



FINANCIAL REGULATIONS

Approved by the Board of Governors

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1 PREFACE

- 1.1 All employees are accountable for the proper use of College funds, which include public monies and funds entrusted to them by other external agencies.
- 1.2 These Financial Regulations set out the approved arrangements for the conduct of business and must be observed by all members of staff.
- 1.3 The College expects its Governors and Officers to be of the highest integrity and to conduct their business at all times in a financially proper manner. They must not allow their private interests to conflict with their official duties and must register any pecuniary or other interests.
- 1.4 In order to demonstrate integrity, meeting Chairs may, with reasonable cause, request that a person withdraws or is excluded from certain decision-making.

2 INTRODUCTION

- 2.1 This document sets out the Rose Bruford College's (hereon College) Financial Regulations. It translates into practical guidance the College's policies relating to financial control. It applies to the College and all its subsidiary undertakings.
- 2.2 These Financial Regulations are subordinate to the College Instruments and Articles of Government and to any restrictions contained within Office for Students' (hereon OfS) conditions of registration.
- 2.3 The purpose of these Financial Regulations is to provide control over the totality of College's resources and provide the Board with assurances that the resources are being properly managed for the achievement of College's strategic and business objectives.
- 2.4 Compliance with the Financial Regulations is compulsory for all employees and contractors connected with the College. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the College disciplinary policy. The Board of Governors will be notified of any breach of these regulations through the Audit Committee. It is the responsibility of the budget-holders to ensure that their staff-members are made aware of the existence and content of the College Financial Regulations.
- 2.5 The Audit Committee of the Board are responsible for maintaining a continuous review of the Financial Regulations, through the Director of Finance & Operations, and for advising the Board of Governors of any proposed additions or changes.
- 2.6 In exceptional circumstances, either Committee may authorise a departure from the detailed provisions herein, such departure must be reported to the Board of Governors at the earliest opportunity.

3 FINANCIAL RESPONSIBILITIES

3.1 Financial Management

3.1.1 The Board of Governors is responsible for:

- a. ensuring the solvency of the College
- b. safeguarding the College's assets
- c. preventing and detecting fraud
- d. ensuring the effective and efficient use of resources
- e. approving annual plans, budgets and financial strategy which deliver the College's strategic plan
- f. ensuring that funds provided by OfS used in accordance with the terms and conditions specified by the OfS
- g. ensuring the existence and integrity of financial control systems, and monitoring this through the Audit Committee;
- h. ensuring that the College complies with 'OfS's terms and conditions of funding for higher education institutions
- i. appointing the College's internal and external auditors

3.1.2 The Governing Body has a wide discretion over its use of public funds and is ultimately responsible for the proper stewardship of those funds. Therefore, it must ensure that it exercises its discretion reasonably, and takes into account any relevant guidance on accountability or propriety issued from time to time by the OfS, the National Audit Office or the Public Accounts Committee.

3.2 Value for Money

3.2.1 The Governing Body 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 OfS, the National Audit Office or the Public Accounts Committee.

3.3 Risk Management

3.3.1 The Governing Body has a fundamental role to play in the management of risk. It is entrusted with funds, both public and private, and therefore has a particular duty to observe the highest standards of corporate governance. As a minimum, it must ensure that there is an ongoing process for identifying, evaluating, and managing the risks faced by the institution, and should review this process regularly.

- 3.3.2 It must also ensure that the institution has a sound system of internal management and control and delivers value for money from public funds. However, the Governing Body is not responsible for the operational management of the institution. In this context, the Governing Body should approve the risk management policy and regularly review both the strategic risk register and the risks identified in the annual trustees report with the financial statements.
- 3.3.3 The Principal is responsible for developing a risk management strategy in order to identify the risks facing the College and the actions required to mitigate these risks.

4 COMMITTEE STRUCTURE

The Board of Governors has ultimate responsibility for the College's finances but delegates this to the committees detailed below. These committees are accountable to the Board of Governors.

4.1 Finance and General Purposes Committee - Terms of Reference

The Committee's terms of reference must incorporate the following items:

4.1.1 Making recommendations to the Governing Body on:

- a. the annual estimates of income and expenditure
- b. major variations of expenditure
- c. capital expenditure requirements
- d. loan arrangements
- e. financial forecasts

4.1.2 Reviewing arrangements for securing efficiency and economy in the use of funding, solvency and the safeguarding of assets.

4.1.3 Approving:

- a. capital expenditure within approved limits and monitoring projects
- b. significant budget virements
- c. fees charges to students
- d. investment and borrowing policies

4.1.4 Monitoring the College's financial position against the approved budget and, as applicable, the year-end projection.

4.1.5 Making recommendations to the Governing Body on the College's human resource strategy.

4.1.6 Setting a framework for the pay and conditions of service of employees other than the holders of senior posts.

4.1.7 Reviewing general estates matters not considered by the Estates Committee.

4.1.8 To liaise with other Committees as appropriate where there are financial implications.

4.2 Audit Committee – Terms of Reference.

4.2.1 The Audit Committee is expected to operate as recommended in the CUC 'Higher Education Audit Committees Code of Practice', with any deviations from their recommendations specifically documented.

