

# Financial Regulations – TEN Group

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## DEFINITION OF ACRONYMS

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AC	Academy Council
AAN	Attleborough Academy Norfolk
BACS	Bankers' Automated Clearing System
CAN	City Academy Norwich
CCN	City College Norwich
CHAPS	Clearing House Automated Payment System
CIPFA	Chartered Institute of Public Finance & Accountancy
CEO	Chief Executive Officer
DSS	Data Security Standard
EFA	Education Funding Agency
ESG	Educational Support Grant
EU	European Union
FAN	Fakenham Academy Norfolk
FE	Further Education
HEFCE	Higher Education Funding Council for England
HEI	Higher Education Institute
HESA	Higher Education Statistics Agency
IAS	Internal Audit Service
IIA	Institute of Internal Auditors
IT	Information Technology
MEAT	Most Economically Advantageous Tender
MP	Member of Parliament
NA	Norfolk Academies
NES	Norfolk Educational Services
NIC	National Insurance Contributions
OJEU	Official Journal of the European Union
PAN	Primary Account Number
PAYE	Pay as you earn
PCI	Payment Card Industry
TEN	Transforming Education in Norfolk
UTC	University Technical College
UTCN	University Technical College Norfolk
VAT	Value Added Tax
VFM	Value for Money
WAN	Wayland Academy Norfolk
WJAW	Wayland Junior Academy Watton

# A GENERAL PROVISIONS

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## 1 Background

The TEN Group was established in 2012, creating a family of educational providers in Norfolk who have agreed to work together with the shared goal of creating excellence in education in Norfolk. The Group's aim is to create a connected learning ecosystem which stretches students, drives up standards and outcomes, and prepares students for the next step in their education and/or work career.

Transforming Education in Norfolk (TEN) is the parent company of the Group and a registered charity (no. 1148753). Its Board of Trustees provide the strategic vision and development of the Group, and the responsibility for the overview of the individual entities of the Group.

TEN, as a registered charity, and the educational providers in the Group as exempt charities regulated either by the Department for Education (academy trusts) or the Department for Business Innovation and Skills (college), are bound by the requirements of charity law and the procedures required by the Charity Commission. The educational providers of the Group are required to adhere to the conditions of their funding agreements with their respective funding bodies (Education Funding Agency, Skills Funding Agency etc.)

Additionally, as registered companies (excluding City College Norwich), the principles of governance in company law apply to all individual Boards. Account is also taken of the UK Corporate Governance code where relevant, as an aid in pursuing good practice in governance.

The Boards of the individual entities work closely with any appointed external and internal auditors in ensuring that the right framework is in place to help Directors, Academy Council Members and Trustees meet their statutory duties and relevant regulatory regimes, as well as recognise and promote good practice.

## 2 Status of Financial Regulations

- 2.1** This document sets out the Group's financial regulations. It translates into practical guidance the Group's broad policies relating to financial control. This document was approved by the TEN Board of Trustees. It applies to the Group and all entities within the Group.
- 2.2** These financial regulations are subordinate to the TEN Group's Articles of Association and to any restrictions contained within entity funding agreements with the funding bodies, and their guidance to entities.
- 2.3** The purpose of these financial regulations is to provide control over the totality of the Group's resources and provide Trustees, Academy Council Members, Directors and management with assurances that the resources are being properly applied for the achievement of the Group's strategic plan and business objectives on a sustainable basis, including:
  - maintaining financial sustainability

- achieving value for money
- fulfilling its responsibility for the provision of effective financial controls over the use of public funds
- ensuring that the Group complies with all relevant legislation
- safeguarding the assets of the Group.

**2.4** Compliance with the financial regulations is compulsory for all staff in the Group. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under each entity's disciplinary policy. Any such breach will be notified to the relevant Board. It is the responsibility of Principals and the Managing Director to ensure that their staff are made aware of the existence, and content, of the Group's financial regulations.

**2.5** The TEN Group is responsible for maintaining a continuous review of the financial regulations. In reference to the Academies Financial Handbook<sup>2</sup> the responsibilities of the Principal Financial Officer for all entities is delegated to the Finance Director, Norfolk Educational Services (NES), a subsidiary company formed to provide support services for all Group entities. He advises the TEN Board of Trustees of any additions or changes necessary.

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<sup>2</sup> Section 2.1.7, 2013  
Financial Regulations

## B CORPORATE GOVERNANCE

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### 4 Group Governance Structure

#### 4.1 Introduction

Transforming Education in Norfolk (TEN) is a registered charity acting as the holding company for the Group, with a Board of Trustees providing the strategic vision and development of the Group. Its scheme of delegation is provided in Appendix A.

The educational providers in the Group consist of:

- Norfolk Academies (NA), a multi academy trust (a company limited by guarantee) managed by a Board of Directors, is responsible for all academies (including Wayland Academy Norfolk (WAN), Fakenham Academy Norfolk (FAN), Attleborough Academy Norfolk (AAN) and Wayland Junior Academy Watton (WJAW) . Individual academies have an Academy Council (AC) in place, which collectively act in an advisory capacity to the Norfolk Academies Board. NA is an exempt charity regulated by the Department for Education.
- City Academy Norwich (CAN), an academy trust (a company limited by guarantee), managed by Academy Council Members. CAN is an exempt charity regulated by the Department for Education.
- University Technical College Norfolk (UTCN; registered company name Norfolk UTC) an academy trust (a company limited by guarantee) managed by Academy Council Members. UTCN is an exempt charity regulated by the Department for Education.
- City College Norwich (CCN), a further education corporation, managed by Academy Council Members. CCN is an exempt charity regulated by the Department for Business Innovation & Skills.

In addition to the educational providers, the Group consists of:

- Norfolk Educational Services Ltd (NES), a company limited by shares, providing shared services within the Group, and managed by a Board of Directors. There are two shareholders of the company, TEN and CCN.
- TEN Commercial Services Ltd, a company limited by shares, providing services for customers outside of the Group, and managed by a Board of Directors. There is one shareholder of the company, TEN.

Under the constitutions of all the above members of the Group, TEN as the parent company of the Group, has the effective right to appoint the majority of Directors / Academy Council Members to the Boards of the individual entities.

#### 4.2 The Individual Boards

The boards of each entity listed above are responsible for the strategic direction and management of the entity including:

- policy development and strategic implementation including target setting
- agreeing policies for the sound management and administration of the academy
- allocating financial, human and other resources
- setting performance targets
- agreeing a development plan (often called the improvement plan)

- producing a scheme of delegation for the management of the entity
- ensuring compliance with legal requirements
- ensuring sound management of the entity's finances and resources
- setting the entity's standards of conduct and values
- holding the Principals to account for the performance of the educational entity
- establishing and maintaining a transparent system of prudent and effective internal controls
- accounting to parents/careers and other stakeholders for the performance of the academy
- approving the entity's internal and external auditors, and their remuneration, their reappointment or removal in line with TEN Group policy

## 5 Accountable Officer

5.1 For City Academy Norwich and University Technical College Norfolk, the Principal is designated by the funding agreement as the Accounting Officer and is responsible for the financial and administrative matters of the entity. For Norfolk Academies Trust the Chief Executive Officer is designated as the Accounting Officer. As Accounting Officer, the Principal<sup>3</sup>/CEO is responsible to their entity Board and through that to the Secretary of State for:

- ensuring regularity and propriety
- ensuring prudent and economical administration
- avoiding waste and extravagance
- securing value for money through the efficient, effective and economical use of available resources
- the day-to-day organisation, staffing and management of the academy/academies.

For CCN, the Principal is the entity's designated Accounting Officer and is responsible for ensuring the financial administration of the entity's affairs in accordance with the financial memorandum with the funding body. As the designated officer, the Principal may be required to justify any of the entity's financial matters to the Public Accounts Committee at the House of Commons.

In particular, the articles of government 3.(2).(c) charge the Principal 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 Chair shall demonstrate -their oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements, and the financial forecasts submitted to the funding body.

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<sup>3</sup> For 'Principal' read 'Principal/Managing Director NES'  
Financial Regulations

## 6 Delegated Responsibilities

**6.1** Each entity Board has ultimate responsibility for the entity's finances, but may delegate specific powers and processes to the committees detailed below. These committees are accountable to the relevant Board. The committee responsibilities of each entity, where relevant, is included at Appendix B.

### **6.2 Business Committees**

The Boards of the following entities have established Business Committees:

- Norfolk Academies
- City College Norwich
- City Academy Norwich

The delegated responsibilities of these Business Committees, along with their membership, may be found in the terms of reference for Business Committees found in Appendix B. Generally, the committees are delegated responsibility for the monitoring of an entity's financial position and financial control systems, including all aspects of resource expenditure.

### **6.3 Audit Committees**

The Boards of the following entities have established Audit Committees:

- Norfolk Academies
- City College Norwich
- Norfolk Educational Services Limited
- University Technical College Norfolk

Audit Committees are established in accordance with funding body and statutory requirements. The audit requirements for academies are set out in the Education Funding Agency's *Academies Financial Handbook*. The audit requirements for the City College are set out in the *Joint Audit Code of Practice* issued by the Skills Funding Agency and the Education Funding Agency.

The delegated responsibilities of these Audit Committees, along with their membership, may be found in the terms of reference for Audit Committees found in Appendix B

The committees are responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance, as well as securing assurance that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The committees have a role in reviewing an entity's systems of internal control and risk management.

## 7 Other Senior Managers with Financial Responsibility

### **7.1 Chief Financial Officer/Principal Finance Officer<sup>4</sup>**

The Director of Finance, NES, is designated to carry out the duties of this role on behalf of the Group. Day-to-day financial administration is controlled by the Chief Financial Officer who is responsible to the relevant Accounting Officer for:

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<sup>4</sup> The Director of Finance, NES assumes the role of Chief Financial Officer and Principal Finance Officer in these regulations

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information and monitoring of expenditure against budgets and all financial operations
- preparing the Group's annual accounts and other financial statements and accounts which all entities are required to submit to other authorities
- ensuring that the Group 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 finance department's organisational structure.

## **7.2 Heads of Entities**

The Principals are responsible to the individual entity boards for financial management for the areas or activities they control. The Principals are line managed by the TEN CEO for consistency of approach and day-to-day operations. They are advised by the Chief Financial Officer in executing their financial duties. The Chief Financial Officer will also supervise and approve the financial systems operating within the Group including the form in which accounts and financial records are kept. Principals are responsible for establishing and maintaining clear lines of responsibility within their organisations for all financial matters.

Where resources are devolved to budget holders, they are accountable to their Principals for their own budget.

Principals shall provide the Chief Financial Officer with such information as may be required to enable:

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

## **7.3 All members of staff**

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

They should ensure that they are aware of the Group's financial authority limits (see 20.2) and the values of purchases for which quotations and tenders are required (see 20.6).

They shall make available any relevant records or information to the Chief Financial Officer, or their authorised representative, in connection with the implementation of the Group's financial policies, these financial regulations and the system of financial control.

They shall provide the Chief Financial Officer with such financial and other information as he may deem necessary, from time to time, to carry out the requirements of the TEN Board, or any governing body.

They shall immediately notify the Chief Financial Officer whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the Group. The Chief Financial Officer shall take such steps as he considers necessary by way of investigation and report.

## 8 Risk Management

- 8.1** Risk management can be defined as '*coordinated activities to direct and control an organisation with regard to risk*'.<sup>5</sup> The Group acknowledges the risks inherent in its business, and is committed to managing those risks which pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable by the Group will be set out in a separate risk management strategy.
- 8.2** The TEN Board has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the Group through the development, implementation and embedding within the organisation of a formal, structured risk management process.
- 8.3** In line with this policy, the TEN Board requires that the risk management strategy and supporting procedures include:
- the adoption of common terminology in relation to the definition of risk and risk management
  - the establishment of Group-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis
  - a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes (see above)
  - a decision on the level of risk to be covered by insurance (see 24.1)
  - detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
  - development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question
  - regular reporting to the TEN Board of all risks above established tolerance levels
  - regular reporting to the Board of each entity of the latest risk register for that entity
  - an annual review of the implementation of risk management arrangements; and
  - the capability for independent verification.

Further details are contained in the TEN Group Risk Management Policy.

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<sup>5</sup> BS ISO 31000:2009 *Risk Management: Principles and Guidelines* (BSI).  
Financial Regulations

## 9 Whistleblowing

- 9.1** Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party, see Appendix E) 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 or breach of the financial regulations 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.
- 9.2** Normally, any concern about a workplace matter at a member entity should be raised with the relevant member of staff's immediate line manager or head of department. However, the Group recognises that because of the seriousness or sensitivity of some issues, together with the knowledge of whom the member of staff thinks may be involved, may make this difficult or impossible.
- 9.3** The full procedure for whistleblowing (including who to make referrals to) is set out in the Group's separate whistleblowing policy, which is available through Blackboard -> NES Portal -> Ten Group Policies -> Governance, or via the Human Resources department. Further details are available:
- Public Interest Disclosure Act are set out at Appendix E
  - TEN Group Anti-bribery Policy and Procedure – Appendix G
  - Fraud policy statement, procedure and response plan – Appendix K

## 10 Code of Conduct

- 10.1** The TEN Group 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 governing body members and members of staff at all levels are expected to observe. These principles are set out at Appendix F. In addition, the Group expects that staff at all levels will observe its code of conduct,<sup>6</sup> contained in its detailed financial procedures, which covers:
- probity and propriety
  - selflessness, objectivity and honesty
  - relationships

All entity Board members with the exception of the Board of Norfolk Educational Services, in addition to being Directors / Academy Council Members, are also charity trustees and as such are subject to obligations imposed by charity law. Their dual role may introduce potential conflicts of interest which they will need to manage appropriately.

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<sup>6</sup> For further information, see *The Good Governance Standard for Public Service Organisations* (CIPFA/OPM, 2004).

**10.2** Additionally, members of the entity Boards, governing bodies, senior management or those involved in procurement are required to disclose interests in the entities' register of interests maintained by the Company Secretary (or other designated officer). They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.

**10.3** In particular, no person shall be a signatory to an entity contract where he/she also has an interest in the activities of the other party.

**10.4 Receiving gifts or hospitality**

The Bribery Act 2010 introduced new offences for acts of bribery by individuals, or persons associated with relevant organisations. The penalties are severe for any employee convicted under the Act, which could mean a criminal record with ten years' imprisonment and unlimited fines. The Group's anti-bribery policy statement can be found on the Group's webpages.

