

Appendix E: Additional Financial Control Measures

College Financial Handbook 2025 - Compliance Checklist

Mandatory Requirements ('Must')

Paragraph:	Requirement:	In place:	Comments and actions to take:
Roles and Responsibilities			
1.1	The college must obtain prior approval from the Department for Education (DfE) if it is proposing, in exceptional circumstances, to appoint an accounting officer who will not be an employee.	Fully Compliant	Accounting Officer (JW) is a permanent employee
1.1 & 1.4	Accounting officer to adhere to the seven principles of public life, consistent with their personal responsibility under managing public money	Fully Compliant	Evident in ways of working.
1.5	The accounting officer must oversee financial transactions by ensuring governors control the college group's assets with safeguards against loss or misuse, that bank accounts and financial systems/records are operated with segregation of duties, and that full, adequate accounting records are maintained to support the annual report and accounts.	Fully Compliant	Delegated to CFO and controls summarised in the Finance Regs. Assets are safeguarded. Bank accounts and the finance system includes SoD. Accounting records are maintained by a qualified finance team.
1.6	Ensure the accounting officer completes and submits an annual statement of regularity, propriety and compliance to DfE in accordance with the College Accounts Direction.	Fully Compliant	Included as part of the Annual Report and Accounts. 2425 Annual Report and Accounts audited and submitted to the DfE.
1.7 & 1.8	Ensure that a statement of regularity, propriety and compliance is completed each year and is submitted to the ESFA with the college's audited annual report and accounts.	Fully Compliant	Done - see response under 1.6
1.9 & 1.10	Appoint a named individual to whom authority for financial management is delegated. The CFO and finance staff must have appropriate qualifications or experience.	Fully Compliant	CFO and Finance Mgr are ICAEW ACA qualified. Group Reporting Accountant is ACCA qualified.
1.11	Appoint a governance professional who has suitable qualifications or experience to support the board, and is someone other than a governor, principal, or chief executive of the college.	Fully Compliant	Director of Governance and Legal is an employee and qualified solicitor.
1.12	Colleges must not appoint or retain in post governors or senior managers who are disqualified.	Fully Compliant	Monitored through recruitment procedures.

Paragraph:	Requirement:	In place:	Comments and actions to take:
Main financial requirements			
2.1 & 2.4	Maintain robust oversight of the trust and ensure effective financial scrutiny and oversight.	Fully Compliant	Financial oversight through Board and sub-Committee structure.
2.2	Take responsibility for financial affairs, stewardship of assets and use resources effectively, efficiently and economically.	Fully Compliant	Achieved through budgets, transformation plans, management accounts and forecasts
2.3	The Board must review and approve a written scheme of financial delegation with sufficient regularity (at least once every 3 years), or if there has been a change in management or organisational structure that would impact the effectiveness of existing scheme of delegation.	Fully Compliant	Board approved Scheme of Delegation is in place.
2.5	Have sound internal control, risk management and assurance processes.	Fully Compliant	Annual Head of IA opinion provides a summary. Clean opinion in 2425.
2.6	Establish an internal control framework that includes: <ul style="list-style-type: none"> ensuring delegated financial authorities are complied with, and segregation of duties maintained co-ordinating the planning and budgeting process applying discipline in financial management debtors, creditors, cash flow and monthly bank reconciliations planning and oversight of capital projects including those relating to estates safety management and oversight of assets including maintenance of a fixed asset register regularity, propriety and value for money reducing fraud and theft independent checking of controls, systems, transactions and risks 	Fully Compliant	Internal financial control environment is in place. Reviewed annually by external audit and internal audit.
2.7 to 2.10	Prepare and monitor financial plans to ensure the college remains a going concern, with budgets and any significant in-year changes approved by the board. It must ensure budget forecasts are accurate and realistic and based on realistic assumptions and reflective of lessons learned from previous years.	Fully Compliant	Annual budget setting process. 2yr budget submission to the DfE. 5yr financial model is in place.
2.12	Submit a budget forecast return to ESFA.	Fully Compliant	Done - CFFR submitted every July.
2.15	Ensure appropriate action is being taken to maintain financial viability, including addressing variances between the budget and actual income and expenditure.	Fully Compliant	Macro - financial plan model. Micro - delegated budgets and budget holder meetings.

