep its holdings of land and buildings under review with the objective of rationalising and disposing of those which it considers in light of its estate strategy to be no longer needed.
 - maintain its estate in accordance with its accommodation strategy.
- 24 The Council requires the Board to obtain its consent for land and buildings transactions where the total cost exceeds £1,000,000 or 5 per cent of the College's annual revenue whichever is the lower. Where the transaction is a disposal or the renting or leasing of property to a third party the College should seek to secure the best obtainable value for money. The Council intends to respond promptly to requests for consent under this paragraph.
- 25 Where the College is proposing to dispose of or lease or rent, land and buildings which have been acquired by Exchequer funds the Council may require the College to surrender some or all of the proceeds.
- 26 The Council would normally expect Colleges to apply the proceeds of asset sales to investment in fixed assets. Colleges should seek independent professional advice when disposing of land and buildings.

BORROWING AND LEASING

- 27 Save as provided for in paragraphs 28 and 29 and any special conditions the Council may include in the second part of the financial memorandum, the Board must seek the prior written consent of the Council for any secured or unsecured borrowing by itself or its subsidiaries.
- 28 The Council gives consent for the Board to borrow up to 5 per cent of its annual revenue on an unsecured basis.
- 29 The Council gives consent for the Board to borrow up to a cumulative maximum of £1,000,000 of 5 per cent of its annual revenue, whichever is the lesser, on a secured basis in order to finance the construction or purchase of buildings provided that only the buildings so purchased or constructed are offered as security.

- 30 Leasing of freehold and leasehold land and buildings from a third party is subject to the procedures set out in paragraph 24 above.

ACCOUNTS AND FINANCIAL MANAGEMENT

- 31 The College shall keep proper accounts and accounting records and shall prepare in respect of each financial year a statement of accounts. The College shall provide the Council with audited accounts for the financial year no later than five months after the year-end. The accounts shall be signed by the Principal and by the Chair or one other member of the Board as appointed for this purpose. The College shall make arrangements to make copies of the accounts publicly available.
- 32 The Council shall, after consulting Colleges, specify its requirements as to the information to be contained in the accounts, the manner in which they are to be presented and the methods and principles according to which they are to be prepared.
- 33 The College should notify the Council in writing if at any time there is a significant deterioration in its financial position.
- 34 Where the Council has concluded that there is a risk to the College's liquidity, service delivery or asset base it may require the College to put in place a recovery plan or a risk reduction plan.

EXTERNAL INSTITUTIONS

- 35 The College is required to seek from the external auditors of those institutions to which the College has given financial support under section 6(5) of the Act, an audit certificate stating whether in the opinion of the external auditors the funds have been applied for the purposes intended. This certificate shall be forwarded to the Council in accordance with the guidance which it publishes for each year.

AUDIT

- 36 The College shall arrange external and internal audit in accordance with the requirements and guidance published by the Council in its Audit Code of Practice and in succeeding publications and supplementary guidance. In particular it will not be permissible for Colleges to appoint the same firm to undertake both internal and external audit services for audits commencing with the audit in respect of the College financial year starting 1 August 2000.
- 37 The Council may undertake examination of the College's internal financial and management controls and may recommend improvements. These examinations will normally take place as part of the cycle of College inspections. BIS auditors may accompany the Council's staff during these examinations. The Council may also carry out reviews designed to improve economy, efficiency and effectiveness in the management or operation of the College.
- 38 The books and records of the College will be open to inspection by the Council and by the Comptroller and Auditor-General. The Comptroller and Auditor-General may also carry out value-for-money studies of the College's use of resources. To help in providing an assurance on the adequacy and effectiveness of controls within the further education sector, the BIS internal auditors may make unaccompanied visits to colleges and undertake such enquiries and review such books and records as they may reasonably require to undertake their work.

CONTINGENT LIABILITIES

- 39 The College shall not give any guarantees, letters of comfort, or indemnities incurring contingent liabilities other than in the normal course of commercial business dealings.

INFORMATION

- 40 The College shall provide to the Council information concerning its finances, staffing, students and programmes. This will normally include:

- the College's annual financial statements, finance record, external auditor's management letter and internal audit annual report
- the College's strategic plan and strategic plan updates, together with the financial forecast which supports the plan
- where appropriate a mid-year financial forecast update
- individualised student record data, in-year funding returns, final funding unit claim, external auditor's report and management letter.
- staff individualised record data.

Colleges will also be required to provide periodic information on their accommodation strategies. Additional information, including a self-assessment, will be required before a College inspection and a requirement to provide additional information is likely to be part of the terms and conditions of earmarked grants. Colleges will normally have discretion whether or not to apply for earmarked grants. Where additional information is sought in data collections it is intended that this will normally be announced before the start of the relevant financial year. Where the Council intends to request special additional information from specific Colleges it will normally consider whether it should make a payment to the College to reduce the financial burden of providing the additional information.

- 41 Colleges shall report all significant (as defined in the Audit Code of Practice) cases of fraud or irregularity to the Council.

REQUIREMENT TO INFORM THE COUNCIL

- 42 The College shall notify the chief officer of the Council in writing of any of the following changes:
- the intention to carry forward a major change in the nature of location of the College
 - the vacating and the filling of the following positions:
 - Chair of the Board
 - Principal
 - Clerk
 - when the Principal will be absent from the College for an extended period the name of the person who will be discharging the Principal's responsibilities during their absence.

PENALTIES

- 43 Where a Board fails to comply with any of these conditions of funding the Council may take further action including withdrawing funds from the College.

INTERPRETATION

- 44 Questions arising on the interpretation of any statement in this memorandum shall be resolved by the Council after consultation with the College.

EFFECTIVE DATE

- 45 The arrangements shall take effect from 1 August 1999.

Revised Financial Memorandum incorporated 17 December 1999.

APPENDIX

EXPLANATORY NOTES

TERMINATING CONTRACTS OF EMPLOYMENT BY AGREEMENT

Principles

- 1 The principles set out in the financial memorandum apply when terminating contracts of employment by agreement including premature retirement. Colleges should be able to demonstrate that payments in respect of termination are regular, secure value for money and are affordable.
- 2 Colleges should avoid spending public funds on settlements where disciplinary action would have been more appropriate.
- 3 Normally public funds should only be used to meet contractual obligations and items such as pension enhancements within the limits set out in the relevant pension scheme rules. Exceptions should be justified by explicit and quantified reference to value for money.
- 4 Confidentiality clauses are generally contrary to the public interest.

Practice

- 5 Colleges should establish a framework and a procedure for determining settlements. In determining individual settlements Colleges should take appropriate professional advice.
- 6 Appropriate records of each stage of negotiations should be retained. The cost of settlements must be declared in the College's financial statements.
- 7 In the case of Senior Postholders, Boards should consider establishing a special committee to oversee negotiations. The outcome of negotiations should be reported to the Board and all settlements should be brought to the attention of the College's external auditors. Once it has established a framework for determining a settlement with a Senior Postholder, the Board may delegate to the special committee the power to reach a settlement.

SECURED BORROWING

For Estates

- 8 In considering applications for secured borrowing consent the Council will have regard to:
 - the Board's approval of the project
 - planning and other relevant permission
 - the economics of the project. Projects would normally be expected to generate at least a 6 per cent real rate of return
 - whether the College has considered a wide enough range of options
 - the financial viability of the College. Colleges would normally be expected to demonstrate that when the project is operational the College can run at a surplus and make sufficient cash from operations to meet its debt charges
 - the terms on which it is proposed to borrow
 - whether appropriate private-public partnerships have been considered.
- 9 The Council would normally expect to respond to an application for secured borrowing consent within 30 working days of being provided with copies of the minute of the Board's approval of the borrowing, evidence of any necessary approvals, investment and option appraisals carried out according to the

standards set by Her Majesty's Treasury, a financial forecast which shows the impact of the project, details of the procurement process and a copy of the offer letter from the proposed lender.

For Solvency

- 10 The Council would expect to take into account the likelihood that the College would be able to repay the borrowing, the financial controls in place at the College, the capacity of the Board and management team, the steps the College was making to improve its financial position and the development of the College's recovery plan. The Council may require an independent audit report.

For Equipment

- 11 Equipment should only be acquired by lease or by hire purchase if, in the view of the College, that method of finance represents the best value for money. Equipment acquired with funds secured against the equipment does not require the specific consent of the Council. In determining its response to requests for borrowing consent the Council may take into account a College's commitments to make lease or hire purchase payments.

Converting Rents and Leases into Committed Sums

- 12 For the purpose of paragraph 24 a rent is deemed to be a sum of 10 times the amount of the annual rent, save where the property is subject to a lease for a fixed term of which less than 10 years remains, in which case, in order to calculate the deemed capital sum, the annual rent is to be multiplied by a factor equal to the number of years of the term remaining.

Significant Land and/or Buildings Transactions

- 13 For the purpose of paragraph 24 the total cost of a land and/or buildings transaction includes all costs whether these are to be met by the College or a third party.

OTHER MATTERS

Public Access to College Accounts

- 14 Under the terms of the Charities Act 1993 the Board is required to supply any person with a copy of the College's most recent accounts within two months of a request. The Board may require a reasonable fee. It is expected that Colleges will go beyond this minimum requirement: for example by providing copies of their accounts to local libraries and allowing members of the public to inspect their statement of accounts during normal working hours.

