

**Wigan & Leigh College**  
**Financial Regulations**  
**for the year 2017 – 2018**  
**Approved: July 2017**

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## **Terminology**

Owing to the diverse nature of further education colleges, a wide range of terms is in use for committees, staff and other persons connected to this College. The following general terms have been used in these regulations.

### **Audit Committee**

A committee independent of executive responsibility, which advises the Governing Board on issues related to internal audit, external audit and financial control. It is required to issue an annual report to the Governing Board which, *inter alia*, comments on the College's system of internal control.

### **Budget Holder**

The member of staff who has been assigned his or her own budget (other than a Head of Department) and is accountable to their Head of Department for it.

### **Finance Director**

The person with responsibility for financial planning and control.

### **Resources Committee**

The committee with delegated responsibility for financial matters.

### **Funding Body**

Although the College has several funding bodies for different grant regimes, in this context the term refers to the Skills Funding Agency (SFA).

### **Governing Board**

The Board of Governors (corporation) ultimately responsible for the affairs of the institution.

### **Heads of Department**

The head of an academic or non-academic department/faculty of the institution who is responsible for the budget of his or her whole department/area.

### **Principal / Chief Executive**

The person with the ultimate executive responsibility for the management of the College, and designated chief accounting officer.

### **Executive Management**

The strategic management team that assists the Principal / Chief Executive in running the College.

## **Financial Regulations**

### **A. General Provisions**

#### **1. Background**

- 1.1 The institution is a further education corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in the instrument and articles of government, which may only be amended by application to the Secretary of State for Education. The institution is accountable through its Governing Board, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2 The institution is an exempt charity by virtue of the Charities Act 1993 as amended by the Charities Act 2006.
- 1.3 The financial memorandum between the Skills Funding Agency and the institution sets out the terms and conditions on which grant is made. The Governing Board is responsible for ensuring that conditions of grant are met. As part of this process, the institution must adhere to the funding body's audit code of practice, which requires it to have sound systems of financial and management control. The financial regulations of the institution form part of this overall system of accountability.

#### **2. Status of Financial Regulations**

- 2.1 This document sets out the institution's financial regulations. It translates into practical guidance the institution's broad policies relating to financial control. This document was approved by the Governing Board in July **2017**. It applies to the institution and all its subsidiary undertakings.
- 2.2 These financial regulations are subordinate to the institution's instruments and articles of government and to any restrictions contained within the institution's financial memorandum with the funding body and the funding body's audit code of practice.
- 2.3 The purpose of these financial regulations is to provide control over the totality of the institution's resources and provide management with assurances that the resources are being properly applied for the achievement of the institution's strategic plan and objectives:
  - financial viability
  - achieving value for money
  - fulfilling its responsibility for the provision of effective financial controls over the use of public funds
  - ensuring that the institution complies with all relevant legislation
  - safeguarding the assets of the institution.
- 2.4 Compliance with the financial regulations is compulsory for all staff connected with the institution. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the institution's disciplinary policy. The Governing Board will be notified of any such breach through

the Audit Committee. It is the responsibility of Heads of Department to ensure that their staff are made aware of the existence and content of the institution's financial regulations.

- 2.5 The Resources Committee is responsible for maintaining a continuous review of the financial regulations, through the Finance Director, and for advising the Governing Board of any additions or changes necessary.
- 2.6 In exceptional circumstances, this committee may authorise a departure from the detailed provisions herein, such departure to be reported to the Governing Board at the earliest opportunity.
- 2.7 The institution's detailed financial procedures set out precisely how these regulations will be implemented and are contained in a separate manual which is available from the Finance Department.

## **B. Corporate Governance**

### **3. The Governing Board**

- 3.1 The Governing Board is responsible for the management and administration of the institution. Its financial responsibilities are to:
  - ensure the solvency of the institution and the safeguarding of the institution's assets
  - appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal / Chief Executive and other senior post-holders
  - set a framework for pay and conditions of service of all other staff
  - ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the institution are appropriate and sufficient to safeguard public funds
  - approve the appointment of external auditors and an internal audit service
  - secure the efficient, economical and effective management of all the institution's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the institution is not put at risk
  - ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
  - plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure
  - approve an annual budget before the start of each financial year
  - determine the tuition fees policy
  - ensure that the institution complies with the funding body's audit code of practice
  - approve the institution's strategic plan
  - approve the annual financial statements.

#### **4. Accountable Officer**

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

In particular, the articles of government 3.(2).(c) charge the Principal / Chief Executive with responsibility:

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

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

#### **5. Committee Structure**

The Governing Board has ultimate responsibility for the institution's finances, but delegates specific powers and processes to the committees detailed below. These committees are accountable to the Governing Board.

##### **5.1 Resources Committee**

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

##### **5.2 Audit Committee**

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

##### **5.3 Remuneration Committee**

Consideration of senior postholder's pay and conditions is the responsibility of the Remuneration

Committee. It has the power to make recommendations to the Governing Board on their remuneration, including pay and other benefits, as well as contractual arrangements.

#### **5.4 Clerk to the Governing Body**

The Clerk is responsible for providing advisory, strategic and administrative support for the Governing Body's work, for advising on proper procedures and for intervening when the Clerk considers that the Board is acting inappropriately or beyond its powers, in which case the Clerk may need to seek external advice. The Governing Body Board are advised to agree procedures they would expect the Clerk to follow if there were difficulties in this area.

### **6. Other Senior Managers with Financial Responsibility**

#### **6.1 The Finance Director**

Day-to-day financial administration is controlled by the ~~Vice Principal~~, Finance Director, who is responsible to the Principal / Chief Executive for:

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

#### **6.2 Heads of department**

Heads of department are responsible to the Principal / Chief Executive for financial management for the areas or activities they control. They are advised by the Finance Director in executing their financial duties. The Finance Director will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Heads of Department are responsible for establishing and maintaining clear lines of responsibility within their departments for all financial matters. Where resources are devolved to budget holders, they are accountable to their Heads of Department for their own budget.

Heads of department shall provide the, Finance Director with such information as may be required to enable:

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

### 6.3 **All members of staff**

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

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

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

They shall provide the, Finance Director with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Governing Board.

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

## 7. **Risk Management**

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

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

7.3 In line with this policy, the Governing Board requires that the risk management policy and supporting procedures include:

- the adoption of common terminology in relation to the definition of risk and risk management
- the establishment of institution-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis
- a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes
- a decision on the level of risk to be covered by insurance
- detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
- development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question
- regular reporting to the Governing Board of all risks above established tolerance levels
- an annual review of the implementation of risk management arrangements



The strategy and procedures must be capable of independent verification.

- 7.4 Heads of department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the institution may be exposed. The advice of the ~~Vice Principal~~, Finance Director, should be sought to ensure that this is the case. All such agreements should be entered on to the College contracts register, which is maintained by the PA to the Executive Team.

## **8. Whistleblowing**

- 8.1 Whistleblowing in the context of the Public Interest Disclosure Act 1998 is the disclosure by an employee (or other party) of malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 8.2 Normally, any concern about a workplace matter at the institution should be raised with the relevant member of staff's immediate line manager or Head of Department. However, the institution recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.
- 8.3 A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, the Finance Director. If the member of staff does not wish to raise the matter with this person, or with the Principal / Chief Executive or the Chair of the Governing Board, it may be raised with the Chair of the Audit Committee.
- 8.4 The full procedure for whistleblowing is set out in the institution's Whistleblowing Policy, which is available through the Human Resources department.

## **9. Code of Conduct**

- 9.1 The institution is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe.
- 9.2 Additionally, members of the Governing Board, Executive Management Team or those involved in procurement are required to disclose interests in the institution's register of interests maintained by the Clerk to the Governing Board. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly.
- 9.3 In particular, no person shall be a signatory to an institution contract where he or she also has an interest in the activities of the other party.

### **9.4 Receiving gifts or hospitality**

It is an offence under the Prevention of Corruption Act 1906 for members of staff to accept corruptly any gift

or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:

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

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

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant Head of Department or the ~~Vice Principal~~, Finance Director.

## **C Financial Management and Control**

### **10. Financial Planning**

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

#### **10.1 Budget objectives**

The Governing Board will, from time to time, set budget objectives for the institution. These will help the, Finance Director, in preparing his or her more detailed financial plans for the institution.

