



Financial Regulations for
The Blackpool Sixth Form College
(June 2011)

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FINANCIAL REGULATIONS

A GENERAL PROVISIONS

1 Background

- 1.1 The Blackpool Sixth Form College (“the College”) 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 College is accountable through its Governing Body, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2 The College 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 Learning and Skills Council (“the LSC”) and the College sets out the terms and conditions on which grant is made. The Governing Body is responsible for ensuring that conditions of grant are met. Although the LSC has now been replaced by the Young People’s Learning Agency (“the YPLA”) and the Skills Funding Agency (“the SFA”) the original memorandum is still extant. As part of this process, the College must adhere to the LSC’s audit code of practice, which requires it to have sound systems of financial and management control. The Financial Regulations of the college form part of this overall system of accountability.
- 1.4 Although the LSC is no longer in existence a number of regulations and guidance documents in its name are still effective and are referred to as “LSC” in this document.

2 Status of Financial Regulations

- 2.1 This document sets out the College's Financial Regulations. It translates into practical guidance the College's broad policies relating to financial control. This document was approved by the Governing Body on_____. It applies to the College and all its subsidiary undertakings.
- 2.2 These Financial Regulations are subordinate to the College's instruments and articles of government and to any restrictions contained within the College's financial memorandum with the LSC and the LSC's audit code of practice.
- 2.3 The purpose of these Financial Regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's strategic plan and business 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 College complies with all relevant legislation
 - safeguarding the assets of the College.
- 2.4 Compliance with the Financial Regulations is compulsory for all staff 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's disciplinary policy. The Governing Body will be notified of any such breach through the Audit Committee. It is the responsibility of the Senior Management Team to ensure that their staff are made aware of the existence and content of the College's Financial Regulations.
- 2.5 The Administration and Finance Committee is responsible for maintaining a continuous review of the Financial Regulations, through the Director of Finance and Personnel, and for advising the Governing Body 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 Body at

the earliest opportunity.

- 2.7 The College's detailed financial procedures set out precisely how these regulations will be implemented and are contained in the Appendices to this document.

B CORPORATE GOVERNANCE

3 The Governing Body

- 3.1 The Governing Body is responsible for the management and administration of the College. Its financial responsibilities are to:

- ensure the solvency of the College and the safeguarding of the College's assets
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and other senior post-holders
- set a framework for pay and conditions of service of all other staff
- ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the College are appropriate and sufficient to safeguard public funds
- approve the appointment of external auditors and an internal audit service
- secure the efficient, economical and effective management of all the College's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the College is not put at risk
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
- plan and conduct its financial and 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 tuition fees
- ensure that the College complies with the regulatory body's audit code of practice
- approve the College's strategic plan

- approve the annual financial statements.

The College is committed to exhibiting best practice in all aspects of Corporate Governance and applies the principles set out in the Combined Code on Corporate Governance issued by the London Stock Exchange in July 2003 (as amended) and the outcomes of the Turnbull Report.

- 3.2 The Governing Body's standing orders and code of conduct are maintained by the Clerk and reviewed on a regular basis by the Governing Body. These detail the responsibilities and procedures of the Governing Body, its Committees and the role of the Governors themselves. There is also a guide to the appointment of Governors. These documents can be accessed via the College website or intranet or from the Clerk to the Board.

4 Designated Officer

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

In particular, the articles of government charge the Principal with responsibility:

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

The Principal 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 the three-year financial forecasts submitted to the funding body.

5 Committee Structure

- 5.1 The Governing Body has ultimate responsibility for the College's finances, but

delegates specific powers and processes to the committees detailed below. These committees are accountable to the Governing Body. A diagram depicting the committee structure is included at Appendix A.

5.2 Administration and Finance Committee

Monitoring of the College's financial position and financial control systems is undertaken by the Administration and Finance 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 Body. 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 Body and make recommendations accordingly. The Committee will also ensure that the Governing Body has adequate information to enable it to discharge its financial responsibilities. A more detailed extract from the Administration and Finance Committee's terms of reference is shown at Appendix B.

5.3 Strategic Plan and Standards Committee

Monitoring of the College's current Three Year Strategic Development Plan and One Year Strategic Plan is undertaken by the Strategic Plan and Standards Committee. It is responsible for formulating and recommending to the Full Governing Body the following year's Three Year Strategic Development Plan and One Year Strategic Plan. It reviews the ethos and direction of the College with particular reference to these Strategic Aims. It recommends to the Governing Body appropriate targets for improvements in students' achievements and will consider matters referred to it by the Governing Body such as areas of outstanding or weak performance. It reviews annually the Equal Opportunities Policy, the Disability Statement and the Race Equality Policy.

5.4 Audit committee

The College is required by its financial memorandum with the LSC and by the audit code of practice to appoint an Audit Committee. The Committee is independent, advisory and reports to the Governing Body. 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. A more detailed extract from the Audit Committee's terms of reference is shown at Appendix C. The audit requirements of the College are set out in the Audit Code of Practice.

5.5 Remuneration committee

Management of the designated senior post holders and the Clerk and consideration of their pay and conditions is the responsibility of the Remuneration Committee. It has the power to make recommendations to the Governing Body on their remuneration, including pay and other benefits, as well as contractual arrangements. It oversees the annual evaluation of the Principal and the Clerk and the professional development of the designated senior post holders and the Clerk.

6 Other Senior Managers with Financial Responsibility

6.1 Director of Finance and Personnel

Day-to-day financial administration is controlled by the Director of Finance and Personnel, who is responsible to the Principal for:

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- preparing the College's annual accounts and other financial statements and accounts which the College is required to submit to other authorities
- ensuring that the College 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.

Appendix D shows the main areas of responsibility of the Finance Department.

6.2 Budget Holders

Budget Holders are usually Heads of Department or cross-College managers with devolved budgets and are responsible to the Principal for financial management

for the areas or activities they control. They can be advised by the Director of Finance and Personnel in executing their financial duties. Budget Holders will be supplied with monthly Management Reports detailing their spend against budget for the year to date

6.3 **All members of staff**

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

They should ensure that they are aware of the College's financial authority limits (see 16.2) and the values of purchases for which quotations and tenders are required (see 16.6).

They shall make available any relevant records or information to the Director of Finance and Personnel or his or her authorised representative in connection with the implementation of the College's Financial Regulations and Financial Procedures.

They shall provide the Director of Finance and Personnel 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 Body.

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

7 **Risk Management**

7.1 The College acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its strategic objectives and financial health. Detailed guidance on the management of risk is set out in a separate Risk Management Policy.

7.2 The purpose of the Risk Management policy is to explain the College's underlying approach to risk management, document the roles and responsibilities of the Governing Body, Principal and Senior Management Team, outline key aspects of

the risk management process and identify the main reporting procedures. In addition, it describes the process the Governing Body will use to evaluate the effectiveness of the College's internal control procedures

7.3 The following key principles outline the College's approach to risk management and internal control:

- The Governing Body has responsibility for overseeing risk management within the College as a whole.
- An open and receptive approach to solving risk problems is adopted by the board of governors.
- The Senior Management Team advise the governors of risk and manage the development and implementation of policies and plans which are then approved by governors.
- The College makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- All staff are responsible for encouraging good risk management practice within their designated managed area. Risk management is a key element of the leadership role of all managers.
- Key risk indicators will be identified and closely monitored on a regular basis.

7.4 The role of the Governing Body in the management of risk includes:

- Setting the tone and influence the culture of risk management within the college, including:
- Determining whether the college is risk taking or risk averse as a whole or on any relevant individual issue.
- Determining what types of risk are acceptable and which are not, and the setting the standards and expectations of staff with respect to conduct and probity.
- Approving major decisions affecting the College's risk profile or exposure.
- Satisfying itself through the Audit Committee that the less significant risks are being actively managed.

7.5 Further details of the role and responsibilities of the Governing Body, Senior Management Team and Risk Management Champion along with the role of risk management within the College's system of internal controls are in the Risk Management policy which is to be found on First Class.

- 7.6 The Governing Body has assessed the Risk Appetite of the College and issued a statement on this which is attached at Appendix M.

8 Whistleblowing

- 8.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, 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 College should be raised with the relevant member of staff's immediate line manager or Head of Department. However, the College 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 the Deputy Principal or Principal. If they are themselves the focus of concern or if the member of staff for some other reason does not wish to raise the matter with either of these people then the report should be made to the Chair of the Audit Committee or the Chair of the Governing Body.
- 8.4 The full procedure for whistleblowing is set out in the College's Public Interest Disclosure Policy, which is set out at Appendix E.

9 Code of Conduct

- 9.1 The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the 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. These principles are set out at Appendix F

9.2 Additionally, members of the Governing Body, senior management or those involved in the Finance Department are required to disclose interests in the College's register of interests maintained by the Clerk to the Governors. 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 a College contract where he or she also has an interest in the activities of the other party.

9.4 **Staff Code of Conduct**

There is a College Staff Code of Conduct which should be read in conjunction with this document and which is to be found on First Class.

Bribery and Corrupt Practices

9.5 As stated previously the College is committed to the highest standards of openness, integrity and accountability and seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life.

9.6 As a part of this ethos the College has a zero-tolerance for bribery and corrupt practices. 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 (shown at Appendix N) , 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 either directly or through the whistle blowing procedure at Appendix E 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.

C FINANCIAL MANAGEMENT AND CONTROL

10 Financial Planning

10.1 The Director of Finance and Personnel is responsible for preparing annually a rolling three-year financial plan for approval by the Governing Body on the recommendation of the Administration and Finance Committee and for preparing financial forecasts for submission to the local authority. Financial plans should be consistent with the Strategic Development Plans and Accommodation Strategy approved by the Governing Body.

10.2 Budget objectives

The Governing Body may, from time to time, set budget objectives for the College. These will help the Director of Finance and Personnel in preparing his or her more detailed financial plans for the College.

10.3 Resource allocation

There are two elements to the allocation of resources to the individual departments. There is a fixed payment at the start of the year and then an allocation based on the number of students on each course. Heads of Department are responsible for the economic, effective and efficient use of resources allocated to them.

10.4 Budget preparation

The Director of Finance and Personnel is responsible for preparing each year an annual revenue budget for consideration by the Administration and Finance Committee before submission to the Governing Body. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet.

During the year, the Director of Finance and Personnel is responsible for submitting revised budgets to the Administration and Finance Committee for consideration before submission to the Governing Body for approval.

10.5 Capital Expenditure

Capital expenditure includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the College's financial statements. Capital expenditure should be within the approved Capital Programme as agreed with the Governors and should support the objectives of the Strategic Plan of the College.

Expenditure of this type will be considered by the Administration and Finance Committee who will make recommendations to the full Governing Body.

The Director of Finance and Personnel will also ensure significant variations are approved through the internal Finance Panel and the Administration and Finance Committee. If necessary large variations will be notified to the funding body, in accordance with any instruction laid down by the funding body.

The Director of Finance and Personnel will be responsible for providing regular statements concerning all capital expenditure to the Administration and Finance Committee for monitoring purposes.

Following completion of a capital project the Director of Finance and Personnel may be requested to submit a post-project evaluation or final report to the Administration and Finance 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.

10.6 Overseas activity

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

10.7 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 should be presented for approval to the Strategic Plan and Standards Committee (with prior review by the Administration and Finance Committee, where

appropriate).

The Principal and/or Director of Finance and Personnel may be required to provide reports on these major developments to enable them to be considered for approval by the Governing Body. These reports 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 Finance Panel

The internal Finance Panel consists of the Principal, the Director of Finance and Personnel and members of the College's Senior Management Team. The Panel meets each month during term time. The minutes are recorded by the Bursar. The monthly Finance Reports including an Income and Expenditure Account, Cash Flow Report, Balance Sheet, Report on Exceptional Income and Expenditure and Summary of Departmental Balances are reviewed and any matters arising from them are discussed. Any other items of a financial nature can be raised and discussed including such things as planned maintenance, expenditure on ICT and staffing issues.

11.2 Budgetary control

Budget holders are responsible for ensuring that their expenditure remains within budget for the financial year. If they become aware that they are going to go over budget they must inform the Director of Finance and Personnel or the Bursar promptly. Further details on Monitoring Departmental Expenditure are in Appendix K to these Regulations.

A summary of the Departmental Balances is reviewed on a monthly basis by the Finance Panel and any significant or unusual items or balances are investigated. If necessary such items would be reported to the Administration and Finance Committee.

11.3 Financial information

Each budget holder will receive finance reports on a monthly basis. These will consist of a report on the Income and Expenditure for the current financial year to date and a statement showing the transactions for the current month.

The Director of Finance and Personnel is responsible for supplying budgetary reports on all aspects of the College's finances to the Administration and Finance Committee and to the internal Finance Panel on a monthly basis. The details and composition of these reports are specified in Appendix K to these Regulations. The Administration and Finance Committee will then report on this financial information to the full Governing Body, which has overall responsibility for the College's finances.

11.4 Changes to the approved budget

Changes proposed to the approved budget will be considered and recommended to the full Governing Body by the Administration and Finance Committee,

11.5 Virement

Where a budget holder is responsible for more than one budget, virement is permitted with the approval of the Finance Panel. If the virement is for a significant amount this would be reported to the Administration and Finance Committee for approval.