Boards and Colleges

- 15 The BIS advises that further education corporations and the Boards which run them are for legal purposes one and the same thing. The Act permits the Council to fund Boards. Boards then run educational institutions; that is to say 'Colleges'. Thus in the financial memorandum the term 'Board' is used for legal purposes on a number of occasions where it might be more natural to refer to 'Colleges'. For example, the memorandum refers to payments being made to Boards.

Annual Revenue

- 16 The annual revenue of a College shall be taken to be the turnover declared in its most recent audited financial statements less any payments made to the College under section 6(5) of the Act and less any release of capital grant included in turnover.

Significant Deterioration in Financial Position

- 17 This should include all adverse changes which are likely to cause a College to fall into financial health categories Satisfactory and Inadequate, or which will cause the College to borrow to maintain its

solvency. For Colleges which are already in category Satisfactory and Inadequate any adverse change which is likely to affect its surplus for the year, its general reserve, its cash holding or its net current assets (or liabilities) position by more than 10 per cent should normally be regarded as a significant deterioration in its financial position.

Complaints, Appeals and the Ombudsman

- 18 Circular 96/25 Complaints about the Council's Administration provides information on the complaints procedure put in place by the Council. In the event that the internal stages of the complaints procedure do not lead to a satisfactory outcome the issue may be referred to the Council's ombudsman.



SECTION 2

FINANCIAL PRINCIPLES

	Page
1 FINANCIAL PRINCIPLES	17
2 RESPONSIBILITIES OF THE BOARD OF THE CORPORATION	18
3 TERMS OF REFERENCE OF THE AUDIT COMMITTEE	19 - 20
4 TERMS OF REFERENCE OF THE FINANCE AND STANDARDS COMMITTEE	21 - 22
5 RESPONSIBILITIES OF THE COLLEGE PRINCIPAL	23 - 24
6 TERMS OF REFERENCE FOR THE COLLEGE INTERNAL AUDIT SERVICE	25 - 28

1 FINANCIAL PRINCIPLES

1.1 The Purpose of This Document

This document exists to provide a viable framework to:

- (i) Ensure that safe and proper arrangements are in place for the expenditure of public monies;
- (ii) Ensure that there is due accountability;
- (iii) Safeguard any member of staff from accusations of financial impropriety.

1.2 Scope of the Regulations

These regulations apply to all members of staff and wilful misuse is a serious disciplinary offence. All budget holders must be conversant with them and will be required to sign documentation to that effect. They exist in the legal context of the College with particular reference to the Financial Memorandum of the FEFC and the Articles of Government.

1.3 Financial Principles

The purpose of financial principles is to define the respective financial responsibilities of:

- (i) The Corporation
- (ii) The Principal

and to provide the constitutional basis for the financial procedures and regulations.

2 RESPONSIBILITIES OF THE BOARD OF THE CORPORATION

2.1 The Articles of Government provide that the Corporation shall be responsible:

- (i) for the determination of the educational character and mission of the institution and oversight of its activities;
- (ii) for the effective and efficient use of resources, the solvency of the institution and the Corporation and for safeguarding their assets;
- (iii) for approving annual estimates of income and expenditure;
- (iv) for the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts; and
- (v) for setting a framework for the pay and conditions of service of all other staff.

2.2 The Board of the Corporation may establish Sub-Committees to act on its behalf on matters referred to in 2.1 above.

However, the Corporation may not delegate the following:

- (i) the determination of the educational character and mission of the institution;
- (ii) the approval of the annual estimates of income and expenditure;
- (iii) ensuring the solvency of the institution and the Corporation and the safeguarding of their assets;
- (iv) the appointment or dismissal of the Principal; and
- (v) the modifying or revoking of all Articles of Government.

In particular it has a responsibility to approve these Principles, Procedures and Regulations and subsequent amendments thereto.

3 AUDIT COMMITTEE - TERMS OF REFERENCE

Terms of Reference (as recommended by the LSC in Annex B to the interim Audit Code of Practice)

- To advise the governing body on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money).
- To advise the governing body on the appointment, re-appointment, dismissal and remuneration of the financial statements auditor and the Internal Audit Service (IAS).
- To advise the governing body on the scope and objectives of the work of the internal audit service, the financial statements auditor and the funding auditor.
- To ensure effective co-ordination between the internal audit service, the funding auditor and the financial statements auditor including whether the work of the funding auditor should be relied upon for internal audit purposes.
- To consider and advise the governing body on the audit strategy, needs assessment and annual internal audit plans for the internal audit service.
- To advise the governing body on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements auditor, and the funding auditor and management's responses to these.
- To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, the funding auditor's management letter and spot check reports and the financial statements auditors' management letter.
- To consider and advise the governing body on relevant reports by the National Audit Office (NAO), the LSC and other funding bodies and where appropriate management's response to these.
- To establish in conjunction with College management relevant annual performance measures and indicators and to monitor the effectiveness of the IAS and financial statements auditor through these measures and indicators and decide based on this review, whether a competition for price and quality of the audit service is appropriate.
- To produce an annual report for the Governing Body and Accounting Officer, which should include the Committee's advice on the effectiveness of the College's risk management, control and governance processes, and any significant matters arising from the work of the IAS, the funding auditors and the financial statements auditor.
- To ensure that all allegations of fraud and irregularity are properly followed up.
- To be informed of all additional services undertaken by the IAS, the financial statements auditors and the funding auditors.

In order to exercise its role the Audit Committee has the power to:

- Investigate any activity within its terms of reference. Seek any information it requires direct from the governors, committees and college employees, plus relevant information from subcontractors and other third parties and consult the internal audit service, the financial statement auditor and the funding auditors.
- Obtain external professional advice.
- To go into confidential session and (subject to the rules on quorum) to exclude any, or all, participants and observers, except the Clerk to the Committee.

Membership

The Committee to consist of 4 members of whom at least 3 shall be Members of the Corporation. The Chair to be elected annually by the Committee at a meeting in the Autumn Term and shall be a Member of the Corporation excluding Co-opted Members of the Committee. At least 1 member of the Committee shall have experience in:

- Delivering internal audit services, or managing the results of internal audit
- Delivering a sound framework of internal control in a business as complex as a college.

Members of the Committee must not have executive authority in the College, nor be Members of the College Finance and Standards Committee or equivalent. The Chair of the Corporation and Governors who have significant interests in the College shall not be Members of the Committee.

Up to 2 additional Members may be co-opted to enhance the skills and expertise on the Committee, with a voting mandate.

Quorum

2 Governors shall constitute a quorum provided they are not Co-opted Members of the Committee.

Terms on which Members hold and vacate office

Members of the Committee shall be appointed by the Corporation for a period of 4 years, with eligibility for re-appointment. A Corporation Member shall cease to be a Member of the Committee upon his/her resignation from the Board, unless otherwise determined by the Board.

Chair and Vice Chair

Members will be appointed to the office of Chair and Vice Chair of the Committee at the start of the academic year or as required.

Meetings

The Committee shall normally meet at least once per term and not less than twice per year. The internal, funding and financial statements auditors may request a meeting of the Committee if they consider one is necessary and the Committee will endeavour to comply with such requests.

Clerking

The meetings of the Committee shall normally be serviced by the Clerk to the Corporation.

In attendance as appropriate

Principal
Director of Finance and Customer Services
Finance Manager
Representatives of Internal, Funding and Financial Statement Auditors

Access to meetings by Members of the Public

Requests for Attendance by the Public at Corporation and Committee meetings must be submitted to the Chair, or in his absence the Vice Chair, at a minimum of 4 working days prior to the date of the meeting. The attendance of such personnel shall be at the discretion of the Chair or Vice Chair as appropriate.

Updated Terms of Reference approved by Corporation at its meeting on 15 December 2009

4 FINANCE AND STANDARDS COMMITTEE – TERMS OF REFERENCE

The Committee will be responsible for leading and advising the Corporation on all strategic matters relating to financial policy, facilities, marketing, curriculum, students' union, quality and standards, the College Mission Statement and Strategic Plan. Specifically it will:

Finances

1. Make recommendations to the Corporation on the annual estimates of income and expenditure.
2. Review and evaluate all information related to the preparation of the budget to ensure the most effective use of the College's current and anticipated financial resources in support of its objectives.
3. Monitor and review termly the College budget and financial performance against agreed targets.
4. Monitor and review the arrangements for securing value for money, solvency and the safeguarding and strategic management of assets.
5. Regularly (and at a minimum, biennially) consider and review the College's Financial Regulations.
6. Ensure the establishment of appropriate mechanisms for the review and evaluation of all Corporation finance and resourcing matters to ensure they support the strategic objectives of the College.
7. Advise the Corporation on the budgetary implications of all personnel/employment strategy matters, ensuring appropriate links with the Remuneration, Employment and Personnel and Governance and Search Committees.
8. Approve virement between major budget heads.
9. Determine the College investment and borrowing policies (subject to Financial Regulations).
10. Set the policy by which the tuition and other fees payable to the Corporation are determined and determine such fees and other charges on an annual basis.
11. Determine the Policy for the Remission of College Fees and Charges.
12. Determine the Policy for the payment of Awards and Grants including those from the Access Fund.
13. Receive reports on the level of fees and charges reduced/remitted or waived.
14. Receive reports on the returns on investments and the level of expenditure on overseas travel and hospitality.
15. Receive reports on Outward Collaborative Provision, Franchising and other joint ventures approved as part of the Strategic Plan.