4.2.2 The Committee's terms of reference must incorporate the following items:

- 4.2.3 To advise the Governing Body on the appointment of the external auditors.
- 4.2.4 To determine, on behalf of the Governing Body, the audit fee, the scope and nature of the external audit, and the framework for the provision of any non-audit services by the external auditors.
- 4.2.5 To discuss with the external auditors the management letter incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary).
- 4.2.6 To consider and advise the Governing Body on the appointment and terms of engagement of the internal audit service, the audit fee, the provision of any non-audit services by the internal auditors and any questions of resignation or dismissal of the internal auditors.
- 4.2.7 To review the internal auditors' audit needs assessment and the audit plan; to consider major findings of internal audit investigations and management's response; and promote co-ordination between the internal and external auditors.
- 4.2.8 To review the appropriateness of the resources made available for internal audit as against the College's needs, making recommendations to the Governing Body as appropriate.
- 4.2.9 To keep under review the effectiveness of internal control systems.
- 4.2.10 To monitor the implementation of agreed audit-based recommendations.
- 4.2.11 To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the OfS Accounting Officer, have been informed.
- 4.2.12 To oversee the institution's policy on fraud and irregularity, including being notified of any action taken under that policy.
- 4.2.13 To satisfy itself of the arrangements that are in place to promote economy, efficiency and effectiveness.
- 4.2.14 To consider any relevant reports from the National Audit Office, the OfS and other organisations.
- 4.2.15 To monitor annually the performance and effectiveness of external and internal auditors, and to make recommendations to the Governing Body concerning their re-appointment.
- 4.2.16 To review the annual Financial Statements, recommending them for adoption by the Board, as appropriate. This review must specifically consider the auditor's formal opinion, the statement of members' responsibilities and the corporate governance statement.

5 AUDIT REQUIREMENTS

- 5.1 The external and internal auditors of the College shall have authority to:
- a. Gain access to all institutional premises, giving reasonable notice to the Director of Finance and Operations or the Principal
 - b. Have access to all assets, records, documents and correspondence relating to any financial and other transactions of the College
 - c. Require and receive such explanations as are necessary in any financial or related matter that is under examination
 - d. Require any employee, or member of the College if not an employee, of the institution to account for cash, stores and other College's property under their control
 - e. Gain, subject to permission, access to records belonging to third parties, but under the control, or held by, the College, e.g. contractors and suppliers, as required.
- 5.2 The Director of Finance and Operations is responsible for setting a timetable for the preparation of the Annual Financial Statements.
- 5.3 The Annual Financial Statements will be reviewed by the F&GP Committee and Audit Committee, and on the recommendation of the Audit Committee, shall be submitted to the Governing Body for approval.
- 5.4 Internal Audit**
- 5.4.1 The main responsibility of internal audit is to provide the Governing Body with assurances on the adequacy of internal control mechanisms.
- 5.4.2 The internal auditor is appointed by the Governing Body on the recommendation of the Audit Committee.
- 5.5 External Audits**
- 5.5.1 The appointment of the external auditors is the responsibility of the Audit Committee.
- 5.5.2 The primary role of the external auditors is to report on the College's financial statements and to carry out such examinations 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.
- 5.6 Other Auditors**
- 5.6.1 The College may be subject to audit or investigation from time to time by external bodies such as the OfS, HM Revenue and Customs. Such bodies have statutory obligations to carry out investigations and therefore they will have the same rights of access as applies to the internal and external auditors.

6 RESPONSIBILITIES OF SENIOR POST HOLDERS

- 6.1 The specific responsibilities of the senior post holders identified below, are set out below, are deemed to be incorporated in to the post, irrespective of the individuals detailed job description.

6.2 Principal

- 6.2.1 The Principal is the Accounting Officer for the College, as required in the OfS's Conditions of Registration (E3). and as such is responsible to the Board of Governors and the OfS for the College's financial management and protection of its assets.
- 6.2.2 The Principal is expected to satisfy the Governing Body is complying with the OfS Conditions of Registration, brining any material variances to the attention of the Governors.
- 6.2.3 The Principal shall advise the Governing Body if, at any time, any action or policy under consideration by the Governing Body appears to be incompatible with OfS Conditions of Registration. If the Governing Body decides nevertheless to proceed, the Principal must raise this as a 'reportable event' with the OfS.
- 6.2.4 The Principal, along with the Chair, in expected to sign the Annual Financial Statements of the College, noting the responsibilities under company law that this entails.

6.3 Director of Finance & Operations

- 6.3.1 The Director of Finance and Operations is responsible for:
- a. Preparing annual capital and revenue budgets and financial plans;
 - b. Preparing accounts, management information and monitoring of expenditure against budgets and all financial operations including treasury functions
 - c. Preparing the College's annual financial statements and other financial statements and accounts which the College is required to submit to other authorities
 - d. Ensuring that the College maintains a robust financial system which provides a reliable routine for internal financial control. All such systems shall have regard to the need for probity, integrity, accountability and to instructions issued from time to time by the OfS
 - e. Providing professional advice on all matters relating to financial policies and procedures and or advising where further professional or legal advice may be required
 - f. Payments, including payroll, sales invoicing and debt collection and banking

g. Taxation, including VAT, PAYE, NI and Corporation Tax.

7 RESPONSIBILITIES OF BUDGET-HOLDERS

- 7.1 Budget-holders are responsible for the efficient and effective allocation and use of resources, and managing within, the resources allocated to them.
- 7.2 It is important that expenditure is properly authorised before the College becomes liable to pay a supplier. Where a budget holder decides to incur non-staffing expenditure, they must follow the regulations in the 'Expenditure' section below.
- 7.3 Budget holders should arrange with suppliers to have all invoices sent directly to the Finance Department, usually to finance@bruford.ac.uk.
- 7.4 Due to the risk to the financial stability of the whole College, overspending against an allocated budget is not generally permitted. A member of the Senior Leadership Team (SLT) may authorise the overspending on a budget, subject to the Principal retaining the authority to restrict expenditure in any way that they consider appropriate.
- 7.5 Coding of expenditure
 - 7.5.1 The Director of Finance & Operations has overall responsibility for the Chart of Accounts, including the accounts coding structure of the College. Any requests for new income or expenditure codes should be referred to Director of Finance & Operations.
 - 7.5.2 It is the responsibility of the budget-holder to ensure that expenditure and income are coded to the correct financial code.

8 BUDGET

- 8.1 The financial year runs from 1st August to 31st July.
- 8.2 The Director of Finance & Operations shall lead the annual budget setting process.
- 8.3 Resources are allocated to programmes/departments on an annual basis by the SLT. The Director of Finance & Operations submits the budget to the F&GP Committee for consideration. The F&GP Committee is responsible for recommending the annual budget to the Board of Governors for approval.