#### **10.2 Budget preparation**

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

#### **10.3 Capital programmes**

The capital programme includes all expenditure on land and buildings and equipment except regular

maintenance whether or not they are funded from capital grants. Expenditure of this type can only be considered as part of the capital programme approved by the Governing Board.

The College's capital policy required individual purchases of equipment over £1,500 to be capitalised.

The Finance Director will establish protocols for the inclusion of capital projects in the capital programme for approval by the Governing Board. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet.

The Finance Director will also establish procedures for the

al of variations, including the notification of large variations to the funding body, as laid down in funding body guidelines.

The Finance Director is responsible for providing regular statements concerning all capital expenditure to the Resources Committee for monitoring purposes.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Resources Committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines.

#### 10.4 **Overseas activity**

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

#### 10.5 **Other major developments**

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £500,000 which is not reflected within the financial forecasts should be presented for approval to the Resources Committee.

The Finance Director will establish protocols for these major developments to enable them to be considered for approval by the Governing Board. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet.

### 11. **Financial Control**

#### 11.1 **Budgetary control**

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible to their Head of Department for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the Finance Director by the Head of Department concerned and, if necessary, corrective action taken.

#### 11.2 **Financial information**

The budget holders are assisted in their duties by management information provided by the Finance

Department. The types of management information available to the different levels of management are described in the detailed financial procedures, together with the timing at which they can be expected.

The Finance Director is responsible for supplying budgetary reports on all aspects of the institution's finances to the Resources Committee on a basis determined by this committee but subject to any specific requirements of the funding body. These reports are presented to the Governing Board, which has overall responsibility for the institution's finances.

Within the regulation contained in this document, budget holders are able to vire between cost centres following consultation with the Head of Finance. Overspends in individual cost centres require the approval of the Financial Controller, or Finance Director.

### **11.3 Treatment of year-end balances**

At the year-end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year. Specific departmental consumables and equipment account balances may be carried forward if supported by a suitable justification and agreed to by the Finance Director.

## **12. Accounting Arrangements**

### **12.1 Financial year**

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

### **12.2 Basis of accounting**

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

The College is required to follow the 'Statement of Recommended Practice: Accounting for Further and Higher Education' (SORP), or any successor to the SORP in the preparation of their financial statements.

### **12.3 Format of the financial statements**

The financial statements are prepared in accordance with the Statement of Recommended Practice *Accounting for Further and Higher Education*, subject to any specific requirements of the funding body.

Accounts are prepared for the financial year ending 31 July in the format required by the Skills Funding Agency as documented in the Accounts Direction Handbook.

### **12.4 Capitalisation and depreciation**

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

Expenditure incurred on repairs and maintenance of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value, or that their economic benefit or expected lifetime is improved.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £1,500 or more. Grouped items (e.g. a suite of computers) where individual value have a value of less than £1,500 may also be capitalised. Capitalised assets other than land and buildings will be depreciated in accordance with the College's depreciation accounting policies.

A full year's depreciation will be incorporated in the year of acquisition.

## 12.5 **Accounting records**

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

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

- official purchase orders
- paid invoices
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- payroll records, including part-time lecturers' contracts.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies.

Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder. The Finance Department shall prepare a manual of financial and accounting procedures to be operated within the College.

The Finance Department shall be responsible for, or involved in, the submission of all grant claims to Government Departments, the SFA and all other funding bodies. The ~~Vice Principal~~, Finance **Director** or an individual approved by him/her shall sign all grant submissions with financial implications.

The Finance Department shall ensure that accounting records are kept up to date. Any amendments to standing data within the general ledger (eg chart of accounts, budget data, opening balances) requires the prior approval of an authorised officer within the Finance Department.

At the end of the financial year the Heads of Department shall supply information to the ~~Vice Principal~~, Finance Director in such form and by such a date as he/she may determine to enable him/her to close the accounts promptly and to draw up the reports to support the College's financial performance.

The following principles shall be observed in the allocation of accounting duties:-

- a) the duties of providing information regarding sums due to or from the College and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them
- b) officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
- c) Monthly Management Accounts will be produced in a format approved by the Resources Committee of the Governing Board. These will normally be available within three weeks from the end of the month. Accounts will not be prepared for August and September as these would be based purely upon estimates.

#### **12.6 Public access**

Under the terms of the Charities Act 1993, the Governing Board is required to supply any person with a copy of the institution's most recent financial statements within two months of a request. The Act enables the Governing Board to levy a reasonable fee and this will be charged at the discretion of ~~Vice Principal~~, Finance Director. The institution will also allow members of the public to inspect the statement of accounts during normal working hours, and provide copies to the College library. Furthermore, under the Freedom of Information Act 2000, a copy can be supplied to individuals upon request. A reasonable charge may be made for this, to be determined by the of Finance Director to cover costs

#### **12.7 Taxation**

The of Finance Director is responsible for advising Heads of Department, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues. Therefore the of ~~Vice~~ Finance Director will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

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

### **13. Audit Requirements**

#### **13.1 General**

External auditors and internal auditors shall have authority to:

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

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

Following consideration by the Resources Committee, the financial statements should be reviewed by the Audit Committee. On the recommendation of the Resources and Audit Committees they will be submitted to the Governing Board for approval.

### 13.2 **External audit**

The appointment of external auditors for the main financial statements of the institution will take place annually and is the responsibility of the Governing Board. The Governing Board will be advised by the Audit Committee.

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

### 13.3 **Internal audit**

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

The institution's financial memorandum with the funding body requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the funding body's audit code of practice. The main responsibility of internal audit is to provide the Governing Board, the Principal / Chief Executive and Executive Management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Governing Board, Principal / Chief Executive and Chair of the Audit Committee. The internal auditor will also comply with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*.

### 13.4 **Fraud and corruption**

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

The of Finance Director shall immediately invoke the fraud response plan, which incorporates the following key elements:

- he or she will notify the Principal / Chief Executive and the Audit Committee (through its Chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report
- the Principal / Chief Executive shall inform the police if a criminal offence is suspected of having been committed

- any significant cases of fraud or irregularity shall be reported to the funding body in accordance with their requirements as set out in the audit code of practice
- the Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate
- the internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such report shall include advice on preventative measures.

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

### **13.5 Value for money**

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

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

### **13.6 Other auditors**

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

## **14. Treasury Management**

### **14.1 Treasury management policy**

The Resources Committee is responsible for approving a treasury management policy statement setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with funding body rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The committee has a responsibility to ensure implementation, monitoring and review of such policies.

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

The of Finance Director will report annually to the Resources Committee on the activities of the treasury management operation.



#### 14.2 **Appointment of bankers and other professional advisers**

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

#### 14.3 **Banking arrangements**

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

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

All cheques drawn on behalf of the institution must be signed in the form approved by the Resources Committee.

Those employees authorised to sign cheques shall be as follows:-

- The Principal
- The of Finance Director
- The Vice Principal, College Services
- The Head of Finance

This may be varied from time to time with the approval of the Resources Committee of the Governing Board. The approval limits of each of the individuals shall be approved by the Resources Committee of the Governing Board.

Cheques below £50,000 are signed by any two of the above. Cheques over £50,000 must be countersigned by the Principal.

Staff members shall ensure that all monies collected are handed over for safe keeping in College safes or approved bank accounts. Staff shall under no circumstances open separate bank accounts. Staff shall under no circumstances receive cheques made payable to themselves as settlement of a service provided by the College.

All automated transfers on behalf of the institution, such as BACS or CHAPS, must be authorised by either the of Finance Director, Head of Finance, or the Principal / Chief Executive.

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

## **15. Income**

### **15.1 General**

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

Each Head of Department shall be responsible for the prompt notification to the Finance Department of the requirement for raising sales invoices in connection with work done, goods supplied or services rendered and of all other amounts due. This will be done using the College's standard paperwork. The Management Accountant shall be responsible for raising the invoice and pursuing the recovery of monies due.

The Finance Director or the Head of Finance shall be notified promptly of all monies due to the College and of contracts, leases and other agreements entered into which involve the receipt of monies by the College. The Finance Director shall be provided with copies of any such documents.

All receipt forms, books, tickets and other such items shall either be ordered by or approved by the Finance Department, who shall satisfy themselves as to the arrangements for their control.