Property

1. Advise the Corporation on all matters related to Property and College assets including advising the Corporation on the appropriateness and adequacy of the College's premises to meet operational needs and on the Disaster Recovery and Continuity Plan.
2. Monitor implementation of the agreed Property Strategy and its effect on the College budget.
3. Determine capital expenditure within the approved programme.

Marketing, Curriculum, Quality and Standards

1. Advise the Corporation on all matters related to Marketing and the Curriculum including annual targets for retention, achievement, progression and employment and ensuring equality of opportunity and diversity in the curriculum (or to ensure it relates to the needs of the current and future learners and the wider community).
2. Oversee and monitor the implementation of the agreed policies on Quality Assurance and Control to protect and improve the quality of the learner, including the quality of teaching.
3. Advise the Corporation on the self-assessment report (SAR) and associated action and development plans including periodic review of the self assessment and development plan process.
4. Receive reports on student recruitment and monitor targets set.
5. Receive reports on quality and standards in Student Achievement and Retention and monitor targets set.
6. Receive annual reports on the College's Complaints Procedure, Charter and Student Disciplinary Procedure.
7. Determine the College Holiday and Term Dates.
8. Ensuring the College meets the requirements of the Special Educational Needs and Disabilities Act in relation to learners with disabilities and/or difficulties.

Students' Union

1. Approve annually the Students' Union grant allocation and accounts.
2. Receive reports on Students' Union activities from the Students' Union Committee.

College Mission Statement and Strategic Plan

1. Periodically advise the Corporation on the appropriateness of the College Mission Statement and character of the College for current and future learners.
2. Review and monitor the College's performance against Strategic Plan objectives
3. Periodically makes recommendations to the Corporation on the Strategic objectives of the College.

General

1. Ensuring the Risk Management Policy remains effective and is implemented
2. Ensuring the use of benchmark data
3. Ensuring, as appropriate, compliance with legislation

MEMBERSHIP

Seven Governors and up to 2 additional Members may be co-opted to enhance the mix of skills and expertise on the Committee, who will be entitled to vote.

The Chair of the Corporation
The Principal
Five other Governors

QUORUM

Three Governors on the Committee provided they are not Co-opted Members of the Committee.

Updated Terms of Reference approved by Corporation at its meeting on 15 December 2009

Under Students Union the word 'audited' has been removed as agreed by Corporation at its meeting held on 6 July 2010.

5 RESPONSIBILITIES OF THE COLLEGE PRINCIPAL

5.1 The Articles of Government define the responsibilities of the College Principal in financial matters as:

- i) the preparing of annual estimates of income and expenditure for consideration and approval by the Corporation;
- ii) the management of budgets and resources within the estimates approved by the Corporation;

(A) BUDGETS

The Principal is responsible for:

- i) Submitting proposals for the annual revenue and capital budgets to the Finance and Standards Committee taking into account any limitations in the use of funds imposed by the funding bodies.

Any project outlined in the budget estimated to cost greater than **LIMIT 1 of SCHEDULE A** shall be supported by an investment appraisal.

- ii) Ensuring the effective control of the budget within the approved reserved and capital budgets including reviewing any matter which may affect the finances of the College before any commitment is incurred, or proposal made, to the Finance and Standards Committee.
- iii) Submitting a report to the Finance and Standards Committee on any proposal to incur expenditure in excess of the approved revenue and capital budgets.

(B) EXPENDITURE

The Principal is responsible for:

- i) Incurring expenditure within the approved revenue budgets. Such expenditure will include the employment of staff, the purchase of consumable items and the maintenance of buildings, equipment and site works.
- ii) Incurring capital expenditure within the approved capital budget providing that the approved procedures for the purchases of goods and the vetting of contracts are observed.
- iii) Employing all staff other than senior post holders within the approved revenue budget and ensuring payments, gradings and re-gradings fall within the budget. Employment of staff shall be carried out in accordance with the approved procedures.
- iv) Ensuring the security of the assets of the College and the maintenance and up-to-date inventory of those assets.
- v) Ensuring that all staff comply with the regulations and procedures relating to expenditure.

(C) INCOME

The Principal shall be responsible for:

- i) Ensuring prompt and secure arrangements for the collection of monies owed to the College.
- ii) Ensuring the maintenance of all records relating to students attending the College, work done, goods supplied and services rendered by the College.
- iii) To comply with the conditions of the funding bodies and to ensure the levying of appropriate fees and charges.

- iv) Periodically reviewing and recommending to the Finance and Standards Committee changes in the principles for the determination of tuition and other fees, charges for work done or goods supplied, rents or lettings.
- v) Determining the fees to be charged for all services provided by the College in accordance with the principles approved by the Finance and Standards Committee.
- vi) Ensuring the effective management of bank accounts, cashflow and investment of funds in accordance with the financial memorandum.
- vii) Ensuring that all staff comply with the regulations relating to income. The College Principal shall have authority to write-off debts due to, or stocks held, by the College to the value of **LIMIT 2 of SCHEDULE A** and must refer sums greater than that to the Finance and Standards Committee for approval.
- viii) Ensuring the College operates within statutory and legal requirements.
- ix) Ensuring that adequate insurance is obtained to cover the risks of the College.
- x) Submitting a statement of final accounts each financial year to the Finance and Standards Committee within four months of the year end. Final audited accounts will be submitted to the Skills Funding Agency no later than determined in the financial memorandum.

6 TERMS OF REFERENCE FOR THE COLLEGE INTERNAL AUDIT SERVICE

6.1 The role of the internal audit service is to provide management with an objective assessment of whether systems and controls are working properly to achieve management's objectives. It is a key part of a College's whole system of internal control because it measures and evaluates the adequacy and effectiveness of other controls so that:

- the Governing Body and Senior Management can know the extent to which they can rely on the whole system of internal control of the College.
- individual managers can assure themselves that the systems and controls for which they are responsible are reliable.

Appointment

6.2 The internal audit service is appointed by the Governing Body for a term of 5 years commencing 1 August 1998. This is subject to satisfactory annual review by the Audit Committee and recommendation to the Governing Body. Remuneration shall be fixed by the Governing Body on the advice of the Audit Committee. A new competition for the selection of the internal audit service may be held at least every five years.

Scope

6.3 The work of the internal audit service must embrace the whole system of internal control of the College including all its activities and all its locations, funded from whatever source. The internal audit service shall consider the adequacy of systems and controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It shall seek to confirm that management have taken the necessary steps to achieve these objectives.

6.4 The whole system of internal control of the College examined by the internal audit service shall be construed to mean all those systems that secure achievement of the College's entire set of strategic objectives, as expressed in its Strategic Plan.

6.5 The system of control subject to the internal audit service's work shall include those systems of control operated by:

- all College subsidiary or associated companies
- the College's partners in collaborative provision
- contractors of the College that provide any service that handles or processes College finances or management information in any form.

6.6 It is not within the remit of the internal audit service to question the appropriateness of policy decisions. However, the internal audit service is required to examine the management arrangements of the College by which such decisions are made, monitored and reviewed.

6.7 The internal audit service may also conduct any special reviews requested by the Governing Body, Audit Committee or Principal, provided such reviews do not compromise its objectivity, independence or achievement of its plan to audit the whole system of internal control. Such special reviews should be approved by the Governing Body in advance of their performance, on the advice of the Audit Committee.

Amendment to 6.2 'may' instead of 'must' approved by the Corporation on 6 July 2006.

Responsibilities

6.8 The person leading the internal audit service is required to give an annual opinion to the Governing Body, through the Audit Committee, on the adequacy and effectiveness of the College's system of internal control, and the extent to which they can rely on it. The wording of this statement of

assurance should be in accordance with the model assurances given at appendix 6 to supplement B of the Audit Code of Practice.

6.9 In order to provide the required statement of assurance, the internal audit service will undertake a programme of work over a cycle authorised by the Governing Body on the advice of the Audit Committee, to achieve the following objectives:

- to review and appraise the soundness, adequacy and application of the whole system of internal control.
- to ascertain the extent to which the whole system of internal control ensures compliance with established policies and procedures.
- to ascertain the extent to which the assets and interests entrusted to, or funded by, the College are properly controlled and safeguarded from losses of all kinds.
- to ascertain that management information is reliable as a basis for the production of financial, statistical and other returns.
- to ascertain the integrity and reliability of information provided to management including that which is used in decision-making.
- to ascertain that systems of control are laid down and operate to achieve the most economic, efficient and effective use of resources.

Standards and Approach

6.10 The internal audit service's work shall be performed in accordance with the requirements of the Council as detailed in the Council's Audit Code of Practice and its supplements and the standards for internal audit promulgated by HM Treasury. The work shall comply in all material respects with the Government Internal Audit Manual and have regard to the auditing guideline Guidance for Internal Auditors.

6.11 In achieving its objectives, the internal audit service should:

- identify all systems and controls on which management proposes to rely and plan to review them over a cycle.
- evaluate such systems and controls, identify inappropriate or inadequate controls, and recommend improvements in procedures or practices.
- ascertain that systems and controls have been established and are working to achieve the most economic, efficient and effective use of resources.
- draw attention to any apparently uneconomical or otherwise unsatisfactory results flowing from management's decision, practices or policies.
- liaise with the external auditor, and with the Council's audit service.