The guiding principles to be followed by all members of staff must be:

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

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

When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the CEO, Principal, Company Secretary or the Chief Financial Officer. Guidance on acceptable hospitality is contained in the detailed financial procedures. For the protection of those involved, the Company Secretary (or other designated officer) will maintain a register of gifts and hospitality received where the value is in excess of £100. Members of staff in receipt of such gifts or hospitality are obliged to notify the Company Secretary (or other designated officer) promptly.

## **C FINANCIAL MANAGEMENT AND CONTROL**

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### **11 Financial Planning**

**11.1** The Chief Financial Officer is responsible for preparing rolling two-year financial plan each year, for approval by the Group Board, the Board of each entity, and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans approved by the TEN Group Board.

**11.2 Budget objectives**

The Boards will, from time to time, set budget objectives for each entity. These will help the Chief Financial Officer in preparing his/her more detailed financial plans for each entity.

**11.3 Resource allocation**

Resources are allocated annually by each Board on the basis of the above objectives. Principals are responsible for the economic, effective and efficient use of resources allocated to them.

**11.4 Budget preparation**

The Chief Financial Officer is responsible for preparing an annual revenue budget each year and capital programme for consideration by the Business Committees (if relevant) before submission to each Board. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Chief Financial Officer must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to each Principal as soon as possible following their approval by the relevant Boards.

**11.5 Capital programmes**

The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or reserves, for inclusion in the Group's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the relevant Board, in conjunction with the approved delegation of authority in Appendix H.

The Chief Financial Officer will establish protocols for the inclusion of capital projects in the capital programme for approval by the TEN Board. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. They are summarised at Appendix H and are shown in more detail in the financial procedures.

The Chief Financial Officer will also establish procedures for the approval of variations, including the notification of large variations to the funding body, as laid down in funding body guidelines.

The Chief Financial Officer is responsible for providing regular statements concerning all capital expenditure to Business Committees (if relevant) for monitoring purposes.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Business Committee (if relevant) 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.

#### **11.6 Other major developments including overseas activity**

Any new aspect of business, or proposed establishment of a company or joint venture or overseas activity, which will require an investment in buildings, resources or staff time must be submitted to the relevant entity Board for approval; and where such an investment is of more than £250,000 (where annual turnover is less than £20 million – the Academies) or £500,000 (where annual turnover is greater than £20 million – the College) must be presented to the TEN Board, after consideration by the relevant entity. Each entity must have due regard to the relevant guidelines issued by the funding bodies.

The Chief Financial Officer will establish protocols for these major developments to enable them to be considered for approval by each Board. These will set out the information that is required for each proposed development including a business plan, using a risk based approach and covering risk and accountability issues, as well as the financial criteria that they are required to meet. They are summarised at Appendix I and are shown in more detail in the financial procedures.

## **12 Financial Control**

### **12.1 Budgetary control**

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

Significant departures from agreed budgetary targets must be reported immediately to the Chief Financial Officer by the Principal concerned and, if necessary, corrective action taken.

### **12.2 Financial information**

The budget holders are assisted in their duties by management information provided by the Chief Financial Officer. The types of management information available to the different levels of management are described in the detailed financial procedures, together with the timing at which they can be expected.

The Chief Financial Officer is responsible for supplying budgetary reports on all aspects of each entity's finances subject to any specific requirements of the

funding body. These reports are presented to the relevant Board, which has overall responsibility for each entity's finances.

#### **12.4 Virement**

Where a budget holder is responsible for more than one budget, virement is permitted for non-pay expenses with the written approval of the Principal.

Virement between budgets held by different budget holders for non-pay expenses is permitted with the written approval of the transferring budget holder and the Principal.

The Chief Financial Officer is responsible for submitting requests for virement of resources/manpower above total budgeted manpower, to the relevant Board for approval.

### **13 Accounting Arrangements**

#### **13.1 Financial year**

The TEN Group's financial year will run from 1 September until 31 August the following year for all entities, with the exception of City College, Norwich, which will run from 1 August until 31 July the following year.

#### **13.2 Basis of accounting**

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

#### **13.3 Format of the financial statements**

The financial statements for the academies are prepared in accordance with *the Academies Accounts Direction*, subject to any specific requirements of the funding body, and in accordance with the provisions of the Companies Act legislation.

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

The financial statements for NES are prepared in accordance with applicable law (primarily the Companies Act) and UK Accounting Standards (UK GAAP).

#### **13.4 Capitalisation and depreciation**

Capital Expenditure is defined as expenditure on the acquisition of a fixed asset, i.e. one which bestows benefits to the entity and the services it provides for a period exceeding one year, and in which the entity retains a vested interest.

For business case and capital expenditure authorisation levels, please see the Scheme of Delegation in Appendix A. As a general guide, all business cases should include:

- the proposal has been considered in any appropriate wider context;
- the financing of the proposal has been agreed and any related borrowing arrangements are in accordance with the Group's financial memorandum with the appropriate funding body;
- the acquisition is affordable, in the context of the Group's financial plans;
- the acquisition represents value for money for the Group.

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

Assets, other than land or buildings, valued over £1,000 are capitalised and recognised at the cost or value of the acquisition where the cost or valuation is reasonably obtainable. All computer equipment is capitalized regardless of cost.

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

Expenditure incurred on the acquisition of assets (other than land and buildings) will be recorded in the balance sheet where the acquisition cost per item is £1,000 or more. Depreciation rates applicable to entity assets will be determined on the recommendation of the Chief Financial Officer by individual Boards, or the Audit Committees where appropriate.

Appendix H details a summary of protocols for capital expenditure.

### **13.5 Accounting records**

The Chief Financial Officer is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities.

Prime documents include:

- official purchase orders
- paid invoices
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- payroll records including part-time teachers/lecturers' contracts.
- signed grant agreements
- supplier contracts

The Chief Financial Officer will make appropriate arrangements for the retention of electronic records.

The Group is required by law to retain prime documents for six years. Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder. Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations.

### **13.6 Public access**

Under the terms of the financial memorandum/funding agreement, each Board is required to supply any person with a copy of the entity's most recent financial statements within two months of a request. The Freedom of Information Act enables the Board to levy a reasonable fee and this will be charged at the discretion of the Chief Financial Officer. Each entity is required to publish its audited accounts (and VFM statement where relevant) on its website in accordance with sector guidance. The Board may determine that certain financial information be excluded from inspection, on the grounds of commercial confidentiality.

### **13.7 Taxation**

The Chief Financial Officer is responsible for advising the Principals on all taxation issues, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to each entity. Therefore the Chief Financial Officer will issue instructions to entities on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, corporation tax and import duty.

The Chief Financial Officer is responsible for maintaining the Group's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

## **14 Audit Requirements**

### **14.1 General**

External auditors and internal auditors shall have authority to:

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

The Chief Financial Officer is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

The financial statements should be reviewed by the Audit Committee, as appropriate, and then will be submitted to each Board for approval.

#### **14.2 External audit**

The external auditors should be reappointed annually by the TEN Group Board. The TEN Board will be advised by the Chief Financial Officer, who will take direction from entity Audit Committees. It is good practice for a competitive tendering exercise to be held at regular intervals, at least every five years.

The primary role of external audit is to report on the Group's financial statements and to carry out such examination of the individual entities' 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:

- *Academies Financial Handbook*
- *Joint Audit Code of Practice*, and
- the Auditing Practices Board's statements of auditing standards.

#### **14.3 Internal audit<sup>7</sup>**

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

The internal audit service remains independent in its planning and operation but has direct access to each entity Board, the Principals and the chair of the Audit Committees (where relevant).

Further details of the responsibilities of internal audit, are found in Appendix J.

#### **14.4 Fraud and corruption**

It is the duty of all members of staff, management and each Board to notify the Chief Financial Officer immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. For further detail please see the Group's fraud policy statement, procedure and response plan - all included at Appendix K (I-IV).

#### **14.5 Value for money**

The Board of each entity is responsible for securing value for money from public funds. The Boards should keep under review their arrangements for managing all the resources under their control, taking into account guidance on good practice issued from time to time by the funding body, the regulatory agency,

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<sup>7</sup> Although there is not a specific requirement for academies or colleges to appoint an internal auditor, the *Academies Financial Handbook* requires that academies have an effective process for independent checking of financial controls, transactions and risks.

the National Audit Office, the Public Accounts Committee, or other bodies relevant to each entity.

#### **14.6 Other auditors**

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

## **15 Treasury Management**

### **15.1 Treasury management policy**

The Group is responsible for approving a treasury management policy statement (based on CIPFA's *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes* and sector-specific guidance) setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with funding body rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Group CEO has a responsibility to ensure implementation, monitoring and review of such policies.

The Business Committee (where appropriate) or the Board of each entity will receive reports on its treasury management procedures, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year and an annual report after its close.

The Board delegates responsibility for the implementation and monitoring of its treasury management policy and procedures to the relevant Business Committee and if there is not a Business Committee, the Board of the relevant entity, and for the execution and administration of treasury management decisions to the Chief Financial Officer, who will act in accordance with TEN Group policy, procedures and values.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Chief Financial Officer. All borrowing shall be undertaken in the name of the relevant entity and shall conform to any relevant funding body requirements. The Chief Financial Officer and his staff are required to act in accordance with CIPFA's code of practice.

The Chief Financial Officer will report annually to the Group Board on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him.

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

The TEN Board is responsible for the appointment of the Group's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Chief Financial Officer, with advice from the NES

Audit Committee. The appointment shall be for a specified period, after which consideration shall be given by the NES Audit Committee to competitively tendering the service.

### **15.3 Banking arrangements**

The Chief Financial Officer is responsible, for liaising with the Group's bankers in relation to all entities' bank accounts.

Only the Chief Financial Officer (or delegated authority) may open or close a bank account for dealing with each entity's funds. All bank accounts shall be in the name of the entity or one of its subsidiary companies.

All automated transfers on behalf of the entity, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Chief Financial Officer. Details of authorised persons and limits shall be provided for in the Group's detailed financial procedures (see 20.2).

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

Banking arrangements for the Group will be reviewed periodically by the relevant Boards, or Business Committees (where relevant).

TEN Group members (through the Chief Financial Officer) are allowed to invest funds with the following UK-based banking groups and their subsidiaries:

- Lloyds Banking Group;
  - Barclays;
  - HSBC; and
  - The Royal Bank of Scotland Group,
- as well as in AAA-rated money market funds (e.g. Aberdeen Global Liquidity Funds plc – Aberdeen Sterling Liquidity Fund).

TEN Group currently places most of its funds with Lloyds Bank and Scottish Widows Bank.

The Group's bank mandate, and any amendments, the number and purpose of accounts must be approved by the TEN Group Board.

The Chief Financial Officer is responsible for ensuring that authorisation powers within the bank mandate are appropriate to the Group's circumstances.

Intergroup loan arrangements must be formalized by the Chief Financial Officer, and submitted to each relevant Board for approval.

## **Norfolk Academies local accounts – optimal cash balances**

Optimal balance means a position when the cash balance amount in the local account is the most ideal proportion so that the company has the ability to transfer the excess cash for a return and at the same time has sufficient liquidity for the immediate needs.

Most of the grant funding and all electronic suppliers payments and payroll payments for all the entities within Norfolk Academies are paid to/from the main Norfolk Academies account.

Each academy (WAN, FAN, AAN & WJAW) also have a local current account which is used for some cheque payments and income receipts of the individual academies.

To make sure that the balances at the local accounts are not excessive and to ensure that sufficient funds are available in the main account the cash balances are managed as follows:

- When a cash balance at a local account reaches £50,000 any balance over £30,000 will be transferred to Norfolk Academies main account.
- If the balance of the local account falls under £10,000 it will be topped up from the main Norfolk Academies to the level of £30,000.

## **16 Income**

### **16.1 General**

The Chief Financial Officer is responsible for ensuring that appropriate procedures are in operation to enable the entity 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 Chief Financial Officer.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Business Committee (where relevant), and are approved by the relevant Board.

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

The Chief Financial Officer is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in each entity's accounts.

The Chief Financial Officer, once advised by a Principal, is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

#### **16.2 Maximisation of income**

It is the responsibility of all staff to ensure that revenue to each entity 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 Chief Financial Officer of sums due so that collection can be initiated.

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

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

All monies received must be paid to the cashier's department (College) / local Finance Assistant (Academies) promptly, and in accordance with a timetable prescribed by the Chief Financial Officer and set out in financial procedures. The custody and transit of all monies received must comply with the requirements of the entity's insurers.

All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenses or be paid into a petty cash float (unless expressly approved by the CFO). Personal or other cheques must not be cashed out of money received on behalf of the entity.

#### **Receipts by credit or debit card**

The College can receive payments by debit or credit card over the telephone or cash office counter using merchant terminals provided by the entity's banker.

These terminals support primary account number (PAN) truncation where the card number is partially obscured on the customer receipt. A copy of the receipt should be retained to support evidence of payment.

In operating this facility, the entity is bound to the Payment Card Industry Data Security Standard (PCI DSS), which is designed to ensure cardholder information is stored, processed and transmitted securely.

The Chief Financial Officer is responsible for ensuring the entity maintains PCI DSS compliance, which is monitored by the bank's merchant services unit.

#### **Internet receipts**

Entities may offer an online payment facility to students for secure payment of catering/tuition fees/other costs associated with their studies and to the general public for some other types of service.

Access is via secure login through the entity portal or approved in-house website. Once a successful payment has been made, a receipt will be generated electronically to the email address specified when lodging the cardholder details. The receipt should be retained to support evidence of payment.

In operating this facility the entity is subject to continuous risk assessment and annual review by the external service provider. Where these facilities are used outside the finance office, it is the head of school's/service director's responsibility to ensure all terms of use are complied with.

#### **16.4 Collection of debts**

The Chief Financial Officer should ensure that:

- debtors invoices are raised promptly on official invoices (once notified by the Accounting Officer or other authorized staff), in respect of all income due to the entity
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account
- invoices will be addressed to the appropriate individual/company/entity for whom the booking/order/service has been directly delivered. Invoices will not be raised 'Care of' i.e. addressed to a different individual/company/entity from that which directly made the booking/order/service.
- any credits granted are valid, properly authorised and completely recorded
- VAT is correctly charged where appropriate, and accounted for
- monies received are posted to the correct debtors account
- swift and effective action is taken to collect overdue debts, in accordance with the protocols noted in the financial procedures
- outstanding debts are monitored and reports prepared for management.