Requests for virement between budgets held by different budget holders would be permitted with the approval of the Finance Panel and with the written approval of the transferring budget holder. If the virement is for a significant amount this would be reported to the Administration and Finance Committee for approval.

The Principal/Director of Finance and Personnel may submit requests for virement without getting the approval of the transferring budget holder. Such requests should be referred to the Finance Panel in the first instance. If the virement is for a significant amount this would be reported to the Administration and Finance Committee for approval.

11.6 Treatment of year-end balances

At the year end, curriculum area Budget Holders will not normally be able to carry forward any positive balances. However any curriculum area deficits will have to be carried forward. Budget Holders wishing to carry forward a positive balance will have to put forward a request to the Finance Panel who may, in turn refer the request to the Administration and Finance Committee.

12 Accounting Arrangements

12.1 Financial year

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

12.2 Basis of accounting

The financial statements are prepared on the historical cost convention, modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

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*, they conform to the guidance published by the LSC.

12.4 Capitalisation and depreciation

Land and Buildings

Land and buildings inherited from the Local education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Other land and buildings are included in the balance sheet at cost.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful life of the related asset on a basis consistent with the depreciation policy,

Finance costs which are directly attributable to the acquisition of land and buildings are not capitalised as part of the cost of those assets.

On adoption of FRS 15 the College followed the transitional provision to retain the book value of land and buildings which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future. These values are retained

subject to the requirement to test assets for impairment in accordance with FRS11.

Equipment

Equipment costing less than £1000 per individual item is not capitalised. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Equipment *20% per year on a reducing balance basis*

Computer equipment *33.33% per year on a straight line basis*

Where equipment is acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful life of the related equipment.

Leased assets

Costs in respect of operating leases are charges on a straight-line basis over the lease term

12.5 **Accounting records**

The College is required by law to retain prime documents for six years. These include:

- official purchase orders
- paid invoices
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- payroll records, including part-time tutors' contracts, should be kept for a minimum of ten years for pension purposes

The Director of Finance and Personnel will make appropriate arrangements for the retention of electronic records.

Members of staff should ensure that retention arrangements comply with the specific requirements of any funding bodies and for auditing and other purposes, any other financial documents should be retained for at least three years.

12.6 **Public access**

Under the terms of the Charities Act 1993, the Governing Body is required to supply any person with a copy of the College's most recent financial statements within two months of a request. The Act enables the Governing Body to levy a reasonable fee and this will be charged at the discretion of the Director of Finance. The College will also allow members of the public to inspect the statement of accounts during normal working hours, provide copies to local libraries and make a summary available on the College's website.

For details about access to other College documents refer to the College's Freedom of Information Act Policy which is to be found on First Class and the website.

12.7 **Taxation**

The Finance Department is responsible for maintaining the College's tax records (including VAT, PAYE, national insurance etc.) making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

The College is not registered for VAT purposes. It is an "eligible body" for VAT purposes which means that its supplies of education and vocational training and closely related goods and services are exempt from VAT. The remaining taxable supplies fall below the registration threshold, a position which is monitored.

The College has charitable status which enables it to claim zero-rating on certain purchases. Claims have been made in respect of all existing eligible purchases. Should a new category of purchase be created, such as a new building project, then consideration should be given to the possibility of claiming zero-rating status.

13 **Audit Requirements**

13.1 **General**

External auditors and internal auditors shall have authority to:

- access College premises at reasonable times

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

Following consideration by the Administration and Finance Committee, the financial statements should be reviewed by the Audit Committee. On the recommendation of the Administration and Finance and Audit committees they will be submitted to the Governing Body for approval.

13.2 **External audit**

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

The primary role of this external audit is to report on the College's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach 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 relevant audit code of practice and the Auditing Practices Board's statements of auditing standards.

In addition, the funding bodies will commission and perform a limited cyclical programme of tests of learner existence and eligibility. This programme will be risk based with low risk colleges receiving only a short visit every few years.

13.3 **Regularity audit**

Under the LSC's Audit Code of Practice the external auditor should perform the Regularity Audit. This is based on a self-assessment questionnaire completed by the College. The Regularity auditors must form an opinion over the regularity and propriety of all college spending regardless of its source. For definitions of Regularity and Propriety see Appendix H.

13.4 **Internal audit**

The internal auditor is appointed by the Governing Body on the recommendation of

the Audit Committee. They are re-appointed annually on the recommendation of the Audit Committee provided that they satisfy certain Performance Indicators.

The College's financial memorandum with the LSC requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the relevant audit code of practice. The main responsibility of internal audit is to provide the Governing Body, the Principal and Senior Management with an independent and objective opinion on risk management, control and governance processes by measuring and evaluating their effectiveness in achieving the College's agreed objectives.

The internal audit service remains independent in its planning and operation but has direct access to the Governing Body, Principal and Chair of the Audit Committee. The formal role of internal audit is detailed at Appendix H. The internal auditor must comply with the standards of internal audit which are included in Government Internal Audit Standards (GIAS) and with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*.

13.5 **ILR audit**

The Governing Body may, on the recommendation of the Audit Committee, appoint an ILR auditor and decide the extent to which the ILR be audited. The ILR auditor can be the Internal Auditor, the External Auditor or an independent third party such as the previous LSC appointed ILR Auditor.

13.6 **Fraud and corruption**

It is the duty of all members of staff, management and the Governing Body to notify the Director of Finance and Personnel immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. Alternatively the member of staff may wish to make disclosure under the Public Interest Disclosure (Whistleblowing) Procedure (see Appendix E).

The Director of Finance and Personnel shall immediately invoke the fraud response plan, which incorporates the following key elements (see Appendix I for fuller details):

- he or she will notify the Principal 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 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 LSC 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 Director of Finance and Personnel and/or the Principal, the member of staff shall notify the Chair of the Audit Committee direct of their concerns regarding irregularities. Alternatively if the suspected fraud is thought to also involve members of the Governing Body the member of staff should approach the Internal Auditors direct (see Appendix H for Internal Auditor details).

13.7 **Value for money**

It is a requirement of the financial memorandum that the Governing Body of the College 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 YPLA, SFA, the local authority, 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.

13.8 **Other auditors**

The College 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

It is the policy of the Governing Body that the College invests any surplus cash at the end of the month through the College's banking providers. This cash should be invested on the money market for a defined period dependent on cashflow requirements and should be available for use or re-investment at the end of that period. The Governing Body's requirements are that interest on cash balances is maximized but in a virtually risk free environment

All borrowing shall be undertaken in the name of the College and shall conform to any relevant funding body requirements. 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 Administration and Finance Committee has a responsibility to ensure implementation, monitoring and review of such borrowings.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Director of Finance and Personnel and an appropriate reporting system set up. The Director of Finance and Personnel will report to the finance committee monthly on the activities of the treasury management operation and on the exercise of the delegated treasury management powers.

14.2 Appointment of bankers and other professional advisers

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

14.3 Banking arrangements

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

Only the Director of Finance and Personnel may open or close a bank account for dealing with the College's funds. All bank accounts shall be in the name of the College or one of its subsidiary companies. All bank accounts should have at least four individual signatories including the Director of Finance and Personnel, the Principal and the Deputy Principal and all transactions must be authorised by two out of these four.

All cheques drawn on behalf of the College must be signed by two authorised persons, of which only one may be that of an authorised member of staff in the finance department. Details of authorised persons and limits shall be provided for in the College's detailed financial procedures (see Appendix K).

All automated transfers on behalf of the College, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Administration and Finance Committee. Details of authorised persons and limits shall be provided for in the College's detailed financial procedures (see Appendix K).

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

Levels of charges for services rendered, goods supplied and rents and lettings are determined by procedures approved by the Administration and Finance Committee, and are approved by the Governing Body.

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

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

The Director of Finance and Personnel 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 College 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 Director of Finance and Personnel of sums due so that collection can be initiated.

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

Money should be collected either by the Finance Office or Student Services. If money is collected by any other department receipts must be issued and all monies received must be recorded by the department and passed through to the Finance Office for banking without delay.

The custody and transit of all monies received must comply with the requirements of the College's insurers.

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

15.4 **Collection of debts**

The Director of Finance and Personnel should ensure that:

- debtors invoices are raised promptly on official invoices, in respect of all income due to the College
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account
- any credits granted are valid, properly authorised and completely recorded
- 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.

All invoices are issued with standard credit terms of 30 days or less. This credit period could only be extended by reference to the Administration and finance Committee.

Requests to write off debts in excess of £100 must be referred to the Finance Panel for consideration. Debts below this level may be written off with the permission of the Director of Finance and Personnel.

15.5 **Student fees**

The Director of Finance and Personnel is responsible for ensuring that all student fees due to the College are received.

Any student who has not paid an account for fees or any other item owing to the College shall not receive the certificate for any qualification awarded by the College until all outstanding debts have been cleared. Such students shall be prevented from re-enrolling at the College and from using any of the College's facilities unless appropriate arrangements have been made.

15.6 **Emergency/hardship loans**

Hardship loans and support should only be issued in line with the College policy and funding body regulations on the use of Learner Support funds and are subject to separate procedures within Student Services.

16 **Expenditure**

16.1 **General**

The Finance Office is responsible for making payments to suppliers of goods and services to the College.

16.2 **Scheme of delegation/financial authorities**

The Budget Holder is responsible for purchases within his or her cost centre area. Orders prepared by members of a department **must** be counter-signed by the Budget Holder responsible for that area. Budget Holders are usually Heads of Department, cross-college Managers or similar.

Budget Holders are not authorised to commit the College to expenditure without first ensuring sufficient funds are available to meet the purchase cost and orders without the Budget Holder's signature will not be processed.

16.3 **Procurement**

The College 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. If for some reason the lowest cost quote is not the one chosen notes to justify this decision must be made and kept with the quotes.

The Bursar, who also acts as the College purchasing officer, is responsible for:

- ensuring that the College's purchasing policy is known and observed by all involved in purchasing for the College
- advising on matters of College purchasing policy and practice
- advising and assisting departments where required on specific departmental purchases
- developing appropriate standing supply arrangements on behalf of the College to assist Budget Holders in meeting their value for money obligations
- ensuring that the College complies with EU regulations on public purchasing policy.

16.4 **Purchase orders**

The ordering of goods and services shall be in accordance with the College's detailed financial procedures/purchasing policies.

Official Order Request Forms must be completed for all purchases except those made for petty cash and in the exceptional circumstances listed in the College's Ordering Procedure.

If goods or services are transferred between departments Budget Holders must notify the Bursar who will action an interdepartmental transfer.

16.5 **Purchasing cards**

The College does not currently use Government Purchasing Cards. Should they be introduced appropriate instructions for the operation and control of them will be approved by the Administration and Finance Committee and published.

16.6 **Tenders and quotations**

Budget Holders must comply with the College's procurement practice except in circumstances covered by the LSC's Consultancy Framework, which is applicable as follows:

- under £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 £500 to £2,499 - the Budget Holder shall be required to retain notes about the process used in order to choose the particular supplier
- from £2,500 to £24,999 - the Budget Holder shall be required to get three quotes and retain notes about the process used in order to choose the particular supplier
- from £25,000 to £ (the OJEU threshold) – the Budget Holder in conjunction with the Bursar shall arrange for at least three written tenders to be obtained and notes should be retained about the decision making process
- over £ (the OJEU threshold) – the full OJEU process should be followed
- the award of contracts over £40,000 shall be reported to the Administration and Finance Committee.

Only partnership arrangements for the supply of goods or services specifically approved by the Administration and Finance Committee or the Governing Body will fall outside these arrangements for tenders and quotations.

The College's code of tendering practice is described at Appendix J of the Financial Regulations (see below) and may be subject to special rules imposed by funding bodies.

The LSC's Consultancy Framework which is still extant comprises a panel of cost, design and project management consultants who were procured under an OJEU compliant tender process. Therefore these consultants may be engaged without further tender processes and may be appointed on a much shorter, best fit basis.

16.7 Post-tender negotiations

Post-tender negotiations (i.e. after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms may 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 prior to the event, showing:

- background to the procurement
- reasons for proposing post-tender negotiations
- demonstration of the improved value for money.

All post-tender negotiations should be reported to the Administration and Finance Committee.

16.8 **Contracts and Projects**

Building contracts are the responsibility of the Administration and Finance Committee (or a sub-committee of Governing Body if one has been set up for the purpose of overseeing a building project) and are administered by the College's Vice Principal (Information Systems and Resources).

Proposals will normally be initiated by the Vice Principal (Information Systems and Resources) in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments.

Consultants may be appointed if the project, as determined by the Administration and Finance Committee, is too large or too specialised for College resources. Appointments shall be subject to tendering and other procedures where appropriate. On appointment College must consider the use of the LSC's Consultant Framework if appropriate.

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Director of Finance and Personnel as appropriate for Administration and Finance Committee consideration. Investment appraisals should comply with appropriate funding body guidance.