6.12 The Council's audit service seeks to place reliance upon the work of the College's internal audit service. Liaison is necessary for the Council's audit service to form this opinion and should not normally give rise to additional fees.

Independence

6.13 The internal audit service has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. It may provide advice, however, on control and related matters, subject to the need to maintain objectivity, and resource constraints.

6.14 The Audit Committee shall advise the Governing Body on all matters concerning internal control. Within the College, responsibility for the whole system of internal control rests fully with management, which should ensure that appropriate and adequate arrangements exist without reliance on the College internal audit service. In order to preserve the objectivity and impartiality of the internal audit service's professional judgement, responsibility for implementing audit recommendations rests with management.

Access

- 6.15 The internal audit service has rights of access to all the College's personnel, premises, documents, records, information, assets, its companies and collaborative partners, and is authorised to obtain such information and explanations which the internal audit service considers necessary to fulfil its responsibilities.

Reporting

- 6.16 The head of internal audit has right of direct access to the Chair of the Audit Committee and the Principal. He or she should submit an audit needs assessment, a strategic audit plan, an annual audit plan and an annual report to the Governing Body for approval, following consultation with the Principal and the College senior postholder with responsibility for overseeing the internal audit service and after consideration by the Audit Committee.
- 6.17 The person leading the internal audit service is accountable to the Principal and the Governing Body through the Audit Committee for the performance of the service. The internal audit service also reports audit results to the Director of Finance & Customer Services and Finance Manager. The person leading the internal audit service shall keep the Principal informed of audit results and draw the attention of the Audit Committee to significant findings or recommendations.
- 6.18 The internal audit service shall produce its reports, usually within one month of completion of each audit, giving an opinion on the area reviewed and making recommendations where appropriate. Recommendations should be prioritised. All reports should be provided to the Principal and should be copied to the Audit Committee. The Director of Finance & Customer Services and the Finance Manager shall be required to respond to each audit report, usually within one month of issue. In their response, they should state, for agreed recommendations, their proposed action, the person responsible for implementation and a date by which action will be completed. Material recommendations will usually be followed up some six to twelve months later. In addition, the Audit Committee shall monitor the implementation of audit recommendations by management.
- 6.19 The internal audit service's annual report to the Governing Body should include:
- a statement of the extent to which the Governing Body can rely on the whole system of internal control of the College.
 - an analysis of common or significant weaknesses arising.
 - a comparison of the internal audit service's activity during the year with that planned, placed in the context of internal audit need.
 - details of any major audit findings where action appears to be desirable but has not been taken and which thus need to be brought to the attention of the Governing Body.
 - the extent of achievement of any objectives (including targeted performance indicators) which may have been agreed for the internal audit service.
- 6.20 A copy of the annual report should be sent without delay to the Council's chief auditor by the College, after it has been received by the Governing Body on the advice of the College Audit Committee. Copies of other audit reports and responses to them should not routinely be sent to the Council's chief auditor but the Council's audit service may request them.

Irregularities, Including Fraud and Corruption

- 6.21 The College internal audit service should report to the Council's chief executive, copied to the chief auditor, without delay, serious weaknesses, significant frauds, major accounting and other control breakdowns.

Liaison

- 6.22 The internal audit service shall liaise with the external auditor and the Council's audit service to enhance the level of service it provides to the management of the College.

Ownership of Papers

- 6.23 The internal audit working papers are the property of the College. In the event of a change of internal audit service provider, the outgoing internal audit service provider will surrender all audit working papers which demonstrate compliance with the GIAM standards. Arrangements should be made for the outgoing internal audit provider to meet the incoming internal audit service provider where appropriate.

Termination of Appointment

- 6.24 The Governing Body may, by resolution, remove the College's internal audit service before its terms of office expires, notwithstanding any agreement between the internal audit service and the College.



Brockenhurst College

SECTION 3

FINANCIAL PROCEDURES

	Page
1 GENERAL PRINCIPLES	30
2 THE BUDGETARY PROCESS	31
3 BUDGETARY CONTROL - REVENUE	32
4 BUDGETARY CONTROL - CAPITAL	33

1 GENERAL PRINCIPLES

- 1.1 These Financial Procedures provide the scheme of administration and accounting to staff of the College, by which the College Principal discharges his/her responsibilities, as defined in the Financial Principles and the Financial Responsibilities. They apply to all employees of the College, both full and part-time, permanent and temporary. **Failure to comply with these regulations will be regarded as a serious breach of discipline.**
- 1.2 The College Principal will make available training to be undertaken by staff in financial matters where necessary, to enable them to fulfil their responsibilities defined in these procedures.
- 1.3 Where necessary for the effective implementation of these procedures, manuals of guidance will be issued to assist staff.
- 1.4 All suspected instances of fraud or financial irregularity are to be brought to the attention of the College Principal and the Audit Committee as soon as possible.
- 1.5 The Director of Finance & Customer Services is responsible to the College Principal for the efficient and effective operation of the Financial Responsibilities, Principles and Regulations of the College, including the organisation of staff training and manuals of guidance.
- 1.6 All assets and income of the College held by an employee shall be clearly identified in the accounts and records of the College.
- 1.7 Documentation relating to the financial affairs of the College is not to be destroyed without the permission of the Principal and Chair of the Finance and Standards Committee.
- 1.8 All income that results from work, goods or services provided by employees of the College in the course of their duty, is income belonging in whole to the College.
- 1.9 The College will provide Internal and External Auditors with access to College books and records as required.

2 THE BUDGETARY PROCESS

- 2.1 The College Principal shall designate Budget Managers, and may also designate Holders of sub-budgets, who will be responsible for preparing annually both revenue budgets, staffing bids and capital bids for consideration by the College Principal. (Schedule C).
- 2.2 The Principal will agree the timetable for the preparation of the annual budget and three year forecast.
- 2.3 In preparing their budgets, the Budget Managers shall consult the Finance Manager, who will co-ordinate and facilitate the preparation of the budgets.
- 2.4 The Finance Manager will review the budget requests, prepare the budget and three-year forecast and document the assumptions used. This will be submitted to the College Principal for approval.
- 2.5 The College Principal will submit both the revenue budget, capital budgets, and three-year forecast to the Summer Term Finance and Standards Committee of the Corporation for approval. The budget and three-year forecast will then be submitted to the summer term Corporation meeting for approval before submission to the Skills Funding Agency by the 31 July.
- 2.6 Once approved, budget holders will be informed of allocations.
- 2.7 All revenue and capital budgets will be monitored monthly. Monthly (with the exception of August) management accounts will be prepared by the Finance Manager for presentation to the Finance and Risk Management Committee and then distributed to budget holders. The Finance and Risk Management Committee shall consist of the Principal, the Directors, the Finance Manager, Head of Organisational Development, and Head of Information Services. This committee will meet within 15 working days of the month end to consider the management accounts for September to June. The July management accounts will be delayed to include all year-end adjustment and will be presented to the Finance and Risk Management Committee along with the first draft of the Annual Financial Statements by 30 September. The accounts will show income and expenditure to date (accruals and commitments), compared to a profiled budget and variances will be reported. Also included will be a Balance Sheet, Cash flow, and estimated out-turn (actual against forecast). Additional Monthly reports will be prepared where more detail is required (e.g. education supplies, detailed capital projects etc.). In addition, the units generated by the latest ISR run and a forecast of the annual units will be reported.
- 2.8 Summary management accounts and information on units will be distributed to the Corporation members immediately following the monthly meeting of the Finance and Risk Management Committee.
- 2.9 The Principal will consider the need for a mid-year budget update. This will be prepared and submitted to Finance and Standards Committee and the Corporation by 28 February if considered necessary.
- 2.10 An updated three-year forecast and cash flow will be prepared termly for submission to Finance and Standards Committee. This will include the effect of variances known to date.
- 2.11 The annual audited Financial Statements of the College shall be approved at the Autumn meeting of the Corporation for submission to the Skills Funding Agency by 31 December.

3 BUDGETARY CONTROL - REVENUE

- 3.1 The revenue budget will identify the sums of money to be managed by each Budget Manager, who will be responsible for the prudent management and the regular monitoring of income and expenditure.
- 3.2 All Budget Managers must comply with the accounting systems established by the Director of Finance and Customer Services for receiving income and making payments for goods and services.
- 3.3 No expenditure likely to exceed the approved budget of a cost centre in the current or subsequent years may be incurred without the prior approval of the College Principal.
- 3.4 Virement (transfer of monies between budget heads) shall only be allowed at the expressed permission of the Principal.
- 3.5 Income which exceeds the budget belongs to the College and shall be recorded as such. The College Principal shall determine whether such income should be retained in the reserves or allocated.
- 3.6 VAT will form part of the budget allocated to Budget Managers.
- 3.7 All fees/charges for services, except for full-cost work, will be set by the College Principal and approved by the Finance and Standards Committee.
- 3.8 Full cost course fees will be set by the Director of Adult Skills and Higher Education within Corporation policy guidelines.