Only the Chief Financial Officer can implement credit arrangements and indicate the periods in which different types of invoice must be paid. These must be approved by the Business Committee where relevant. Any subsequent changes must be submitted to the Business Committee for approval.

Requests to write off debts in excess of £5000 must be referred in writing to the Chief Financial Officer for submission to the relevant Business Committee for consideration. Debts below this level may be written off with the permission of the Chief Financial Officer and Principal.

#### **16.5 Student fees**

The level and structure of tuition fees and charges, together with all discretionary fee waivers and refund policies must be approved by each entity's Board, following detailed consideration by the Business Committee (where one exists).

The procedures for collecting tuition must be approved by the Chief Financial Officer. He is responsible for ensuring that all student fees due to the entity are received.

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

#### **16.6 Refunds**

The entity seeks to minimise the opportunities for money laundering in accordance with the Money Laundering Regulations 2007. Where refunds are required, they should be made to the original payer and follow the method by which the money was received. For further information see the entity's policy on bribery and money laundering.

#### **16.7 Student loans**

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

#### **16.8 Emergency/hardship loans**

Each relevant entity's scheme for emergency/hardship loans must be approved by the relevant Board. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made other than in accordance with the approved scheme.

The Chief Financial Officer is responsible for ensuring the adequacy of the systems in place for:

- approving loans in accordance with the scheme
- paying loans that have been approved
- recovering loans that have been paid.

## 18 Other Income-generating Activity

### 18.1 Private consultancies and other paid work

The term 'research grant' is restricted to research projects funded by the UK research councils, charities and the higher education funding bodies.

All other externally financed research projects are classified as 'research contracts'.

Where approaches are to be made to outside bodies for support for research projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the Principal to ensure that the financial implications have been appraised by the Chief Financial Officer. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

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

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

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

### 18.2 Short courses and services rendered

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

Any staff wishing to run a short course must have the permission of his or her head of department. The course organiser will be responsible to the head of department for day-to-day management of the course.

The term 'services rendered' includes testing and analysis of materials, components, processes and other laboratory services or the use of existing facilities in order to gain additional information.

### **18.3 Collaborative provision including franchising**

Any contract or arrangement whereby the entity provides education to students away from entity premises, or with the assistance of persons other than the entity's own staff or with independent contractors (partner organisations), must be subject to the following procedure.

There shall be a contract signed by the Principal, and on behalf of any partner organisation, that shall comply with the funding body model contract (as amended from time to time) in place before any provision is made. Contracts for significant changes in franchising activity shall be approved in advance by the relevant Board.

The form of the contract shall be scrutinised in advance of its operation by the Audit Committee and approved by the Business Committee or the Board.

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

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

### **18.4 European Union and other 'match funding'**

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

Individual applications for funds in excess of £100,000 shall be the subject of a report by the Principal to the relevant Board which will set out, among other things, the potential risks generated by the project.

If the entity sub-contracts such work to external providers, the relevant Principal shall ensure that:

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

### **18.5 Profitability and recovery of overheads**

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

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

### **18.6 Deficits**

Any unplanned deficits incurred on other income-generating activities will be a charge to departmental funds.

### **18.7 Additional contributions to departments**

Distribution of profits on other income-generating activity between central funds of each entity and individual departments will be in accordance with the policy approved by the Chief Financial Officer.

## **19 Intellectual Property Rights and Patents**

### **19.1 General**

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

### **19.2 Patents**

The Chief Financial Officer, following notification from the entity Principal, is responsible for establishing procedures to deal with any patents accruing to the entity from inventions and discoveries made by staff in the course of their research.

### **19.3 Intellectual property rights**

In the event of an entity deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the Group and contained in the Group's detailed financial procedures.

## **20 Expenditure**

### **20.1 General**

The Chief Financial Officer is responsible for making payments to suppliers of goods and services to entities.

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

The Accounting Officer of each entity is responsible for purchases within

their entity. Purchasing authority may be delegated to named individuals within department. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.

The Chief Financial Officer shall maintain a register of authorised signatories and Principals must supply him with specimen signatures of those authorised to certify invoices for payment (for paper-based systems).

Under procedures agreed by the Chief Financial Officer, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits (for both manual and electronic systems). Requisitioners and authorisers will be set up on the electronic systems (e-bis in the College) following notification and authorisation from the relevant Principal.

Any changes to the authorities to commit expenditure must be notified to the Chief Financial Officer immediately.

Principals and budget holders are not authorised to commit the relevant entity to expenditure without ensuring that there are sufficient funds to meet the purchase cost.

The member of staff (or budget holder) authorising the invoice for payment must be different from the member of staff responsible for signing/raising the purchase order form. There must also be segregation of duties between those ordering and goods receipting/confirming services rendered.

See Appendix A for the Scheme of Delegation including limits on expenditure approval.

### **20.3 Procurement**

The TEN Group requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the most economically advantageous price consistent with quality, delivery requirements and sustainability and equality legislation, and in accordance with sound business practice, taking into account framework agreements as appropriate. Factors to be considered in determining the most economically advantageous price are noted in the financial procedures.

The procurement function is the responsibility of the Head of Procurement (reporting to the Director of Campus Services). It will:

- ensure that the Group's procurement policy is known and observed by all involved in purchasing for each entity within the Group.
- provide advice on matters of Group procurement policy and practice
- provide advice to and assist entities and departments where required on specific entity and departmental purchases
- develop appropriate standing supply arrangements on behalf of the Group to assist budget holders in meeting their value for money obligations
- draft and negotiate all large-scale purchase contracts (generally in excess

of £25,000) undertaken by each entity, in collaboration with the responsible department

- ensure that each entity complies with European Union regulations on public purchasing.

#### **20.4 Purchase orders**

The ordering of goods and services shall be in accordance with the Group's detailed financial procedures/procurement policy. Other than where an approved exception exists, official purchase orders must be placed for the purchase of all goods or services, except those made using purchasing cards, company credit cards or petty cash. In exceptional circumstances, urgent orders may be given orally but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day and the order will need approval from the Principal.

Approved Exception areas are:

- Utilities
- Examination fees
- IT Software licenses
- EBS / Copier Rentals
- Cleaning
- Security
- Catering (Caterlink and Hotel School)
- Grounds maintenance
- Telephony and data circuits
- Taxis
- ESG placements
- Campus Services Emergency Suppliers

It is the responsibility of the Chief Financial Officer (through the Group's Procurement Manager) to ensure that all purchase orders refer to the Group's conditions of contract (see 20.8 and Appendix L).

#### **20.5 Purchasing cards, credit and debit cards**

The operation and control of the Group's purchasing cards, credit and debit cards are the responsibility of the Chief Financial Officer. There will be appropriate oversight of the distribution of such cards and the associated card limits.

Holders of cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. All supporting receipts/documentation should be retained. Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet

the costs. The Chief Financial Officer shall determine what information is required on purchases made with cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained. There should be appropriate segregation of duties, with those reviewing and reconciling cards not holding and using those cards.

Details of the operation of the scheme are set out in the Group's financial procedures.

## **20.6 Tenders and quotations**

Heads of department and delegated budget holders must comply with the entity's tendering procedures contained in the entity's code of tendering practice, which are applicable as follows<sup>8</sup> (all references to values are amounts inclusive of VAT):

- under £1,000 – value for money must always be obtained and a record added to the finance system.
- from £1001 to £24,999 – the budget holder shall either obtain 3 written quotations where practicable or ensure value-for-money is demonstrated through use of a preferred supplier, sole supplier or framework agreement. A record must be added to the finance system. Instances of where it is not practicable to obtain 3 quotations would be emergency orders, the exceptions listed in para 20.4 and where it can be reasonably demonstrated that the market place cannot provide 3 quotations.
- £25000 – OJEU threshold – The Procurement Manager shall arrange for either i) a single stage competitive tendering process or ii) a framework competition.
- > OJEU threshold - The Procurement Manager shall arrange for either i) a competitive tendering process following one of the procedures defined within the Public Contracts Regulations or ii) a framework competition.
- the award of contracts over £25,000 shall be reported to the relevant audit/business committee (where applicable).

The main points covered by the Group's code of tendering practice are described at Appendix M and may be subject to special rules imposed by funding bodies.

## **20.7 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 can be entered into provided:

- it is conducted so as not to place the Group or any entity in breach of the Public Contracts Regulations
- it would not put other tenderers at a disadvantage
- it would not affect their confidence and trust in the entity's tendering process.

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<sup>8</sup> All reference to financial amounts is the total life value (not the annual value) of the procurement  
Financial Regulations

In each case a statement of justification should be approved by the relevant 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 Chief Financial Officer.

## **20.8 Contracts**

Building contracts are the responsibility of the Campus Services, NES and are administered by the entity's Director of Campus Services, NES.

Proposals will normally be initiated by the Director of Campus Services in respect of planned replacements, general improvement schemes, or space planning, or in response to requests from departments.

Consultants may be appointed if the project, as determined by the Business Committee, is too large or too specialised for Campus Services department resources. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Chief Financial Officer as appropriate for Business Committee consideration. Investment appraisals should comply with appropriate funding body guidance.

Following consideration by the Business Committee (where relevant), and approval by each Board, submissions should be forwarded to the funding body where appropriate. If 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.

Conditions of contract for the purchase of goods will be followed as described in the Group's detailed financial procedures. The main points are described at Appendix M.

## **20.9 EU regulations**

The Procurement Manager is responsible for advising the Group and entities of their obligation to comply with 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 Procurement Manager will advise Principals 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 Principals to ensure that their members of staff comply with EU regulations by notifying the Procurement Manager 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 OJEU.

The Procurement Manager is also required annually to submit to each funding body details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by Principals to the Procurement Manager.

#### **20.10 Receipt of goods**

All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

All goods and services received (other than those goods and services where an approved exception exists) shall be entered onto an appropriate goods received document or electronic receipting system on the day of receipt. If the goods or services are deemed to be unsatisfactory the record shall be marked accordingly and, in the case of goods, the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery the record should be marked accordingly and the supplier immediately notified.

All persons receiving goods on behalf of each entity must be independent of those who negotiated prices and terms and authorised the official order.

#### **20.11 Payment of invoices**

The procedures for making all payments shall be in a form specified by the Chief Financial Officer.

The Chief Financial Officer is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by computer cheques or BACS transfer. In exceptional circumstances the Chief Financial Officer will prepare cheques manually or organize same day electronic faster payment for urgent payments.

Principals 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 department.

Care must be taken to ensure that discounts receivable are obtained.

Payments will only be made by the Chief Financial Officer against invoices that can be matched to a receipted order or have been certified for payment by the appropriate Principal or budget holder.

Certification of an invoice or receipting of an electronic order 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
- where appropriate, it is matched to the order
- invoice details (quantity, price discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- where appropriate, an entry has been made on a stores record or departmental inventory
- 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.

#### **20.12 Staff reimbursement**

The Group'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 occasions, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 21.5).

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

#### **20.13 Petty cash**

Where a single item is for less than £20 it should be paid from departmental petty cash if possible. It must be supported by receipts or vouchers where available.

The Chief Financial Officer shall make available to departments such imprests as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

Requisitions for reimbursements must be sent to the Chief Financial Officer, together with appropriate receipts or vouchers, before the total amount held has been expended in order to retain a working balance pending receipt of the amount claimed.

Standard entity petty cash books are supplied by the Chief Financial Officer and must be used for recording all imprest accounts.

At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by the head of department.

#### **20.14 Other payments**

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Chief Financial Officer, supported by detailed claims approved by the Principal (as delegated).

Individual payments under 'outward collaborative provision' contracts shall be authorised by the Chief Financial Officer. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved under a scheme set out by the relevant business committee.

#### **20.15 Late payment rules**

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

- small 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 official daily rate of the Bank of England
- the Act also applies to overseas organisations
- the entity can be sued for non-payment.

In view of the penalties in this Act, all entities must ensure that invoices are passed for payment as soon as they are received and authorised.

#### **20.16 Project advances**

The Chief Financial Officer and the relevant Principal may jointly approve cash advances for projects carried out away from the entity where cash expenditure is unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or an entity credit card.

Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the project to which the advance relates, within one month a final account must be prepared by the project lead 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 still outstanding.

#### **20.17 Giving hospitality**

Staff entertaining guests from outside bodies at lunch time should normally use each entity's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement.

The limits concerning acceptable expenditure for entertaining guests are set out in the entity's detailed financial procedures.

It is an offence under section 7 of the Bribery Act 2010 for commercial organisations to fail to prevent persons associated with them from bribing another person on their behalf. The entity's anti-bribery policy statement can be found on each entity's website.<sup>9</sup>

#### **20.18 Telecoms**

The entity will reimburse staff for the cost of necessary business calls made from a private home phone or personal mobile in performance of employment duties (subject to the provision of supporting evidence).

The Group does not reimburse the cost of private line rental or broadband connections.

The Group provides mobile phones to a limited number of employees where there is a genuine business requirement to enable performance of employment duties. Rules on the permitted use of mobile phones are set out in a guideline issued by IT.

#### **20.19 Provision of clothing**

Where clothing is provided to employees whose duties require them to wear a uniform, which clothing must bear an institution logo pertaining to one of the TEN Group entities. The logo must be permanent and clearly identify the wearer as a member of staff.

#### **20.20 Payments to volunteers**

It is the responsibility of the Principals to ensure that payments made to volunteers are correctly administered. The entity allows two types of payment from an approved budget:

- reimbursement of actual travel costs when fully supported by receipts
- a small gift or thank you payment as long as it is clearly a token of appreciation, not compensation, and there is no sense that those goods, vouchers or cash are expected in advance.

## **21 Pay Expenditure**

### **21.1 Remuneration policy**

All staff in the Group will be appointed to the salary scales approved by the relevant Board and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources Department, NES.

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

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<sup>9</sup> See Appendix G to this guide.  
Financial Regulations

Salaries and other benefits for senior management will be determined by The TEN Board upon presentation by the TEN CEO.

## **21.2 Appointment of staff**

All contracts of service shall be concluded in accordance with the Group's approved human resources practices and procedures and all offers of employment within the Group shall be made in writing by the Director of Human Resources, NES. Budget holders shall ensure that the Chief Financial Officer and the Director of Human Resources are provided promptly with all the information they may require in connection with the appointment, resignation or dismissal of employees. See Appendix A for the schedule of authority on starter/leaver/amendment forms.

## **21.3 Salaries and wages**

The Chief Financial Officer is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All time sheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Chief Financial Officer. The Chief Financial Officer is also responsible for the timely disbursement of statutory and voluntary deductions from pay, together with employer national insurance and pension contributions, to appropriate third parties, and for maintaining appropriate records.