Following consideration by the Administration and Finance Committee and approval by the Governing Body, submissions should be forwarded to the funding body where appropriate. If the required agreement is secured from the funding body, funding body procedural rules should be followed. Funding body guidance on best practice should be followed even when funding body approval is not required.

The achievement of value for money will be an objective in the letting of all contracts.

16.9 **EU regulations**

The purchasing officer is responsible for ensuring the College 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 purchasing officer will advise Budget Holders 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 Budget Holders to ensure that they comply with EU regulations by notifying the purchasing officer 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 Community* (OJEC).

In certain circumstances it may be appropriate to use the LSC's Consultant Framework in which case the OJEU tendering processes do not need to be followed.

16.10 Receipt of goods

All goods received shall be checked by the person receiving them against both the delivery note supplied with the delivery and the details of the order. Any discrepancies should be identified and highlighted to the supplier and to the Bursar. Goods must not be signed for unless they have been checked. Any non computing equipment of a value above £100 needs to be security marked and entered on to the trackable items database by the Bursar. Any computing equipment will be security marked and entered on to the trackable items database by the Network Manager. Items below this threshold may also be entered.

16.11 Payment of invoices

The Bursar is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by cheques or BACS transfer each fortnight. In exceptional circumstances the Bursar will prepare an additional payment run to cover urgent payments.

Budget Holders are responsible for ensuring that expenditure within their departments does not exceed funds available.

Suppliers should be instructed by the Budget Holder to submit invoices for goods or services to the Finance Office. If invoices are received by the Budget Holder they must be passed to the Finance Office without delay.

Care must be taken by the Budget Holder to ensure that discounts receivable are obtained.

Payments will only be made by the Bursar against invoices that have been certified for payment by the appropriate Budget Holder. The Bursar will stamp invoices received which will then be issued for checking and authorisation in line with the detailed Finance Procedures.

Certification of an invoice will ensure that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- invoice details (quantity, price discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- an appropriate cost centre is quoted; this must be one of the cost centre codes included in the Budget Holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

16.12 Staff reimbursement

The College'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 in line with, for example, the policies on travel and subsistence allowances.

16.13 College credit cards

Where appropriate the Principal or Chair of Governors may approve the issuing of College credit cards to appropriate staff. These credit cards should be used for the payment of valid business expenses only and the misuse of such cards shall be grounds for disciplinary action and the College has an automatic right of recovery. Credit cards should only be used to make payments where it is impracticable to pay by any other means or where the College is gaining financially from doing so.

The Principal or Chair of Governors must approve the opening credit limit on each card and any later change to this limit.

It is the responsibility of the card holder to keep the card secure. If the user suspects at any time that the security of the card and the information it holds has been compromised they must immediately report this fact to the Finance Office.

If the card is being used to make on-line payments the user should exercise extra caution and satisfy themselves that the site is secure and that the supplier is known and reputable.

All paperwork in respect of credit card transactions such as receipts printed from the internet should be passed to the Finance Office where they will be filed and matched against the statements. The statements will then be presented to the Finance Panel for review on a monthly basis.

Credit card payments should not be made without the purchase order procedures being followed.

16.14 Petty cash

Where a total purchase is for less than £50.00 it may be paid for by or re-imbursed through petty cash on presentation of a receipt.

Petty cash is managed by the Finance Office and requests for re-imburement should be made to the Bursar. An advance of petty cash may be made to a staff member but a receipt or invoice and any change must be passed back to the Finance Office as soon as possible after the payment has been made.

16.15 Other payments

Payments for Learner Support to students on behalf of College shall be made through Student Services or the Finance Office on the authority of the Head of Student Services in accordance with the relevant written procedures

16.16 Late payment rules

The Late Payment of Debts (Interest) Act 1998 was introduced to give businesses the right to charge interest on late payments from organisations and public authorities. Key points are:

- businesses can charge interest on overdue invoices
- interest is chargeable on sales made after 1 November 1998

- the rate of interest is currently 8% per annum above the base rate of the Bank of England
- the Act also applies to overseas organisations
- the College can be sued for non-payment.

In view of the penalties in this Act, the Governing Body requires that invoices must be passed for payment as soon as they are received.

16.17 Cash advances

The Director of Finance and Personnel and the relevant Budget Holder may jointly approve cash advances for student activities carried out away from the College where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or a College credit card.

Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the activity 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 a project or individual is outstanding.

16.18 Giving hospitality

Staff entertaining guests from outside bodies at lunch time should normally use the College's catering facilities. If lunch is to be taken in the restaurant meal tickets can be obtained from the Bursar which must be signed by the Budget Holder. Alternatively catering away from the restaurant can be arranged by the catering suppliers which will be re-charged to the department. To arrange catering in this way a Hospitality Request must be completed and passed to the Principal's PA for authorisation by the Principal.

17 Pay Expenditure

17.1 Remuneration policy

College staff will be appointed to the Sixth Form College's Forum salary scales which have been approved by the Governing Body and in accordance with appropriate conditions of service. All letters of appointment must be issued by the personnel office.

Salaries and other benefits for senior post-holders will be determined by the Remuneration Committee of the Governing Body.

17.2 Appointment of staff

All contracts of service shall be concluded in accordance with the College's approved personnel practices and procedures and all offers of employment with the College shall be made in writing by the Principal or Deputy Principal. Budget holders shall ensure that the Principal or Deputy Principal is provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

17.3 Salaries and wages

The Director of Finance and Personnel is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All Additional Hours Claim Forms for salaried staff or Hourly Paid Staff Claim Forms must be authorised by the Deputy Principal before payment will be made.

If a claim for additional hours is to be made by a staff member authorisation to do the work must be obtained before it is done.

The Personnel Department will be responsible for keeping the Director of Finance and Personnel informed of all matters relating to personnel for payroll purposes. In particular these include:

- appointments, resignations, dismissals, 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 Director of Finance and Personnel is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

The Director of Finance and Personnel 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 College's detailed payroll financial procedures and comply with Inland Revenue regulations.

17.4 Pension schemes

College employees able to join one of two pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff or the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lancashire County Council

The Director of Finance and Personnel is responsible for day-to-day pension matters, including:

- paying contributions to the schemes
- preparing the annual return to both pension schemes

The Director of Finance and Personnel is responsible for administering eligibility to pension arrangements.

17.5 Travel, subsistence and other allowances

All claims for payment of subsistence allowances, travelling and incidental expenses must be made on the appropriate form and in accordance with the detailed Travelling Expenses and Subsistence Policy. Public transport should be used whenever possible and if a claim is made for a journey which could have been made easily and more cheaply by public transport only the cost of that public transport will be re-imbursed.

Claims for expenses – Staff Development

Following completion of a Staff Development feedback form Personnel will provide the staff member with a Claim for Expenses Form. This should be completed and then passed to the Deputy Principal for authorisation. It will then be passed to Finance who will issue a payment. Expenses will only be paid for properly

authorised Staff Development.

Claims for expenses – Non-Staff Development

These forms are available from reception and the staff room. On completion the form should be passed to the Deputy Principal for authorisation who will then pass it to Finance for payment.

Interview expenses claim form

Reasonable interview expenses will be paid in full. A form will be issued to candidates on the day of interview. After authorisation by the Deputy Principal the form will be passed to finance who will issue a payment.

17.6 Overseas travel

All arrangements for overseas travel must be approved by the Principal or Deputy Principal in advance of committing the College to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Principal or members of the Governing Body shall be approved by the Chair of the Governing Body. Arrangements for travel by the Chair shall be approved by the Administration and Finance Committee.

Where spouses, partners or other persons unconnected with the College intend to participate in a trip, this must be clearly identified in the approval request. The College must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings.

17.7 Allowances for members of the Governing Body

No allowances are paid to members of the Governing Body.

17.8 Severance and other non-recurring payments

Severance payments shall only be made in accordance with relevant legislation and under an agreement approved by the Governing Body through the Administration and Finance Committee or via the Chair. Professional advice should be obtained where necessary. No amounts shall be expended that exceed

the budget allocated for the purpose. All such payments shall be authorised by the Principal and calculations checked by the Director of Finance and Personnel. Amounts paid should be declared in the financial statements in accordance with the FE sector reporting requirements.

All matters referred to an industrial tribunal shall be notified to the Administration and Finance committee at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

18 Assets

18.1 Land, buildings, fixed plant and machinery

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

18.2 Fixed asset register

The Director of Finance and Personnel is responsible for maintaining the College's register of land, buildings, fixed plant and machinery. The Trackable Items Database which records assets, including those which may not be capitalized, is maintained by the Network Manager

18.3 Stocks and stores

Heads of department are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. Heads of department are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

18.4 Safeguarding assets

Heads of department are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control. They will consult the Vice Principal (Information Systems and Resources) or the Estates Manager in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Assets owned by the College shall, so far as is practical, be effectively marked to identify them as College property.

18.5 Personal use

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

18.6 Asset disposal

Disposal of equipment and furniture must be in accordance with procedures contained in the College's detailed financial procedures (see Appendix K).

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

18.7 All other assets

Heads of department are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the College, whether tangible (such as stock – see above) or intangible (such as intellectual property), including electronic data.

19 Funds Held on Trust

19.1 Gifts, benefactions and donations

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

19.2 Student welfare and access funds

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

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

20 Other

20.1 Insurance

The Director of Finance and Personnel is responsible for the College'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 Administration and Finance Committee periodically.

The Director of Finance and Personnel is responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Director of Finance and Personnel will keep a register of all insurances effected by the College and the property and risks covered. He or she will also deal with the College's insurers and advisers about specific insurance problems.

Heads of Department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Director of Finance and Personnel's advice should be sought to ensure that this is the case. Heads of department must give prompt notification to the Director of Finance and Personnel 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 Director of Finance and Personnel immediately of any event that may give rise to an insurance claim. The Director of Finance and Personnel will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the head of department for transmission to the insurers.

The Estates Manager 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 College shall maintain appropriate insurance cover for business use.

20.2 Companies and joint ventures

In certain circumstances it may be advantageous to the College to establish a company or a joint venture to undertake services on behalf of the College. Under

the Learning and Skills Act 2000, a College needs the prior approval of the funding body before a company or a joint venture can be established. The Governing Body is responsible for ensuring that the required procedures are followed.

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

The directors of companies where the College is the majority shareholder must submit, via the Administration and Finance committee, an annual report to the Governing Body. They will also submit business plans or budgets as requested to enable the committee to assess the risk to the College. The College's internal and external auditors shall also be appointed to such companies.

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

20.3 **Security**

Keys to safes or other similar containers are to be carried on the person of those responsible at all times. The loss of such keys must be reported to the Director of Finance and Personnel immediately.

The Network Manager and Head of CIS are responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked computers together with restricted physical access for network servers.

Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 1998. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

The Director of Finance and Personnel is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Director of Finance and Personnel. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