4 BUDGETARY CONTROL - CAPITAL

- 4.1 Capital items are those with **both** an accounting lifespan longer than one year, other than fixtures and fittings, and a VAT inclusive cost exceeding **LIMIT 3 of SCHEDULE A** or items classified as inventory as per Limit 12 of Schedule A. All capital items are depreciated over their expected useful life as disclosed in **LIMIT 18 of SCHEDULE A**.
- 4.2 Funding designated as capital by the Skills Funding Agency may only be used for capital expenditure.
- 4.3 All sums of monies approved for capital expenditure are deemed to be cash limited and inclusive of Value Added Tax where applicable.
- 4.4 Any individual bid for a sum in excess of **LIMIT 4 of SCHEDULE A** must be submitted by the College Principal to the Finance and Standards Committee for approval.
- 4.5 Building works will also be controlled by the Estates Manager who will adhere to the procedures laid down for the control of capital works budget.



Brockenhurst College

SECTION 4

FINANCIAL REGULATIONS

	Page
1 ORDERS FOR WORKS, GOODS AND SERVICES	35 - 36
2 COMPETITIVE TENDERS	37
3 DISPOSAL OF SURPLUS GOODS	38
4 RECEIPT OF GOODS	39
5 PAYMENT OF ACCOUNTS AND CLAIMS	40 - 41
6 PAYMENT OF SALARIES AND WAGES	42
7 RELOCATION EXPENSES – SCHEME OF ASSISTANCE	43 - 44
8 INCOME	45 - 46
9 BANKING ARRANGEMENTS AND IMPREST ACCOUNTS	47
10 LOANS, INVESTMENTS, INVESTMENT TRUSTS AND OTHER FUNDS	48
11 SECURITY OF ASSETS	49
12 INSURANCE	50
13 IRREGULARITIES	51
14 MANUALS OF GUIDANCE	52

7 - Approved by the Corporation at its December 2006 meeting.

1 ORDERS FOR WORKS, GOODS AND SERVICES

- 1.1 Orders shall be issued for all works, goods and services required for the work of the College with the exception of:
- (i) Items of a recurring nature, eg. rates, gas, water, electricity, telephones.
 - (ii) Items purchased from imprest accounts, eg. petty cash items - see **LIMIT 15 of SCHEDULE A**
 - (iii) Cheque requisitions e.g. Tuition fee refunds.
 - (iv) On-line orders placed using College Procurement Cards.
- 1.2 Orders shall conform to the College designated system and be authorised by a designated Authorising Officer only - as detailed in Schedule B.
- 1.3 Budget Managers are responsible for ensuring they obtain the most favourable terms for price, delivery dates and quality. To that end, the advice of the College Consultants, Hampshire County Supplies Department, should be sought before orders are placed. All orders relating to Information Technology hardware or software must only be placed after approval by the College IT Support Manager.
- 1.4 Budget Managers will submit orders for the works, goods and services which they require to the Finance Manager. The Finance Manager will arrange for the order to be despatched if he/she is satisfied that:
- (i) there are sufficient funds available in the designated budget;
 - (ii) the order has been correctly authorised by the Budget Manager or his/her designated deputy;
 - (iii) the nominated contractor or supplier indicated on the order is recognised by the College;
 - (iv) any tender and quotation arrangements required have been followed;
 - (v) any services ordered do not form a contract of personal employment.
- 1.5 Works, goods and services the cost of which (including VAT) exceed **LIMIT 5 of SCHEDULE A** require the Finance Manager to be satisfied that competitive quotes have been sought. In the case of building work, orders up to **LIMIT 6 of SCHEDULE A** - see also 2.2 - (including VAT) may be placed without inviting quotations.
- 1.6 All orders which relate to the upkeep and maintenance of College land and property or to any other building works must be initiated by the Estates Manager.
- 1.7 Unused pads of order forms, sequentially numbered, will be controlled by the Finance Manager, who will log all issues to Budget Managers.
- 1.8 All orders must clearly indicate the nature and quantity of the materials, works or services to be supplied, and the price to be paid, and must give clear instructions as to the delivery point for the goods or services, and the address to which invoices should be sent (which should be to the Finance Office, Brockenhurst College, Lyndhurst Road, Brockenhurst, Hampshire).
- 1.9 All orders will contain at least two signatures. The first of these will be that of a Budget Holder; the second will be that of an Authorising Officer - as detailed in Schedule B.
- 1.10 The Finance Manager will maintain a schedule of all College staff who may requisition orders.
- 1.11 Only in very exceptional circumstances, and with the prior approval of the Finance Manager or an Authorising Officer, will telephoned or other confirmatory orders be permitted.
- 1.12 Fully authorised orders (ie. signed by Budget Holder), Authorising Officer as at 1.9 above) will be despatched to the appropriate Contractor or Supplier by the Finance Department. The Finance Department will update the Commitment Accounting System accordingly for all orders.

- 1.13 Orders placed using College Procurement Cards must only be placed by the named cardholder. All orders must be placed with approved suppliers and transactions made within agreed monetary limits maintained by Barclaycard.
- 1.14 Under no circumstances shall private transactions be conducted using official orders or conducted as if by the College through or with any Contractor or Supplier. Private transactions are defined as unofficial transactions which are those which may not properly be entered in the official accounts of the College.
- 1.15 Members of staff and other employees must declare to the Principal any pecuniary, management or other interest that they have in any organisation likely to enter into a contractual relationship with the College. The Principal will maintain a register of all such declared interests. Contracts will not be entered into with these organisations other than with the express written permission of the College Principal.
- 1.16 Members of staff and other employees shall not accept gifts from organisations carrying on or seeking a business relationship with the College. The only exceptions to this will be gifts of low value functional items suitable for business, rather than personal, use. Such items must be declared and entered in the record held by the Finance Manager.
- 1.17 Any goods received by the College as gifts (ie. free of charge) must be dealt with by the Finance Manager who will satisfy himself/herself of any taxation and revenue expenditure implications. Where future revenue expenditure in connection with this item is likely to be in excess of **LIMIT 7 of SCHEDULE A** (including VAT), the approval of the College Principal must be sought before the gift may be accepted.
- 1.18 A copy of any cancelled order must be returned to the Finance Office for retention.

2 COMPETITIVE TENDERS

- 2.1 Capital and revenue expenditure on works, goods or services estimated to cost more than **LIMIT 5 of SCHEDULE A** (inclusive of VAT), shall be subject to competitive quotes and Budget Managers must obtain three quotes or more to gain the best price. Documentation related to this must be retained by the Finance Section.
- 2.2 If, for whatever reason, there is a need to dispense with obtaining the quotations for 2.1 above, then the reason must be approved by the Principal.
- 2.3 When emergency repairs to buildings are required, the estimated cost of which is more than **LIMIT 6 of SCHEDULE A**, the need to obtain competitive quotes shall be waived provided this is approved by the Principal.
- 2.4 Orders for the purchase, hire, lease or hire purchase of goods of any one type to an annual value in excess of **LIMIT 8 of SCHEDULE A** are subject to other European Community Tendering Regulations. The Finance Manager must be consulted about the methods and timescale of compliance with these regulations. Budget Managers should note that the EC regulations require advertisements to be placed in the European Community Official Journal inviting applications to tender on a minimum timescale of 77 days between the placing of the advertisement and the closing date for receipt of tenders.
- 2.5 Any contract likely to cost in excess of **LIMIT 13 of SCHEDULE A** will be subject to full competitive tendering which will be undertaken by the budget holder in accordance with the procedure laid down by the College, after liaison with the Finance Manager. The location of the tender documentation must be disclosed with the order.
- 2.6 If, for whatever reason, it is not possible to obtain at least three tenders for 2.5 above, then the matter should be reported to the College Principal who will decide what action to take.
- 2.7 Prior approval of the Principal must be obtained in order to dispense with the requirement to obtain tenders.
- 2.8 Prior approval must be sought from the Finance and Standards Committee for all contracts, goods and services above **LIMIT 4 OF SCHEDULE A**.
- 2.9 The renewal of any contract for goods or services shall be subject to the same regulations as new contracts for goods and services.
- 2.10 All original signed contracts should be held centrally by the Director of Finance & Customer Services.
- 2.11 All contracts with the College should be signed by the Director of Finance & Customer Services or the Principal. All contracts above **LIMIT 19 of SCHEDULE A** should be signed by the Principal.

3 DISPOSAL OF SURPLUS GOODS

- 3.1 In the case of surplus items, the Finance Manager shall be notified on the official "Asset Disposal" form by the Budget Manager. Disposal of any items on the asset register require the authorisation of the Principal.
- 3.2 Approval must be sought from the College Principal before any inventory items with a net book value are written off.
- 3.3 The disposal of items valued above **LIMIT 14 OF SCHEDULE A** requires the approval of the Finance and Standards Committee.

4 RECEIPT OF GOODS

- 4.1 On receipt of the goods or completion of the service ordered, to the satisfaction of the Budget Holder, he or she will note the satisfactory completion on the Section/Centre/Service's copy of the purchase order and sign and date goods received note if available. When the invoice is received by the Finance Office, it will be sent to the Budget Holder stamped with a certification block. This certification block should be completed and the invoice returned to the Finance Office with the goods received note attached.
- 4.2 It will be the responsibility of the Finance Department to update the inventory, as appropriate, by entering, in sufficient detail, a description of any items received, which are regarded as inventory.
- 4.3 It will be the responsibility of the Budget Holder to ensure that the inventory item is marked as belonging to Brockenhurst College in accordance with the College procedure. The working of all IT equipment is the responsibility of the IT Support Manager.
- 4.4 The Finance Section will match the purchase order with the invoice, and will process payment of all duly certified invoices.
- 4.5 In the event of dispute or other disagreement, it will be the responsibility of the Budget Manager to ensure that this is resolved, in conjunction with the Finance Manager, as appropriate. It is the duty of the Finance Manager to ensure that no disputed invoice is paid until the matter is resolved to the satisfaction of all officers concerned.