8.4 Capital Expenditure

- 8.4.1 Major capital projects are intended to be managed as part of the capital programme, as separately considered by the Board of Governors.
- 8.4.2 Equipment, and other relevant expenditure, such as intangible assets, over £1,000 may be capitalized.
- 8.4.3 Budget holders may only undertake capital expenditure after being given express authority by the Director of Finance & Operations. This shall be evidenced by the budget holder being given a specific 'fixed asset account code', to be used when raising the Purchase Order.

8.5 Budgetary Control

- 8.5.1 As Accountable Officer the responsibility for the delivery of the College's activity within the annual budget, as approved by the Board, rests with the Principal, as supported by the Director of Finance & Operations. Operationally, the control of income and expenditure within an agreed budget is the responsibility of the designated budget-holder. Expenditure outside of approved budgets should not normally be undertaken, and requires authorisation by a member of the SLT.
- 8.5.2 Significant variations from the agreed budgetary targets should be discussed by the SLT and an action plan agreed by the Principal.

8.6 Budget Virement

- 8.6.1 Virement into the staffing budget from non-staffing is not allowed for the employment of permanent employees. This is to the creation of a commitment beyond the budget year.
- 8.6.2 Requests for virement from staffing to non-staffing budgets shall be submitted in writing to the Director of Finance and Operations for consideration.
- 8.6.3 Any virement must be in line with the College's Strategic plan. Virements in excess of £50,000 or involving ongoing financial commitment in respect of subsequent years, shall be subject to the approval of the SLT.

9 BANKING SERVICES, TREASURY MANAGEMENT AND BORROWING

- 9.1 Any instruction to open, close or change the use of a bank account must be authorised by the Board of Governors. The Finance and General Purposes Committee shall approve all bank mandates, including any amendments to existing mandates. All bank mandates must be signed by members of the SLT, and if required by the Bank, a member of the Board.
- 9.2 The Director of Finance & Operations is responsible, on behalf of the Board of Governors for all arrangements with the College's bankers, the College's bank accounts and the issue of payments. No other employee shall be empowered to operate a bank account in the name, or on behalf of, the College.
- 9.3 The Director of Finance & Operations shall be responsible for the security and prompt banking of monies received. All monies received on behalf of the College must be banked at least once per month. The total amount of cash and/or cheques held at any one time must not exceed the insured value in the most recent insurance policy. Personal cheques must not be cashed from College funds.
- 9.4 The Director of Finance & Operations is responsible for ensuring that all bank accounts are subject to regular reconciliation. Consistent with this the Director of Finance & Operations should sign off each monthly bank reconciliation, as prepared by a separate member of Finance team.
- 9.5 All payments made from the College bank accounts shall be approved in accordance with the bank mandates.
- 9.6 As an item of expenditure, the provision of banking services should be reviewed by the Director of Finance & Operations, at approximately five yearly intervals. This review should be reported to the SLT and the Finance & General Purposes Committee.
- 9.7 Other payment providers, such as for foreign payments or merchant (card) services, may also be used. These accounts must be opened by the Director of Finance & Operations, and authorised by the Principal.
- 9.8 Cash Investments
 - 9.8.1 Surplus cash funds may be invested in timed deposit accounts, and in accordance with the bank mandate, and under the director of the Director of Finance & Operations. Should this involve opening an account with another financial institution, this must be approved in the same way as a new bank account.
 - 9.8.2 Director of Finance & Operations must report on cash investment activity as part of the Finance Report to the F&GP Committee.

9.9 Borrowing

- 9.9.1 All borrowing must be authorised by the Board of Governors, who must have regard to any requirements of the OfS, via the conditions of registration, and take advice from the Principal, as the Accountable Officer.

10 INCOME

10.1 OfS Grants

10.1.1 The OfS provides grants for a number of purposes. The Director of Finance & Operations is responsible for ensuring that grants, where restricted, are used for their intended purpose.

10.2 Fees and Charges

10.2.1 The Director of Finance & Operations shall undertake a regular review of tuition fees for approval by the SLT and the Finance and General Purposes Committee.

10.3 Account Receivable

10.3.1 Other than retail transactions, all requests for payments of goods or services provided by the College shall be by an Official College invoice, as issued by the accounting system.

10.3.2 Budget-holders and others concerned with the generation of income shall ensure that notification of the need for an invoice is rendered to the Finance Department for all income due to the College as soon as the service is provided, or earlier if contracts permit.

10.4 Invoicing and Debt Collection

10.4.1 Students are expected to pay their tuition and any accommodation fees as they are due. Where this does not occur, the Director of Finance & Operations, who shall be responsible for credit control, may appoint a debt collection agency to assist in the recovery of funds owed.

10.4.2 Any student who has not paid an account for tuition fees owing to the College shall not be awarded a degree or any diploma, certificate and qualification, until all outstanding tuition fee debt has been cleared. The name of such students shall not be included on pass lists until all outstanding accounts have been settled in full. In addition, such students shall be prevented from re-enrolling at the College and from using any of the facilities until such time as any outstanding debts have been paid or a payment plan put in place to clear the amounts outstanding.

10.4.3 Only the Director of Finance & Operations can implement credit arrangements. Requests to write-off debts must be referred in writing to the Director of Finance & Operations. Debts over £30,000 require the additional authority of the F&GP Committee.

10.4.4 A summary of all debts written off must be provided to the F&GP Committee.

11 EXPENDITURE

- 11.1 The Director of Finance & Operations is responsible for all payments made by or on behalf of the College, and for the establishment and administration of an effective system for official orders issued for supplies and services required by the College.
- 11.2 Irrespective of detailed regulations, the overriding principle of expenditure is that budget managers should be ensuring that all goods and services purchased by the College are obtained efficiently, economically and within budget. This will normally be achieved by approaching a wide range of suppliers, as opposed to always using the same supplier, promoting competition between suppliers, being willing to negotiate, purchasing efficient quantities, seeking internal support and formally tendering when it's appropriate to do so.