Only members of staff authorised by the of Finance Director shall collect or accept monies due to the College and official receipts shall be issued for all such amounts at the time of the collection. No member of staff shall accept cheques made out to themselves as payment for a service provided by the College.

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

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

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

### **15.2 Maximisation of income**

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

### **15.3 Receipt of cash, cheques and other negotiable instruments**

All monies received within departments from whatever source must be recorded by the department on a daily basis, together with the form in which they were received, for example cash, cheques and other negotiable instruments.

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

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

Receipts by credit or debit card: the institution may only receive payments by debit or credit card using procedures approved by the Finance Department.

No exchanges for change must be made from any payments made to the College prior to paying monies over to the cashier, without prior approval from Finance.

No deductions must be made from any payments made to the College prior to paying monies over to the cashier. All monies are banked with the exception of:

- Notes to refill ATM
- Change for the petty cash tin.

Both the ATM and petty cash control accounts are reconciled monthly, and ATM monies are reconciled by the supplier and reimbursed to the College daily.

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

#### 15.4 **Collection of debts**

The Management Accountant shall ensure that:

- debtors' invoices are raised promptly on official invoices, in respect of all income due to the institution
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account
- any credits granted are valid, properly authorised and completely recorded
- VAT is correctly charged, where appropriate, and accounted for
- monies received are posted to the correct debtors' account
- swift and effective action is taken in collecting overdue debts
- outstanding debts are monitored and reports prepared for management.

Only the Management Accountant or a senior member of the Finance Team can implement credit arrangements and indicate the periods in which different types of invoice must be paid. All invoices are requested to be settled within 30 days from the date of the invoice, with the exception of contracts, which are in line with the terms agreed by the Principal / Chief Executive and stage payments for course fees which are administered by the Finance Department.

Requests to write off debts below £1,000 must be referred in writing to the Management Accountant; amounts over £1,000 require the written approval of the Finance Director .

#### **15.5 Student fees**

The procedures for collecting tuition and residence fees must be approved by of the Finance Director . He or she is responsible for ensuring that all student fees due to the institution are received.

Any student who has not paid an account for fees, accommodation charges or any other item owing to the institution may be prevented from re-enrolling at the institution and from using any of the institution's facilities unless appropriate arrangements have been made to pay the amount outstanding.

The Principal is authorised to waive fees. Such waiver is only to be given after due consideration of the individual's financial circumstances. Other fees will only be waived if the individual meets the fee waiver requirements as set out in the Fees Policy approved annually.

#### **15.6 Student loans**

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

### **16. Project Funding and Contracts**

#### **16.1 General**

The individual project manager is responsible for examining every formal application for grant /project funding and shall ensure that there is adequate provision of resources to meet all commitments.

The individual project manager shall maintain all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.

Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific budget holder.

Control of pay and non-pay expenditure will be contained within the budget centre. The head of the budget centre may delegate day-to-day control of the account to a supervisor or grant holder, but any overspend or under-recovery of overheads is to be the clear responsibility of the budget centre, with any loss being a charge on departmental funds.

#### **16.2 Recovery of overheads**

Overheads will be charged where the funding arrangements permit full recovery.

#### **16.3 Grant and contract conditions**

Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions often means that the institution will suffer a significant financial penalty. It is the responsibility of the named supervisor or grant holder to ensure that conditions of funding are met.

Any loss to the institution resulting from a failure to meet conditions of funding is the responsibility of the budget holder, and may be charged against departmental funds.

## **17. Other Income-Generating Activity**

### **17.1 Private consultancies and other paid work**

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

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

### **17.2 Short courses and services rendered**

In this context a short course is any course which does not form part of the award-bearing teaching load of the faculty.

Any staff wishing to run a short course must have the permission of their Head of Department. The course organiser will be responsible to the Head of Department for day-to-day management of the course. The course will be costed in accordance with the faculty's direct cost and will include the College's burden. Lower rates can only be used with the agreement of Finance Director .

### **17.3 Off-site collaborative provision (franchising)**

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

The contractor arrangement shall be in line with the level of franchising agreed by the Governing Board.

The form of the contract shall be scrutinised in advance of its operation by the Finance Director and the contract shall be signed on behalf of the College by him/her or the Principal/Chief Executive.

The impact of the contract(s) shall be subject to scrutiny by the Resources Committee. The format for regular reports shall be as stated in funding body guidance. The committee shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the institution's financial forecast.

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

#### **17.4 European Union (EU) and other matched funding**

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

Individual applications for funds in excess of £500,000 shall be the subject of a report by the Principal / Chief Executive to the Resources Committee which will set out, amongst other things, the potential risks generated by the project.

If the institution sub-contracts such work to external providers, of Finance Director shall ensure that:

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

#### **17.5 Profitability and recovery of overheads**

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

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

#### **17.6 Additional contributions to departments**

Distribution of profits on other income-generating activity between central funds of the institution and individual departments will be agreed by the Finance Director.

#### **17.7 Additional payments to staff**

Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Executive Management, and in the case of a Executive Manager, the Principal / Chief Executive.

If new staff are to be funded by a project then the request for new staff form will need to contain a project number and be authorised in the normal manner.

### **18. Intellectual Property Rights and Patents**

**18.1 General**

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

**18.2 Patents**

The Resources Committee is responsible for establishing procedures to deal with any patents accruing to the institution from inventions and discoveries made by staff in the course of their daily work.

**18.3 Intellectual property rights**

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

**19. Expenditure**

**19.1 General**

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

**19.2 Scheme of delegation/financial authorities**

The Head of Department is responsible for purchases within his or her department. Purchasing authority may be delegated to named individuals within the department who must be on the authorised signatories list.

Individual purchases below £250 should, where possible, be made using a College Procurement Card in accordance with the procedures issued by the Finance Director.

The Management Accountant shall maintain a register of authorised signatories and Heads of Department must supply him or her with specimen signatures of those authorised to certify financial documents.

Requisitions shall be sent to the Finance Department in accordance with Financial Procedures. Each Head of Department shall be responsible for purchase requisitions issued from his/her department and for ensuring that the cost is within approved limits.

Where, as a matter of emergency (ie at weekends or statutory holidays) goods or services are ordered verbally, a confirmation purchase requisition shall be issued as soon as possible.

Official orders shall be issued by the Finance Department following receipt of a properly authorised requisition for all work, goods or services to be supplied to the College. All orders shall be raised prior to the delivery of goods or commencement of work for the supply of certain goods it may be appropriate to issue a blanket order to cover a specified period (i.e. month).

Orders over £20,000 require the authorisation of the Finance Director. Orders over the value of £50,000 require the authorisation of the Principal / Chief Executive. Orders over the value of £100,000 require the approval of the Chair of the Governing Board or the Chair of the Resources Committee.

On no account may official orders be used to obtain goods for private use by members of staff of the College. Educational equipment and materials may be purchased by the College for resale to students.

The College will comply with the Public Contracts Regulations 2015, which took effect from 26 February 2015.

### 19.3 **Procurement**

The institution requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice.

In all instances staff ordering goods shall endeavour to obtain the best price for the goods purchased. The College is a member of a purchasing consortium which enables the College to buy at favourable prices. Staff should use this facility whenever possible. The College contact for this is the Financial Accountant.

For individual items on orders over £2,500 at least two written quotes should be obtained. For individual items on orders over £5,000 at least three written quotes shall be obtained, one of which should be from a purchasing consortium where possible.

For items with a cost of more than £30,000 for supplies and services, written specifications shall be issued and three written tenders shall be received obtained, again to include a purchasing consortium where possible. Exception to the rule are where there is: (i) no genuine competition; or (ii) need for continuity of service provision.

For items with a cost of more than £50,000 for works, written specifications shall be issued and three written tenders shall be received obtained, again to include a purchase consortium where possible.

Terms with suppliers with whom the College spends in excess of £25,000 per annum shall be ~~renegotiated~~ reviewed each year to ensure the maximum discounts.

### 19.4 **Tenders and quotations**

All staff must comply with the College's tendering procedures, which are as follows:

- under £2,500 – the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained.
- from £2,500 to £5,000 – the budget holder must obtain at least two quotes.
- from £5,000 to £30,000 – the budget holder must obtain at least three quotations.
- For supplies and services over £30,000 – a formal tender process must be undertaken and at least three organisations invited to tender. Exception to the rule are where there is: (i) no genuine competition; or (ii) need for continuity of service provision.
- For works over £50,000 – a formal tender process must be undertaken and at least three organisations invited to tender.