5 PAYMENT OF ACCOUNTS AND CLAIMS

- 5.1 Payment for goods, supplies and services should always be supported by an invoice or other appropriate document. These will usually be received by the Finance Manager/Senior Finance Officer for coding and processing. It will be the Finance Manager's/Senior Finance Officer's responsibility to match the invoice with the order and if satisfied that an invoice is properly certified, payable and authorised, pass it for payment.
- 5.2 It is an important element of internal check and control that the officer certifying an invoice should not be the person who authorised the order. For all order based transactions the authorising of the order is the authority for the payment.
- 5.3 No member of staff may authorise an invoice or claim form for the reimbursement of expenditure to themselves.
- 5.4 Claims for reimbursement of expenditure incurred in the course of duty, such as travelling, subsistence, course fees etc. must be submitted on the appropriate form by the members of staff to the appropriate Manager of their Curriculum/Centre/Service for checking, approval and transmission to the Finance or HR Office. Claims by the College Principal will be submitted for checking and approval to the Chair or Vice Chair of the Corporation. Claims by the Directors and Managers will be submitted to their superior manager for checking, approval and transmission to the Finance or HR Office. The HR Manager will ensure that the rates etc. are in accordance with those laid down by the College and pass the claim for payment direct to the Bank Account nominated by the individual via the payroll. Claims by members of the Corporation should be submitted to the Clerk to the Corporation for checking, prior to approval and transmission to the Finance Office.
- 5.5 To the extent that such reimbursement is considered by the Inland Revenue Service to contain taxable elements, a return of such payments will be made annually to the Inland Revenue Service (P11D or approved substitute). Certain items are always wholly taxable (for example, mileage incurred travelling from the individual's home to place of work) and subject to National Insurance deductions. Where such items are reimbursable at all, they will be paid through the payroll and deductions will be made at source for tax and national insurance.
- 5.6 All such claims must be signed personally by the member of staff making the claim, and must not be claimed through any third party. Reimbursement for items not subject to standard rates laid down by the College will only be payable if they are:
- (i) backed by original vouchers/receipts;
 - (ii) incurred wholly in the course of duty; and
 - (iii) considered reasonable by the appropriate Manager of Curriculum/Centre/Service or other Senior Manager authorising the payment.
- 5.7 Claims must be made as soon as possible after the event has taken place and any claim relating to a period more than 3 months prior to the date of submission for reimbursement will be payable only at the discretion of the Principal. Claims relating to the closed financial year must be submitted within one month of the close (ie. by 31st August).
- 5.8 The Finance Manager will maintain an up to date record and specimen signatures of all College staff authorised to certify accounts, invoices, etc. for payment, together with information on the limits of their authority as determined by these Regulations.
- 5.9 Advance payments may be made to staff to cover expenses to be incurred when travelling on College business. Advances may be made only against the personal signature of the member of staff. In the case of foreign travel the advance may be made in foreign currency or travellers cheques. Such advances will only be made providing there is not an advance already outstanding to that member of staff and may only be up to **LIMIT 9 of SCHEDULE A** in value. In the case of a

College organised trip for students an advance for expenses can be made from the respective trip account up to **LIMIT 16 SCHEDULE A** with approval of the Curriculum Manager. Advances above this level must be authorised by the College Principal.

- 5.10 Advances so made must be cleared against a fully detailed expense claim within 7 days of the member of staff returning to the College. Advances given must not be used for ineligible expenditure, for example, gifts or entertainment, nor must they be used as payment against travel or subsistence at College rates. Receipts must be obtained and attached to expense claims. Any unspent advance must be repaid to the Finance Office.
- 5.11 Advances may exceptionally be made to staff to cover travel within the United Kingdom. Advances may be made only against the personal signature of the member of staff and the authorisation of the Budget Managers. Such advances may only be made providing there is not an advance already outstanding to that member of staff and may only be up to **LIMIT 10 of SCHEDULE A** in value. Advances so made must be cleared, against a claim with original receipts/vouchers attached, within two working days of the advance being given.
- 5.12 If any advance made to a member of staff as above is not cleared within the specified timescale, then the College will recover that sum by deduction from a future salary or wage payment to that individual.
- 5.13 All foreign travel made by College staff and Corporation members with the exception of organised trips for College students must be reported and that approval be sought in advance by the Finance and Standards Committee or where not practicable by the Chair of the Corporation. Under such circumstances, the Chair's action will be reported formally to the Corporation. An annual limit of £50,000 for expenditure on foreign travel to be authorised by the Principal – the expenditure year to coincide with the financial year. All reportable foreign travel must be accompanied by a summary statement of estimated and actual costs. A retrospective overseas travel report must be made to the Finance and Standards Committee on an annual basis.

Amendments to 5.13 re foreign travel and an annual limit approved by Corporation at its meeting held on 7 December 2005.

Amendment to 5.13 re foreign travel re increase in the annual limit to £20,000 approved by Corporation at its meeting held on 6 December 2007.

Amendment to 5.13 re foreign travel re increase in the annual limit to £50,000 approved by Corporation at its meeting held on 15 December 2009

6 PAYMENT OF SALARIES AND WAGES

- 6.1 The payment of all salaries, wages, gratuities, compensation and other emoluments shall be authorised by the College Principal and Director of Finance & Customer Services. In the absence of the Director of Finance & Customer Services, authorisation from either of the other two directors is acceptable. In the absence of the Principal, authorisation from either of the other two Directors is allowable, provided that the Principal has given prior written authorisation. Commencement, termination or alteration of these payments will be controlled by the HR Manager who will retain all of the records relating to this.
- 6.2 All matters affecting commencement, alteration or termination of such payments therefore must be notified promptly to the HR Manager.
- 6.3 The HR Manager will ensure that the appointment of all College employees is in accordance with the decisions of the College Principal and that the approved contracts of employment are prepared for all employees, both full and part-time.
- 6.4 All proposals to re-grade staff or vary their contracts must be submitted to the Principal who must approve all re-gradings. The HR Manager will notify staff of all approved variations to contract and amend their personal records accordingly.
- 6.5 The HR Manager will notify the Payroll Officer of all commencements, terminations, re-gradings and other alterations as they are approved, giving dates and effects of such changes.
- 6.6 The HR Manager will maintain an up-to-date Establishment list giving details of all employees of the College and indicating any vacancies against the budgeted establishment.
- 6.7 The Payroll Officer should be notified of all information relating to superannuation, income tax, national insurance, sickness, maternity pay etc. The HR Manager will pass all relevant information and documents for inclusion in the employee's personal file.
- 6.8 Under no circumstances will salary or wage payments be made to employees, temporary or permanent, of the College other than through the formal salary and wage systems of the College.

7 RELOCATION EXPENSES - SCHEME OF ASSISTANCE

SCOPE

7.1 The scheme applies to the appointment of all staff in the College on a discretionary basis.

This discretion will be exercised by the Principal and will take account of:

- the nature of the post and prospects of filling it;
- previous recruitment difficulties;
- any current experience of recruiting to the post (eg. no or inadequate response to initial advertisement);
- budget considerations.

7.2 It provides for reimbursement of certain expenses incurred directly by the employee concerned in house removals, providing in all cases that:

- the reason for moving is to take up an appointment with the College;
- the move means the member of staff will live appreciably nearer to the College;
- the removal takes place within 12 months of taking up the appointment.

7.3 All staff are eligible to claim under the scheme. Where two or more staff share accommodation, the Principal will detail the working scheme in the particular circumstances.

SCALE OF PROVISION

7.4 Subject to Section 1, relocation expenses, including any separation expenses, where approved, will be as follows:

- (a)
- Senior Postholders - to be determined by the Remuneration Committee, with a normal maximum of £5,000.
 - Other than Senior Postholders - up to a normal maximum of:

£3,500 payable to Managerial Posts
£3,000 payable to other staff

These rates may be varied dependent upon market conditions.

In all cases payment will only be made following submission of an expenses claim form which is supported by proof of expenditure.

(b) Separation Expenses

Within the overall relocation allocation assistance may be given when newly appointed staff are seeking permanent accommodation but are also either living in temporary accommodation, and thus still incurring expenditure on their old home, or are travelling daily from the old home and, therefore, incurring extra travel costs. The provision is for:

- up to £100 per week (£20 per day) with a maximum limit of £500;
- second class return rail fare to the old home on two occasions per month and at each public holiday period.

TIME LIMITS

7.5 The normal time limit for claims for Relocation Expenses is 12 months from the date of appointment and for Separation Expenses is 26 weeks from the same date. In exceptional circumstances the Principal may extend the period for the payment of Relocation Expenses by a

maximum of a further 12 months.

Where a request for extension is made this will require evidence of difficulty in moving or of significant personal or financial hardship.