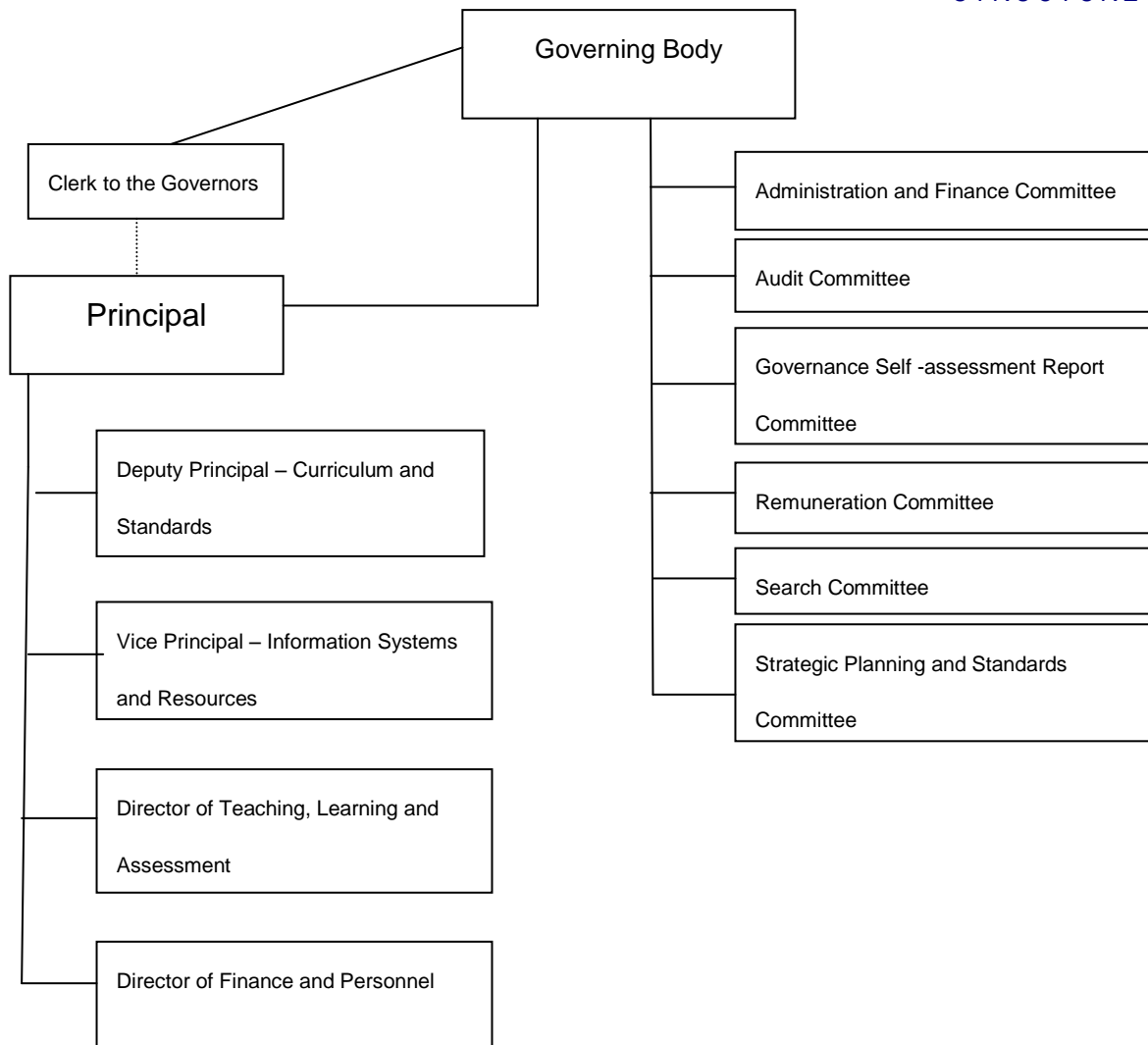
20.4 **Provision of indemnities**

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

21 **Appendices**

Appendix A	Committee and College Senior Management Structure
Appendix B	Administration and Finance Committee Terms of Reference
Appendix C	Audit Committee Terms of Reference
Appendix D	Overview of the Finance Department
Appendix E	Public Interest Disclosure (Whistle blowing) Procedure
Appendix F	The Seven Principles of Public Life from the Report of the Committee for Standards in Public Life (The Nolan Report)
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Appendix M	Risk Appetite

APPENDIX A: COMMITTEE AND COLLEGE SENIOR MANAGEMENT
STRUCTURE



APPENDIX B: ADMINISTRATION AND FINANCE COMMITTEE TERMS OF REFERENCE

- to normally consist of six members, including the Principal, and to operate with a quorum of two non-staff Governor members and to meet at least once a term
- to make recommendations to the Corporation on
 - the annual estimates of income and expenditure
 - major variations of expenditure
 - capital expenditure requirements including loans
 - the College accommodation strategy
 - setting a framework for the pay and conditions of service of all but the senior post holders
 - the remuneration of the teaching staff and the ancillary staff, in accordance with the budget
- to review arrangements for securing value for money, solvency and safeguarding of assets
- to recommend any virement between budget heads felt to be necessary
- to approve capital expenditure within the approved programme and to monitor projects
- to determine tuition and other fees
- to determine the College investment and borrowing policies
- to review and approve the College management structure
- to remit matters of joint concern to the Remuneration Committee and, when necessary, meet in conjunction with that Committee.
- to receive a briefing and review at every meeting on Health and Safety issues
- to review every two years at the summer term meeting the Health and Safety Policy and to recommend any amendments to the Corporation
- to review every two years at the summer term meeting the Environmental Sustainability Policy and to recommend any amendments to the Corporation
- to undertake the responsibilities of the Governing Body as an employer (other than for designated senior post holders and the Clerk) including approval of human resources policies and oversight of the College's legal responsibilities as the employer.
- to keep under consideration, in partnership with the Principal, the management structure of the College.

- to consider the salaries, conditions and other factors needed to recruit and retain the best staff

APPENDIX C: AUDIT COMMITTEE TERMS OF REFERENCE

- to normally consist of five members, exclusive of the Chair of the Corporation or the Principal and to operate a quorum of two non-staff members
- to meet at least once a term
- to conform to the requirements of the Code of Practice
- to advise the Corporation on the effectiveness of the College's internal control system, including controls for securing economy, efficiency and effectiveness.
- to advise the Corporation on the appointment and the remuneration of the internal auditor and the external auditor
- to consider and advise the full Corporation on the audit needs assessment and the strategic and short term audit plans for the internal audit service
- to consider and advise the Corporation on internal audit reports
- to consider and recommend the External Auditor's Annual Audit Planning Memorandum to the Corporation
- to consider and advise the Corporation on external audit reports and to review the Representation letter from the External Auditors and recommend to the Corporation
- to monitor the effectiveness of the internal and external audit services by the establishment and annual monitoring of Performance Indicators
- to monitor on a regular basis, the implementation of approved recommendations relating to both internal audit reports and external audit reports and management letter(s)
- to maintain, as a consistently and consciously observed standpoint, the Committee's independence from the College Management
- to review the College Annual Report and Financial Statements and recommend them to the Corporation
- to safeguard against fraud, including reviewing the Fraud Procedure every three years at the summer term meeting
- to prepare an Annual Audit Committee Report and submit to the Corporation
- to compel, if necessary, any member of staff to attend a meeting of the Audit Committee
- to review every year at the summer term meeting the Risk Management Policy and to recommend any amendments to the Corporation

APPENDIX D: OVERVIEW OF THE FINANCE DEPARTMENT

- 1 The Finance Office is located in Alt and is usually manned from 8:30am to 5:00pm.
- 2 The following is a list of the main functions and services of the Finance Department. Detailed procedures in relation to specific functions can be found in the Procedures Section of these Finance Regulations.
- 3 **Creditor payments.** The Finance Department pay all sums owed by the College. Payments are made mainly to suppliers of goods and services as well as items such as re-imbursement of Staff Travel Expenses and Petty Cash payments. Any invoices received by College staff must be passed through to the Finance Department without delay.
- 4 **Collection of income.** All income due to the College must be banked through the Finance Department. Payments are accepted by either cheque or cash. Overdue debts are pursued in consultation with departments and, where appropriate, court action may be taken. Staff members can deposit money whenever there is a member of staff present in the Finance Office.
- 5 **Payroll.** The College's payroll is administered by an independent payroll bureau, which is accessed via the Finance Department. All standing data and adjustments are effected through the Finance Department in collaboration with the Personnel Department. The Finance Department is also responsible for submission of all PAYE and Pension returns
- 6 **Insurance.** All aspects of insurance cover and claims are handled by the Finance Department. Prompt notification of all losses is essential if claims are to be processed effectively. Failure to notify the police in cases of theft or criminal damage can also invalidate a claim.
- 7 **Financial Accounting** This includes the maintenance of the accounting system, preparation of year end financial statements, submission of the Finance Record to

the funding body and other accounts, tax returns, etc. It also includes treasury management, which encompasses borrowing and lending, cash flow forecasting and management of the bank accounts

- 8 **Management Accounting** This includes the preparation of the financial plan, consolidation and submission of planning data to the funding body, compilation of the detailed annual budget and production of comparative statistical data. The Director of Finance and Personnel provides regular monitoring statements and financial advice to the Governing Body and its committees.
- 9 **Budget monitoring.** At department level, management reports are produced indicating performance against budget at cost centre level. Any queries regarding these reports should be directed to the Finance Department.
- 10 **Internal audit.** All colleges must have an independent internal audit function which operates in conjunction with the audit committee. The Finance Department is responsible for the receipt and co-ordination of responses to audit reports in collaboration with the Clerk. The Finance Department must also review earlier Audit Reports to ensure recommendations have been implemented appropriately.
- 11 **Procedures and regulations.** Financial regulations and detailed financial procedures are maintained and disseminated by the Finance Department.
- 12 **Purchasing.** Purchase order requests are processed by the Finance Department. Except in exceptional circumstances these must be submitted before an order is made. Advice and guidance on the acquisition of goods and services, assistance with quotes and the tender process, sourcing of vendors etc. will be provided by the Finance Department on request.
- 22 **Ad hoc services.** Support, advice and information will be provided by the Finance Department on request. This will cover such areas as funding bids, completion of financial returns, budget management, investment appraisal etc..

1 INTRODUCTION

- 1.1 The Public Interest Disclosure Act, which took effect on 1 January 1999, requires corporations to establish and operate a Public Interest Disclosure (Whistleblowing) Procedure, whereby employees may raise concerns internally in a set manner, which is officially sanctioned by the Corporation, about a defined range of practices and situations which may occur within the College. The Act also regulates strictly the circumstances in which employees may raise the matter externally.
- 1.2 College is committed to ensuring that the Public Interest Disclosure Act 1998 is adhered to. To this end, should any employee, subcontractor or governor (“the discloser”) have reasonable belief that one of the following (all of which fall within the Act as a qualifying disclosure) has occurred, is in the process of occurring, or is likely to occur, they should, initially, follow the procedure set out below:
- A criminal offence
 - The breach of a legal obligation
 - A miscarriage of justice
 - A danger to the health and safety of an individual
 - Damage to the environment
 - Deliberate covering up of information tending to show any of the above matters.

College will make every effort to deal consistently with such disclosures in a fair, objective and discreet manner. Any member of staff who has legitimate concerns about malpractice within the workplace will not be punished or victimised for his or her disclosures of confidential information made in good faith. Any victimisation or harassment of the member of staff for having raised legitimate concerns will be dealt with as a disciplinary offence.

2 INTERNAL DISCLOSURE

- 2.1 Any employee, sub-contractor or Governor of the College may act as a discloser.
- 2.2 Ordinarily disclosure should be made to the discloser's line manager. However College recognizes that the seriousness or sensitivity of the disclosure may make this difficult or impossible so disclosure can be made to either the Principal or Deputy Principal.
- 2.3 Again if the discloser feels that the disclosure cannot be made to either the Principal or Deputy Principal of the College then they can choose to make disclosure to the Chair of the Governors or the Chair of the Audit Committee of the Governors as appropriate.
- 2.4 The disclosure should preferably be made in writing, but the submission may be made orally, if the discloser would feel better protected by doing so. Should the discloser so wish a written submission could be made in a sealed envelope via the Clerk of the Governors.
- 2.5 The discloser must state that the disclosure is being made under the terms of this policy.
- 2.6 Disclosure to the Principal, Deputy Principal, Chair of Governors or Chair of Audit Committee either directly by the discloser or via their line manager will be acknowledged in writing within 7 days.
- 2.7 Within a further calendar month if possible, but longer if the investigation is of necessity a complex and protracted one, the matter will be investigated and if the allegation is found to be valid the appropriate course of action will be taken, including following the law where relevant.
- 2.8 At the termination of the investigation the outcome will be reported to the discloser, ensuring that the discloser's identity is protected.
- 2.9 If the allegation of malpractice turns out to be erroneous and if the Principal or the Chairman of Governors judges that it has been made with malicious intent or that substantial collateral damage has been caused by it, they may choose to invoke against the discloser the Disciplinary Policy. If the discloser disagrees with the assessments of the Principal or Chairman of Governors in these respects, he has recourse to the Disciplinary Appeal Procedure in the same document.

- 2.10 If the allegation of malpractice turns out to be erroneous but is deemed to have been made in good faith, then no proceedings will be taken against the discloser.
- 2.11 If the discloser is not satisfied with the outcome of the investigation and with the response to it he must, within 7 days communicate his reservations to the Principal, Deputy Principal, Chair of Governors or Chair of Audit Committee. If he feels unable to do this then he should take his reservations to another member of the Governing Body if he feels able to do so.