The College is not required to accept the lowest price on receipt of the tender. The criterion for selection is best value and this may involve further criteria such as reputation and experience, compatibility, financial stability, quality assurance, references etc.

As a requirement for audit the following should be retained:-

- Specification against which the tender was prepared;
- Copies of tender responses;
- Evaluation documentation that supports the recommended contract.

In the interest of segregation of duties there should be at least two individuals involved in evaluating the tender responses.

#### 19.5 **Post-tender negotiations**

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

- it would not put other tenderers at a disadvantage
- it would not affect their confidence and trust in the College's tendering process.
- In each case, a statement of justification should be approved by the Principal / Chief Executive prior to the event, showing:
  - background to the procurement
  - reasons for proposing post-tender negotiations
  - demonstration of the improved value for money.

#### 19.6 **Submission of Tenders**

This standing order is applicable when tenders for a contract are to be obtained by Restricted or Open 'Hard-Copy' tendering processes only.

When, in line with these regulations, invitation to tender is made, every invitation will state that no tender will be received unless it is enclosed in a plain sealed envelope which will bear the word "Tender" followed by the subject to which it relates but no other name or mark indicating the sender.

The tender will be kept by the Finance Director until the time and date specified for their opening.

No tender received after the time and date specified in the invitation will be accepted or considered unless there is clear evidence either:

- of it having been posted by first class post at least the date before tenders were due to be returned, or
- of it having been delivered at the address required by the tendering procedure by the time and date specified in the procedure and provided that in either case the remaining tenders have not been opened.

Advice should be sought from the Finance Department.

#### 19.7 **Opening and Acceptance of Tenders**

This standing order is applicable when tenders for a contract are to be obtained by Restricted or Open “Hard-Copy” tendering processed only. Tenders received under Open or Selective Tendering will:

- be opened at one time only and in accordance with any appropriate accounting instructions for the time being in force made by the Finance Director.
- Be opened in the presence of a least one member of the Executive Team and where the estimated tender value exceeds £50,000 and the award must be approved by the Principal / Chief Executive.

All tenders received will be recorded at the time of their opening in the register kept for this purpose.

Tenders received under Open or Selective Tendering will only be accepted in the case of:-

- Those exceeding £750,000 by the Board of Governors.
- Those exceeding £100,000 but not exceeding £750,000 by the Principal / Chief Executive or his or her representative and the officer responsible for considering such tenders.
- Those not exceeding £50,000 by a member of the Executive and the officer responsible for considering such tenders.
- Tenders up to the value of £100,000 from a supplier in which a member of the College staff or Governor has a financial interest must also have the approval of the Principal / Chief Executive of the College.

A tender or quotation other than the lowest (if payment is to be made by the College) or the highest (if payment is to be received by the College) will not be accepted except:

- By the Board of Governors, having first considered a report by the Principal / Chief Executive or Officer responsible for managing the relevant budget;
- By the Principal / Chief Executive, on the advice of the Chairman of the Board of Governors;
- By the officer responsible for dealing with such tenders, on the advice of the Principal / Chief Executive.

In the first case, a record of such acceptance will be made in the minutes of the Board of Governors. In all cases, a record will be made in the relevant register maintained under this regulation. A series of registers

of all contracts placed by the College and secured under the provisions of these regulations, and including contracts falling within the provisions of Open and Selective Tendering where the value exceeds £30,000; will be kept and maintained by the Finance Director or his or her representative. Such registers will, for each contract, specify the name of the contractors, the works to be executed of the goods to be supplied and the contract value. The registers will be available for inspection by any member of the Board of Governors and the College's auditors.

Advice should be sought from the Finance Department.

#### 19.8 **Electronic tendering**

Acceptance of tenders through electronic / web-based portals is permissible; such provision is intended for small works.

#### 19.9 **EU regulations**

The Finance Director is responsible for ensuring the institution complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The Finance Director will advise Heads of Department on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

It is the responsibility of Heads of Department to ensure that their members of staff comply with EU regulations by notifying the Finance Director of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as the *Official Journal of the European Union* (OJEU).

The Finance Director is also required to submit to the funding body when requested details on expenditure which exceeds the threshold.

#### 19.10 **Payment of invoices**

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

Apart from petty cash payments from imprest accounts the normal method of payment of money due from the College shall be by cheque, BACS, or other instrument drawn on the College's bank account. Staff shall not, unless they have received prior consent from the Finance Director negotiate payment terms with a supplier that are less favourable than the College's normal 30 day payment terms.

Invoices must be authorised for payment against approved purchase orders in accordance with the Financial Procedures.

#### 19.11 **Staff reimbursement**

The institution's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense.

However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement.

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

#### **19.12 Petty cash**

The use of College Procurement Cards or official purchase orders is preferred to petty cash. However, petty cash amounts will be made available as appropriate and must be used in accordance with Financial Procedures.

#### **19.13 Hospitality**

Staff entertaining guests from outside bodies at lunch time should normally use the institution's catering facilities. Where this is not the case, permission must be obtained in advance from the Head of Department and reasons must be stated when submitting a claim for reimbursement. Levels of hospitality should be modest and appropriate for the occasion. The names of the staff members, together with the guests, must be written on the reverse of the receipt.

### **20. Salaries, Wages & Pensions**

#### **20.1 Remuneration policy**

All College staff will be appointed to the salary scales approved by the Governing Board and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources office.

The Governing Board will determine what other benefits, such as cars, medical and life insurance, are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available.

Salaries and other benefits for designated senior postholders will be determined by the Remuneration Committee set up by the Governing Board.

#### **20.2 Appointment of staff**

All contracts of service shall be concluded in accordance with the College's approved Human Resource practices and procedures and all offers of employment with the College shall be made in writing by the Vice Principal, College Services. Budget holders shall ensure that the Vice Principal, College Services is provided promptly with all information he/she may require in connection with the appointment, resignation, dismissal, secondments and transfers of employees.

#### **20.3 Salaries and wages**

The Payroll Manager is responsible for all payments of salaries and wages to all staff including payments

for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners and part-time lecturers will be in a form prescribed or approved by the Vice Principal, College Services and the Payroll Manager.

All time records or other pay documents shall be in a form prescribed or approved by the Vice Principal, College Services and shall be signed by or on behalf of the Senior Managers. The names of officers authorised to sign such records shall be sent to the Vice Principal, College Services by each Senior Manager together with specimen signatures and shall be amended on the occasion of any change. The certification of records shall be in the personal signature or identifiable initials of the officer authorised to certify and not in the name of the Head of Department or any other officer other than the signatory.

The Payroll Manager will be responsible for keeping the payroll bureau informed of all matters relating to human resources for payroll purposes. In particular these include:

- appointments, resignations, dismissals, supervisions, secondments and transfers
- absences from duty for sickness or other reason, apart from approved leave
- changes in remuneration other than normal increments and pay awards
- information necessary to maintain records of service for superannuation, income tax and national insurance.

The Payroll Manager shall be responsible for keeping all records relating to payroll including those of a statutory nature.

All payments must be made in accordance with the institution's detailed payroll financial procedures and comply with Inland Revenue regulations.

Individuals who wish to be treated as self-employed must complete the College questionnaire on the subject and this must be approved by the Vice Principal, College Services and the Finance Director.

All statutory returns shall be reviewed and signed as approved by the Vice Principal, College Services or the Finance Director prior to being despatched.

#### 20.4 **Superannuation schemes**

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

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

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes
- administering the institution's pension fund.

The Vice Principal, College Services is responsible for administering eligibility to pension arrangements and for informing the Payroll Manager when deductions should begin or cease for staff.

#### **20.5 Travel, subsistence and other allowances**

All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be submitted, duly certified in a form approved by the Payroll Manager to him/her. The names of individuals authorised to sign such records shall be sent to the Payroll Manager by each ~~Senior Manager~~ Head of Department together with specimen signatures and shall be amended on the occasion of any change. The certification of claims shall be in the personal signature or identifiable initials of the individuals authorised to certify and not in the name of the Head of Department or other officer other than the signatory. All claims will be in line with the Colleges "scheme for reimbursement of travel and subsistence expenses".