The Director of Human Resources, NES will be responsible for keeping the Chief Financial Officer informed of all matters relating to human resources for payroll purposes. In particular these include:

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

The Chief Financial Officer 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 Chief Financial Officer 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 Group's detailed payroll financial procedures and comply with HM Revenue & Customs regulations.

Staff should be aware that the entity could incur penalties for non-compliance with such regulations.<sup>10</sup>

The TEN Group may deduct from a member of staff's salary any sums due from them to TEN Group, including overpayments, loans or advances made or outstanding Bonding or Salary Sacrifice Agreements. In the event that TEN Group have made a payment to which the member of staff was not entitled, or it is more than that to which they were entitled, the TEN Group has the right to recover the overpayment by deductions from salary or other payments due to the member of staff. The member of staff will be consulted about the period over which the recover would occur and every reasonable effort made to reach an acceptable agreement on this. Failing this, however, the TEN Group shall be entitled to deduct on what it considers to be a reasonable basis. Staff are encouraged to check their payslips regularly to minimise the necessity to recover overpayments

#### **21.4 Superannuation schemes**

Whilst the TEN Group Board must agree any changes to pension schemes operating in the Group, or the management of their funds, each entity is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

The Chief Financial Officer, NES is responsible for day-to-day superannuation matters including:

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

The Human Resources Director is responsible for administering eligibility to pension arrangements and for informing the Chief Financial Officer when deductions should begin or cease for staff.

#### **21.5 Expenses and allowances**

Each entity has dispensation from HM Revenue & Customs to make payments to employees for certain specified items without deduction of income tax.

Reimbursement by each entity of expenditure not included in the dispensation is subject to the deduction of income tax and NIC before payment.

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<sup>10</sup> Where there are requests to make a one-off or occasional payment to sport referees or people delivering enrichment activities in a school or an academy, these individuals may present themselves as self-employed or just claiming a nominal fee. While it is good practice to ensure that the individual signs a statement to confirm that they are declaring their own taxation and national insurance, if appropriate, it remains the responsibility of the employer to ensure that the correct employment status is applied.

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

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Chief Financial Officer.

Claims by members of staff must be authorised by their Principals (or as appropriately delegated). The certification by the Principal shall be taken to mean that:

- the journeys were authorised
- the expenses were properly and necessarily incurred
- the allowances are properly payable by the entity
- consideration has been given to value for money in choosing the mode of transport.
- the most senior person on a Group visit has submitted the expense report

Arrangements for travel by the Principal or members of each governing body shall be approved by the chair of each relevant Board.

Arrangements for travel by the chair of each Board shall be approved by the Chief Executive of the TEN Group.

Arrangements for travel by the TEN Group CEO shall be approved by the Chairman of the TEN Group.

#### **21.6 Overseas travel**

All arrangements for overseas travel must be approved by the Principal in advance of committing the entity to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Principal or members of the Board shall be approved by the chair of the Board. Arrangements for travel by the chair shall be approved by the Business Committee.

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

Where the entity's equipment is taken overseas, appropriate arrangements for its security and insurance must be in place.

#### **21.7 School trips**

In academies, members of staff must ensure that charges/funds available for taking students on school trips cover the costs of those trips.

### **21.8 Allowances for members of the governing body**

Claims for members of each Board will be authorised by the Company Secretary. Claims for meeting attendance will be based on out-of-pocket expenses, but only reasonable expenses can be reimbursed.

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

Severance payments shall only be made in accordance with relevant legislation and funding body guidance and under a scheme approved by each Board through the Business Committee (where relevant) and where appropriate, the Human Resources Director, NES. Professional advice should be obtained where necessary. All such payments shall be authorised by the Principal and calculations checked by the Human Resources Director, NES and the Chief Financial Officer. Any individual amounts which do not fall within the parameters above or are in excess of £15,000 require approval by the TEN Board. In exceptional circumstances this approval may be given by the Human Resources Director in consultation with the CEO, TEN Group, to be reported to the next meeting of the TEN Board. Amounts paid should be declared in the financial statements.

For academies, where the staff severance/compensation payment exceeds the statutory contractual entitlement by more than £50,000, prior approval must be sought from the HM Treasury via the EFA, for the non-statutory/non-contractual element. Academies in this situation should contact the EFA at the earliest opportunity to discuss for the avoidance of doubt.

All matters referred to an industrial tribunal shall be notified to the Human Resources Director, NES and the relevant Board at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

### **21.10 Additional payments to staff**

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

## **22 Assets**

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

The purchase, lease or rent of land or building or fixed plant can only be undertaken with authority from each Board and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved.

### **22.2 Fixed asset register**

The Chief Financial Officer is responsible for maintaining the entity's register of land, buildings, plant and machinery, equipment, and fixtures and fittings. Principals will provide the Chief Financial Officer with any information he may need to maintain the register. Capitalised items must be uniquely identifiable and where possible/practicable labelled for security, Entity and maintenance

purposes. The Director of IT is responsible for ensuring that capitalised computer equipment is properly labelled, recorded and periodically checked and reconciled. Principals have similar responsibilities in respect of capital items under their control.

The Chief Financial Officer is responsible for the provision of regular fixed asset reports to TEN Board in order to ensure that fixed asset system records are up-to-date and accurate.

### **22.3 Inventories**

Principals are responsible for maintaining entity/department inventories, in a form prescribed by the Chief Financial Officer, for all plant, equipment, furniture and stores in their departments with a value in excess of £1,000. The inventory must include items donated or held on trust.

Inventories must be checked at least annually as described in the Group's detailed financial procedures and the Chief Financial Officer will publish a schedule for each financial year.

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

The Director of Campus Services, NES is responsible for maintaining a comprehensive database of properties used by the Group within which details of freehold and leasehold properties including leasing terms will be recorded. The information held will be sufficiently detailed to allow the verification [and authorisation] of rates payments, utility charges and miscellaneous charges for use.

### **22.4 Stocks and stores**

Principals are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their organisations. The systems used for stores accounting in organisations must have the approval of the Chief Financial Officer.

Principals 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.

Those Principals whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Chief Financial Officer, and that instructions to appropriate staff within their departments are issued in accordance with advice contained in each entity's detailed financial procedures.

### **22.5 Safeguarding assets**

Principals are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the

Chief Financial Officer 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 each entity shall, so far as is practical, be effectively marked to identify them as entity property.

#### **22.6 Personal use**

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

#### **22.7 Asset disposal**

Disposal of equipment and furniture must be in accordance with procedures agreed by the Chief Financial Officer and contained in the Group's detailed financial procedures.

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

All asset disposals should be authorized by the relevant Head of Department, Principal and the Chief Financial Officer prior to disposal. The rationale for the disposal plus the demonstration of best value, will need to be recorded.

#### **22.8 All other assets**

Principals are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the Group, whether tangible (such as stock – see above) or intangible (such as intellectual property – see paragraph 19), including electronic data.

### **23 Funds Held on Trust**

#### **23.1 General**

The Chief Financial Officer is responsible for ensuring that incoming funds are properly classified and designated as appropriate.

#### **23.2 Gifts, benefactions and donations**

The Chief Financial Officer is responsible for maintaining financial records in respect of gifts, benefactions and donations made to any member Entity and initiating claims for recovery of tax where appropriate.

#### **23.3 Student welfare and access funds**

The Chief Financial Officer will prescribe the format for recording the use of student welfare funds.

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

#### **23.4 Trust funds**

The Chief Financial Officer is responsible for maintaining a record of the requirements for each trust fund and for advising the Board on the control and investment of fund balances.

The Board is responsible for ensuring that all the Group's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

#### **23.5 Voluntary funds**

The Chief Financial Officer shall be informed of any fund, not being an official fund of the Group, which is controlled wholly or in part by a member of staff in relation to their function in the entity.

The accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body. The Chief Financial Officer shall be entitled to verify that this has been done.

#### **23.6 Donation of equity shares**

When shares are offered by a donor, the finance department is responsible for the same due diligence they would normally undertake for a donation of cash. In addition they should ensure:

- the donor is the rightful owner of the donated shares
- the company holding the shares complies with the Group's ethical policies.

At the time of the donation, the finance department should obtain in writing the purpose of the donation.

All share certificates should be held in the safe.

### **24 Other**

#### **24.1 Insurance**

The Chief Financial Officer is responsible for the Group's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy (see paragraphs 8.1 to 8.4), 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 such as fire, flood or vandalism and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the NES Audit Committee annually.

The Chief Financial Officer is responsible for effecting insurance cover as determined by the NES Audit Committee. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary

records. The Chief Financial Officer will keep a register of all insurances effected by the Group and the property and risks covered. He or she will also deal with the Group's insurers and advisers about specific insurance problems.

Principals must ensure that any agreements negotiated within their organisations with external bodies cover any legal liabilities to which the Group may be exposed. The Chief Financial Officer's advice should be sought to ensure that this is the case. Principals must give prompt notification to the Chief Financial Officer of any potential new risks, additional property and equipment that may require insurance and any alterations affecting existing risks. Principals must advise the Chief Financial Officer, immediately, of any event that may give rise to an insurance claim. The Chief Financial Officer will notify the Group's insurers and, if appropriate, prepare a claim in conjunction with the Principal for transmission to the insurers.

The Principal (as delegated to the Director of Campus Services, NES) are 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 an entity shall maintain appropriate insurance cover for business use.

#### **24.2 Companies, joint ventures and consortium arrangements (CCN only)**

In certain circumstances it may be advantageous to the entity to establish a company or a joint venture or consortium arrangement to undertake services on behalf of the entity. Any member of staff considering the use of such arrangements should first seek the advice of the Chief Financial Officer, who should have due regard to guidance issued by the funding body.

The CCN Board is responsible for ensuring that the required procedures are followed. The process involved in forming a company, joint venture or consortium and arrangements for monitoring and reporting on the activities of these undertakings are documented in the Group's financial procedures.

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

The directors of companies where the entity is the majority shareholder must submit, via the Audit Committee, an annual report to the CCN and Group Boards. They will also submit business plans or budgets as requested to enable the Audit Committee to assess the risk to the entity. The Group's internal and external auditors shall also be appointed to such companies.

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

### **24.3 Security**

Keys to safes or other similar containers must be kept securely at all times. The loss of such keys must be reported to the Chief Financial Officer immediately.

The Director of IT, NES shall be responsible for maintaining proper security and privacy of information held on the Group's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs, together with restricted physical access to network servers. Information relating to individuals held on computer will be subject to the provisions of the GDPR. A data protection officer shall be nominated to ensure compliance with the GDPR and the safety of documents.

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

### **24.4 Students' union (constituent part of CCN)**

The students' union is a constituent part of the entity and as such is responsible to the CCN Board.

Subject to any constraints imposed by the funding body, the Board shall determine the level of grant to be paid annually to the students' union and approve their budget for the year.

The Group's internal auditor shall have access to records, assets and personnel within the students' union in the same way as in other areas of the entity.

### **24.5 Use of the seal by an Entity**

Within the Group, City College Norwich is the only entity which employs a seal.

The Company Secretary to the Corporation is responsible for submitting a report to each meeting of the Board detailing the use of the Corporation's seal since the last meeting.

### **24.6 Provision of indemnities**

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

## 25 Appendices

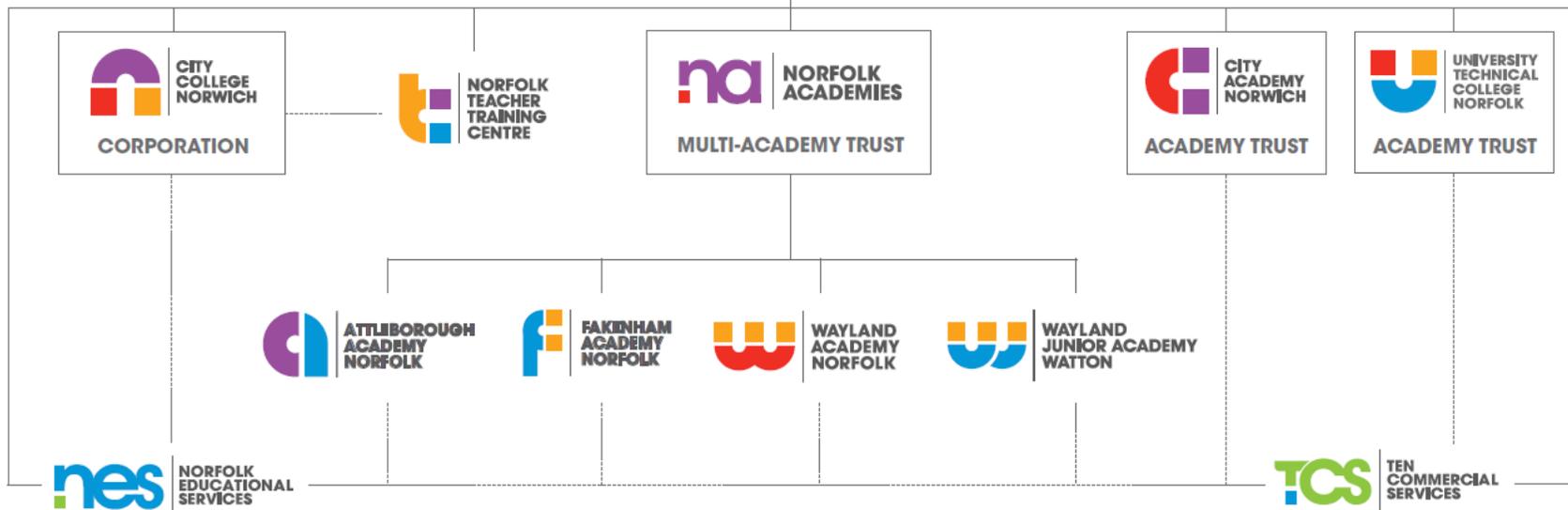
Appendix A	Scheme of Delegation and TEN Group Structure
Appendix B	Responsibilities of the Business and Audit Committees
Appendix C	Leave blank
Appendix D	Finance Department Organisational Structure
Appendix E	Main Features of the Public Interest Disclosure Act
Appendix F	The Seven Principles of Public Life
Appendix G	TEN Group Anti-bribery Policy and Procedures
Appendix H	Summary of Protocols for Proposed Capital Expenditure
Appendix I	Summary of Protocols for Proposed Major Developments
Appendix J (I)	Internal Audit Responsibilities – Higher Education
Appendix J (II)	Internal Audit Responsibilities – Further Education
Appendix K (I)	Fraud Policy Statement
Appendix K (II)	Procedure for Fraud Prevention, Detection and Investigation
Appendix K (III)	Fraud Response Plan
Appendix K (IV)	Fraud Investigation Plan
Appendix L	Contents of Conditions of Contract for the Purchase of Goods
Appendix M	Main Points included in the Group's Code of Tendering Practice