3 EXTERNAL DISCLOSURE

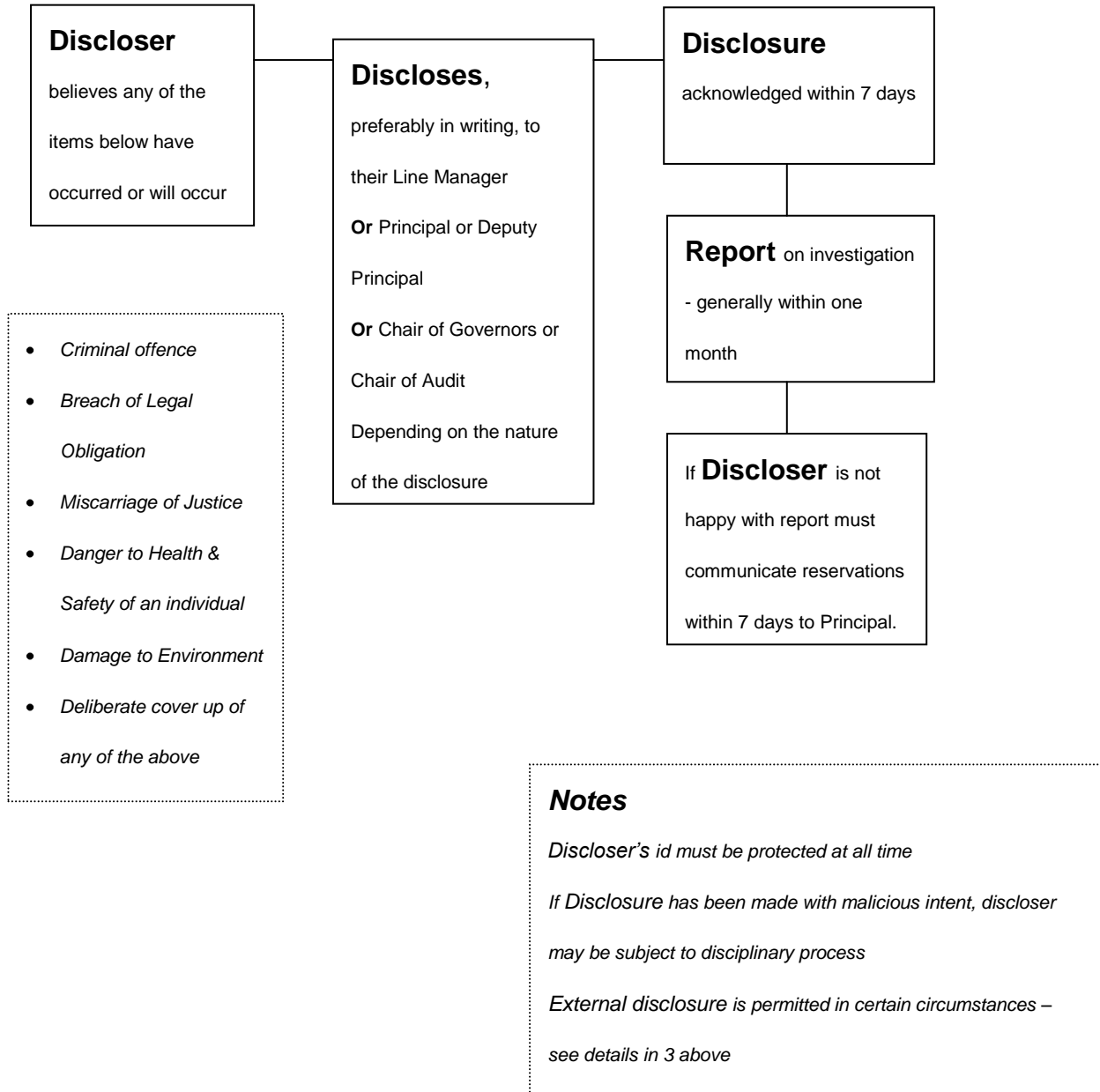
- 3.1 Disclosers will also be protected when a disclosure is made in good faith to prescribed bodies such as the Health and Safety Executive, the Financial Services Authority and the Inland Revenue where the discloser has a reasonable belief that the information and their allegations are substantially true.
- 3.2 Wider disclosures (e.g. to the funding body, the police, an MP etc) are also protected if, in addition to the test in 3.1 above, the disclosure is reasonable in all circumstances, is not made for personal gain and meets one of these three pre-conditions. The discloser
- reasonably believed they would be victimised if they raised the matter internally
 - reasonably believed a cover up was likely and that evidence will be destroyed or concealed
 - had already raised the matter with the College and the Governors
- 3.3 If the external disclosure does not meet all these criteria the Principal or the Chairman of Governors may decide to invoke the disciplinary policy against the discloser.

4 SAFEGUARDS

- 4.1 The anonymity of the discloser is guaranteed while the disclosure remains an internal process within the College, except for the situation specified under 2.9. Quite clearly, the College cannot guarantee that anonymity will be maintained, if the matter is made the subject of an external disclosure and so outside the control of the College.
- 4.2 Security of any relevant documentation which the discloser provides in support of the disclosure is guaranteed.
- 4.3 Any request for further clarification from the discloser or for participation by the discloser in the investigation should be made to the person to whom the disclosure has been made.
- 4.4 No disciplinary action will be taken against the discloser on the grounds of the disclosure, except in the circumstances specified under 2.9 and 3.3.
- 4.5 The discloser will not suffer victimisation, retardation of career or other detriment in the long term at the hands of the management as a result of having made the disclosure. The discloser would, if necessary, have recourse to the College Grievance Procedure.
- 4.6 The discloser will be protected against bullying by fellow employees as a result of having made the disclosure. Such treatment can be reported to the Principal to consider instituting the disciplinary procedure against the fellow employees in question.

5 CHART

Internal Disclosure



APPENDIX F: THE SEVEN PRINCIPLES OF PUBLIC LIFE FROM
THE REPORT OF THE COMMITTEE FOR
STANDARDS IN PUBLIC LIFE
(THE NOLAN REPORT)

SELFLESSNESS

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

INTEGRITY

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties.

OBJECTIVITY

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

ACCOUNTABILITY

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS

Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

HONESTY

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP

Holders of public office should promote and support these principles by leadership and example.

APPENDIX G: SUMMARY OF PROTOCOLS FOR PROPOSED
CAPITAL EXPENDITURE

Proposed capital projects should be supported by:

- A statement that demonstrates the project's consistency with the strategic plans and estates strategy approved by the Governing Body.
- An initial budget for the project for submission to the planning and resources committee and the estates committee. The budget should include a breakdown of costs including professional fees, VAT and funding sources.
- A financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans.
- An investment appraisal in an approved format which complies with funding body guidance on option and investment appraisal.
- A demonstration of compliance with normal tendering procedures and funding body regulations. This will require careful consideration where partnership arrangements are in place.
- A cash flow forecast.

**FROM LSC PUBLICATION: SUPPLEMENT A TO CIRCULAR 04/07 AUDIT
CODE OF PRACTICE – THE ROLE OF INTERNAL AUDIT**

“The operation and conduct of the FE college’s Internal Audit Service (IAS) must comply with the standards of internal audit, which have been promulgated by HM Treasury and included in Government Internal Audit Standards (GIAS) and are supplemented by good practice guides.”

The prime responsibility of the internal audit service is to provide the Governing Body with assurance on the adequacy and effectiveness of the risk management, control and governance processes. Responsibility for risk management, control and governance processes remains fully with management, who should recognise that internal audit can only provide ‘reasonable assurance’ and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management to improve systems of risk management, control and governance processes and so to reduce the potential effects of any significant risks faced by the college. Risk assessment provides the opportunity for internal audit work to be efficient and focused. It does not necessarily imply that internal audit activity has to be increased.

Internal audit can also provide independent and objective consultancy advice specifically to help management improve the risk management, control and governance processes. In such circumstances, internal auditors apply their professional skills in a systematic and disciplined way to contribute to the achievement of corporate objectives. Such advisory work contributes to the opinion that internal audit provides on the overall adequacy and effectiveness of risk management, control and governance processes.

FROM LSC PUBLICATION: REGULARITY AUDIT FRAMEWORK

Regularity is defined in Government Accounting as;

“The requirement for all items of income and expenditure to be dealt with in accordance with the legislation authorising them, and any applicable delegated authority and the rules of Government Accounting.”

Propriety cannot easily be defined but the basic test is whether a College’s spending is something that it would be able to defend to the general public as proper spending by a public interest body.

AUDITOR DETAILS

Internal Auditors

RSM Tenon

York House

York Street

Manchester

M2 3BB

External Auditors

Mazars LLP

The Lexicon

Mount Street

Manchester

M2 5NT

PURPOSE

- 1 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 College 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 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.

INITIATING ACTION

- 2 The person may choose to make Disclosure of a suspected fraud under the Public Interest Disclosure (Whistleblowing) Policy detailed in Appendix E. Alternatively all actual or suspected incidents of fraud should be reported without delay to the Principal or Director of Finance and Personnel. The Principal or Director of

Finance and Personnel should, within 24 hours, hold a meeting of the following project group to decide on the initial response:

- Principal (Chair)
- Deputy Principal
- a senior representative of internal audit
- Director of Finance and Personnel.

It may be considered necessary to include the Chair of the Governors and/or the Chair of the Audit Committee on this panel.

If the suspected fraud is thought to involve the Director of Finance and Personnel and/or the Principal the member of staff should notify the Chair of the Audit Committee. Alternatively if the suspected fraud is thought to also involve members of the Governing Body the member of staff should approach the Internal Auditors direct (see Appendix H for Internal Auditor details).

- 3 The project group will decide on the action to be taken. This will normally be an investigation, led by internal audit. The decision by the project group to initiate a special investigation shall constitute authority to internal audit to use time provided in the internal audit plan for special investigations, or contingency time, or to switch internal audit resources from planned audits.

PREVENTION OF FURTHER LOSS

- 4 Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the project group 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.
- 5 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. If they have a College lap-top computer this must be returned immediately.

- 6 Advice should be obtained on the best means of denying access to the College while suspects remain suspended. Similarly, access permissions to the College's computer systems should be withdrawn immediately.
- 7 Internal audit 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.

ESTABLISHING AND SECURING EVIDENCE

- 8 A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The College will follow disciplinary procedures against any member of staff who has committed fraud. The College will normally pursue the prosecution of any such individual. College will follow the instructions and advice of the Police to secure any evidence as necessary.

NOTIFYING THE YPLA/SFA/LOCAL AUTHORITY

- 9 The circumstances in which the College must inform the YPLA/SFA/Local Authority about actual or suspected frauds are detailed in the audit code of practice. The Principal is responsible for informing the YPLA/SFA/Local Authority of any such incidents.

RECOVERY OF LOSSES

- 10 Recovering losses is a major objective of any fraud investigation. The Director of Finance and Personnel or, where necessary, the Internal Auditors shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of

losses should be sought in all cases.

- 11 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.

REFERENCES FOR EMPLOYEES DISCIPLINED OR PROSECUTED FOR FRAUD

- 12 Any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to the Deputy Principal who shall prepare any answer to a request for a reference having regard to employment law.

REPORTING TO GOVERNORS

- 13 Any incident shall be reported without delay by the Principal to the Chair of the Governing Body.
- 14 Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the Chairs of both the Governing Body and the Audit Committee.
- 15 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 or not the actions have been taken.

This report will normally be prepared by internal audit.

REPORTING LINES

- 16 The project group shall provide a confidential report to the Chair of the Governing Body, the Chair of the Audit Committee, the Principal and the external audit partner at least monthly, 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.

STAFF MEMBER NOTIFYING SUSPECTED FRAUD

- 17 The member of staff or Governor who initially notifies the Director of Finance and Personnel or Principal of a suspected fraud should have their privacy respected wherever possible. No disciplinary action will be taken against this person unless they have, for example, raised the suspicion maliciously. The employee should take regard of the Public Interest Disclosure (Whistleblowing) Policy in Appendix E to these Regulations. If the member of staff is not happy with the follow up to a report they have made they should notify someone else of this fact. For example if they previously notified the Director of Finance and Personnel they could now notify the Chair of the Audit Committee of their concerns.

REVIEW OF FRAUD RESPONSE PLAN

- 18 This plan will be reviewed for fitness of purpose periodically or after each use. Any need for change will be reported to the audit committee for approval.

APPENDIX J: THE COLLEGE'S CODE OF TENDERING PRACTICE

When instituting a competitive tendering process the member of staff must take advice from the Director of Finance and Personnel and the Bursar and must be mindful of the following:

- There is a duty on all the College's staff to comply with this code of practice.
- Where applicable the College should use the LSC's Consultancy Framework
- All relevant EU directives must be complied with.
- The **competitive tendering procedure** must:
 - ensure fairness of competition
 - ensure that companies invited to tender are financially and technically able to meet the College's requirements
 - indicate the terms of the contract
 - outline any appropriate standards to be complied with.
- The **quotation procedure**, must:
 - ensure a minimum of three suppliers are asked to provide quotations
 - take in to account any lists of available firms already approved by the College that might undertake the work specified
 - take in to account any firms within any consortia that the College is a member of
 - state the terms by which the contractors will be paid
 - ensure that national requirements concerning good practice should be followed.
- The procedures for submission of tenders (eg time, date, etc) must be clearly explained in the tender document.
- On receipt of tenders they must be kept safely with custody being given to an appropriate person until the time of opening.
- The tender document must be clear about any issues that could affect the admissibility or acceptance of a tender.
- Once a tender is accepted the terms of this acceptance must be notified to the supplier tendering and notification given to those suppliers whose tenders have not been accepted.
- If a tender has been accepted which is not at the lowest price then a note explaining the justification for this decision must be kept on file

FINANCIAL PROCEDURES

- 1) Purchase Orders
- 2) Expenditure and Payments
- 3) Income and Banking
- 4) Petty cash
- 5) Payroll
- 6) LGPS – calculation of deductions
- 7) Assets
- 8) Departmental allocations
- 9) Monitoring Departmental Accounts
- 10) Insurance
- 11) Lettings Procedure
- 12) Student charges
- 13) General

1 PURCHASE ORDERS

Order Request Forms

Official Order Request Forms must be completed for all purchases except in the circumstances outlined below.

Orders should be made on the blue Order Request Forms with the account code completed.

Budget Holders are responsible for all the transactions which go through their account and only Order Request Forms signed by the Budget Holder will be processed.

Complete the Order Request Form

- (a) 'Account Code': Departmental code or name

- (b) 'Deliver to': This name will be put on the order
- (c) 'Authorising Signature': The Budget Holder
- (d) 'Supplier: Names & Address': On the second and all subsequent occasions when the same supplier is used, the address need not be entered
- (e) 'Price per item': the price per appropriate unit e.g. price per box of 10 unit price
- (f) VAT is excluded from all orders. Academic Departments are not expected to cover the VAT on purchases, all other departments are.