- 11.3 To reduce the risk of fraud, these regulations are designed to have more than one person involved in the purchase of goods and services. Usually this will be achieved by using Purchase Orders and then having the processes of:

- a. Raising the Purchase Order
- b. Approving the Purchase Order
- c. Sending the Purchase Order
- d. Approving the Purchase Order (known as the 'GRN procedure')

Split between at least two people. Then the Finance Department process of:

- e. Preparing the payment
- f. Authorising the bank Payment

Also split between at least two people.

- 11.4 Normally an administrator will raise the Purchase Order and the Budget Holder will approve the Purchase Order. The person who raised the Purchase Order when send the Purchase Order, and then, GRN the Purchase Order, when the goods have been delivered or services received.
- 11.5 Orders shall only be placed to suppliers already on the Purchase Ledger. Budget holders may request to the Senior Finance Officer that a supplier is added to the ledger. A supplier will normally be added unless there is a good reason not to do so.

11.6 Purchasing Portal

- 11.6.1 The purchasing portal (<https://erp.bruford.ac.uk/psonline>) is used for the efficient ,management of purchasing, purchase approvals, and to aid budgetary control. All staff whose role includes ordering goods or services, may be issued with a login to the portal.
- 11.6.2 The purchasing portal is manged by the Senior Finance Officer. Training in this system is available from the Senior Finance Officer.

11.7 Purchase Orders

- 11.7.1 By default, goods and services should be bought via a purchase order generated by the accounting system via the purchasing portal. Using this system, individual programmes/departments can input their purchase orders directly onto the College's accounting system.
- 11.7.2 Each order must clearly indicate the nature and quantity of the supplies and services required, the estimated price, any VAT and any agreed discounts and other relevant details.
- 11.7.3 There will be occasions the exact cost of an item will is not known as the point when they are ordered, for example a maintenance call out where the pay rate is by the hour, and parts may be required. In these cases, a Purchase Order should be raised for the expected cost. It is not acceptable for the budget holder to delay issuing the Purchase Order until the invoice is received.
- 11.7.4 Where the supplier is to be a series of staged payments throughout the year, or contract period, a single purchase order should be issued. In these cases, one Purchase Order should be issued, with the 'quantity' field used to state the number of payments to be made. This reduces the number of Purchase Orders and allows the total commitment to be recorded in the finance system. It often applied to Professional Fees. Please note that a Purchase Order should not be issued for more than one financial year.
- 11.7.5 Where the purchase is for a timed period, often the case with maintenance contracts, rent and subscriptions, it's important that this is reflected in the College's accounts. This happens by entered the 'to' and 'from' dates when entering the Purchase Order. The finance system will then automatically allocate the expenditure to the right months.
- 11.7.6 A rigorous approach to value for money is required by all budget-holders. Acceptance of any estimate other than the lowest is not permitted, except where there are over-riding considerations of quality, value for money or urgency, which must be recorded.
- 11.7.7 There are rare exceptions when a purchase order is not needed. These are utilities and small value purchases via purchasing 'credit' cards, unless a purchase order helps the processing of the transaction. On other occasions the Director of Finance and Operations may very exceptionally, and for a stated reason, authorise that a Purchase Order is not required.

11.7.8 Payment, following the placement of an order, shall normally be through a supplier invoice. In exceptional circumstances, the Senior Finance Officer may authorise a payment on account. This will usually be where a credit account is not in place, another supplier is not readily available, and a pro-forma invoice has been issued. The budget-holder shall be responsible for obtaining subsequently an invoice and passing this to the Senior Finance Officer.

11.8 Purchase Order Authorisation:

11.8.1 Before being issued to a supplier, a purchase order must be authorised by the relevant budget holders. Members of the SLT may authorise purchase orders across their areas of responsibility.

11.8.2 Managers should be aware that it is the authorisation of the purchase order that, in most cases, creates the legal obligation for the College to pay for the items ordered. This is therefore the most important action in the purchasing process. In authorising the PO, the manager is confirming that:

- a. The items are needed
- b. The items have been properly procured
- c. They have a budget to pay for the items

11.9 Specific Requirements for higher value purchases

11.9.1 All requests to contract or order on behalf of the College will be authorised as follows:

Value of order (ex VAT)	Authorisation
Up to £5,000	Budget-holder
From £5,000 to £10,000	Director of Finance & Operations
From £10,000 to £100,000	Principal and Director of Finance & Operations
Over £100,000	Chair of Board of Governors, Principal and Director of Finance & Operations

11.10 Payment authorisation

11.10.1 An invoice is authorised by the GRN (Goods Received Notification) process on the purchasing portal. This process is the equivalent of authorising an invoice for payment; it's an express statement from the budget holder that the goods or services have been received to a satisfactory standard. It's usually carried out by the person that raised the Purchase Order.

11.10.2 Separately, should a query arise, budget holders should retain goods received notes amongst their records.

11.10.3 Until this step is undertaken the Finance Department will not normally pay an invoice.

11.11 Invoice Processing:

11.11.1 The Director of Finance & Operations shall be responsible for the systems for the examination, verification and certification of invoices for payment and for the allocation of the expenditure to the relevant budget head.

11.11.2 Budget Managers should, by default, have invoices sent to the Finance Department, via finance@bruford.ac.uk, as this enables the Finance Department to have the earliest awareness of College liabilities and reduces the risk of a late or rushed payment.

11.11.3 The Senior Finance Officer must review invoices as they are entered into the accounts system. This review should include:

- a. Customer stated as the College
- b. Good / service generally matching the Purchase Order
- c. Amount due being approximate to the Purchase Order
- d. Invoices with VAT having a VAT number
- e. The 'look and feel' on the invoice being consistent with the supplier

11.11.4 Any inconsistencies should be brought to the attention of the Director of Finance & Operations before a payment is prepared.

11.11.5 Documents that are not invoices, should not be processed as if they were invoices. Specifically, payments should never be made against a supplier statement.

11.11.6 Note that, as the budget holder will normally have completed the GRN process, as above, invoices do not require certification by the budget holder.