UNDERTAKING

7.6 All staff intending to claim under the scheme will be required to sign a Form of Undertaking.

- The Undertaking will be that the member of staff accepts that in the event of resigning within 2 years of the appointment all payments made by the College will be repaid on the following basis:

Within 1 year of appointment	-	100% of sums paid
After 1 year but within 18 months	-	50% of sums paid
After 18 months but within 2 years	-	25% of sums paid

- The same Undertaking will apply to staff who are dismissed for misconduct during the 2 year period
- No payments will be made prior to receipt of a signed Form of Undertaking

PROCEDURE AND INFORMATION

7.7 All claims and requests should be made to the College HR Manager who will deal with enquiries on the working and provisions of the scheme.

Inserted and approved by Corporation at its meeting held on 13 December 2006.

8 INCOME

- 8.1 All income due to the College, whether in the form of cash, cheques or by debtors' invoice will be collected in accordance with arrangements approved by the Principal.
- 8.2 The Finance Manager must be notified promptly by Budget Managers of all money due to the College, including proposed contracts, leases and other arrangements which would involve the receipt of money.
- 8.3 On receipt of information relating to monies due to the College, the Finance Manager will arrange for the submission of an appropriate official invoice to the debtor and will be responsible for ensuring that payment is received.
- 8.4 The Finance Manager is responsible for ordering and controlling supplies of all the appropriate forms related to the collection of income.
- 8.5 The Finance Manager will be responsible for the authorisation of all Credit Notes, and will make recommendations to the College Principal for the write-off of any debts he/she considers to be irrecoverable.
- 8.6 An official receipt must be issued as an acknowledgement to any person paying cash in excess of **LIMIT 20 OF SCHEDULE A** to the College. For any other remittance received, an entry must be made in an accounting record and in a form acceptable to the Finance Manager.
- 8.7 All monies received by College staff other than the College cashiers, should be paid either to the cashier or direct to the official College Income Bank account according to arrangements agreed by the Finance Manager.
- 8.8 Payments into the bank, whether by the cashier or some other member of College staff, should be made intact, promptly and at regular intervals.
- 8.9 Personal cheques must not be cashed out of money held on behalf of the College.
- 8.10 Any employee handing cash to a third party must obtain a suitable receipt from that third party.
- 8.11 Schedules must be maintained by the Finance Manager of all income due, actual or potential, from all sources. Such schedules will show:
- (i) The total income due.
 - (ii) The timing of income through the year.
 - (iii) The actual income received.
 - (iv) Dates of any claim arrangements.
 - (v) Restrictions on any consequential expenditure.

In this context the Finance Manager will be responsible for managing arrangements for making appropriate claims to agencies from whom the College receives funds.

- 8.12 All fees, charges, etc. levied by the College should be reviewed at regular intervals by the appropriate Senior Manager. Any changes proposed must be referred to the College Principal for final approval.
- 8.13 The College Principal is authorised to write-off any debt due to the College up to **LIMIT 2 of SCHEDULE A** which, in the opinion of the College Principal, is irrecoverable. Irrecoverable debts in excess of this limit shall be referred by the College Principal to the Finance and Standards Committee.

- 8.14 Payments by cheques into the main till should be crossed and contain, where possible, details of the name and address of the payee. All cheques should be made payable to Brockenhurst College.
- 8.15 Where payments are received by credit card, this will be in accordance with arrangements determined by the Finance Manager.
- 8.16 The College offers a Direct Debit payment facility for the payment of debts owed to the College. There are a maximum number of four payments for a single Direct Debit Instruction, over a maximum period of 8 months.
A direct debit instruction can only be initiated after the completion of the direct debit validation process.
Once the direct debit has been setup, the payee will be notified in writing at least 8 days prior to the first collection date.
Where the payee provides an email address, notification of the direct debit instruction will be sent via email, otherwise notification will be sent by post. The payee will be deemed to have been notified of the payment schedule on despatch of email or posting of letter.
A record of all student debts and payments is maintained within the Student Debtor Ledger on a student by student basis.
All direct debit payments are recorded within each individual student account, and will reduce the amount of the debt accordingly.
The College does not apply finance charges to any account where a student takes up the Direct Debit payment option.
All financial data is processed and handled in accordance with the Data Protection Act 1998
- 8.17 Finance Office staff and Out-Centre staff will maintain a system determined by the Finance Manager for the acceptance and monitoring of postal remittances received by the College.
- 8.18 Before agreeing to take on work for new customers on a credit basis, Budget Managers should request the Finance Manager to take up credit references before any work is undertaken, if the price for that work exceeds **LIMIT 11 of SCHEDULE A**.
- 8.19 The Finance Manager will be responsible for maintaining records of all income both potential and actual for full cost courses. It is the responsibility of the Budget Manager to ensure that the Finance Manager is kept informed of all such income.

Insertion 8.16 regarding Direct Debit payments agreed by Corporation at its meeting held on 6 July 2010

9 BANKING ARRANGEMENTS AND IMPREST ACCOUNTS

- 9.1 Barclays Bank PLC are the College's bankers, following tender. All official College financial transactions will be with that bank or one of its branches and no other, unless specifically authorised by the Principal.
- 9.2 All instructions to and correspondence with the College's bankers will be conducted by or with the agreement of the Finance Manager and any changes to the banking mandate must be agreed with and by the College Principal.
- 9.3 Responsibility for ordering, control and issue of blank cheques will rest with the Finance Manager and, in the event of the loss of any of those cheques, the Finance Manager will be responsible for any investigation that may be necessary to resolve the matter.
- 9.4 If it should prove to be necessary to open a subsidiary bank account, eg. for an imprest, at the main or other branch of the bank, this will be arranged by the Finance Manager after approval by the Principal who will deposit with the bank the names and specimen signatures of such persons authorised to operate the account.
- 9.5 The Finance Manager will arrange for instructions on the operation and reconciliation of such accounts to be issued to the imprest holders. Security of cash floats on imprest accounts are the account holder's responsibility.
- 9.6 The title of any subsidiary bank account must ensure that it is clearly seen by the bank to be an official College account and that alterations can only be authorised by the College Principal.
- 9.7 The Finance Manager will maintain an up-to-date record and specimen signatures of College staff authorised to sign College cheques and BACs payments together with information on the limits of their authority as determined by the College Principal.
- 9.8 Any investments outside of deposit accounts in High Street banks will be subject to the approval of members of the Corporation.
- 9.9 No bank account will be closed without the express agreement of the College Principal.

10 LOANS, INVESTMENTS, INVESTMENT TRUSTS & OTHER FUNDS

- 10.1 Any proposal to borrow money, either for specific purposes or projects on the security of the College's assets or for short term funding to meet recurrent expenditure, must first be approved by the College Principal. Such proposals must follow the relevant Funding Council instructions on borrowing.
- 10.2 Where College assets are offered as security for borrowing, the approval of the Finance and Standards Committee must be obtained regardless of the value of those assets.
- 10.3 The Finance Manager will be authorised to arrange for the temporary investment of funds in accordance with paragraphs 9.6 - 9.8 below, but all such loans and any other investments held must be made in the name of the College.
- 10.4 The Finance Manager will arrange for the maintenance of a register of all money borrowed by or lent by the College and will be responsible for the security of any stocks, bonds or mortgages held by the College.
- 10.5 All trust funds will be in the name of the College or nominees approved by the College Principal. Any member of staff acting as a trustee of a fund by virtue of his or her official position will deposit all documents of title relating to the trust with the Principal.
- 10.6 A maximum balance of **LIMIT 17 OF SCHEDULE A** shall be kept in the College Current Account, with the remainder being invested in a Business Premium Account or on the Money Market.
- 10.7 Surplus College funds will be invested in a Business Premium Account or High Interest Account as approved by the Finance and Standards Committee.
- 10.8 The placing of funds into any other type of investment must have the prior approval of the Corporation.
- 10.9 As part of the budget preparation, a cashflow will be prepared. This will be received and updated according to the normal budget cycle and approved by the Principal before submission to the Finance and Standards Committee. The Finance Department will monitor and manage the cashflow as authorised.
- 10.10 The Finance Department will submit on a monthly basis to the Principal and Director of Finance & Customer Services, a list of all College bank balances and an investment performance report.
- 10.11 The Finance section will prepare monthly, as part of the management accounts, a report of actual cashflow compared to projected cashflow.
- 10.12 The above will be carried out within the guidelines of the College Treasury Management Policy.
- 10.13 The performance of any investments will be reported annually to the Finance and Standards Committee in the Autumn Term.