The completed Order Request Form should be passed to the Finance Office or put in one of their trays.

The details are entered on to the accounts system by Finance and an official order form is generated. This is then authorised by the Deputy Principal or another member of the Senior Management Team. After authorisation the order will be posted/faxed/emailed to the supplier.

If the order needs to be posted First Class or faxed to the supplier this must be made clear on the Order Request Form.

The Order Request Forms will be processed and the order posted within forty-eight hours of receipt wherever possible.

Confirmation Orders

Confirmation orders may only be used in certain circumstances:

- ★ To support invoices for running costs such as gas, electricity, water, telephones where the cost is not known until the invoice arrives.
- ★ When retaining unsolicited goods or goods obtained for inspection.
- ★ In **exceptional** circumstances, urgent orders may be made orally but only with the prior permission of the Bursar or Director of Finance and Personnel. The request must be accompanied by an official purchase order endorsed 'confirmation order only'. **This must not be seen as a way of circumnavigating the procedures and permission to place an order in this way will be**

withheld if the circumstances do not necessitate it. Orders must not be placed before permission is given.

- ★ The Premises Manager and Vice Principal Resources can place orders of up to £100 with a current supplier. They must complete an Order Request Form at the time of ordering which must then be passed to Finance for processing. It must be marked clearly to show that the order has already been placed. This must not be done for new suppliers or when there is no budget available to cover the order.

Payment with order

If a payment needs to be made with the order this fact and the necessary payment details must be clearly marked on the Order Request Form. This may cause a delay in the order being posted. Payment can be made either by cheque or by credit card. Credit card payments should only be requested when there is no alternative payment method available.

Copy Orders

Copies of the orders will be emailed to Budget Holders on request.

On Receipt of Goods

If an invoice is received with the goods the invoice must be passed to the Bursar immediately. Delivery notes should be kept safely by the Budget Holder until the invoice has been received, authorised and passed for payment.

Invoices

Invoices received by the Finance Office

These are stamped and passed to the Budget Holder – who has the responsibility for initialling (or having initialled by the Deliverer) boxes 2, 3 and 4.

Invoices received by the Budget Holder or Deliverer

These should be passed immediately to the Finance Office who will stamp them. They are then passed to the Budget Holder – who has the responsibility for initialling (or

having initialled by the Deliverer) boxes 2, 3 and 4.

Invoices will be registered in the Invoice Register when they are received by Finance, before they are issued to the Budget Holder. When the authorised invoice is received back in Finance this will be marked in the register.

THE BLACKPOOL SIXTH FORM COLLEGE		TO BE INITIALLED BY
Box 1	INVOICE NOT PREVIOUSLY PAID	The Bursar
Box 2	GOODS/SERVICES SATISFACTORY IN ACCORDANCE WITH ORDER	Deliverer
Box 3	PRICES AGREED ORDER CORRECTLY	Deliverer or budget holder
Box 4	AUTHORISED	Budget holder
Box 5	CERTIFIED FOR PAYMENT	The Bursar

The initialled invoice should then be returned to the Finance Office where it will be settled. Once the invoice has been paid the original Order Request Form will be returned to the account holder to file.

Suppliers' terms are entered in to the Finance system. When a payment run is being prepared a suggested payments listing is generated which takes in to account the invoice date and the supplier's terms.

If an invoice is of a different value to the original purchase order by 10% of the original purchase order price or £100, whichever is the smaller, as a result of an increase in price or a change in the items purchased, the purchase order must be re-authorised. This does not include alteration to price as a result of the inclusion of delivery charges except where Finance consider these charges to be unreasonable.

2 EXPENDITURE AND PAYMENTS

Cheques

Any two of the designated signatories for all cheques up to £20,000.

Any two of the designated signatories for standing items such as tax, Teachers Pensions and examination fees, even though these may exceed the £20,000 level.

The Principal (or, in their absence, their designated deputy) and any other of the designated signatories for all other cheques over £20,000.

All standard cheques of £40,000 and over should be highlighted on a monthly basis and made available to the Finance Panel and the Administration and Finance Committee.

For non-standard payments of amounts over £40,000 for which prior approval has not been received from the Governing Body the Principal will make reference to the Chair of the Governors before signing the cheque and evidence of this reference will be retained. Examples of prior approval are where payments for part of an approved capital project or are for items that have been specifically budgeted for.

The first signatory must see and initial the invoice (or other paper evidence to justify the payment being made) at the time of signing the cheque. The second signatory should spot check the paperwork for at least one cheque in each batch.

The designated signatories are the Principal, the Deputy Principal, the Director of Teaching and Learning and the Director of Finance and Personnel.

Direct debit mandates

Direct debit mandates must be authorised by any two of the designated signatories.

BACS

Once the BACS listing has been prepared each individual item should be authorised using the bank's swipe card system. This authorisation should be done by any one of the designated cheque signatories. Supporting invoices or other paperwork should be checked and initialled for each individual payment. Payee bank details should be spot checked to other documentation.

The total for the overall listing should be then authorised by a second cheque signatory. The second signatory should spot check the paperwork for at least one payment in each batch. If any of the individual payments is over the £20,000 limit as set in the cheque signing procedure then the whole listing should be authorised by the Principal, or, in their absence, their designated deputy. Equally the procedures as stated above for non-standard payments of £40,000 and above should be adhered to.

The designated signatories are the Principal, the Deputy Principal, the Director of Teaching and Learning and the Director of Finance and Personnel.

Credit Cards

Where appropriate the Principal or Chair of Governors may approve the issuing of College credit cards to appropriate staff. These credit cards should be used for the payment of valid business expenses only and the misuse of such cards shall be grounds for disciplinary action and the College has an automatic right of recovery. Credit cards should only be used to make payments where it is impracticable to pay by any other

means or where the College is gaining financially from doing so.

The Principal or Chair of Governors must approve the opening credit limit on each card and any later change to this limit.

It is the responsibility of the card holder to keep the card secure. If the user suspects at any time that the security of the card and the information it holds has been compromised they must immediately report this fact to the Finance Office.

If the card is being used to make on-line payments the user should exercise extra caution and satisfy themselves that the site is secure and that the supplier is known and reputable.

All paperwork in respect of credit card transactions such as receipts printed from the internet should be passed to finance where they will be filed and matched against the statements. The statements will then be presented to the Finance Panel for review on a monthly basis.

Credit card payments should not be made without the current purchase order procedures being followed.

3 INCOME AND BANKING

The total cash collected each day is balanced with till rolls/receipt books and is banked with Lloyds TSB.

Student Services

Money is collected via student services for a range of items including:

- Bus passes

- Contributions to College visits

UCAS fees

Books and materials

Lockers

On a daily basis the till is emptied and reconciled within Student Services and the money is brought to Finance, leaving a float in the till. The money is then checked to the till rolls and banked. The till buttons are used to identify what the money collected is for. The money is then entered to the accounting system by journal to the appropriate accounts based on this analysis.

Student Services are responsible for reconciling the takings against the bus pass stubs, visit records etc. and these reconciliations should be submitted to Finance.

Receipts in the Finance Office

Money will sometimes be brought directly to the Finance Office for such things as charity collections. A receipt is issued for the cash and the money is banked accordingly.

Exam Fees

Exam fees are collected from students a couple of times per year. A collection point is set up using a till and all the money is banked through the Finance Office.

Departmental Sales

Departments must use Student Services to collect money for any sales of text books, charges for visits etc. However in the event of a member of staff being given money a receipt must be issued. The money should then be passed with the copy receipt to the Finance Office for banking. Receipt books are available from the Finance Office.

Student Amenities Contribution

On enrolment the students are requested to make a contribution to the Student Amenities Fund. This is £30 for Lower Sixth Students and £20 for Level 2 students. If a

student enrolls in the Lower Sixth having completed the Level 2 year and having initially paid £20 they will only be required to pay £10.

The majority of the money is collected on the enrolment days by people from the Finance Office. Receipts are issued to students and payment is marked on their enrolment form, as well as on a list kept by the Finance Office. Following the enrolment days a reconciliation is performed to ensure that the amount of money banked is in line with the amount noted on the list.

4 PETTY CASH

The Petty Cash float is £800 and there is an additional hardship fund float of £500. Petty cash payments should not be made for amounts over £50 without the approval of the Director of Finance and Personnel.

A system of vouchers attached to a cash summary sheet is used. Money issued from Petty Cash is noted on a petty cash voucher which is signed by the person claiming the petty cash and to which any receipts are attached. Receipts are ordinarily expected before the cash is reimbursed. Once a sheet has been completed a summary of the transactions will be prepared and a journal entry will be used to allocate the costs to the appropriate departments in the nominal ledger. Each completed sheet will be passed to the Director of Finance and Personnel who will randomly check at least three vouchers and attached receipts.

If cash is required as an advance then it can be requested and a Petty Cash Advance Voucher must be issued and signed. Once the purchase has been made the recipient must return to the Finance Office with any change and a receipt for the purchase. A petty cash voucher for the exact amount will then be completed and the petty cash advance voucher will be destroyed.

5 PAYROLL

The payroll is outsourced to a bureau.

On around the 13th working day of the month the payroll spreadsheet is updated by the Director of Finance and Personnel. The Bursar prepares all the entries from which the spreadsheet is updated. These entries cover:

Leavers	Notified to Finance by Personnel
New starters	Notified to Finance by Personnel
Cleaning staff hours	These are taken from a spreadsheet prepared by the Site supervisors. The hours worked for the month to date are logged and the Bursar then makes an estimate of the additional hours that will be worked before the end of the month. In the following month this estimate is compared to the actual hours worked and any adjustments are made.
Invigilators	Payments are based on completed additional hours forms which are authorised by the Deputy Principal
Enrichment tutors	Payments are based on completed additional hours forms which are authorised by the Deputy Principal
Additional hours	Payments are based on completed additional hours forms which are authorised by the Deputy Principal
Maternity and Paternity leave and pay	When a member of staff goes on maternity or paternity leave this will be notified by Personnel to Finance who then decide which scheme the member of staff is eligible for e.g. whether they are entitled to the statutory scheme or the enhanced occupational scheme. This is then notified to Payroll who make the relevant calculations.
Sickness	Staff sickness is notified by Personnel to Finance who will then decide which scheme the staff member is eligible for and will notify payroll accordingly. A copy of the sickness listing is sent to the bureau.
Pension changes	If a member of staff joins or leaves one of the pension schemes this will be administered by Finance and will be notified to payroll. Also any changes in either the employee or employer pension deduction rate will be notified to payroll. With the new Local Government Pension Scheme the rate of deduction is dependent on the pay band. The College policy in relation to the calculation of these deductions is in Section 6 below.

Salary sacrifice deductions	Salary sacrifices done through the child care voucher scheme are notified to College by the organisation administering the scheme on a monthly basis. The cycle scheme is administered in house and the relevant deductions are notified to payroll.
AVC, union fee deductions etc	Regularly monthly deductions are notified to payroll on set up and if there are any alterations.
Other ad hoc adjustments	Generally notified by Personnel to Finance.

Once the spreadsheet is complete it is printed and signed by the Director of Finance and Personnel and sent off to the Payroll bureau along with any other correspondence such as tax coding changes, attachment of earnings orders, union fees etc.

The payroll bureau is responsible for the calculation of tax, national insurance pension and any other deductions. They issue to College lists detailing the payments and deductions made which is then checked by the Bursar back to the original spreadsheet. For staff on maternity leave the bureau's own workings sheet is requested for the first month of maternity pay so the payments can be checked. The College is responsible for making all payments to the pension schemes, HMRC, unions etc the amounts for which are taken from the sheets supplied by the bureau. The payroll bureau is responsible for the BACS payments to individual staff members and for the production of the payslips which are sent to College and issued to staff members by the Bursar.

P60s and P45s and the annual return to HMRC are produced by the payroll bureau. The annual pension returns for both the Local Government Pension Scheme and the Teachers Pension Scheme are produced by the Bursar.

6 LOCAL GOVERNMENT PENSION SCHEME - CALCULATION OF DEDUCTIONS

Under the regulations of the Local Government Pension Scheme (LGPS) brought in from 1st April 2008 the College's policy on how employees are allocated to the contribution

bands is:

College will assume that all term time employees as at 1st April 2008 are in roles that are term time only and therefore their contribution band will be based on their term time weeks plus holiday entitlement as appropriate. This applies also to those staff who are term time only but who are contracted to do, for example, an additional 10 days per year.

Staff employed after 1st April 2008 will be assessed on the individual circumstances pertaining to the position for which they are employed. For example a job which can only be performed on a term time only basis (or a term time only basis with a small number of additional days) such as a Learning Mentor will be classed as term time only. However if a job is offered as whole year but flexible working is also offered and the option of term time only is taken up then this job's contribution band would be based on the whole year's salary.

If any whole year staff elect to go to term-time working for personal reasons then their contribution band will be based on the whole year pay.

Where an employee holds more than one employment with the College the band for each employment will be considered individually.