## APPENDIX A

### SCHEME OF DELEGATION AND TEN GROUP STRUCTURE

	TEN Board	TEN Group CEO	NES Board	NES MD	NES FD	NES Director of Campus services	NES Director of IT	College Corporation/Academy LGB	Principal	Deputy Principal	College/Academy/NES SLT	College/Academy/NES - Delegated	NES Group FC and Group Mgt Accountant	NES Finance Supervisor	NES Finance Officer/Assistant
<b>Contracts (total value incl extns)</b>															
Sign contracts £0 - £25k (Note 1)		X		X	X				X	X					
Sign contracts £25k - £100k (Note 2)		X		X	X			N	X						
Sign contracts >£100k	X							X							
<b>Capital spend - authorise</b>															
Business case for capital works >£25k (Note 2)		X		X	X			X	X						
Business case for capital works <£25k						X			X						
Orders/GRNs £1-£5k						X					X				
Orders/GRNs >£5k						N			X	X					
Orders/GRNs/Invoices >£25k (Note 2)				X	X	N			X						
IT Orders/GRNs							X		X						
<b>Non-payroll spend - authorise</b>															
Orders/GRNs/Invoices £0-£1k												X			
Orders/GRNs/Invoices £1-£5k											X	X			
Orders/GRNs/Invoices >£5k but <£25k									X	X					
Orders/GRNs/Invoices >£25k (Note 2)				X	X				X						
Credit notes received						X			X				X	X	
Authorise new suppliers				X	X				X				X	X	
<b>Payroll spend - authorise</b>															
Starter form				X	X				X	X	X				
Leaver form				X	X				X	X	X				
Amendment form				X	X				X	X	X				
Overtime claim form				X	X				X	X	X				
Session claim form				X	X				X	X	X				
Mileage & Expenses claim form				X	X				X	X	X				
<b>Income</b>															
Raise invoice													X	X	X
Issue Credit Notes £0 - £5k					X								X	X	
Issue Credit Notes >£5k				X	X				X						
Debt write off £0 - £5k					X				X						
Debt write off >£5k								X							
<b>Bank &amp; Cash</b>															
Receipt cash/cheques														X	X
Pay in cash/cheques														X	X
Authorise same day payments £0 - £25k					X								X	X	
Authorise same day payments >£25k (Note 2)					X								X	X	
Authorise BACs payments					X								X	X	
Cheque signatory				X	X				X				X		
Prepare bank reconciliation														X	
Review bank reconciliation					X								X		
<b>Credit cards</b>															
Hold a credit card		X			X				X						
Reconcile monthly credit card														X	X
Notes															
N = Notified															
1 - One signature required															
2 - Two signatures required															

**Ten**group  
transforming education in norfolk  
(registered charity)



## **APPENDIX B**

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### **BUSINESS COMMITTEE AND AUDIT COMMITTEES IN THE TEN GROUP**

Business committees have been established by the following TEN Group entities:

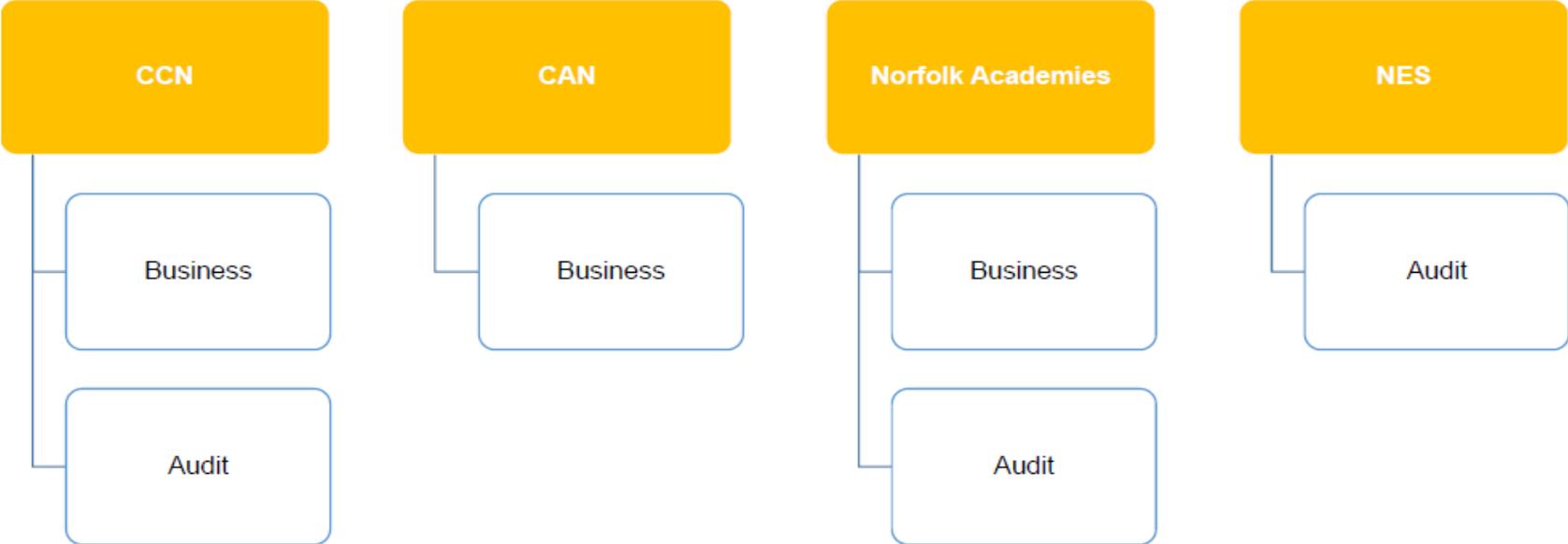
1. City College Norwich
2. City Academy Norwich
3. Norfolk Academies

Audit committees have been established by the following TEN Group entities:

1. City College Norwich
2. Norfolk Academies
3. Norfolk Educational Services Ltd

The terms of reference for each committee, detailing responsibilities and powers in line with any funding body requirements and guidance and other good practice, are determined and approved by the Board of each entity. The current terms of reference for each these committees are included below.

TEN GROUP ENTITIES – BUSINESS & AUDIT COMMITTEE STRUCTURE



## **CITY COLLEGE NORWICH**

### **BUSINESS COMMITTEE: TERMS OF REFERENCE**

Purpose:	To oversee general business matters of the College
Reporting to:	Corporation Board
Chair:	The Chair of the Committee will be appointed by the Corporation.
Membership:	The Committee shall comprise 5 members.

The Committee may invite other persons to attend meetings in order to provide specialist information and technical advice. Such persons shall not have a vote but shall be entitled to speak.

The quorum for meetings for the Committee shall be 3.

The Clerk of the Corporation will act as Clerk to the Committee.

Frequency of meetings: The Committee will meet at least once each term.

Terms of Reference:

1. To monitor, advise on, and recommend to the Corporation matters relating to the College's financial strategy, policies, procedures and financial regulations.
2. To consider and advise the Corporation on the solvency of the Corporation and the safeguarding of its assets (including insurances).
3. To advise the Corporation on the effective and efficient use of resources.
4. To consider the College's Annual budgets/estimates of revenue and capital budgets income and expenditure for the Corporation's approval.
5. To monitor, review and report on a regular basis the College's management accounts.
6. To advise the Corporation on the financial implications of capital projects.
7. To advise the Corporation generally on investment, borrowings and taxation issues.
8. To monitor and review the College maintenance investment plan.
9. To advise the Corporation on matters of staffing strategy and policy.
10. To advise the Corporation on the remuneration and other terms and conditions of service of senior post holders.
11. To advise the Corporation, in liaison with Transforming Education in Norfolk, on membership vacancies and any issues relating to membership of the Corporation.

Approved by the Board: 11 December 2012

Amended: 5 February 2013

## **CITY ACADEMY NORWICH**

### **BUSINESS COMMITTEE: TERMS OF REFERENCE**

Purpose:	Oversee general financial matters of the Academy
Reporting to:	Academy Council Members
Chair:	The Chair of the Committee will be appointed by the above.
Membership:	The Committee shall comprise at least five members, one of whom shall have accounting experience.

The Committee may invite other persons to attend meetings in order to provide specialist information and technical advice. Such persons shall not have a vote but shall be entitled to speak.

The quorum for meetings for the Committee shall be 2.

The Company Secretary will act as Clerk to the Committee.

Frequency of meetings: The Committee will meet at least once each term.

Terms of Reference:

Subject to the requirements of any legislative acts the committee is authorised:

- 1 To consider the Academy's indicative funding, notified annually by the DfE, and to assess its implications for the academy, in consultation with the Principal, in advance of the financial year, drawing any matters of significance or concern to the attention of the governing body.
- 2 To consider and recommend to the Board acceptance/non-acceptance of the Academy's budget.
- 3 To contribute to the formulation of the Academy's development plan, through the consideration of financial priorities and proposals, in consultation with the Principal, with the stated and agreed aims and objectives of the Academy.
- 4 To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
- 5 To liaise with and receive reports from other Academy Council Members committees, as appropriate, and to make recommendations to those committees about the financial aspects of matters being considered by them.
- 6 To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the Academy, and with the financial regulations of the DfE, drawing any

matters of concern to the attention of the governing body.

- 7 To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement.
- 8 To receive and make a recommendation to the Board on the Academy's annual financial statements and report required to be submitted to the funding body.
- 9 To receive auditors' reports and to recommend to the full governing body action as appropriate in response to audit findings.
- 10 To recommend to the full governing body the appointment or reappointment of the auditors of the Academy, in conformity with any TEN Group decision or policy in this area.
- 11 To consider and agree any Academy policies in accordance with the schedule of business for Academy Council Members meetings.
- 12 To consider and advise on staffing matters, the Professional Development report and Teachers and Staff pay.
- 13 To consider and advise on matters affecting the Academy campus and buildings thereon as well as property related matters.
- 14 To consider and advise on all other items which are listed in accordance with the schedule of business for Academy Council Members meetings.

Amended by the Board at its meeting on 26 September 2011, 3 February 2014

## **NORFOLK ACADEMIES**

### **BUSINESS COMMITTEE: TERMS OF REFERENCE**

Purpose:                      Oversee the general financial matters of Norfolk Academies  
Reporting to:              Board of Directors  
Chair:                        The Chair of the Committee will be appointed by the Board.  
Membership:                The Committee shall comprise 3 members, at least one of whom has relevant financial experience. The Committee may invite third parties to attend meetings of the Committee as appropriate (such persons shall not have a vote but shall be entitled to speak at the meeting).

The CEO, who is also the Accounting Officer, will normally be a member of the committee.

The quorum for meetings shall be 2.

The Company Secretary shall act as Secretary to the Committee.

Frequency of meetings:     The Committee will meet at least once a term and as required.

#### Terms of Reference

1. To monitor the operation of the multi-academy trust finances, with due regard for the requirements of the Academies Financial Handbook, the Master Funding Agreement, and TEN Group Financial Regulations & Procedures.
2. To review the periodic management accounts of multi-academy trust and recommend to the Board any in-year budget adjustments, drawing attention to any matters of concern.
3. To consider and recommend to the Board the multi-academy trust budget.

Terms of Reference approved by the Board 25 February 2014.

## **CITY COLLEGE NORWICH**

### **AUDIT COMMITTEE: TERMS OF REFERENCE**

Purpose: Oversee the various College audit functions  
Reporting to: Corporation Board  
Chair: The Chair of the Committee will be appointed by the Corporation.

#### **Membership:**

The Committee shall comprise 5 members, at least one of whom has relevant financial/audit experience. The Committee may invite the Corporation's advisers or other third parties to attend meetings of the Committee as appropriate (such persons shall not have a vote but shall be entitled to speak at the meeting).

In order to maximise the Committee's independence and objectivity, the following people shall not be eligible to sit on the Committee:

- Principal and other members of staff;
- Those with executive responsibilities at senior level;
- The Chair of the Corporation;
- Academy Council Members who have significant interests in the College; and
- Members of the Business Committee.

The Principal will normally attend meetings except for any part of a meeting set aside for Members of the Committee only.

The quorum for meetings shall be 3.

The Clerk to the Corporation shall act as Clerk to the Committee.

Frequency of meetings: The Committee will meet at least once each term. The internal audit service or financial statements auditor may request a meeting of the Committee if they consider that one is necessary and the Committee will comply with such requests.

#### **Terms of Reference**

1. To advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money);
2. To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and the internal audit service (IAS);

3. To advise the Corporation on the scope and objectives of the work of the IAS, the financial statements auditor and the funding auditor (where appointed);
4. To ensure effective coordination between the IAS, the funding auditor and the financial statements auditor (where appointed) including whether the work of the funding auditor should be relied upon for internal audit purposes;
5. To consider and advise the Corporation on the audit strategy and annual internal audit plans for the IAS;
6. To advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements auditor (including their work on regularity audit) and the funding auditor (where appointed), and management's responses to these;
7. To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, financial statements auditor's management letter and the funding auditor's management letter and spot-check reports (where appointed);
8. To consider and advise the Corporation on relevant reports by the National Audit Office (NAO), the Skills Funding Agency (SFA) or their successors and other funding bodies, and where appropriate management's response to these;
9. To establish, in conjunction with College management, relevant annual performance measures and indicators, and to monitor the effectiveness of the IAS and financial statements auditor through these measures and indicators and decide, based on this review, whether a competition for price and quality of the audit service is appropriate;
10. To produce an annual report for the Corporation and accounting officer, which should include the committee's advice on the effectiveness of the College's risk management, control and governance processes, and any significant matters arising from the work of the IAS, the funding auditors (where appointed) and the financial statements auditor;
11. To ensure that all allegations of fraud and irregularity are properly followed up;
12. To be informed of all additional services undertaken by the IAS, the financial statements auditors and the funding auditors (where appointed), and to develop and implement policy on the engagement of the external auditor to supply services other than financial statements, audit and regularity audit, taking into account relevant ethical guidance;
13. To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
14. To recommend the annual financial statements to the governing body for approval.

Approved by the Board 22 March 2005.