11.11.7 Where a Purchase Order is not required, specifically utilities, the budget holder should authorise each invoice, usually via a physical signature.

11.12 Supplier Payments

11.12.1 The Senior Finance Officer is responsible for preparing payments to suppliers. These should be timed relative to supplier terms and the need to manage the cash flow of the College.

11.12.2 The Director of Finance & Operations should usually review proposed payment batches before the bank transaction is prepared, in order to balance the payments against the College's cash flow and to spot check a sample of invoices.

11.12.3 Supplier payments must be authorised at the bank, according to the bank mandate. International supplier payments must be authorised according to the rules of the service provider, and also subject to a separation between the person uploading the transaction and the person authorising it.

11.13 Amending supplier Details

- 11.13.1 The incorrect amending of supplier details, especially bank details, is noted as a common fraud, and one which the College could lose considerable amounts of money.
- 11.13.2 Supplier details should only be entered or amended by the Senior Finance Officer. A request to change supplier details must be in writing and confirmed verbally by the supplier by a call to a previously known phone number. This call must be evidenced by a written note and signature on the invoice or change request letter. A copy of the letter must then be given to the Director of Finance & Operations before a payment is made.
- 11.13.3 As part of the preparation of the payment batch, any invoices with amended bank details should be highlighted and brought to the specific attention of the person approving the batch.

12 QUOTATIONS, CONTRACTS, TENDERING & LEASES

- 12.1 For high value purchases there are specific requirements that the budget holder must follow before approving a Purchase Order. Minor variations to these arrangements may be approved by the Director of Finance & operations. In other cases, the Chair of F&GP must approve the variation.
- 12.2 There must be full compliance with the Anti-Bribery policy, attached as Appendix 1.
- 12.3 Quotations
- 12.4 It is good practice, and sensible, to always obtain several quotations before placing an order. The mere act of a supplier knowing that a client is obtaining quotes can encourage a better price. Similarly, negotiation is encouraged, as it can result in a better price. However, in undertaking these actions it's important to be fair to all suppliers.
- 12.5 It is also recognised that a budget holder will build up knowledge of good reliable suppliers who will become the default option for some purchases. This is allowable as always obtaining quotes is time consuming and the too frequent switching of suppliers can be a barrier to effective working relationships. However, even in these situations, a budget manager must, on a regular basis, look at the market and be prepared to change supplier.
- 12.6 These are also purchases that are of such a high value that written quotations must be obtained, and a record kept for potential audit review. These are:

Order Value (excl. VAT)	Minimum Quotations Required
Up to £2,500	One
£2,501 - £4,999	Two
£5,000 – 49,000	Three
£50,000 - £100,000	Four
£100,000 +	Tender (see below)

- 12.7 Where the required number of quotations cannot be obtained, the budget holders should discuss the matter with the Director of Finance and Operations. Subject to a written justification, the Director of Finance and the Principal may jointly agree a variation to the above schedule of quotations. Their reasoning must be recorded in writing. A decision not to tender must also be agreed by the Chair of the Finance & General Purposes Committee and reported to the next meeting of the Committee.

12.8 Contracts

12.9 The Director of Finance & Operations must maintain records of all significant financial contracts for contracted services and non-educational sales. Examples include property rental / leases, maintenance services, educational partnerships.

12.10 Tenders

12.11 Before being issued, all tenders must be approved by the Director of Finance and Operations.

12.12 At least three tenders must be sought unless the Principal has given prior approval for fewer tenders. The tender list may be informed by knowledge of the contractor and quality of their work.

12.13 Invitations to tender must be accompanied by comprehensive and clearly written specifications. They must contain a date and time beyond which tenders will not be accepted.

12.14 All tenders received after the closing date must be returned to the originator or nominee unopened with an explanatory covering letter.

12.15 Tenders shall be opened by the Director of Finance and Operations in the presence of another senior member of staff. The prices quoted in the tender shall be recorded immediately on a pre-prepared document schedule containing the name of the project or item together with the list of those invited to tender. The price shall be recorded opposite the name of the appropriate supplier. If a reply is not received from any of those invited to tender, this fact shall also be recorded on the schedule.

- 12.16 On completion of the tender opening, the Director of Finance and Operations and other staff members, shall both sign and date the schedule.
- 12.17 The Director of Finance and Operations shall normally complete the initial tender evaluation. The contract shall normally be awarded to the supplier submitting the lowest price unless information has been received in the period between dispatch of invitations to tender and the tender opening which would, if known at the time invitations were dispatched, have disqualified the supplier from being invited to tender. Where the lowest tender has not been accepted, the reason for this decision shall be noted in the tender evaluation.
- 12.18 The Principal shall review the tender evaluation, noting agreement or disagreement with the evaluation. The evaluation, and any comments of the Principal, will then be reviewed by the Chair of F&GP, or the Chair of the Board. The Chair of the Board shall have the final decision, unless determined otherwise by a Board meeting.
- 12.19 Leases
- 12.20 As leases contain a commitment beyond the current financial year, all leases must be signed by the Director of Finance Operations. When determining the number of quotations required, the total of the minimum leasing payments must be used as the expenditure amount.

13 RECRUITMENT, RENUMERATION, EXPENSES & PETTY CASH

13.1 Recruitment & Remuneration

- 13.2 The Human Resources department may only commence recruitment after receipt of a completed Post Authorisation form.
- 13.3 The Human Resources department must issue all employee engagement letters, variations to terms of employment and employment contracts.
- 13.4 Once recruitment has been completed, all permanent staff engagements must be authorised of the Principal, usually evidenced by the Principal signing the letter of engagement.
- 13.5 Whilst the Principal may engage staff outside of the schedule of budgeted staff, they must have regard to the overall organisation budget.
- 13.6 An exception is made for the Holders of Senior Posts where the Chair must undertake the role otherwise reserved for the Principal.
- 13.7 Temporary staff engagement letters, including Visiting Lecturer contracts, must be signed by a Senior Post holder or the Human Resources Director (or equivalent).