This policy is in line with the regulations which define the contribution basis for Part time and Term time employees as:

Part-time employees will pay contributions based on their whole-time equivalent pensionable pay i.e. for part-time employees their contribution rate will be based on the full time rate for their job.

Term time employees will pay contributions based on their whole-time equivalent pensionable pay for the weeks worked (including paid pro rata holiday entitlement) e.g 44.7 weeks rather than 52 weeks except where the job could be for the whole year but

the employee has chosen, with the agreement of the employer, to work term time only.

Contribution Band Review

Under the LGPS guidelines the College must have a policy as to when the contribution bands, once allocated are reviewed.

The bands themselves will be re-assessed nationally on 1st April each year.

The College policy is to reallocate bands with effect from 1st September each year and upon an individual contract change.

7 ASSETS

All College assets (whether capitalised or not) must be treated with care and should be secured appropriately. This is of particular importance during periods of decant where items may be being stored temporarily. Due care should be taken to ensure that no items are lost or damaged in transit, including, maybe, the use of inventories and storage records.

Asset Purchases

All new assets that are to be capitalised must be entered on to the trackable items database. All IT equipment will be entered by the Network Manager and entries may include non-capitalised items. All other equipment will be entered by the Bursar and again may include items that are not to be capitalised where it is considered prudent to do so. At the financial year end decisions will be made about which items are to be capitalised and these items will be flagged as capitalised on the database.

There is also a fixed asset register which is maintained by Finance. This will be updated at the end of the financial year to reflect any asset purchases, disposals and depreciation charges in the financial year

Asset Disposals

Before any assets are disposed of consideration must be given to the method of disposal and whether the assets could be re-used in the College. This applies to both capitalised and non-capitalised assets. For example text books that are being replaced by newer editions may still be of use to the students. No disposals should be undertaken without the permission of the appropriate departmental manager and no estates disposals should be undertaken without the permission of the Estates Manager.

A write-off form for the disposal of assets should be completed and authorised by the departmental manager and passed to the Finance Department for action. This form should contain as much information as possible about the asset including the make, model, purchase date and price and trackable items database reference number. If the item has been sold the sales proceeds should be noted on the form. Any disposal proceeds must go through the usual banking procedures. The write-off will then be actioned on the trackable items database by the Bursar. At the end of the financial year corresponding entries in the financial accounts and fixed asset register will be performed including the write back of any accumulated depreciation.

8 DEPARTMENTAL ALLOCATIONS

Academic Departmental Budget Allocations

The allocation to academic departments is payable in three instalments and is calculated based on the number of students on course on 1st October, 1st February and 1st May. The allocation is made based on 2/5ths, 2/5ths and 1/5th of the total for the year. The calculation is made and reported to the Heads on their reports for the end of that particular month. On top of this variable allocation each department receives a fixed allocation which is standard across the departments and is designed to assist the smaller departments.

The amount allocated to each student is dependent on the type of course being

followed. The standard amount is decided upon annually when the budget has been finalised and the other levels are calculated based upon the standard amount:

AS/A2 Level	Standard amount
Vocational triple awards	3 times standard
Vocational double awards	2 times standard
Vocational single awards	Standard amount
GCSE	0.75 of standard
Vocational Level 2 awards	1.5 times standard

There is then a weighting factor applied. This is in line with the funding body's own course weighting of 1.0 or 1.12 except in the following cases where an enhanced weighting factor is applied.

Art AS and A2	2.0
Art GCSE	1.5
Graphics	1.2

At the end of the academic year any unused balances cannot ordinarily be carried forward unless a request is put forward in writing to the Director of Finance and Personnel. If a department goes overdrawn any negative balances will be carried forward and sanctions may be imposed (such as the ability to have purchase orders processed or photocopying done) to ensure that the position does not re-occur.

VAT is not charged to individual Departments.

Other Budget Allocations

Allocations to other departments including Learning Resources, Additional Learning Support, Recreation, General Studies, Student Services and Careers are decided upon as part of the process of setting the budget and are allocated as one lump sum at the start of the academic year.

9 BUDGETARY CONTROL – MONITORING DEPARTMENTAL ACCOUNTS

Each account holder will receive finance reports on a monthly basis. These will consist of :

1. A report on income and expenditure for the current financial year to date.
2. A statement showing all completed transactions for the period

Budget holders are required to monitor these reports and to conduct the following checks to verify their accuracy:

1. At the beginning of the financial year check the balance from the previous financial year
2. Whenever funding payments are received check the allocations using student number records and the current allocations principles.
3. Any changes to other income since the last report should be checked against the income items in the attached statement.
4. The expenditure items on the attached statements should be checked and the total should match that on the report.
5. Items on the attached statements should be verified as belonging to that budget.

Any errors or difficulties in interpreting the reports should be referred to the Bursar or the Director of Finance and Personnel.

10 INSURANCE

Insurance is reviewed annually by the Director of Finance and Personnel and the Bursar with the insurance provider. Provision of insurance is subject to the approval of the Administration and Finance Committee and the Insurance Provider is reconsidered every five years.

The annual period of insurance runs from 1st April to 31st March each year.

The College carries insurance to cover the following areas:

Property damage	Business interruption
Money	Goods in transit
Miscellaneous all risks	Computers
Employers Liability	Public Liability
Hirer's Liability	Occasional Business use

Motor Fleet

Professional Indemnity

Terrorism

Group personal accident and travel

Legal expenses

Engineering insurance

The levels of cover in each area are reviewed annually.

11 LETTINGS PROCEDURE

Telephone calls or letters requesting a booking should be directed to the PA to the Vice Principal (Information Systems and Resources)

The PA should check in the diary that the booking will cause no problems to the College.

The bookings should also be checked with the Estates Manager to confirm that this booking will not give rise to any caretaking issues. If the services of a technician will be required this should also be confirmed with the appropriate department.

If the booking is to be accepted the PA will then write to the hirer enclosing a booking form which should be completed and signed by the hirer and returned to College.

The booking form contains the details of the time and date of the booking along with any additional requirements such as catering or equipment. It also confirms that the hirer must have their own public liability insurance.

The PA must then make the Bursar aware of the bookings so an invoice can be raised for the hire charge. For one off bookings the invoice should be raised in advance of the booking. For regular bookings the invoice may be raised after the booking has taken place but before the end of a series of bookings.

The Bursar must complete a spreadsheet, developed in liaison with the PA, listing all groups which hire space from the College detailing the rental periods and agreed

costs. The expected income on the spreadsheet should be reconciled to the letting income shown in the Management accounts each month.

The charges for hiring the buildings should be reviewed periodically by the Director of Finance and Personnel and the Vice Principal (Information Systems and Resources) and should not be less than the staffing costs incurred.

12 STUDENT CHARGES

Although most aspects of students' education are provided at state expense, the College Governors do have to make charges to students for certain additional activities.

The Governors, the Principal and the staff believe that the education of our students is much enhanced by the many opportunities which are offered for activities and excursions out of the College, although they may not always be an essential part of any course. The Governors are most grateful to the staff who organise such activities and recognise that appropriate charges to students who choose to participate must be made. Charges must also be made for certain aspects of some subject courses, so that opportunities for students are not limited by the level of Government funding. The Education Reform Act 1988 requires the Governors to publish their policy in these respects.

The following is the Statement of the Charging Policy of the Governing Body of The Blackpool Sixth Form College. The specific charges can be found in the student Handbook for the current year.

Amenities Contribution

On Enrolment all new students are asked to pay an amenities contribution. This is £30 in the case of Lower Sixth students and £20 in the case of Level 2 students. The money collected goes into the Student Amenities Fund which subsidises a wide range of enrichment activities and facilities that are of great benefit to all students in the College. Details of these activities should be clarified with parents/students prior to the student joining College. College should seek to ensure that monies collected within a year are spent for the benefit of that cohort of students.

Membership Card

The Membership Card is used as an identity card and as a swipe card for access to College information. The replacement of a lost Membership Card, however, must be paid for by the student at a cost of £1.00.

Files, paper and photocopying

Students are expected to provide their own stationery. A range of stationery items can be purchased at the College Shop.

Students may carry out photocopying on the photocopier in the Resource Areas, or they may lodge it for completion with the reprographic staff in the Print Room – there is a charge for both of these services.

Students are allocated a credit for printing at the start of the academic year. Once this credit is used the student may pay to top up their allowance.

Lockers

A locker is available for each student for books, clothing etc., for which a hiring fee is charged plus a deposit which is refundable on return of the locker key. Locker keys are issued at Student Services.

The College has bicycle lockers for those who wish to cycle to College and keep their bicycles safe. Keys for these can be hired from Student Services plus a deposit which is refundable at the end of the year on return of the key.

Access Fund

In cases of serious financial hardship, students should enquire about support from the Access Funds. Leaflets and application forms are available from Student Services.

Enrichment Activities

Some of these activities involve outside, commercial organisations and so a charge has to be made to students. Such charges are clearly publicised in advance and there are always other, non-chargeable options available at every stage of the year.

Educational Visits

Several Departments organise excursions out of College to supplement and enhance the teaching carried out in the subject. The cost of travel is shared equally by all participating students and is often subsidised by the Student Amenities Fund. Most of

these excursions do not involve overnight accommodation, but, for those excursions which do, an additional charge is made to students for board and lodging. Participation in most of these excursions is optional, in that most are not a compulsory requirement of an external examination syllabus. For any excursions which are a compulsory part of an external examination specification, students who have difficulty in meeting the expense incurred should consult the Access Funds leaflet, obtainable from Student Services. For all excursions out of College parents are required to complete an indemnity form to confirm their agreement with, and their understanding of, the arrangements.

For all educational visits a costing pro forma should be completed and returned to the Finance Department via the Deputy Principal as part of the application process to run a visit.

Theatre visits

Visits to theatres are organised regularly. These are normally evening performances and participation is open to all students. In the case of productions of set texts, students studying these are strongly advised to attend. Participating students pay the cost of their theatre seats, generally at a discount rate, and an equal share in the cost of travel.

Library

Fines are charged at the rate per item per day for overdue loans, there is a maximum fine per item. Nevertheless, no student needs to incur fines, as renewal facilities for items are available. Revenue from fines is used for the Resource Areas.

Application fees for Higher Education and training courses

UCAS (University and Colleges Admissions Service) make a charge for participation in the scheme and this is paid by the student. There may be other charges such as for applications to Oxford and Cambridge, to NMAS for nursing courses or to the Music colleges, all of which charge an audition fee.

Interviews and Open Days for Higher Education and Employment

In the case of College organised visits to University Open Days the cost of the travel is shared by all participating students equally, although this may be subsidised. Students who choose to attend other Open Days or interviews for university or employment must meet all the expenses involved.

Charges for Examination Entries

For all College courses leading to external examinations, the administering boards charge an entry fee. The College will pay the first examination entry fee of all students who satisfactorily complete any of the courses. Students who do not complete a course satisfactorily may choose to enter the examination at their own expense.

Students who choose to take any examination more than once at the College, or to retake an individual module of a modular examination may have to pay the entry fee themselves.

Failure to attend examinations for which College has paid may result in a student being invoiced for that amount.

Further details in relation to the implementation of and exceptions to these rules can be found in the student handbook and in the Exams Policy on First Class.

College Property

Students will be charged for any loss or damage caused, whether deliberately or accidentally, to any text book, equipment or property belonging to the College or to the fabric of the building itself. The amount levied will be either the full cost of replacement or repair, current at the time of the incident, or an appropriate amount, at the discretion of the Vice Principal, Information Systems and Estates. Willful damage to College property would almost certainly result in the student being asked to leave and, if appropriate, a formal prosecution.

Financial Contributions for Specific Subjects

The College Handbook provides a summary and gives students advance warning of the financial contributions specific to individual subjects.

In every case, if students choose not to purchase essential textbooks and study guides, these will be made available for students to borrow in the lessons but they cannot be written on and must be kept in perfect condition.

Resale of Textbooks

Arrangements can be made in departments for textbooks to be resold, at a reduced price, to the following year's students. Books must be in very good condition and should not have been written in. Textbooks, revision guides and other materials can be purchased at Student Services.

13 GENERAL

a. Finance Department Timescales

Purchase Orders From receipt of purchase order request to issue of order per Finance Department – 48 hours. Purchase Orders requests received by early afternoon are usually issued within 24 hours.

Invoice payments Within supplier's payment terms.

Staff Travel Claims Payment is made in next main BACS run, so within a week to ten days of receipt of the authorised claim by Finance.

Salary Items Payment is made in the next salary run if claims are made or changes notified within the first (approx.) 13 working days of the month. Some payments will be made if notification is received after this date depending on the circumstances.

Petty cash Usually payment is made immediately, or within 24 hours. Only if there has been an unexpected run on cash would payment have to be delayed.

Student Payments and Refunds From receipt of the request/relevant paperwork in Finance to the issuing of the payment it will usually be around 3 working days. For cash payments to students out of the Learner Support Funds payments will be prepared as soon as the request is received in the Finance Office.

b. Journal Transfers

The following items are allocated to the various budgets by means of a journal transfer.