Individuals who travel on College business shall be responsible for accounting for monies advanced to them. All expenditure that is not covered by the agreed Inland Revenue per diem allowance shall be supported by receipts where possible. All claims shall be authorised by the Head of Department who requested the trip. On completion, these claims shall be forwarded to the Treasury & Credit Controller Officer, for settlement, who shall maintain records for possible inspection by the HMRC. For overseas trips the claim shall be supported by a diary of business activities. If expenditure is incurred on entertaining then the reverse of the receipt should include all the names of the individuals who attended the meal/function.

#### **20.6 Overseas travel**

All arrangements for overseas travel must be in accordance with the appropriate scheme developed by the Principal. Any approvals required must be obtained in advance of committing the institution to those arrangements or confirmation of any travel bookings.

Air Travel will be at economy class unless agreed in advance in writing by the Principal. Daily living allowances will be paid in accordance with the College's per diem agreement with the Inland Revenue. Expenses for visits to countries where the College does not have such agreements will be reimbursed against valid receipts.

Arrangements for travel by the Chair (or any other governor) shall be approved by the full Governing Board.

The Chair will approve in advance all overseas travel by the Principal / Chief Executive.

#### **20.7 Severance and other non-recurring payments**

Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Governing Board through the Resources Committee. Professional advice should be obtained where necessary. All such payments shall be authorised by the Principal / Chief Executive and calculations checked by the Vice Principal, College Services or Finance Director. Amounts paid should be declared in the financial statements.

All matters referred to an industrial tribunal shall be notified to the Resources Committee at the earliest opportunity. All determinations of tribunals must be similarly notified.

#### **20.8 Payment of Expenses to Governors**

Governors shall not receive payment for services as Governors. Reimbursements of reasonable travel, subsistence or support expenses for attending training courses or other events incurred in the execution of their duties as Governors will be permitted in line with College Policy. Support expenses are defined as expenses relating to circumstances where additional costs are incurred by a Governor in relation to the provision of childcare or to assist a Governor with a disability.

Any costs relating to any Governors UK travel should be agreed by the Chair or vice-Chair in advance.

Should an overseas trip involve both the Chair and the Principal / Chief Executive the trip will be approved by the Governing Body in advance.

## **21. Assets**

### **21.1 Land, buildings, fixed plant and machinery**

The purchase, lease or rent of land or buildings can only be undertaken with authority from the Governing Board and with reference to funding body requirements where appropriate.

### **21.2 Fixed asset register**

The Management Accountant is responsible for maintaining the institution's register of land, buildings, and equipment. Heads of department will provide the Management Accountant with any information he or she may need to maintain the register.

### **21.3 Inventories**

Heads of department are responsible for maintaining inventories, in a form prescribed by the ~~Vice Principal~~, Finance Director, for all plant, equipment, furniture and stores in their departments with a value in excess of £1,000.

Assistant Principal – ICT & MIS is responsible for maintaining a register of all computer and electronic equipment with a net current value of £500 or greater. The register must include all items donated or held in trust, and should be reviewed annually.

Inventories must be checked at least once annually by the Head of Department and retained in the format prescribed by the Finance Director. Any anomalies must be reported in writing to the Finance Director

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

If equipment is declared redundant, items with a value of less than £500 may first be offered to other internal staff through the appropriate Staff Communication channels. Items with a value in excess of £500 should be offered to the general public / trade.

The College's property shall only be used for the College's business, unless specific directions are issued by the Head of Department concerned.

Individual departments will be responsible for the maintenance of equipment irrespective of source of finance.

#### 21.4 **Stocks and stores**

Heads of department are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments.

Stocks shall not be in excess of normal requirements except in special circumstances with the approval of the Head of Department concerned.

The Finance Director shall receive from each Head of Department such information, as he/she requires in relation to stores for the accounting, costing and financial records. Surplus materials, stores or equipment shall be disposed of by competitive tender or public auction unless the Principal/ Finance Director decides otherwise in a particular case.

Any obsolete items which are to be written off and disposed of shall be done so on receipt of approval from the appropriate Head of Department.

#### 21.5 **Security and safeguarding assets**

Each Head of Department is responsible for maintaining security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc under his/her control. He/she shall consult the Head of Estates and Health & Safety in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Maximum limits for cash holdings shall be agreed with the Finance Director and shall not be exceeded without his/her express permission.

#### 21.6 **Personal use**

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

#### 21.7 **Asset disposal**

No equipment or furniture may be disposed of except on the authority of the Finance Director, on the recommendation of the appropriate Head of Department, if the higher of the book value or the current market value on the open market of each item, is not expected to exceed £1000;

Disposal of land and buildings must only take place with the authorisation of the Governing Board. Funding body consent may also be required if exchequer funds were involved in the acquisition of the asset.

#### 21.8 **Major Capital Building Projects**

Capital building projects, which require funding body (e.g. SFA) notification or approval, will be reported separately to the Resources Committee. Details of projects requiring SFA notification or approval are included in the Financial Memorandum.



A specific budget will be agreed beforehand and the Principal / Chief Executive will ensure that the Resources Committee receives, before commencements of the project, a paper which includes;

- An investment appraisal and assessment of compliance with SFA criteria.
- A statement showing how the project links with the College's Strategic Plan.

During the project, there will be regular reports and at the end of the project, the Principal / Chief Executive will ensure that a paper is presents to the Resources Committee which will include:

- Actual outcome against budget
- Demonstrating compliance of the College tendering procedures.

## **22. Funds Held on Trust**

### **22.1 Gifts, benefactions and donations**

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

### **22.2 Student welfare and access funds**

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

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

## **23. Other**

### **23.1 Insurance**

The Finance Director, together with the Vice Principal, College Services, is responsible for the institution's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the Governing Board on an annual basis.

The Head of Estates and Health & Safety is responsible for effecting insurance cover as determined by the Governing Board. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Head of Estates and Health & Safety will keep a register of all insurances affected by the institution and the property and risks covered. He or she will also deal with the institution's insurers and advisers about specific insurance problems.

Heads of Department must ensure that any agreements negotiated within their faculties with external bodies cover any legal liabilities to which the institution may be exposed. The Vice Principal, College Services' advice should be sought to ensure that this is the case. Heads of department must give prompt notification to Vice Principal, College Services of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Heads of Department

must advise the Vice Principal, College Services immediately of any event that may give rise to an insurance claim. The Head of Estates and Health & Safety will notify the institution's insurers and, if appropriate, prepare a claim in conjunction with the Head of Department for transmission to the insurers.

The Head of Estates and Health & Safety is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

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

The College shall not be responsible for staff members' property lost on College premises unless the staff member concerned was asked by their line manager to bring the item to work to assist in the performance of his/her duty.

### 23.2 **Companies and joint ventures**

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

Following the enactment of the Education Act 2011, colleges no longer require the prior approval of the funding body before a company or a joint venture can be established. The Governing Board is responsible for ensuring that the required procedures are followed. The process involved in forming a company or a joint venture and arrangements for monitoring and reporting on the activities of these undertakings are documented in the institution's financial procedures.

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

The directors of companies where the institution is the majority shareholder must submit an annual report to the Governing Board. They will also submit business plans or budgets as requested to enable the Resources Committee to assess the risk to the institution. The institution's internal and external auditors shall also be appointed to such companies.

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

Any miscellaneous trading activities within the College or College company shall be bound by these Financial Regulations.

No College employee shall place work into the College Company without the prior approval of the, Finance Director.

The Finance Director shall be responsible for ensuring that all trading between the College and the College Company is acceptable to the tax and charity authorities.

**23.3 Use of the institution's seal**

Where a deed or document requires the institution's seal, it must be sealed by the Clerk to the Governing Board or, in his or her absence, the Finance Director, in the presence of a member of the Governing Board. The use of the seal shall be authenticated by the signature of two members of the Governing Board, at least one of whom shall be the Chair, the Vice Chair, the Principal / Chief Executive or the Chair of the Resources Committee.

All uses of the seal will be reported to the Governing Board.