Amendment to 10.7 approved by Corporation at its meeting held on 13 December 2006

11 SECURITY OF ASSETS

- 11.1 Each Budget Manager is responsible for ensuring that proper security is maintained at all times for all buildings, furniture, equipment, stocks, stores etc. under their direct control.
- 11.2 The Estates Manager, subject to the advice of the Curriculum Managers, will issue guidelines to all Budget Managers outlining how best these responsibilities can be discharged in the special circumstances of each campus.
- 11.3 Up-to-date inventories will be kept by the Finance Department and each Section to cover all items of equipment, vehicles and plant in excess of **LIMIT 12 of SCHEDULE A**. Security markings must also be used where appropriate.
- 11.4 Budget Managers are responsible for the receipt, care, safe custody and issue of stocks and stores within his/her Curriculum/Section/Service and at agreed intervals, will supply the Finance Manager with such information as may be required for incorporation in the financial accounts of the College.
- 11.5 Each Budget Manager will arrange that at least annually and more frequently if this is felt to be desirable, an independent physical check of stocks shall be undertaken. The Finance Manager will arrange an independent physical check of inventory items to be performed on a rotational basis.
- 11.6 In the case of surplus or obsolete materials, stores or equipment, the Finance Manager should be notified, and the procedures of Financial Regulation 3 should be followed.
- 11.7 Similarly, with any deficiencies discovered, the matter should be referred to the College Principal for approval to write-off up to **LIMIT 2 of SCHEDULE A**.
- 11.8 Where the amount involved is in excess of this limit, then the matter should be referred to the College Principal who will advise the Finance and Standards Committee.
- 11.9 The Estates Manager is responsible for maintaining a record of all land and property held by the College, showing the purposes for which held, its location, extent and plan reference, purchase details and the nature of the interests of the College.
- 11.10 The Principal will arrange for the safe custody of title deeds and any other documentation in respect of this land and property.
- 11.11 The computerised systems for financial, HR and student data must be controlled by passwords. Only those members of staff who are authorised may alter data held on the College's computerised system and only those members of staff who are specifically designated may review such data. Passwords must be updated on a regular basis and a log of all passwords will be kept by the College Information Systems Manager or Head of Information Services in a secure environment.
- 11.12 A register of access to the College Management Information Systems will be kept by the Information Systems Manager or Head of Information Services.

12 INSURANCE

- 12.1 The Director of Finance & Customer Services is responsible to the Principal for assessing the need and then arranging for all necessary insurance cover in the light of the assessment.
- 12.2 The cover carried by the College will be reviewed by the Director of Finance & Customer Services at regular intervals in order to assess its adequacy or otherwise.
- 12.3 Budget Managers must notify the Director of Finance & Customer Services immediately of:
- (i) Any new risks and liabilities which may require to be insured;
 - (ii) Any alterations which may affect existing insurances;
 - (iii) Any loss damage claim or other happening which might give rise to a claim by or against the College;
 - (iv) All leases of property granted by or to the College which might involve a transfer of insurance cover.
- 12.4 The Director of Finance & Customer Services or his/her nominee will be responsible for negotiating all claims on behalf of the College.

13 IRREGULARITIES

- 13.1 The Director of Finance & Customer Services is responsible to the Principal for investigating all instances of irregularity involving the College property or assets brought to his/her attention.
- 13.2 The Principal must refer all instances of fraud to the Audit Committee.
- 13.3 The Director of Finance & Customer Services will decide on an appropriate course of action in the light of recommendations made and, where relevant, consultation with senior staff.
- 13.4 Any member of staff who suspects that an irregularity has taken place must report the matter to his/her Supervisor (or other senior member of staff if, in the light of all the circumstances, this is thought to be more appropriate).
- 13.5 Any breaches of internal discipline with regard to Financial Regulations will be brought to the attention of the HR Manager in order that it can be dealt with according to the agreed procedures.

14 MANUALS OF GUIDANCE

- 14.1 It is the responsibility of the College Principal to arrange to have prepared and distributed to all Budget Managers, Manuals of Guidance covering in detail all aspects of the College's Financial Principles, Regulations, Procedures and Instructions.
- 14.2 All members of staff will be required to follow the standard procedures and instructions contained within these Manuals and any failure to do so which causes the College to incur a loss, could result in disciplinary procedures against the member of staff concerned.
- 14.3 Once agreed, any changes to this document must be approved by the Finance and Standards Committee on behalf of the Corporation on the advice of the Principal. Changes may be made to financial procedures from time to time as approved by the Principal.
- 14.4 The Schedules to this document form part of the Regulations which require the approval of the Finance and Standards Committee on behalf of the Corporation.

SCHEDULE A - SCHEDULE OF FINANCIAL LIMITS

1.	F.Prin. 5.1A	£500,000	Limit at which an investment appraisal is prepared for SFA funding bids
2.	F.Prin. 5.1C F.Reg. 7.13 F.Reg. 10.7	£ 5,000	Limit to College Principal's write-off authority.
3.	F.Proc. 4.1	£ 500	Lower limit for asset capitalisation
4.	F.Proc. 4.4 F.Reg. 2.8	£100,000	Lower limit for Finance and Standards approval of goods, service contracts and Capital bids.
5.	F.Reg. 1.5 F.Reg. 2.1	£ 10,000	Cost above which 3 written quotations must be sought for supply of goods and services (other than building work).
6.	F.Reg 1.5 F.Reg. 2.3	£ 15,000	Quotation limit for contracted building work.
7.	F.Reg 1.16	£ 1,000	Limit above which the College Principal must authorise revenue consequences of "free" capital gifts.
8.	F.Reg 2.4	£156,442 Supplies and Services £3, 927,260 Building Wks	European Community limit for purchase, lease or hire of goods and services above which Euro Tendering Regulations apply.
9.	F.Reg. 5.9	£ 250	Limit of advance for overseas travel (excluding College trips).
10.	F.Reg. 5.11	£ 100	Limit of advance for UK travel.
11.	F.Reg. 7.17	£ 1,000	Limit of credit for new customers without credit references.
12.	F.Reg. 10.3 F.Proc. 4.1	£ 125	Lower limit for inclusion of items on the College's inventory.
13.	F.Reg. 2.5	£100,000	Lower limit for which tendering arrangements must be made for the supply of goods.
14.	F.Reg. 3.3	£ 20,000	Asset Value limit above which the Finance and Standards Committee must authorise disposal.
15.	F.Reg. 1.1	£ 25	Upper limit of petty cash.
16.	F.Reg. 5.9	£ 1,000	Limit of Advance for College trip expenses above which the College Principal must authorise.
17.	F.Reg. 9.6	£ 5,000	Maximum limit to be kept in College Current Account.
18.	F.Proc 4.1		Depreciation Life of Capital Assets: Buildings – 20-50 years. Leasehold buildings – period of lease IT Equipment – Four years Non IT Equipment – Eight years Vehicles – Five years

19.	F.Reg 2.11	£ 50,000	Limit above which Principal must sign contract with College.
20.	F Reg 7.6	£ 5	Limit of income above which an official receipt must be issued.

Note: All amounts quoted are inclusive of VAT. Amendments to Schedule A approved by Corporation July 2003

Amendments to 5 and 6 approved by Corporation at its meeting held on 2 July 2009.

Amendments to 1, 5 and 6 approved by Corporation at its meeting held on 6 July 2010

SCHEDULE B

SCHEDULE OF AUTHORISED OFFICERS AND BUDGET MANAGERS

AUTHORISED OFFICERS:

Position :	Level of Authority:	Area/Amount:
College Principal	All, other than own salary/ expenses.	As designated in Schedule A
Directors	All, other than own salary/ expenses provided sufficient funds are in budget (prior approval of Finance Department).	As designated in Financial Regulations.
Budget Managers	As designated in Financial Regulations.	Petty Cash.
Finance Manager/ Senior Finance Officer	Up to £500 (inc. VAT) provided sufficient funds are in budget	Purchase Orders
Director of Finance & Customer Services	All	Part-time pay claims

BANK ACCOUNTS:

College Accounts:

<u>Amount</u>	<u>Signatories</u>
Up to £10,000	Any one signature of College Principal, Director of Finance & Customer Services, or the Finance Manager Director of Sixth Form College Director of Adult Skills and Higher Education
In excess of £10,000	College Principal plus one other authorised person Director of Finance & Customer Services or the Finance Manager Director of Sixth Form College Director of Adult Skills and Higher Education

The change to signatories re College accounts approved by Corporation at its meeting held on 13 December 2006.

The Director of Sixth Form College and Director of Adult Skills and HE were added as signatories/authorised persons which was approved at the Extraordinary Corporation meeting held on 10 February 2010

SCHEDULE C

SCHEDULE OF BUDGET MANAGERS AND BUDGET HOLDERS

1 BUDGET	BUDGET MANAGER
College	Principal
Curriculum	Divisional Heads
Academic Projects	Director of Adult Skills & HE, Director of Sixth Form College
Day Nursery	Director of Finance & Customer Services
Sports Project	Director of Adult Skills & HE
Refectory	Director of Finance & Customer Services
Adult Education	Director of Adult Skills and HE
2 BUDGET HEAD	BUDGET HOLDER
Education Visits	Principal
Hospitality	Principal
Functions	Director of Sixth Form College
Staffing - Full time	Principal
- Part time	Divisional Heads
Contingency	Principal
European Social Fund	Director of Adult Skills & HE
Non-Staff Advertising	Director of Adult Skills & HE
Staff Development	Head of Organisational Development
Health and Safety	Director of Finance & Customer Services
Premises - Running Costs	Estates Manager
Refectory	Refectory Manager
Administration - Central Expenses	Director of Finance & Customer Services
Student Services	Director of Sixth Form College
Education Supplies	Divisional Heads
Day Nursery	Director of Finance & Customer Services
Sports Project	Director of Adult Skills & HE
Part-time Vocational and Non-Vocational	Lifelong Learning Curriculum Manager
Premises - Income	Director of Adult Skills & HE
Student Transport	Director of Finance & Customer Services
Examinations	Student Administration Manager
Tuition Fees	Lifelong Learning Curriculum Manager
Staff Advertising	Head of Organisational Development
Interview Expenses	HR Manager
Staff Travel	HR Manager
Computing Supplies and Maintenance	IT Support Manager
Transport for Games	Head of Division Community and Services Industries
Medical Supplies	College Health and Safety Adviser