13.8 Personnel Records

- 13.9 The Director of Finance and Operations shall be responsible for the maintenance of all personnel records.

13.10 Payroll

- 13.11 All remuneration payments to employees must be made through the College payroll.
- 13.12 The Director of Finance and Operations must ensure that there is a segregation of duties between the Human Resources function, which must prepare variations to the payroll, and the Finance Department, which must process the variations to the payroll into the payroll system. The Finance Department should also handle all matters relating to the distribution of payslips and payroll taxes and other deductions.
- 13.13 Consistent with the segregation of duties, all payroll payments, including but not limited to, salaries, should be prepared by the Senior Finance Officer.
- 13.14 The Director of Finance and Operations must ensure that the:
- Salaries are authorised at the bank by a person not otherwise involved in the preparation of the payroll
 - Payroll is reviewed and authorised by a suitable person, who is separate from the individuals who either prepared or processed the payroll variations
 - Payroll information is journalled into the finance system
 - Payroll control accounts are regularly reconciled

- 13.15 Should a salary overpayment be made, the Human Resources department should explain the matter to the individual(s) concerned. The Director of Finance & Operations will agree the terms of the repayment. While this will be based on the amount and duration of the overpayment, it should usually be via a monthly payroll deduction, that should aim to recover the overpayment within three years. Any variation to this, including any decision not to recover all or part of the overpayment, must be authorised by the Principal, or in the case of Senior Postholders, the Chair of the Remuneration Committee.
- 13.16 Severance
- 13.17 When Staff become redundant on the grounds on efficiency, redundancy payments will be at the statutory rates.
- 13.18 Termination payments, including all Settlement Agreements, must be expressly authorised by the Principal, and if over £20,000, additionally by the Chair of the Board.
- 13.19 Expenses Payments
- 13.19.1 The Director of Finance & Operations shall be responsible for devising and operating an expenses system that incorporates the requirements specified below, and all other applicable expenditure controls within these Regulations.
- 13.19.2 The expenses system is intended for staff travel and subsistence and minor sundry items of materials and equipment. While there may be occasions when it's used for larger payments this should be the exception. Anyone using the system needs to understand that a cost being incurred, does not automatically mean that it will be reimbursed, and pre-written approval from the budget holder is recommended for any non-standard items.
- 13.19.3 Claims for expenses incurred by employees in carrying out official duties, shall be paid as the amount of the cost incurred, subject, where applicable, to not exceeding any rates authorised by the Finance & GP Committee.
- 13.19.4 Expense claims shall be authorised by the appropriate budget-holder except in the case of the budget-holders themselves, who shall have their claims authorised by their line-manager.
- 13.19.5 Where a group of employees incur expenses in carrying out an official duty, then the expense claim, by default, should be prepared and submitted by the most senior member of that group.

13.19.6 Its recognised that some roles require travel both within the UK and Internationally. This particularly applies to SLT, those involved in student recruitment and academic collaboration. Whilst the principle remains that all expenditure should be backed up by receipts, it's recognised that occasionally this isn't possible for some low value purchases. It's generally expected that the cheapest class of travel and ticket type should be used. However, is also recognised that, if work is needed to be carried out during a journey, a better environment may be needed. SLT members may therefore select the most appropriate ticket, taking all circumstances into account. They may also authorise the same for other staff members, but this must always be in writing and in advance of the ticket being purchased. Staff on longer trips may budget to a daily rate the incorporates accommodation and living expenses. The appropriate rate may be requested via the Director of Finance and Operations. A staff member opting for a higher class of travel, or hotel, is welcome to claim the lowest cost from the College and pay the balance of themselves.

13.19.7 In the case of the Principal's expenses, these must be authorised by the Chair of the Board of Governors.

13.19.8 The Director of Finance & Operations shall be responsible for the adequacy of checks on expenses claims, and their payment. Payment be either by bank transfer of the payroll system, as the Director of Finance & Operations may determine, should be made within 30 days of the claimed being authorised for payment.

13.20 Petty Cash

13.20.1 A nominated member of staff granted a petty cash float is personally responsible for the safe custody of the float.

13.20.2 The petty cash system is intended to distribute reimbursements, usually to students working on productions, and in relation to show or course consumables budgets. Staff and Governors are expected to use the expenses system, as below.

13.20.3 Petty cash is not intended for items that could be paid through the normal creditor payments routine. Cash floats shall not be used for employee travel or subsistence expenditure.

13.20.4 The Director of Finance & Operations shall be responsible for devising and operating an expenses system that incorporates the requirements specified below, and all other applicable expenditure controls within these Regulations.

13.20.5 Due to the inherent risk and transaction cost, cash floats shall only be used as a last resort. The default system shall be based on prepayment 'credit' style cards, loaded with amounts related to budgets.

13.20.6 The Head of Productions is responsible for the day-to-day operations of the 'show float system', ensuring that those involved understand their responsibilities, and in particular the need for records keeping.

- 13.20.7 Systems should be such that, at any point in time, the nominated member of staff responsible for a petty cash float shall, if so requested, be able to provide a statement showing the current state of the float.
- 13.20.8 At the end of the project, any applicable surplus cash and the purchasing card, must be returned to the Finance Department together with receipts supporting the amount spent.
- 13.20.9 Payments for expense claims, mileage claims, student travel claims, production expenses, and other minor items of expenditure must be properly certified by the appropriate budget-holder.
- 13.20.10 Should any cash balance be held at the end of the financial year, a schedule of the balance of the float must be provided by the budget holder to the Senior Finance Officer.