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

**23.4 Provision of indemnities**

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

## **Appendix A: Main Features Of The Public Interest Disclosure Act 1998**

### **Summary**

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

### **Internal disclosures**

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

### **Regulatory disclosures**

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

### **Wider disclosures**

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

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

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

### **Full protection**

Where the whistleblower is victimised in breach of the Act they can bring a claim to an employment tribunal for compensation. Awards are uncapped and based on the losses suffered. Additionally, where an employee is sacked, they may apply for an interim order to keep their job. Not all disclosures made by an employee are

protected under the Act. Those that are include criminal acts, health and safety violations, breaches of legislation and miscarriages of justice. However, such acts are only protected as long as the disclosure is made in good faith to the employer, or any other person authorised under a procedure set up by the employer for this purpose. (Disclosures can also be made to appropriate regulatory bodies, such as the Health and Safety Executive.) Where an employee reasonably suspects malpractice (and this includes any crime), they will be protected from victimisation where they raise the matter in good faith with a person who is legally responsible for whistleblowing.

### **Qualifying areas**

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

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

## **Appendix B: Fraud Response Plan**

### **Purpose**

The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The use of the plan should enable the institution to:

- prevent further loss
- establish and secure evidence necessary for criminal and disciplinary action
- notify the funding body, if the circumstances are covered by the mandatory requirements of the audit code of practice
- recover losses
- punish the culprits
- deal with requests for references for employees disciplined or prosecuted for fraud
- review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud
- keep all personnel with a need to know suitably informed about the incident and the institution's response
- inform the police
- assign responsibility for investigating the incident
- establish circumstances in which external specialists should be involved
- establish lines of communication with the police

### **Definitions**

#### **Introduction**

##### **Purpose of the Fraud Response Plan**

One of the basic principles of public sector organisations is the proper use of public funds. It is therefore important that all those who work within the College are aware of the risk of fraud and corruption involving dishonesty or damage to property.

The purpose of this plan is to define authority levels, responsibilities for action, and reporting lines in the event of a suspected fraud or irregularity. The use of this plan should allow the College to:

- Prevent further loss;
- Establish and secure evidence necessary for criminal and disciplinary action;
- Recover losses;
- Punish the culprits;
- Deal with requests for references for employees disciplined or prosecuted for fraud;
- Review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud;
- Keep all personnel with a need to know suitably informed about the incident and the College's response;
- Inform the police;

- Assign responsibility for investigating the incident;
- Establish circumstances in which external specialists should be involved;
- Establish lines of communication with the police;

This Response Plan should be read in conjunction with the section in the Wigan & Leigh College Financial Regulations which relate to fraud and irregularities.

### **Definition of Fraud and Corruption**

Fraud and Corruption may largely be divided into one of three classifications that are criminal, as well as disciplinary offences:

Theft – the dishonest taking of property belonging to another with the intention of depriving that other permanently of its possession.

Fraud – the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.

Corruption – the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.

In addition there are other acts such as deception, bribery, forgery, extortion, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion that would all fall under this general heading.

There are undoubtedly other instances where College regulations, policies and procedures are circumvented or ignored. These may be described as other irregularities.

### **NOTIFICATION PROCEDURES**

#### **Public Interest Disclosure Procedure**

The College has an approved Public Interest Disclosure Procedure (*Whistleblowing Policy*) that is designed to allow employees or other members of the College, including students and governors, to raise concerns at a high level or disclose information which the individual believes shows malpractice.

A copy of the Public Interest Disclosures Procedure is available in College.

Disclosures can be made in line with the Public Interest Disclosure Procedure, or alternatively, the procedures below may be followed.

Staff are assured that there will be no recriminations against any member of staff who reports reasonably held suspicions. Victimising or deterring staff from reporting concerns is a serious disciplinary matter. Equally however, abuse of the process by raising malicious allegations could be regarded as a disciplinary matter.

### **Alternative notification procedures**

In the event of an employee discovering a suspected irregularity this should be reported in one of the following ways:

#### **(i) To the Head of Department**

An employee may normally discuss any concerns with the Head of Department. The employee may also discuss concerns in confidentiality with the nominated officer. The employee and nominated officer will then agree on the next course of action. If the suspicion seems well founded the Finance Director will be informed.

If an employee suspects their Head of Department or other Senior Manager, the employee should discuss the concerns with someone more senior or the Finance Director .

#### **(ii) To Internal Audit**

In some situations an employee may prefer to notify any suspicions to an officer independent of the College. It is Internal Audit's responsibility to investigate, on behalf of the Finance Director, cases of suspected irregularity.

#### **(iii) To the Chair of the Audit Committee**

In circumstances where a member of staff has suspicions surrounding a senior member of the College an employee may raise the suspicions directly with the Chair of the Audit Committee.

#### **(iv) To the Finance Director**

All suspicions (other than those relating to the Finance Director) should ultimately be reported to the Finance Director, whether by the person having the suspicions, or the person with whom they initially raise their suspicions.

The Finance Director will record details of all reported suspicions, whether reported directly or those reported to other sources. The Finance Director will record actions taken and conclusions reached.

The Audit Committee will review the log maintained by the Finance Director annually, and will report any significant matters to the Governing Board. The Finance Director will inform the Principal at the first opportunity in all cases where the actual or suspected fraud requires reporting to the Skills Funding Agency.

### **Investigation procedures**

#### **Responsibility for investigations**

Investigations into suspected irregularities should be conducted in a timely and professional manner.

On becoming aware of a significant suspected irregularity, the Finance Director will normally call a meeting of a Project Group comprising the following representatives: Finance Director, Clerk to the Governing Board and internal auditors.

The Project Group will agree on the initial course of action. This will normally be an investigation led by the internal auditors. This ensures independence in any review and recommendations, whilst also utilizing the experience of internal audit in conducting such investigations.

The Project Group may in certain circumstances appoint an investigating officer from within the College.



In the case of suspected irregularities which are considered to be minor, or if circumstances do not allow the project group to be convened at short notice, the Finance Director will decide on the initial course of action to be taken.

Some special investigations may require the use of technical expertise which the College or internal auditors do not possess. In these circumstances the Finance Director may approve the appointment of external specialists to lead or contribute to the special investigation.

### **Conduct of investigations**

Whoever is appointed to oversee the investigation should initiate a diary of events to record the progress of the investigation.

If it appears that a criminal offence is believed to have occurred, the Police, external audit and the Governing Board should now be informed, if this has not already been done.

If it appears a criminal act has not taken place, the internal investigation should then determine the facts, what if any disciplinary action is needed, what can be done to recover the loss and what may need to be done to improve internal control to prevent the event happening again.

### **Variations from agreed internal audit plan**

Where Internal Audit are instructed to undertake special investigations by the Finance Director, this shall constitute authority to use contingency time or switch internal audit resources from planned audits. Alternatively the purchase of additional days will be discussed.

### **Establishing and securing evidence**

A key objective in any fraud investigation will be the punishment of the perpetrator(s), to act as a deterrent to other personnel. The College will follow disciplinary procedures against any member of staff who has committed fraud.

The investigating officer will:

- Maintain familiarity with the College's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation;
- Establish and maintain contact with the police (if relevant);
- Ensure that staff involved in fraud investigations are familiar with, and follow rules on the admissibility of documentary and other evidence in criminal proceedings;

In any investigations the following shall be maintained:

- Full details of any relevant telephone or face to face conversations;
- Details of records/documents/computer files reviewed;
- Detailed of tests undertaken and conclusions reached.

The requirements of the Police and Criminal Evidence Act (PACE) must be considered before any interview with a suspect is performed, since compliance with PACE determines whether evidence is admissible in criminal proceedings. If in doubt about the requirements of PACE it is important to take specialist advice. Internal investigations into suspected irregularities are not in themselves covered by the PACE regulations but,

nevertheless, any interviews of employees must be carried out in accordance with guidelines for the recommended conduct of such interviews as set out below:

In circumstances where an employee of the College is interviewed they have the right to be accompanied by a trade union representative or other representative recognised by the College.

Two representatives of the College or internal audit should be present.

The interview should be arranged at a reasonable time of day.

Interviewers should avoid any conduct that may be perceived as threatening or oppressive. Inducements to answer questions should be avoided.

Interviewers should not enter into any negotiations to “do a deal”.

Any offer by the employee to resign should be discussed with Human Resources. The employee should be informed that, with regards to a Police investigation, the decision as to whether or not to continue with the investigation in light of the employee’s resignation will be a matter for the Police.

### **Police involvement in investigations**

In line with Financial Regulations, where any investigations produce prima facie evidence that a criminal offence has taken place, the Principal shall have discretion, taking into account the circumstances and seriousness of the case, to determine whether the Police shall be informed.