Amended: 18 March 2008, 19 October 2010, 13 December 2011, 11 December 2012, 9 July 2013

## **NORFOLK ACADEMIES**

### **AUDIT COMMITTEE: TERMS OF REFERENCE**

Purpose: Oversee the various Norfolk Academies audit functions

Reporting to: Board of Directors

Chair: The Chair of the Committee will be appointed by the Board.

#### Membership:

The Committee shall comprise 3 members, at least one of whom has relevant financial/audit experience. The Committee may invite third parties to attend meetings of the Committee as appropriate (such persons shall not have a vote but shall be entitled to speak at the meeting).

In order to maximise the Committee's independence and objectivity, the following people shall not be eligible to sit on the Committee:

- CEO, Principals/Headteachers of academies and other members of staff;
- Those with executive responsibilities at senior level;
- The Chairman of Norfolk Academies;

The CEO will normally attend meetings except for any part of a meeting set aside for Members of the Committee only.

The quorum for meetings shall be 2.

The Company Secretary shall act as Secretary to the Committee.

Frequency of meetings: The Committee will meet at least once a year and as required. The internal audit service (where appointed) or financial statements auditor may request a meeting of the Committee if they consider that one is necessary and the Committee will comply with such requests.

#### Terms of Reference

1. To advise the Board on the adequacy and effectiveness of Norfolk Academies' systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money);
2. To advise the Board on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and the internal audit service (IAS);
3. To advise the Board on the scope and objectives of the work of the IAS, the financial

- statements auditor and the funding auditor (where appointed);
4. To ensure effective coordination between the IAS, the funding auditor and the financial statements auditor including whether the work of the funding auditor should be relied upon for internal audit purposes;
  5. To consider and advise the Board on the audit strategy and annual internal audit plans for the IAS;
  6. To advise the Board on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements auditor and the funding auditor, and management's responses to these;
  7. To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, financial statements auditor's management letter and the funding auditor's management letter and spot-check reports;
  8. To consider and advise the Board on relevant reports by the National Audit Office (NAO), the Education Funding Agency (EFA) or their successors and other funding bodies, and where appropriate management's response to these;
  9. To establish, in conjunction with the CEO, relevant annual performance measures and indicators, and to monitor the effectiveness of the IAS and financial statements auditor through these measures and indicators and decide, based on this review, whether a competition for price and quality of the audit service is appropriate;
  10. To produce an annual report for the Board and accounting officer, which should include the committee's advice on the effectiveness of Norfolk Academies' risk management, control and governance processes, and any significant matters arising from the work of the IAS, the funding auditors (where appointed) and the financial statements auditor;
  11. To ensure that all allegations of fraud and irregularity are properly followed up;
  12. To be informed of all additional services undertaken by the IAS, the financial statements auditors and the funding auditors (where appointed);
  13. To recommend the annual financial statements to the Board for approval.

Terms of Reference approved by the Board 14 December 2012.

## **Norfolk Educational Services Limited**

### **Audit Committee: Terms of Reference**

#### 1. Membership

1.1 The committee shall comprise at least two members. Members of the committee shall be appointed by the board, in consultation with the chairman of the audit committee.

1.2 At least two members of the committee shall be independent non-executive directors, at least one of whom shall have recent and relevant financial experience. Other members may be appointed, but the Executive Chairman and the Managing Director may not be appointed.

1.3 Only members of the committee have the right to attend committee meetings. However, other individuals such as the Executive Chairman, Managing Director, other directors, and the Director of Finance and other company managers may be invited to attend all or part of any meeting as and when appropriate and necessary.

1.4 The external auditor will be invited to attend meetings of the committee on a regular basis.

1.5 Appointments to the committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the committee.

1.6 The board shall appoint the committee chairman who shall be an independent non-executive director. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

#### 2. Secretary

The company secretary or his or her nominee shall act as the secretary of the committee.

#### 3. Quorum

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

#### 4. Frequency of meetings

The committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

#### 5. Notice of meetings

5.1 Meetings of the committee shall be called by the secretary of the committee at the request of any of its members or at the request of external auditor if they consider it necessary.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than five working

days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

## 6. Minutes of meetings

6.1 The secretary shall minute the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance.

6.2 Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board unless it would be inappropriate to do so.

## 7. Duties

The committee should carry out the duties below for the company.

### 7.1 Financial reporting

7.1.1 The committee shall monitor the integrity of the financial statements of the company, and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain.

7.1.2 In particular, the committee shall review and challenge where necessary -

7.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the company

7.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible

7.1.2.3 whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor

7.1.2.4 the clarity of disclosure in the company's financial reports and the context in which statements are made; and

7.1.2.5 all material information presented with the financial statements, such as the business review/operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

### 7.2 Internal controls and risk management systems

The committee shall

7.2.1 keep under review the adequacy and effectiveness of the company's internal financial controls and internal control and risk management systems; and

7.2.2 review and approve the statements to be included in the annual report concerning internal controls and risk management.

### 7.3 Compliance, whistleblowing and fraud

The committee shall

7.3.1 review the adequacy and security of the company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or

other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action

7.3.2 review the company's procedures for detecting fraud

7.3.3 review the company's systems and controls for the prevention of bribery and receive reports on non-compliance

#### 7.4 External Audit

The committee shall

7.4.1 consider and make recommendations to the board, to be put to shareholders for approval by resolution, in relation to the appointment, re-appointment and removal of the company's external auditor. The committee shall be guided by the policy of the TEN Group on appointment of external auditors in this matter and all other matters in this section.

7.4.2 oversee the relationship with the external auditor including (but not limited to)

7.4.2.1 recommendations on their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted

7.4.2.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit

7.4.2.3 assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services

7.4.2.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business)

7.4.2.5 agreeing with the board a policy on the employment of former employees of the company's auditor, then monitoring the implementation of this policy

7.4.2.6 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements

7.4.2.7 assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures

7.4.2.8 seeking to ensure co-ordination with the activities of the internal audit function, if appointed

7.4.3 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The committee shall meet the external auditor at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit

7.4.4 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement

7.4.5 review the findings of the audit with the external auditor. This shall include but not be limited to, the following

7.4.5.1 a discussion of any major issues which arose during the audit

7.4.5.2 any accounting and audit judgements

7.4.5.3 levels of errors identified during the audit

7.4.5.4 the effectiveness of the audit

The committee shall also

7.4.6 review any representation letter(s) requested by the external auditor before they are signed by management

7.4.7 review the management letter and management's response to the auditor's findings and recommendations

7.4.8 develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

## 8. Reporting responsibilities

8.1 The committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.

8.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

8.3 The committee shall produce a report on its activities to be included in the company's annual report.

## 9. Other matters

The committee shall

9.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required

9.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members

9.3 give due consideration to laws and regulations, the provisions of the UK Code of Governance and any other applicable guidance, as appropriate

9.5 oversee any investigation of activities which are within its terms of reference

9.6 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

## 10. Authority

The committee is authorised

10.1 to seek any information it requires from any employee of the company in order to perform its duties

10.2 to obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference

10.3 to call any employee to be questioned at a meeting of the committee as and when required

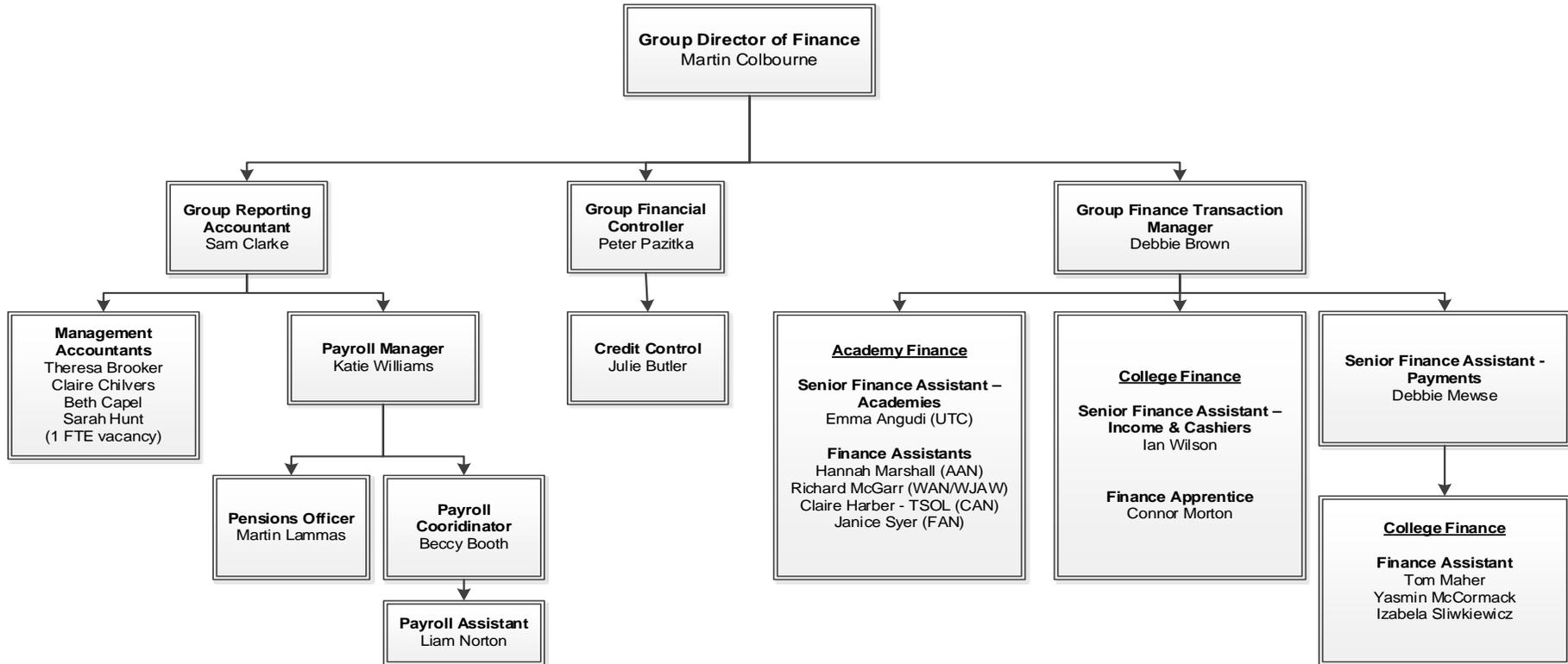
10.4 to have the right to publish in the Company's annual report details of any issues that cannot be resolved between the committee and the board.

Approved by the Board of Directors 10 July 2013

**APPENDIX D**

**FINANCE DEPARTMENT ORGANISATIONAL STRUCTURE**

**Finance Team Organisational Structure**



## APPENDIX E

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### MAIN FEATURES OF THE PUBLIC INTEREST DISCLOSURE ACT

#### SUMMARY

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

#### INTERNAL DISCLOSURES

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

#### REGULATORY DISCLOSURES

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

#### WIDER DISCLOSURES

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

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

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

#### FULL PROTECTION

Where the whistleblower is victimised in breach of the Act he or she can bring a claim to an employment tribunal for compensation. Awards are uncapped and based on the losses

suffered. Additionally where an employee is sacked, he or she may apply for an interim order to keep their job. Not all disclosures made by an employee are protected under the Act. Those that are include criminal acts, health and safety violations, breaches of legislation, and miscarriages of justice. However, such acts are only protected as long as the disclosure is made in good faith to the employer, or any other person authorised under a procedure set up by the employer for this purpose. (Disclosures can also be made to appropriate regulatory bodies, such as the Health and Safety Executive). Where an employee reasonably suspects malpractice (and this includes any crime), he or she will be protected from victimisation where they raise the matter in good faith with a person who is legally responsible for whistleblowing.

## **QUALIFYING AREAS**

The qualifying areas for whistleblowing are information which the employee reasonably believes tend to show one or more of the following matters is either happening now, took place in the past, or is likely to happen in the future:

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

## **APPENDIX F**

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### **THE SEVEN PRINCIPLES OF PUBLIC LIFE**

#### **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 family, or their friends.

#### **INTEGRITY**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might 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 the decisions and 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.

Source: *Standards in Public Life: First Report of the Committee on Standards in Public Life* (the Nolan Committee), 1995

## **APPENDIX G**

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### **TEN GROUP ANTI-BRIBERY POLICY AND PROCEDURES**

#### **POLICY STATEMENT – ANTI-BRIBERY**

Bribery is a criminal offence. We do not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do we, or will we, accept bribes or improper inducements.

To use a third party as a conduit to channel bribes to others is a criminal offence. We do not, and will not, engage indirectly in or otherwise encourage bribery.

We are committed to the prevention, deterrence and detection of bribery. We have zero-tolerance towards bribery. We aim to maintain anti-bribery compliance 'business as usual', rather than as a one-off exercise.

#### **OBJECTIVE OF THIS POLICY**

This policy provides a coherent and consistent framework to enable the organisation's employees to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach.

We require that all personnel, including those permanently employed, temporary agency staff and contractors:

- act honestly and with integrity at all times and to safeguard the Group's resources for which they are responsible
- comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the organisation operates, in respect of the lawful and responsible conduct of activities.

#### **SCOPE OF THIS POLICY**

This policy applies to all of the organisation's activities. For partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.

Within the organisation, the responsibility to control the risk of bribery occurring resides at all levels of the organisation. It does not rest solely within assurance functions, but in all business units and corporate functions.

This policy covers all personnel, including all levels and grades, those permanently employed, temporary agency staff, contractors, non-executives, agents, members (including independent members), volunteers and consultants.

## THE TEN GROUP'S COMMITMENT TO ACTION

The Group commits to:

- setting out a clear anti-bribery policy and keeping it up to date
- making all employees aware of their responsibilities to adhere strictly to this policy at all times
- training all employees so that they can recognise and avoid the use of bribery by themselves and others
- encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately
- rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution
- taking firm and vigorous action against any individual(s) involved in bribery
- provide information to all employees to report breaches and suspected breaches of this policy
- include appropriate clauses in contacts to prevent bribery.

## BRIBERY

Is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

## THE BRIBERY ACT

There are four key offences under the Act:

- bribery of another person (section 1)
- accepting a bribe (section 2)
- bribing a foreign official (section 6)
- failing to prevent bribery (section 7).

The Bribery Act 2010 ([www.opsi.gov.uk/acts/acts2010/ukpga\\_20100023\\_en\\_1](http://www.opsi.gov.uk/acts/acts2010/ukpga_20100023_en_1)) makes it an offence to offer, promise or give a bribe (Section 1). It also makes it an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business. There is also a corporate offence under Section 7 of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation.