14 INSURANCE

- 14.1 The Director of Finance & Operations must affect such insurance as from time to time is considered necessary to cover risks to which the College is exposed. Similarly, the Director of Finance & Operations should lead on insurance claims, including submitting and negotiating claims and recover claims.
- 14.2 The Director of Finance & Operations must:
- a. keep a register of all insurance effected by the College and the property and risks covered
 - b. maintain the necessary records in respect of recovering claims.
- 14.3 Budget-holders shall give prompt notification to the Director of Finance & Operations of any potential insurable new risks and additional property and equipment which may require insurance and any alterations affecting existing risks. Budget-holders shall consult the Director of Finance & Operations regarding the terms of any indemnity which the College is requested to give before any such indemnity is provided.
- 14.4 It is the responsibility of the relevant budget-holder to notify the Director of Finance & Operations promptly in writing of any loss, liability or damage, which may be the subject of an insurance claim.
- 14.5 A safe shall not be purchased, nor security alarm installed, without prior consultation with the Director of Finance & Operations on its suitability for the purpose and the level of cover, which will be provided.
- 14.6 All employees using their own vehicles on behalf of the College shall ensure their individual insurance policy has appropriate cover as cover is not provided under the College's policy. The College will not pay for any additional insurance cost incurred by a member of staff.

15 ASSETS

- 15.1 For the purposes of these regulations, an asset shall be regarded as an item that is treated as an asset within the accounting records. These will usually be equipment with an initial cost of over £1,000 excluding VAT. Should, there be any doubt the Director of Finance & Operations shall make the final determination on whether an item is an asset., and budget holders should seek guidance their guidance as appropriate.
- 15.2 The Director of Finance & Operations is responsible for the maintenance of the College asset register.
- 15.3 College property shall not be removed from College premises, other than in accordance with the items intended purpose, without the permission of the Director of Finance & Operations.
- 15.4 Any property lent by the College to either employees or students from the Learning Resources Centre (hereon LRC) should be recorded according to the LRC regulations. Any item lent by the College not via the LRC should be authorised by a member of the SLT and signed by the person borrowing and the duration of the loan recorded. Persons borrowing equipment from the College are responsible for arranging and payment of insurance and for replacing the item in the event of loss or damage.
- 15.5 Use of the LRC, photocopying and the borrowing of books, a major asset of the College, shall be according to the LRC User Rules and the books themselves treated as any other asset.
- 15.6 Attention shall be paid to security with regard to vulnerable facilities and equipment likely to be subject to theft and or abuse such as computers, recording equipment, materials and stores. Sources of confidential information, including both computers and hard copy.
- 15.7 All asset disposals shall be authorised by the Director of Finance & Operations
- 15.8 Any disposal of assets must also take account of any directives, requirements and guidance issued by the OfS and assets with an exchequer interest in may only be disposed of with permission from OfS.
- 15.9 The disposal of surplus materials, stores or equipment valued at over £10,000 or over shall be by competitive tender unless a more competitive price can be obtained on the open market.

16 STOCKS

- 16.1 There shall be two categories of stock. These are:
- a. Items that are treated as standard items of expenditure, but actually stored, and issued as determined by the budget holder, principally stationery and production and teaching materials
 - b. Items that are brought from stock balance sheet codes, formally an asset of the College, principally catering and vending stores
- 16.2 For all stock items the budget holder is expected to maintain an appropriate level of control, reporting any losses or inconsistencies to the Director of Finance and Operations.
- 16.3 Additionally, for category (b) stock items, the budget holder must submit a monthly stock valuation report to the Director of Finance and Operations, which shall be reflected in the College's balance sheet.

17 TAXATION

17.1 All matters regarding taxation shall be the responsibility of the Director of Finance & Operations, who may work in consultation with the College's the tax advisors.

17.2 VAT

17.2.1 The Director of Finance & Operations shall maintain all VAT records for the College, including submitting VAT returns, as requested by HMRC.

17.2.2 Under VAT Notice 701/30, Education and Vocational Training, January 2002, a higher education institution is classified as an eligible body. Education and any closely related goods and services are exempt from VAT. Most other sources of income are standard rated.

17.2.3 The College is not exempt from paying VAT on its purchases and services rendered and is generally able to recover a small proportion of VAT paid on its purchases (input VAT). This 'irrecoverable' VAT is charged back to the ledger account that incurred the expenditure, therefore, to all intents and purposes, budgets should be treated as including VAT.

17.2.4 The policy of the College on VAT is to ensure that VAT transactions managed in such a way that the recovery of VAT on its purchases is maximised.

17.2.5 All queries regarding VAT matters should be raised with Director of Finance & Operations who will as advise as appropriate.

17.3 Payroll Taxes – PAYE, NI & Apprenticeship Levy

17.3.1 The Director of Finance & Operations shall be responsible for the maintenance of all records relating to PAYE and National Insurance and shall ensure that statutory returns, specifically the monthly EFS and SPS data files, are submitted to HMRC by due dates.

17.4 Corporation Tax, including Theatre Tax Relief

17.4.1 Whilst it is acknowledged that the college is exempt from paying corporation tax on its wholly charitable activities it is important to note that any areas of potential tax risk are alerted to the Director of Finance & Operations so that appropriate advice can be given.

17.4.2 Areas of potential risk include (but are not limited to):

- a. Commercial sponsorship
- b. Corporate partnerships
- c. Providing commercial services, including performances, not linked to the supply of education
- d. Serviced lettings and hires not linked to the supply of education
- e. Property developments or transactions containing an element of overage