Photocopying and printing charges

Central stores

Minibus use

Petty cash

Should Budget Holders wish to transfer costs between departments they should email the Bursar with the appropriate details and authority and the journal will be completed for that particular month end.

c. Bank Accounts

The main College bank account is:

Blackpool Sixth Form College

Lloyds TSB

King Street

Manchester

The cheque signatories and BACs authorisers are:

Principal

Deputy Principal

Director of Teaching and Learning

Director of Finance and Personnel

There is also a student Council account. The Financial Regulations and Procedures in relation to the Student Council are contained in Appendix L.

d. Budget Planning Cycle

An initial budget is prepared by the Director of Finance and Personnel and put before the internal Finance Panel and /or SMT for discussion, usually at an April/May meeting. Any alterations are then made and the draft budget is passed to the Administration and Finance Panel for discussion at their Spring meeting. Any further changes will be made and a final budget will be approved by the Administration and Finance Panel at a meeting shortly before the final full Governing Body meeting at the end of the Summer term when it will be recommended for approval. The Finance Plan will then be submitted to the local authority before their deadline.

The income stream for the budget is based upon the allocations from the YPLA/SFA to the College following the planning meetings held between the College and the local authority/YPLA/SFA.

The expenditure takes in to account the spending patterns for previous years, any changes in staffing and remuneration levels, any plans the College has for the following academic year and any other known circumstance that will have an impact on the College's expenditure.

e. Financial Reporting and Month End Procedures

On a monthly basis a set of management accounts including an Income and Expenditure Account, a Balance Sheet, a cashflow working and a commentary is prepared. This set of reports should contain enough financial information to enable the Governing Body to monitor the financial performance of the College. The report will show the following:

Operating surplus/(deficit) for the current year to date

Budget surplus/(deficit) for the current year to date

Operating surplus/(deficit) at the same point in the previous year

Cash days in hand

Current ratio

Staff costs as a percentage of turnover

These reports are discussed at the Finance Panel meetings on a monthly basis and are reviewed by the Administration and Finance Committee of the Governing Body who recommend them for acceptance by the Full Governing Body.

At the end of each calendar month the Finance Department complete the following reconciliations, checks and analysis:

- Bank reconciliation
- Check Purchase ledger nominal account to Creditors reports
- Check Sales ledger nominal account to Debtors reports and review any

outstanding debts

- Check suspense account is zero and, if not, clear any outstanding items
- Analyse VAT posting account and post amounts back to individual nominal codes
- Analyse the movement month on month on the salaries sheet sent to payroll
- Analyse the movement month on month on the salaries nominal codes in the nominal ledger
- Check the movement month on month on the fixed assets on the balance sheet agrees to the nominal ledger
- Do any analysis required of fixed asset purchases
- Prepare any claims as necessary to the funding body for grant support
- Prepare any additional analyses as required or deemed necessary from the review of the month end management reports

f. Taxation

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 as amended by the Charities Act 2006 and as such is a charity within the meaning of Section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988).

Accordingly the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

g. Travelling Expenses and Subsistence Policy

There is a separate Travelling Expenses and Subsistence policy which is available on First Class in the College. This policy is reviewed periodically for the appropriateness of the amounts claimable. The review is done jointly by the Deputy Principal and the

Director of Finance and Personnel and is approved by the Finance Panel and the Administration and Finance committee.

h. Retention of Records

The College shall retain all records related to its income and expenditure for six years after the end of the period to which the records relate. In addition to this all salary records should be kept for ten years after the end of the period to which the records relate.

i. Sales Invoices

The College issues only a small number of sales invoices each year, a large proportion of which are for lettings (see section 11 above). Sales invoices are raised by the Bursar and any request to issue an invoice should be passed to the Finance Office along with any appropriate paperwork. Once the income has been received this will be banked and allocated against the invoice. As a part of the month end routines the Sales Ledger control account is reviewed and appropriate action would be taken in respect of any overdue invoices. Requests to write off debts in excess of £100 must be referred to the Finance Panel for consideration. Debts below this level may be written off with the permission of the Director of Finance and Personnel.

j. Accounting system

The College accounting system is Sage and access to the system is limited to the Finance Department. Within the department the access rights are limited so the person who inputs the majority of the orders and invoices is unable to set up new purchase ledger accounts, cannot print orders for amounts greater than £5,000 and cannot produce cheque or BACS payments. The person who produces the cheque runs is not a signatory to the bank account and cannot authorise BACS payments via the Bank's website. All payments are signed or authorised by a person who is not a part of the Finance Department. No payments are made without supporting paperwork that has been authorised by a budget holder (see detailed procedures in respect of raising

purchase orders and authorising invoices).

k. Journals

If a non-routine journal is processed a copy of the journal should be printed and passed to the Director of Finance and Personnel for verification along with a copy of the originating paperwork.

This acts as a check on the validity of the entry and the accuracy of the entry in one step.

1. STUDENT COUNCIL - RAISING CHEQUES

The Student Council have to pay suppliers over the course of the year and payments may be made by either cheque or in cash.

The Student Council have to nominate a Treasurer who will have responsibility for requesting cheques or payments from the Student Council Bank Accounts.

Requests can be made personally or by email but all requests have to be recorded in the Student Council minutes and copies of these minutes forwarded to the Finance Section.

After receiving a request for payment from the Student Council Treasurer the Finance Section raise a cheque or cash.

The payment request can be for an invoice to be paid, a cheque to be collected or cash to be collected.

If the request is to pay an invoice received then copies of the invoice together with the cheque are made and filed in the Student Council records.

If the request is for a cheque to be collected or cash then when the payment is ready the Finance Section contact the Treasurer asking them to collect the payment, in person, from the Finance Office. Any cash will have to be signed for.

Receipts must be obtained for all expenditure and returned to the Finance Office.

2. STUDENT COUNCIL – INCOME COLLECTION

The Student Council sell tickets for each function either personally or through Student Services.

All Student Council income is kept separately from other income collected by Student Services.

Tickets are sold by the Student Council during break and lunch-times. Student Services sell tickets at other times during the College day.

The tickets are collected from Student Services by a member of the Student Council who uses a money box in which to store the income collected.

At the end of each break period the income is returned to Student Services in the money box, together with the unsold tickets and sold ticket stubs, this is then stored in a secure area until next needed by the Students.

The majority of money is taken from the money box by a member of Student Services, leaving sufficient for a float next time it is required, counted and placed in a separate collection bag with the income figure.

Income collected is counted by Student Services before being passed onto the Finance Section for banking. The Finance Section double check that the income collected matches what is stated before banking the money.

At the end of the function all the remaining income is counted by Student Services and passed onto Finance for banking.

The Finance Section provides a reconciliation sheet to the Student Council showing the

income collected and the expenditure for that function.

3. STUDENT COUNCIL – STUDENT FUNCTIONS

The Student Council during the year have a series of functions, usually dances, using any profit to purchase items during the year and to subsidise the annual College Ball.

The Student Council sell tickets for each function either personally or through Student Services.

INCOME

1. All tickets must be individually numbered and security marked
2. Money collected by the Student Council must be taken to Student Services at the end of each collection period, e.g. lunch, break.
3. Money collected by Student Services or given to them by Student Council should be kept separate from College income.
4. Income should be passed to Finance for banking to the Student Council Main Account.
5. Student Council must record how many tickets are available for each function and how many have been sold – this information must be passed to Finance to enable them to check the income received. All unsold tickets must be retained.

EXPENDITURE

1. The Student Council's nominated Treasurer should make expenditure requests to the Finance Section.
2. Expenditure requests can be made personally or by email. These requests must be noted in the Student Council minutes and a copy of this minute should be passed to Finance
3. A cheque will be drawn or cash provided to the Treasurer
4. Receipts must be obtained for all expenditure.

SUMMARY REPORT

1. After each function a summary of costs and expenditure should be produced by Finance showing the total income and the costs of that particular event.
2. The expenditure noted in the summary of costs and expenditure must be fully supported by receipts and the income must be reconcilable to the number of tickets sold.
3. The Student Council must review and minute the summary report for each function.

4. STUDENT COUNCIL – CHARITY COLLECTIONS

The Student Council make collections during the year on behalf of charitable causes.

1. The College has six re-usable collection boxes – collections should only be made using these boxes.
2. The ring-seal must be changed for each collection. It is fixed to each empty collection box and covers where the collection box can be opened.
3. The ring seal must not be broken until after the collection has finished.
4. The other part of the seal has a number for each collection box and spaces for the name of the collector, event covered and date. These should all be completed and attached to the collection box before the collection begins.
5. If the collection covers more than one day the boxes must be kept in a secure location overnight, preferably the Finance Office.
6. At the end of the collection all the boxes must be opened by the Student Council as a group, not individually.
7. There should be a minimum of three students when the seals are broken and the boxes opened.
8. The money should then be counted by the Student Council and taken to the Finance Office for banking into the Student Council Main Account.
9. Any request for payment to the nominated charity should be made to the Finance Section and be entered into the Student Council minutes.
10. A record of all charity bankings and payments will be maintained by the Finance Department.

RISK APPETITE

In the College's Risk Management Policy the Governing Body's role and approach to risk and risk management is outlined.

Extract from the Risk Management Policy:

1. Underlying Approach to Risk Management

The following key principles outline the College's approach to risk management and internal control:

- a. The board of Governors has responsibility for overseeing risk management within the College as a whole.
- b. An open and receptive approach to solving risk problems is adopted by the board of Governors.
- c. The Senior Management Team support, advise and implement policies approved by the board of Governors.
- d. The College makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- e. All staff are responsible for encouraging good risk management practice within their designated managed area.
- f. Key risk indicators will be identified and closely monitored on a regular basis.

2. Role of the Board of Governors in relation to risk

The role of the board of Governors in the management of risk is to:

- a. Set the tone and influence the culture of risk management within the college, including:
 - Determining whether the college is risk taking or risk averse as a whole or on any relevant individual issue.
 - Determining what types of risk are acceptable and which are not, and the setting the standards and expectations of staff with respect to conduct and probity.
- b. Approve major decisions affecting the College's risk profile or exposure.

- c. Monitor the management of significant risks to reduce the likelihood of unwelcome surprises or impact.
- d. Satisfy itself that the low risks are being monitored and controlled effectively.
- e. Bi-annually reviews the College's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

The Risk Management Policy guides the College's approach to risk but does not define the College's appetite for risk.

It is part of the role of the Governing Body to determine where on the spectrum from "risk taking" to "risk averse" the College lies and they should establish how willing the College is to accept risk in relation to individual key activities and in summary.

There is inherent risk in any strategic decision the governing body may take where the outcomes are not certain and it is accepted that the more ambitious the plan is the higher the level of risk is that the College will not achieve its strategic objectives.

There is also inherent risk in some of the operational activities the College engages in – activities which add value to the student experience and, for these activities, the College operates a full risk assessment procedure.

Within the Risk Management process, all management and operational risks are graded according to their Impact, Likelihood and Financial Effect effectively implementing the over-arching risk appetite concepts that govern the College. The levels of Risk Appetite can be defined as:

High Risk Appetite – where the College engages in speculative or unconventional activities which, if unsuccessful, could result in the college failing to achieve its fundamental strategic aims.

Moderate Risk Appetite – where the College strategically chooses to engage in ambitious activities which, if unsuccessful, could impact the College's ability to achieve its strategic aims.

Low Risk Appetite – where the College occasionally engages in activities which, if unsuccessful, could impact the College's ability to achieve its strategic aims but this engagement is on a reactive rather than a strategic basis.

Assessment

As the College is a proactive organisation with a strong reputation and a sound financial base it is considered that the acceptable level of risk appetite to be used as a guiding principle in the Governance and Management of the College would be **Moderate**. This reflects the Governing Body's willingness to pursue ambitious development plans as long as any associated risks are assessed and suitable control measures are implemented.

BRIBERY AND CORRUPT PRACTICES

The College's Governing Body, Principal and Senior Management team are all committed to ensuring the College is not involved in any bribery or corrupt practices and have a zero tolerance approach to bribery and corrupt practices.

The ethos of the College and its dedication to its core values of Respect, Excellence and High Aspirations, Support, Inclusion, Integrity, Global Citizenship and Enthusiasm underpin this commitment.

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 person or organisation, wherever they are situated, and irrespective of whether or not they are a public official/body or private person or company, by 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 hospitality undertaken in connection with the College's activities, provided the activity is customary under the circumstances, is proportionate, and is 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 either directly to Senior Management or through the Whistle Blowing Procedures in Appendix E.

The College will perform a risk assessment to determine those areas where the College may be potentially exposed to bribery or corrupt practices. This risk assessment will consider internal and external risk areas. Proportionate policies and procedures will be developed and implemented to mitigate any risks highlighted. Training will be given on these policies and procedures to any staff members in an "at risk" area.

The College's internal audit service will be tasked periodically with assessing the arrangements and controls to detect and prevent bribery and corrupt practices.

Finance Regulations

Update List

- 1) Passed by Full Board December 2008
- 2) Appendix L, Student Council Procedures added March 2009
- 3) Index added March 2009
- 4) Updated and passed by Full Board July 2010
- 5) Updated and passed by Full Board July 2011

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