### **Prevention of further loss**

Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the Finance Director will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects. It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.

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

The Vice Principal, College Services should be required to advise on the best means of denying access to the College, while suspects remain suspended. Similarly the Assistant Principal, College IT Systems & MIS should be instructed to withdraw, without delay, access permission to the College’s computer systems.

The investigating officer shall consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the College’s assets.

### **Reporting**

#### **Notifying the SFA**

The circumstances in which the College must inform the SFA about actual or suspected frauds are detailed in the Audit Code of Practice. The requirements are that the Principal / Chief Executive must be notified of any attempted, suspected or actual fraud or irregularity where:

- The sums involved are, or potentially are, in excess of £10,000;
- The particulars of the fraud are novel, unusual or complex;
- There is likely to be public interest because of the nature of the fraud or the people involved.
- The Principal / Chief Executive is responsible for informing the Chair of Governors of any such incidents.

### **Reporting to the College Board**

Any incident matching the criteria in the Audit Code of Practice shall be reported without delay by the Principal to the Chairs of both the Governing Board and the Audit Committee.

Any variation from this approved Response Plan, together with reasons for the variation, shall be reported promptly to the Chairs of both the Governing Board and the Audit Committee.

On completion of a special investigation, a written report shall be submitted to the Audit Committee containing:

- A description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud;
  - The measures taken to prevent a recurrence;
  - Any action needed to strengthen future responses to fraud, with a follow-up report on whether the actions have been taken.

This report will be prepared by the investigating officer.

### **Reporting lines**

The internal auditors will summarise action taken in the previous period relating to suspected irregularities in their summary report to each meeting of the Audit Committee.

The Finance Director shall provide a confidential report to the Chair of the Governing Board, Chair of the Audit Committee, Principal / Chief Executive and the external audit partner at least annually, unless the report recipients request a lesser frequency. The scope of the report shall include:

- Quantification of losses;
- Progress with recovery action;
- Progress with disciplinary action;
- Progress with criminal action;
- Estimate of resources required to conclude the investigation;
- Actions taken to prevent and detect similar incidents.

### **Recovery of losses**

Recovery of losses is a major objective of any fraud investigation. The person investigating shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.

Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The College would normally expect to recover costs in addition to losses.

The Finance Director is responsible for obtaining this legal advice.

#### **Other matters**

#### **References for employees disciplined or prosecuted for fraud**

Any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to the Vice Principal, College Services. The Vice Principal, College Services shall prepare any answer to a request for a reference having regard to employment law.

## **Appendix C: Procurement Policy**

### **Introduction**

#### **Policy Statement**

Wigan & Leigh College aims to undertake its procurement activity in an open and transparent manner which is compliant with all current procurement legislation, produces goods and services that are both responsive to the College's needs and offer value for money, and gives due consideration to environmental, social and ethical impacts.

#### **Statement of Principles**

- The College will ensure that it receives the right goods and services, in a timely manner, at the most advantageous cost.
- The College will promote the delivery of value for money through good procurement practice.
- The College will develop an effective and co-ordinated procurement function.
- The College will identify opportunities for working with others, in order to widen the scope for maximising procurement power and identifying innovation.
- The College will develop lasting relationships with contractors and suppliers, whilst ensuring value for money.
- The College will give due consideration to good governance, and ensure transparency of arrangements.
- The College will embed sound ethical, social and environmental policies within its procurement function and will comply with all UK and EU legislation in all aspects of procurement.
- The College will develop appropriate management information in order to measure the performance, value for money and savings achieved in procurement.

#### **Implementation**

Implementation of this policy will be achieved through the development of, and compliance with, separately issued procedures (updated as appropriate). This policy forms part of the College's Financial Regulations, and adherence to it is therefore mandatory for all staff.

#### **Responsibilities & Duties**

The deployment of the College's resources is the responsibility of the Governing Board exercised through the Resources Committee.

The College operates a devolved procurement procedure whereby authority to commit funds is delegated to Vice Principals, Assistant Principals, Finance Director and designated budget holders (authorised persons) supported by central monitoring and procurement advice. In exercising this delegated authority, authorised persons are required to observe the College's relevant policies. The names of all such authorised persons, specimen signatures and expenditure limits must be lodged in advance with the Budget and Revenue Controller. Such persons may be given authority to authorise orders, commit departmental funds, and authorise payment for goods or services.

No member of staff is authorised to commit the College to any expenditure without first ensuring there are sufficient funds to meet the purchase cost and that a Purchase Order for the value of the goods/ service has been approved

by the relevant signatory, in accordance with the Financial Regulations scheme of delegation/financial authorities . All procurement must conform to the financial regulations and procedures at all times. This practice applies to all procurement regardless of the source of funding.

In each area the Head of Department is ultimately responsible for the implementation of the College's procurement policy in respect of all purchases, however funded, within his/her department and ensuring that all staff having delegated authority are fully aware of the policy and procedures.

The Finance Director is required to sign all contractual documents for the procurement of goods and services, which are over and above the College's standard purchase orders. No member of staff is authorised to commit the College to any contractual arrangements with any supplier without prior consent.

The Finance Director is ultimately responsible for making payment to suppliers for goods and services supplied to the College, provided appropriate authorisation of the expenditure is in place.

The Procurement Officer is responsible for:

- Ensuring the College's procurement policy and procedures are known and observed by all who are involved in procuring goods and services for the College and advising on its implementation.
- Advising and assisting departments where required on specific departmental purchases.
- Establishing supply arrangements on behalf of College departments to help ensure value for money.
- Ensuring the College's procurement activities comply with legislative and regulatory requirements.

The College may outsource this function.

### **Supporting policies, procedures and documents**

- Financial Regulations
- Procurement procedures
- Financial procedures

### **Monitoring arrangements**

Implementation of this policy will be overseen by the Finance Director , assisted by the Executive Team. Reports will be made at least annually to both the Resources Committee and Audit Committee before submission to the Governing Board.

All Colleges are also required to report savings made through procurement activities to the Skills Funding Agency as part of the submission of both the annual accounts and three year financial forecast.

### **Review of Policy**

This policy will be reviewed every 3 years, or earlier if changes affect it in any way. The next scheduled review date is June 2020.

### **Scheme of delegation/financial authorities**

The Head of Department is responsible for purchases within his or her department. Purchasing authority may be delegated to named individuals within the department who must be on the authorised signatories list.

Individual purchases below £250 should, where possible, be made using a College Procurement Card in accordance with the procedures issued by the Head of Finance.

The Management Accountant shall maintain a register of authorised signatories and Heads of Department must supply him or her with specimen signatures of those authorised to certify financial documents.

Requisitions shall be sent to the Finance Department in accordance with Financial Procedures. Each Head of Department shall be responsible for purchase requisitions issued from his/her department and for ensuring that the cost is within approved limits.

Where, as a matter of emergency (ie at weekends or statutory holidays) goods or services are ordered verbally, a confirmation purchase requisition shall be issued as soon as possible.

Official orders shall be issued by the Finance Department following receipt of a properly authorised requisition for all work, goods or services to be supplied to the College. All orders shall be raised prior to the delivery of goods or commencement of work for the supply of certain goods it may be appropriate to issue a blanket order to cover a specified period (ie month). As part of the planning process, it should be noted that the following applies:

- Orders over £20,000 require the authorisation of the of Finance Director .
- Orders over the value of £50,000 require the authorisation of the Principal.
- Orders over the value of £100,000 require the approval of the Chair of the Governing Board or the Chair of the Resources Committee.

On no account may official orders be used to obtain goods for private use by members of staff of the College. Educational equipment and materials may be purchased by the College for resale to students.

The College will comply with the Public Contracts Regulations 2015, which took effect from 26 February 2015.

## Appendix D: Treasury Management Policy

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3.	Formulation of Treasury Management Strategy
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## **1. Introduction**

This policy is intended to cover the Treasury Management activities of the College.

## **2. Approved Activities of the Treasury Function**

The College has adopted the CIPFA definition of treasury management activities :

'The management of the Group's Cashflows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with these risks'.

The Governing Board approves the College borrowing and investment strategy, including all loan agreements.

The is responsible for the implementation of loan agreements, including drawdown of finance, arranging fixed charges and compliance with covenants.