18 CORPORATE PURCHASING 'CREDIT' CARDS

- 18.1 Corporate Cards may, at the discretion of the Director of Finance & Operations, be provided to budget holders. They are intended for people who either incur regular travel and subsistence expenses and / or need to purchase items where a credit account and invoice payments are not a practicable option, such as low value items and on-line purchases.
- 18.2 The Cards shall only be used to pay for expenses incurred on College business only. Cards must not be used for personal or non-College expenditure except in emergency circumstances, which must be reported immediately to the authorising line-manager/Governor. Any such usage shall be repaid to the College as soon as the item appears on the statement. Should this not occur, the Director of Finance & Operations may authorise a payroll deduction.
- 18.3 Accidental use of corporate credit cards for any unauthorised use shall be reported immediately to the Senior Finance Officer and shall be repaid to the College as soon as the item appears on the statement. The deliberate use of cards for personal expenditure will be treated as misconduct and may be referred to the HR department for any further action.
- 18.4 Any suspected or actual abuse of the corporate credit card facility may lead to the immediate suspension of the card. Thereafter the Director of Finance & Operations will determine if the card should be released or cancelled.
- 18.5 The cardholder will code and agree the expenditure on the credit card statement. The budget-holder will sign off the statements in line with expenditure authorisation levels.
- 18.6 The Chair of Governors will be sent a copy of the Principal's card statement. The Principal will be sent a copy of the Director of Finance & Operations statement.
- 18.7 Fully authorised and coded returns must be made on appropriate reconciliation format within two weeks of the statement date along with VAT receipts for each item.
- 18.8 Card holders must understand that a card is issued on the basis that if receipts are missing, they may be held responsible for the repayment of the item. Where a receipt is missing, the budget-holder must provide an explanation outlining the reasons for the expenditure, and in most cases this will be acceptable. However, card holders must understand that a card is issued on the basis that if receipts are missing, they may be held responsible for the repayment of the item.

19 CORPORATE ENTERTAINING

- 19.1 The highest level of integrity and accountability is essential when employees and members of the Governing Body are undertaking activities involving corporate entertaining. In all arrangements a rigorous approach to value for money shall be pursued.
- 19.2 It is important that the College has documented comprehensive records. There shall be a clear demonstration of the purpose and the cost of the corporate entertaining; the person or persons involved; their status and relationship to the College; all of which shall be documented.
- 19.3 Employees and members of the Governing Body are required to exercise careful and considered judgement as to the level of corporate entertaining and other related expenditure. The level of corporate entertaining may be determined by the status of those involved or by the importance of the relationship in realising operational or strategic objectives.
- 19.4 Where members of the Board of Governors undertake such activities, it would be appropriate for the Chair of the Governing Body to authorise corporate entertaining. The Clerk to the Governing Body will authorise expenditure incurred by the Chair of the Governing Body.
- 19.5 Reports to the Audit Committee shall be provided for all substantive corporate entertaining given or received by employees of the College or members of the Board of Governors.
- 19.6 Occasionally corporate entertaining involving the spouses or partners of members of the Governing Body or officers may be deemed to be necessary in certain circumstances. Such circumstances are likely to be extremely rare. The College shall follow the official authorisation procedures and the Governing Body shall determine the level of financial contribution, if any. The requirement to secure prior approval, at an appropriate level, of participation at the institution's expense by spouses or partners is without exception.
- 19.7 Where members of the Governing Body or employees wish their spouses, partners or other family members to accompany at their own expense, then they must ensure that the College does not meet any costs over and above those which would be necessarily incurred on the business of the College.
- 19.8 Expense claims for corporate entertaining shall be made in accordance with the staff expenses regulations and shall include a statement of the reason for the corporate entertaining.
- 19.9 The College needs to ensure that recording arrangements are in place that provide a schedule of corporate entertaining together with a list of those receiving, giving or otherwise participating in the event.

- 19.10 The expenditure shall be set at a reasonable level within the budget, which enables the achievement of the broad objectives included within the College strategic plan. Corporate entertaining limits shall provide safeguards against the compromising of individuals charged with the responsibility of providing the activity.

20 HOSPITALITY, GIFTS AND DONATIONS

20.1 Many members of staff may be perceived to be, or actually be, in a position to exercise influence over the suppliers used for procuring goods or services. This section is concerned with protecting the interests of the College, while still enabling bona fide hospitality and presentations to take place as necessary to make appropriate procurement decisions.

20.2 There must be compliance with the Anti-Bribery policy, attached as Appendix 1.

20.3 Hospitality

20.3.1 The work of certain members of the College may involve the giving and receiving of hospitality. This will usually be part of the process of meeting representatives of other institutions and/or occasionally individuals. SLT and Governors shall exercise discretion in the giving of hospitality, usually referring to the Principal, who shall give general guidance to ensure a consistent organisational approach.

20.3.2 Reimbursement for hospitality shall be made against receipts and accompanying claim forms giving full details of the expenditure, its purpose and budget code.

20.3.3 Members of the College who receive hospitality, beyond the clearly trivial, shall note this, with description, value and circumstances, in a centrally held record lodged with the Human Resources Office.

20.4 Gifts

20.4.1 In certain circumstances it may be appropriate to present a gift(s), for example where this is expected within foreign culture or where an individual is extensively hosted as part of an official visit. Gifts shall only be purchased and given with authorisation of the Principal. Gifts may only be accepted under similar conditions.

20.4.2 Gifts received shall be noted, with description, value and circumstances, in a centrally held record lodged with the Human Resources Office.

20.5 Donations

20.5.1 Any individual donations, received by the College, over £30,000 must be approved by the Audit Committee, following a recommendation from the SLT.

21 AMENDMENTS TO FINANCIAL REGULATIONS

- 21.1 The Director of Finance and Operations should review the Finance Regulations annually.
- 21.2 The Audit Committee shall consider amendments to Financial Regulations. Even if no amendments are proposed, the Committee must review the regulations at least every three years, formally reporting to the Board on the subject, even if no amendments are proposed.
- 21.3 The Board of Governors shall approve amendments to Financial Regulations.

22 DELEGATIONS

- 22.1 The power of delegation exists to allow the continued operations of the College. It is not designed, and must not be used, to circumvent the controls and safeguards created by this document.
- 22.2 The appropriateness of decisions made during an absence will be a judgement based on the length of the absence and the urgency of the decision.
- 22.3 For absences of the Principal, the Principal should nominate a member of the SLT who shall have the authorities stated for the Principal within this document. In the absence of such a nomination, the Director of Finance and Operations shall be deemed to have this authority.
- 22.4 During absences of the Director Finance & Operations, the Principal shall have the authorities stated for the Director of Finance & Operations within this document.
- 22.5 In the unavailability of the Chair of the Governing Body, the Deputy Chair shall assume the authorities of the Chair.
- 22.6 In the unavailability of the Chair of the Finance & General Purposes Committee, the Chair of the Governing Body, shall assume the authorities of the position.