## ARE WE A 'COMMERCIAL ORGANISATION'?

The guidance states that a 'commercial organisation' is any body formed in the United Kingdom and *'...it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made'*.

We are a 'commercial organisation'.

## WHAT ARE 'ADEQUATE PROCEDURES'?

Whether the procedures are adequate will ultimately be a matter for the courts to decide on a case-by-case basis. Adequate procedures need to be applied proportionately, based on the level of risk of bribery in the organisation. It is for individual organisations to determine proportionate procedures in the recommended areas of six principles. These principles are not prescriptive. They are intended to be flexible and outcome focused, allowing for the different circumstances of organisations. Small organisations will, for example, face different challenges to those faced by large multi-national enterprises. The detail of how organisations apply these principles will vary, but the outcome should always be robust and effective anti-bribery procedures.

### Proportionate procedures

An organisation's procedures to prevent bribery by persons associated with it are proportionate to the bribery risks it faces and to the nature, scale and complexity of the organisation's activities. They are also clear, practical, accessible, effectively implemented and enforced.

### Top-level commitment

The top-level management (be it a board of directors, the owners or any other equivalent body or person) are committed to preventing bribery by persons associated with it. They foster a culture within the organisation in which bribery is never acceptable.

### Risk assessment

The organisation assesses the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment is periodic, informed and documented. It includes financial risks but also other risks such as reputational damage.

### Due diligence

The organisation applies due diligence procedures, taking a proportionate and risk based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified bribery risks.

### Communication (including training)

The organisation seeks to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training that is proportionate to the risks it faces.

### Monitoring and review

The organisation monitors and reviews procedures designed to prevent bribery by persons associated with it and makes improvements where necessary.

**The TEN Group is committed to proportional implementation of these principles.**

## **PENALTIES**

An individual guilty of an offence under sections 1, 2 or 6 is liable:

- on conviction in a magistrates court, to imprisonment for a maximum term of 12 months (six months in Northern Ireland), or to a fine not exceeding £5,000, or to both
- on conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both.

Organisations are liable for these fines and if guilty of an offence under section 7 are liable to an unlimited fine.

## **BRIBERY IS NOT TOLERATED**

It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to 'facilitate' or expedite a routine procedure
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy
- engage in activity in breach of this policy.

## **FACILITATION PAYMENTS**

Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

## **GIFTS AND HOSPITALITY**

This policy is not meant to change the requirements of our gifts and hospitality policy. This makes it clear that:

- no gift or hospitality is to be offered or accepted
- nominal gifts and hospitality up to a financial value of £100 are acceptable
- reasonable, proportionate gifts and hospitality made in good faith and that are not lavish are acceptable.

## **PUBLIC CONTRACTS AND FAILURE TO PREVENT BRIBERY**

Under the Public Contracts Regulations 2006 (which gives effect to EU law in the UK), a company is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence. There are no plans to amend the 2006 Regulations for this to include the crime of failure to prevent bribery. Organisations that are Financial Regulations

convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. This organisation has the discretion to exclude organisations convicted of this offence.

The TEN Group will not deal with suppliers known or suspected of paying bribes. TEN Group procurement practices will be conducted in a fair and transparent manner.

## **STAFF RESPONSIBILITIES**

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the organisation or under its control. All staff are required to avoid activity that breaches this policy.

You must:

- ensure that you read, understand and comply with this policy
- raise concerns as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.

As well as the possibility of civil and criminal prosecution, staff that breach this policy will face disciplinary action, which could result in dismissal for gross misconduct.

## **RAISING A CONCERN**

The TEN Group is committed to ensuring that all of us have a safe, reliable, and confidential way of reporting any suspicious activity. We want each and every member of staff to know how they can raise concerns.

We all have a responsibility to help detect, prevent and report instances of bribery. If you have a concern regarding a suspected instance of bribery or corruption, please speak up – your information and assistance will help. The sooner you act, the sooner it can be resolved.

There are multiple channels to help you raise concerns. Please follow the procedure set out in the TEN Group whistleblowing policy. Preferably the disclosure will be made and resolved internally (e.g. to your head of department/online reporting/telephone hotline). Secondly, where internal disclosure proves inappropriate, concerns can be raised with the regulator (e.g. external auditor. See link to 'blowing the whistle to a prescribed person' at the end of this document). Raising concerns in these ways may be more likely to be considered reasonable than making disclosures publicly (e.g. to the media).

Concerns can be anonymous. In the event that an incident of bribery, corruption, or wrongdoing is reported, we will act as soon as possible to evaluate the situation. We have clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in any investigation of this kind. This is easier and quicker if concerns raised are not anonymous.

Staff who refuse to accept or offer a bribe, or those who raise concerns or report wrongdoing can understandably be worried about the repercussions. We aim to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.

We are committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith.

If you have any questions about these procedures, please contact the Company Secretary.

#### **OTHER RELEVANT POLICIES**

- Fraud and policy statement
- Whistleblowing policy

## **APPENDIX H**

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### **SUMMARY OF PROTOCOLS FOR PROPOSED CAPITAL EXPENDITURE**

Proposed capital projects should be supported by:

A detailed business plan, to include:

- a statement which demonstrates the project's consistency with the strategic plans and estates strategy approved by the TEN Board
- an initial budget for the project for submission to the relevant Board; 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

This business plan requires approval based on the total capital expenditure: please see Scheme of Delegation in Appendix A.

Once approved by the relevant entity, the following must be submitted, along with the approved business plan:

- 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
- A payback / ROI

More detail on these protocols can be found in the TEN Board's financial procedures.

## **APPENDIX I**

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### **SUMMARY OF PROTOCOLS FOR PROPOSED MAJOR DEVELOPMENTS**

The proposal should be supported by a three-year business plan which sets out:

- a demonstration of the proposal's consistency with the strategic plans approved by the TEN Board and with the Group's powers under current legislation
- details of the market need and the assumptions (based on reference data) of the level of business available
- details of the business and what product or service will be delivered
- an outline plan for promoting the business to the identified market place and achieving planned levels of business
- details of the staff required to deliver, promote and manage the business, together with any re-skilling or recruitment issues
- details of any premises and other resources required
- a financial evaluation of the proposal together with its impact on revenue and surplus, plus advice on the impact of possible alternative plans and sensitivity analyses in respect of key assumptions
- contingency plans for managing adverse sensitivities
- consideration of taxation and other legislative or regulatory issues
- a three-year financial forecast for the proposal including a monthly cash flow forecast and details of the impact on the entity cash flow forecast for the financial years in question.

More detail on these protocols can be found in the Group's financial procedures.

## APPENDIX J (I)

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### INTERNAL AUDIT RESPONSIBILITIES – HIGHER EDUCATION

Within the higher education sector, the prime responsibility of the internal audit service is to provide the governing body, the accountable officer and the other managers of the higher education entity (HEI) with assurance on the adequacy and effectiveness of risk management, control and governance arrangements.

Responsibility for these arrangements 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 risk management, control and governance, thereby reducing the effects of any material adverse risks faced by the HEI.

An HEI must ensure that it has effective risk management, control and governance arrangements. These help to ensure that:

- a) The HEI's objectives are achieved as far as possible and associated risks are managed.
- b) The economic, efficient and effective use of resources is promoted.
- c) There is adherence to management's policies, directives and established procedures, and compliance with any relevant laws or regulations including charities legislation.
- d) The HEI's assets and interests are safeguarded – particularly from losses arising from fraud, irregularity or corruption.
- e) As far as reasonably practicable, the integrity and reliability of accounting records, data and other information is maintained. This includes data supplied to HESA (the Higher Education Statistics Agency), HEFCE and other funding bodies.

Accordingly, the internal audit service must consider the whole of the HEI's risk management, control and governance arrangements, including all its operations, resources, staff, services and responsibilities for other bodies.

Internal auditors may carry out additional work at the request of management, including consultancy and investigations, provided such work does not compromise the objectivity of the audit service or the achievement of the audit plan.

HEFCE, on internal audit practice in HEIs, endorses the approach set out in the Code of Ethics and International Standards of the Institute of Internal Auditors (IIA).

## **APPENDIX J (II)**

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### **INTERNAL AUDIT RESPONSIBILITIES – FURTHER EDUCATION**

The internal audit service (IAS) is responsible for giving assurance to the further education (FE) college's governing body and Principal on the adequacy and effectiveness of the FE college's risk management, control and governance processes. The IAS assists FE college management by evaluating and reporting to it the effectiveness of the controls for which it is responsible. This work contributes to the opinion that the IAS provides on risk management, control and governance processes.

All the FE college's activities, funded from whatever source, fall within the remit of the IAS. The IAS may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that FE college management has taken the necessary steps to achieve these objectives and manage the associated risks. The scope of the IAS's work shall cover operational and FE college management controls and should not be restricted to the audit of systems and controls necessary to form an opinion on the financial statements.

The IAS's work will be performed with due professional care in accordance with the standards for IAS promulgated by HM Treasury.

Source: Supplement B, Annex D, *Audit Code of Practice*, Learning and Skills Council, 2004

## **APPENDIX K (I)**

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### **FRAUD POLICY STATEMENT**

The TEN Group has a duty to its stakeholders to take all responsible steps to prevent fraud occurring, whether perpetrated by staff, students, contractors and suppliers, other organisations or members of the public.

The Fraud Policy Statement is supported and endorsed by the TEN Board, the Chief Executive of the TEN Group, the Principals of the College and the Academies, and the Managing Director of NES. The Group operates a zero-tolerance attitude to fraud and requires staff to act honestly and with integrity at all times.

The Group will maintain robust control mechanisms to both prevent and detect fraud. All line managers have a responsibility for maintaining documented control systems and must be seen to be setting an example by complying fully with procedures and controls. The effectiveness of controls will be subject to cyclical review by the Group's internal auditors.

All members of staff have a responsibility to protect the assets and reputation of the Group and its member organisations and are expected to be alert to the potential for fraud. Line managers should brief staff on the common types of fraud perpetrated in their areas of responsibility. The TEN Group will seek to recover funds and assets lost through fraud and perpetrators will be subject to disciplinary and/or legal action.

Confidential mechanisms have been established to allow staff to report suspected frauds to management. All reported suspicions will initially be investigated by the fraud investigation group. The members of such a group may include:

- Director of Human Resources (chair)
- Company Secretary
- Chief Financial Officer.
- Head of Internal Audit

Further information for staff on reporting fraud and their role in the prevention and detection of fraud is provided in the entity's policy for fraud prevention, detection and investigation, which can be found at Appendix K (ii).

## PROCEDURE FOR FRAUD PREVENTION, DETECTION AND INVESTIGATION

### INTRODUCTION

The Group's procedure for fraud prevention, detection and investigation is set out below (and in the accompanying Fraud Response Plan – Appendix K III). The objectives of the procedure are to:

- encourage staff to be aware of fraud
- bring suspected fraud to notice
- provide a framework response plan for investigating and reporting fraud (set out at Appendix K (iii))
- ensure that both alleged and proven fraud are dealt with in a consistent and timely manner.

The Group has a unique role to play in the community and any instances of fraud or corruption may be damaging to public confidence and support. Losses due to fraud, theft or corrupt practices can have a direct effect on jobs and the level and quality of service provision. Vigilance is essential since all staff are responsible for ensuring that the best possible service is provided to the entity's students and that value for money is secured from public funds.

Successful fraud prevention involves creating an environment which inhibits fraud. Taking immediate and vigorous action if fraud is detected is not only necessary to prevent future losses, but also helps deter frauds. A manager who is alert to the possibility of fraud and who acts accordingly on a day-to-day basis is a powerful deterrent to fraud.

### FRAUD PREVENTION

Fraud can be defined as *any act of wilful dishonesty to gain individual or collective advantage*. It is taken to include theft, misuse of property, corruption, the alteration of financial or other records or any unauthorised act which results directly or indirectly in financial gain to the perpetrator or a third party. Fraud can be perpetrated against staff, students, suppliers, government agencies or departments or the public.

Staff should be aware that gifts, including hospitality, offered by contractors, suppliers and other service providers may place employees in a vulnerable position (see the financial regulations).

### MANAGEMENT RESPONSIBILITY FOR RISK MANAGEMENT

The prime responsibility for preventing fraud lies with management through:

- identifying risks to which systems and procedures are exposed
- designing, implementing, documenting and operating internal controls
- establishing an environment that promotes compliance with internal controls
- promoting fraud awareness amongst staff
- fostering an anti-fraud culture.

However, while managers are responsible for assessing and controlling the level of risk within their areas of authority, it is the responsibility of all staff to be aware of fraud and to take the necessary steps to minimise risk to the entity. All staff should report known or suspected fraud and provide assistance to fraud investigations. Staff should not attempt to investigate any fraud themselves.

Managing the risk of fraud is the same in principle as any other business risk. It is best approached systematically both at organisational and at operational level. Managers should identify risk areas, assess the scale of risk, allocate responsibility for managing specific risks and implement and test controls to minimise the risks.

Managers also have a responsibility to familiarise themselves with common fraud techniques in the areas for which they have control. Managers should also ensure that staff in their areas of operation are familiar with common types of fraud.

## **INTERNAL CONTROLS**

Internal controls are the key element in preventing fraud. They include both financial and non-financial controls, for example annual leave records, and those that are in place to safeguard the misuse of entity assets, including computing systems. The financial regulations are one example of these controls. The Group's financial and other non-financial procedures are the definitive guide and are available to all staff. It is the responsibility of management to ensure that controls in their area of responsibility have been documented and communicated.

In order to set a good example, managers should be seen to be complying with all controls. The emphasis should be on creating a culture of honesty and fraud detection, not increasing the volume of detailed operational and supervisory checks and controls unnecessarily.

## **MANAGEMENT CHECKS**

The prevention and detection of fraud and impropriety is only possible where strong internal controls are present and constantly applied. Routine checks and monitoring by management to ensure that procedures are being followed are, therefore, essential. The benefits of implementing a culture of strong management controls are:

- a deterrent effect when it is known that management is actively involved in ensuring that procedure are followed
- the results of the check will allow management to identify any operational areas where controls are not being uniformly applied and investigate whether systems have been exploited.

Periodic monitoring of compliance with controls by management will be supported and reinforced by reviews conducted by internal audit. It should be emphasised that the prime function of internal audit is to evaluate the effectiveness of the overall framework of internal control with management being responsible for ensuring the implementation and monitoring framework.