The Finance Director is responsible for the investment of cash balances within the parameters set out by this Policy.

## **3. Formulation of Treasury Management Policy**

In drafting this policy, the College is seeking to adhere to the four principal drivers of policy :

- ◆ compliance with statute, regulation and best practice;
- ◆ security of financial assets;
- ◆ provision of adequate liquidity to meet financial obligations;
- ◆ effectiveness and efficiency in the use of financial resources.

The combination of these principles is weighted towards minimising risk, preserving asset values and liquidity levels while minimising costs within these parameters.

## **4. Approved Methods of Raising Capital Finance**

The primary means of raising finance are :

- ◆ Long term loan
- ◆ Short term loan
- ◆ Lease finance
- ◆ Bank overdraft

In general, the College will obtain almost all its long term financing from long term conventional debt since this is available from a mature funding market at keen margins.

Short term loans and overdraft finance may be used where this provides cheaper or more flexible funding.

The quantum of overall debt will be determined by the College's ability to meet total debt charges, with due regard to the interest rate risk referred to in Section 7. The College Financial Forecast (particularly the Cash flow Statement) will reflect this requirement.

## **5. Approved Sources of Finance**

The College will look, in the first instance, to established banks and building societies active in the education funding market for its long term facilities.

In addition, the College may consider sources of lease finance for small funding requirements (eg, IT and other equipment replacement upgrade programmes), although it is generally accepted that this is more expensive than conventional debt finance.

## 6. Approved Financial Counterparties

Building and other capital project requirements will generally mean that the level of surplus cash will fluctuate particularly during building construction periods and the summer period (when Accommodation remodelling and IT and other equipment procurement is usually undertaken).

The College will only invest surplus funds within the following constraints:

- With UK based institutions
- Deposits no longer than 6 months, except up to £500K may be invested up to one year
- A maximum bank counterparty deposit limit of £1m, except if the investment is with the College bankers, currently Lloyds
- Target minimum month end cash balance of £1,000k excluding major capital spend.
- Any bank or building society with a long-term credit rating of not less than:
- A3 as defined by Moody's or Standard and Poors

For day-to-day operational reasons, the Corporation's principal clearing bank is not subject to the above restrictions in terms of cash held in its main account. However, accounts should not be over-funded for an extended period of time and efforts should be made to spread funds across all suitable appropriate investment facilities.

In this regard, it is considered that the report by the Treasury and Civil Service Committee of the House of Commons on the BCCI closure is still pertinent, wherein it was stated that : 'In balancing risk against return, public sector organisations should be more concerned to avoid risks than to maximise returns'.

## 7. Types of Financial Instruments

A key risk is that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the College's finances, against which the College has failed to protect itself adequately.

Apart from the approved types of finance outlined in paragraph 4 above, the College may, therefore, use interest rate swaps, interest rate collars, interest rate caps and interest rate floors to mitigate the impact of potential interest rate fluctuations (interest hedging).

It is intended that such instruments will be entered into using the current lenders and that such instruments will be embedded within existing loan agreements.

## 8. Use of External Intermediaries

The College will not use brokers or fund managers since the majority of its cash deposits are relatively small and short term. The College may use a financial advisor if the use of a Financial Instrument (see Section 7) is contemplated.

## 9. Internal Delegation of Authority

This will be in accordance with the Financial Memorandum and the College's Financial Regulations but will include :

<b>Activity</b>	<b>Endorsement/Approval</b>
New Loans	The Governing Board
Finance Leases	> £100k The Governing Board < £100k The Principal
Charging of Properties	The Governing Board
College Treasury Policy	The Governing Board
Annual Treasury Strategy	The Governing Board
Interest Hedging	The Governing Board
Use of overdraft facility	The Governing Board

## 10. Liquidity Policy

The College will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

To that end, the Annual Treasury Management Strategy will include a target month end cash balance of £1,000k, excluding major capital spend.

Surplus cash balances are invested in interest bearing bank accounts or on the money market to maximise income for the College.

The Finance Department will be responsible for the regular reporting of debtors and creditors.

A debt collection agency may be used for individual debtors in accordance with procedures agreed by the Finance Director.

Creditors will be settled in accordance with invoice terms, except where the amounts are in dispute. Where specific terms are not given settlement should be made within one month. Payment performance will be reported in the College Financial Statements (subject to the requirements of the Statement of Recommended Practice (SORP) for the Sector.

## 11. Risk Management

The Treasury Management Policy is to be consistent with the College Risk Management Policy and Strategy.

## 12. Policy Review and Reporting

This policy will be reviewed every 3 years, or earlier if changes affect it in any way. The next scheduled review date is June 2020.

In addition, Treasury activities will be reported in the monthly Management Accounts, including :

- ◆ Cash flow report
- ◆ Bank loan covenants assessment

This information will supplement the borrowing ratios included within the SFA Financial Performance Indicators.

## 13. Banking Services

The College currently makes use of the banking facilities provided by Barclays plc. The College ~~will~~ **may** from time to time re-tender for the provision of day to day banking services. Any appointment will, in the first instance be for a period not exceeding five years.

- APPENDIX 1

Moody's credit ratings guide

Aaa Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.

Aa Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A Obligations rated A are considered upper-medium grade and are subject to low credit risk.

Baa Obligations rated Baa are subject to moderate credit risk. They are considered mediumgrade and as such may possess certain speculative characteristics.

Ba Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.

B Obligations rated B are considered speculative and are subject to high credit risk.

Caa Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.

Ca Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C Obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through.

Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier.

The modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Standard and Poor's credit rating guide

Investment Grade

AAA: An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by Standard & Poor's.

AA: An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree. Includes: AA+: equivalent to Moody's Aa1 (high quality, with very low credit risk, but susceptibility to long-term risks appears somewhat greater)

AA: equivalent to Aa2

AA-: equivalent to Aa3

A: An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories. A+: equivalent to A1

A: equivalent to A2

BBB: An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

**Investments may be made with the College's main bankers and any of the institutions listed below.**

**Lloyds**

**TSB**

**HSBC**

**Barclays**

**Santander UK**

**Nationwide**

## **Appendix E: Anti-Bribery Policy Statement**

### **Introduction**

The College has a zero-tolerance for bribery and corruption. The College's reputation with the community it serves and other stakeholders is underpinned by ethical behaviour, financial probity and honesty. The College aims to limit its exposure to bribery by:

Setting out a clear anti-bribery policy, which is proportionate to the risks that the College is exposed to;

- Embedding awareness and understanding of the College's anti-bribery policy amongst all staff, "associated persons" (any person performing services for or on behalf of the College), and external persons/organisations with whom the College has commercial relations;
- Training staff as appropriate so that they can recognise and avoid the use of bribery by themselves and others;
- Encouraging staff to be vigilant and to report any suspicion of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately;
- Rigorously investigating instances of alleged bribery in accordance with the College disciplinary procedure; and assisting the Police and other appropriate authorities in any resultant prosecution;
- Taking firm and vigorous action against any individual(s) involved in bribery.

### **The Policy**

This policy applies to all employees and anyone acting for, or on behalf of, the College ("associated persons"), including governors, other volunteers, temporary workers, consultants and contractors.

All employees and associated persons are responsible for maintaining the highest standards of business conduct and are expected to behave honestly and with integrity. Any breach of this policy will constitute a serious disciplinary offence, which may lead to dismissal and may become a criminal matter for the individual.

The College prohibits employees and associated persons from offering, giving, soliciting or accepting any bribe. The bribe might include cash, a gift or other inducement, to or from any persons or organisation, wherever they are situated, and irrespective of whether or not they are a public official/body or private person or company, by any individual governor, employee, agent or other person or body acting on the College's behalf. The bribe might be made in order to:

- Gain any commercial, contractual or regulatory advantage for the College in a way which is unethical;
- Gain any personal advantage, pecuniary, or otherwise, for the individual or anyone connected with the individual.

This policy is not intended to prohibit appropriate corporate entertainment and/or hospitality undertaken in connection with the College's business activities, provided the activity is customary under the circumstances, is proportionate, and is the properly recorded/disclosed to the College in accordance with its procedures.

Employees and associated persons are requested to remain vigilant in preventing, detecting and reporting bribery. Employees and associated persons are expected to report any concerns regarding any suspected bribery in accordance with the College's procedures.