Common excuses for non-compliance with controls is that they are no longer applicable, there is insufficient time available or they are not appropriate. It is important that such comments are reported to line managers so that the need for such controls is evaluated

## STAFF TRAINING

Staff adhering to procedures, and who are not inhibited to challenge matters which do not appear to be correct, provide the best protection against fraud and corruption. It is important, therefore, that the Group's policy on fraud prevention and investigation is fully communicated to all staff. The lack of clear guidance and ignorance of procedures will often be the first excuse used by offenders.

The recruitment of suitable staff is the entity's first defence in preventing fraud. Best practice recruitment policies such as detailed application forms including a statement on criminal records, communication with referees and past employers and verification of educational and professional qualifications must be strictly adhered to.

Staff awareness of policy and procedures is fundamental to the effective operation of systems. The entity will comply with best practice, including:

- instruction in and discussion of control and probity issues as part of staff induction
- formal staff training on operational procedures
- desktop instructions for specific tasks
- publication of the Group's policy on fraud
- regular staff notices regarding any changes to financial procedures.

## FRAUD DETECTION

The primary responsibility for the detection of fraud lies with management through the implementation, documentation and operation of effective systems of internal control. The Group's internal auditors through their evaluation of the control framework also have a role to play in preventing and detecting fraud.

All staff have a responsibility to be aware of potential fraud and to take necessary steps to minimise risk to the Group.

Proper and consistently applied procedures for reporting and investigating fraud play an important part in preventing further fraud. The TEN Board expects that reported suspicions will be investigated. The Group's fraud response plan, set out at Appendix K (iii), must be implemented where fraud is suspected.

## REPORTING FRAUD

All actual or suspected incidents of fraud should be reported without delay to the Chief Financial Officer or other member of the fraud investigation group. The members are:

- Director of Human Resources (chair) – [hilary.bright@ccn.ac.uk](mailto:hilary.bright@ccn.ac.uk), 01603 773103
- Company Secretary – [david.hall@ccn.ac.uk](mailto:david.hall@ccn.ac.uk), 01603 773383
- Head of Internal Audit – [Sharon.gravener@scruttonbland.co.uk](mailto:Sharon.gravener@scruttonbland.co.uk), 01473 267060
- Chief Financial Officer – [martin.colbourne@ccn.ac.uk](mailto:martin.colbourne@ccn.ac.uk), 01603 773770

The Group Whistleblowing policy can be found: Blackboard -> NES Portal -> TEN Group Policy Portal -> Governance folder.

In accordance with the Public Interest Disclosure Act 1998, a disclosure in good faith to a manager or the employer will be protected if the whistleblower has a reasonable suspicion

that the malpractice has occurred, is occurring or is likely to occur. Employees are able to obtain free independent advice from the charity Public Concern at Work.

When staff report suspected fraud it is important that their suspicions are treated seriously and that all details provided by the reporting employee are recorded accurately and in a timely manner. They should be repeated back to the reporting employee to confirm understanding. It is essential that staff are put at ease, since the decision to report the suspected fraud may be traumatic for the individual concerned. Those reporting fraud should be assured that all information will be dealt with in the strictest confidence and that anonymity will be preserved if requested, unless that is incompatible with a full and fair investigation. The anonymity of any whistleblower must be guaranteed at the initial investigation stage.

Once the Chief Financial Officer has recorded the details of the case, he or she should, within 24 hours, hold a meeting of the fraud investigation group to decide on the initial response.

At this stage management should also take whatever steps are necessary to prevent further losses, for example by changing procedures or suspending payments without compromising the quality of evidence or alerting the fraudsters.

## APPENDIX K (III)

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### FRAUD RESPONSE PLAN

#### INTRODUCTION

Management and staff are likely to have little experience of dealing with fraud and when suspected cases arise, may be unsure of the appropriate action to take. The objectives of this response plan are to:

- provide a documented framework which the Group can refer to in the event that fraud is suspected or reported
- ensure that in the event of fraud, timely and effective action is taken to prevent further losses, identify fraudsters, safeguard evidence, minimise publicity, reduce adverse effect on business and learn lessons.

Fraud investigation checklists for line managers and the fraud investigation group are included at Appendix K (iv).

#### REPORTING FRAUD

All actual or suspected incidents of fraud should be reported without delay to the Chief Financial Officer or other member of the fraud investigation group. The members are:

- Director of Human Resources (chair) – [hilary.bright@ccn.ac.uk](mailto:hilary.bright@ccn.ac.uk), 01603 773103
- Company Secretary – [david.hall@ccn.ac.uk](mailto:david.hall@ccn.ac.uk), 01603 773383
- Head of Internal Audit – [Sharon.gravener@scruttonbland.co.uk](mailto:Sharon.gravener@scruttonbland.co.uk), 01473 267060
- Chief Financial Officer – [martin.colbourne@ccn.ac.uk](mailto:martin.colbourne@ccn.ac.uk), 01603 773770

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Once the Chief Financial Officer has recorded the details of the case, he or she should, within 24 hours, hold a meeting of the fraud investigation group to decide on the initial response.

At this stage management should also take whatever steps are necessary to prevent further losses, for example by changing procedures or suspending payments without compromising the quality of evidence or alerting the fraudsters.

#### INITIAL ENQUIRY

On receiving the details of the suspected fraud, the fraud investigation group should undertake as limited review as necessary to establish whether further action needs to be

taken. This will normally be an investigation, led by internal audit. The decision by the 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.

If this initial investigation suggests that suspicions are confirmed, the group will decide which body is best placed to undertake further investigative work and will inform the Principal, the chair of Audit Committee, the chair of the governing body, auditors, banks, insurance companies, the funding bodies and the police as appropriate. The circumstances in which the Group must inform the funding body of actual or suspected fraud are set out in the funding body's audit code of practice. The Principal is responsible for informing the funding body of any such incidents.

## **PREVENTION OF FURTHER LOSS**

Where the initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the fraud investigation group will need to decide how to prevent further loss. Fraudulent or corrupt activity is regarded as a breach of contract and where there are reasonable grounds for suspicion then suspension, with or without pay, of the suspects is likely, pending the outcome of enquiries. The rights of staff on suspension must be acknowledged, for example their right to union representation and to be informed of the reason for their suspension.

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. Suspect(s) should be supervised at all times before leaving each entity's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the Group. Any security passes and keys to premises, offices and furniture should be returned.

Advice should be obtained on the best means of denying access to the entity while suspects remain suspended (for example by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, access permissions to the Group's computer systems should be withdrawn without delay.

Internal audit should 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 Group's assets.

At this stage, the Group should decide if external parties including the funding body and the police are to be involved. Delays in contacting the police may prejudice future enquiries and alerting them immediately is important since they will be able to advise the Group on how best to proceed and the most effective methods to gather evidence.

## **CONDUCTING A FRAUD ENQUIRY**

Once it has been agreed that there is sufficient evidence to justify a fuller investigation, the fraud investigation group should meet with the police where appropriate to decide who is best placed to undertake further investigation. Should it be decided that an internal investigation is appropriate, either in tandem with a police investigation or on its own, it is important that it is undertaken by individuals with experience of fraud investigations. This is most likely to be internal auditors, supported as necessary by each entity's staff, who may have specialist knowledge, and external specialists where appropriate.

Where fraud and corruption are suspected, contact by the Chief Financial Officer and the head of internal audit with the local fraud squad should be considered in order to agree an appropriate course of action.

For internal investigations, the fraud investigation group should agree the following:

- detailed remit and scope for the investigation; for example, is it to confirm that there is sufficient evidence to support the allegations, to gather evidence for the police, or does the Group wish to quantify the total potential loss?
- who should undertake the investigation
- reporting procedures and deadlines
- a programme of regular meetings.

Legitimate investigative techniques such as desk searches, CCTV surveillance and monitoring of electronic communications would be considered during an investigation (Group policies are in place which govern the use of these techniques).

The fraud investigation group may need to consider how and when evidence will be collected and preserved without alerting the suspect in the event that the suspect is not suspended and is still performing their role.

There is a clear requirement to record all details fully, accurately and in a manner that is accessible. The police should be able to advise on an appropriate recording format. Developing a simple form to log all events and contacts made will provide a quick summary, ease the recording process and provide documented support for any future enquiries or possible prosecution.

## **RECOVERY OF LOSSES**

The TEN Group will seek to recover losses for every fraud incurred.

It is important that any losses incurred by the Group are fully and accurately recorded and that costs are correctly apportioned. In addition to the direct cost of losses attributable to fraud, all costs associated with enquiries should be recorded. These will be required under loss reporting procedures and may also be required by the courts if the decision to prosecute is taken and in determining any assessment of costs or compensation and insurance recoveries. The TEN Group will consider pursuing parallel sanctions if this is advised by legal experts and this will enhance the Group's ability to recover the losses.

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.

## **STAFFING ISSUES**

A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The Group must follow disciplinary procedures against any member of staff who has committed fraud.

The Group will normally pursue the prosecution of any such individual. Of crucial importance is the need to conduct enquiries within the parameters of relevant laws and regulations.

Employees have certain statutory rights, and if infringed, the likelihood of success of disciplinary action is diminished. It is vital, therefore, that any interviews with suspects are undertaken strictly in accordance with established procedures. No interviews should take place without first seeking advice from the police and from the Director of Human Resources on the relevant procedures and rules to be followed. In particular all those involved in interviewing suspects should have knowledge of the 1994 Police and Criminal Evidence Act.

Internal audit will need to:

- maintain familiarity with the Group's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation
- establish and maintain contact with the police where appropriate
- establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act
- ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

If fraud is proven which involves staff, appropriate disciplinary action will be taken. Such action may be considered not only against those found to have perpetrated the fraud, but also against managers whose negligence may have facilitated it.

## **REPORTING DURING THE INVESTIGATION**

The fraud investigation group should provide a confidential report to the chair of the governing body, the chair of 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 should 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.

Any variation from the approved fraud response plan, together with reasons for the variation, should be reported promptly to the chairs of both the governing body and the Audit Committee.

## **CONCLUDING AN INVESTIGATION**

At the end of a case, irrespective of the outcome, it is important that the progress of the investigation is reviewed to see what lessons can be learned and to assess the effectiveness of the action taken. Such reviews will help identify any weaknesses in internal control that initially led to the fraud and should highlight any deficiencies in these systems for reporting and investigating, enable more effective future enquiries and precipitate changes to internal procedures designed to prevent reoccurrence.

On completion of a special investigation, a written report should be submitted to the Audit Committee for consideration and discussion 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.

#### **REFERENCES FOR EMPLOYEES DISCIPLINED OR PROSECUTED FOR FRAUD**

The staff handbook includes a requirement that any request for a reference for a member of staff who has been disciplined or prosecuted for fraud should be referred to the Director of Human Resources. The Director of Human Resources should prepare any answer to a request for a reference having regard to employment law.

#### **REVIEW OF THE FRAUD RESPONSE PLAN**

This plan will be reviewed for fitness of purpose at least annually or after each use. Any need for change will be reported to the Audit Committee for approval.

## **APPENDIX K (IV)**

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### **FRAUD INVESTIGATION**

#### **CHECKLIST FOR LINE MANAGERS**

The following is a checklist of points for consideration following the reporting of an alleged fraud to management:

- Do not rush in – consider all options and plan the approach.
- Establish the facts without alerting anyone.
- Maintain confidentiality.
- Make an immediate note of everything reported. Repeat these notes to whoever is reporting the details to ensure clear understanding.
- Take steps to minimise any immediate further losses.
- Secure any evidence.
- Inform the Chief Financial Officer or member of the fraud investigation group.

#### **CHECKLIST FOR THE FRAUD INVESTIGATION GROUP**

The following is a checklist of points for consideration following the reporting of an alleged fraud by line management to a member of the fraud investigation group:

- Convene a meeting of the group to consider the allegation.
- Conduct an initial investigation to establish the substance of the allegation.
- Consider legal implications.
- If substantiated, inform the Principal, etc.
- Agree if further investigation is required and who will undertake it.
- Agree a remit, and establish scope and reporting deadlines for the investigation.
- Ensure the investigating team has adequate resources, including secure storage.
- Prepare for interviews thoroughly.
- Ensure existing staff disciplinary procedures are followed.
- Secure any evidence.
- Assume the worst-case scenario in terms of losses and staff involved.
- If not already requested to undertake the investigation, inform the police and the funding body as appropriate.
- Hold regular progress meetings at which progress and agreed action are documented.
- Identify all internal and external sources of information and evidence.

## **APPENDIX L**

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### **CONTENTS OF CONDITIONS OF CONTRACT FOR THE PURCHASE OF GOODS AND SERVICES**

#### **LIST OF HEADINGS**

Interpretation

Variation of conditions

Specification

Identification of goods

Packaging

Containers and pallets

Forms

Delivery

Property and risk

Acceptance and Rejection of goods and services

Default by contractor

Force majeure

Price and payment

Safeguarding

Data Protection

Freedom of Information

Health and Safety

Limitation of Liability

Insurance and Indemnity

Transfer and sub-contracting

Patents, etc

Confidentiality

Financial Regulations

Inducements to purchase

Insolvency

Publicity

Law

Dispute Resolution

Warranties and Guarantees

Term and Termination

Intellectual Property

## APPENDIX M

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### MAIN POINTS INCLUDED IN THE ENTITY'S CODE OF TENDERING PRACTICE

- Duty to comply by the entity's staff.
- Duty to comply with Public Contracts Regulations and EU Treaty principles.
- Procurement Board oversight
- Competitive tendering procedure. This will:
  - ensure fairness of competition, transparency and non-discrimination
  - ensure best value is achieved through accurate specification of requirements and evaluation criteria
  - ensure that companies invited to tender are financially and technically able to meet the entity's requirements
  - indicate the terms and conditions of the contract
  - outline the appropriate British standards to be complied with.
- Quotation procedure. This will indicate:
  - the minimum number of firms that should be expected to provide quotations
  - lists of available firms in existence that have been approved by the Group that might undertake the work specified
  - the terms by which the contractors will be paid
  - the requirements concerning good practice that should be followed.
- Tender Management including:
  - Use of electronic tender systems
  - Use of Group standard conditions of tender
  - Submission of tenders and quotations (e.g. time, date, etc).
  - Receipt and safe custody of tenders and quotations
  - Admissibility and acceptance of tenders and quotations
  - Supplier communications
  - Tender reports
  - Maintenance of audit trails
  - Sign-off
- Award of contracts
  - Use of the 'most economically advantageous tender' (MEAT) approach.