Paragraph:	Requirement:	In place:	Comments and actions to take:
Main financial requirements continued			
2.17	Select key financial performance indicators and measure its performance against them frequently and regularly, including analysis in its annual strategic report.	Fully Compliant	FEC KPIs and DfE Financial Health Rating KPIs included in monthly management accounts.
2.18	Manage the cash position robustly and must not undertake any new borrowing, including overdrafts, without ESFA consent. Advise ESFA in good time of any projected shortfall in working capital that might indicate a requirement for support from ESFA, and have accounting processes in place that allow for the separate identification of capital grant receipts, as well as the proceeds of asset disposals.	Fully Compliant	Good levels of cash reserves are held by the College. No new borrowing is being undertaken.
2.20	Show that public funds have been used as intended by Parliament.	Fully Compliant	Evidenced in the annual regularity SAQ.
2.20	Ensure that the letting of any contract (including sub-contracting) follows due process, and that appropriate contract monitoring is in place, once a contract has been awarded.	Fully Compliant	Procurement processes in place for tendering expenditure contracts. Large contracts are actively managed
2.21	Ensure that a competitive tendering policy is in place and applied, and the procurement rules and thresholds in the Public Contracts Regulations 2025/ Procurement Act 2023 are observed.	Fully Compliant	Finance regs and Procurement Policy in place.
2.22	All providers who subcontract £100,000 or more within any funding year must obtain a subcontracting standard certificate and engage a reporting accountant to sign off an appropriate report. All funded delivery, whether delivered directly or through a third party, must meet the necessary standards.	Fully Compliant	N/A - College does not subcontract delivery to a value >£100k.
2.23	Adopt one of the two remuneration codes or explain in the annual report and accounts why not. Ensure that matters relating to executive pay are disclosed as required by the College Accounts Direction.	Fully Compliant	Covered in the RemGov Annual Report. College has adopted the AoC SPH Remuneration Code (2018).
2.25	For new appointments with proposed remuneration at or above £174,000, or the pro rata equivalent for part-time staff or performance-related pay above £25,000, approval is required before the post is advertised. For existing staff, approval must be sought in relation to any adjustment of total	Fully Compliant	No new appointments at or above the £174k threshold. PRP is not paid by the College. Existing SPH remuneration has not exceeded 6% nor the £174k threshold.

	remuneration or terms and conditions which takes an individual to, or above, the defined threshold (unless this is below the 6% rule below).		
Paragraph:	Requirement:	In place:	Comments and actions to take:
Main financial requirements continued			
2.27	Where remuneration already exceeds £174,000, approval is required for any pay award above 6%. If current remuneration is below £174,000 approval is not required if a pay increase of up to and including 6% takes the remuneration above £174,000.	Fully Compliant	See response under 2.25
2.29	Ensure its senior employees' payroll arrangements fully meet their tax obligations.	Fully Compliant	All senior employees are on PAYE
2.30	The college should set fees for chargeable services at full cost (adding a commercial rate of return where appropriate) and must comply with UK subsidy control obligations, using the statutory guidance to ensure any financial assistance does not unlawfully distort competition.	Fully Compliant	Annual fees paper approved by Governors.
2.31 & 2.32	Manage risks, including contingency and business continuity planning and maintain a risk register. Board to retain oversight of risk and conduct a full review of risk register at least annually.	Fully Compliant	Business continuity plans and risk register in place.
2.33	Have adequate insurance.	Fully Compliant	Comprehensive suite of insurance policies in place.
2.34 to 2.36	Have published procedures for whistleblowing, which are approved by the Board, and respond properly and fairly.	Fully Compliant	Whistleblowing policy in place.
2.37 & 2.38	Provide DfE and EFSA or its agents with information of sufficient quality to meet funding requirements.	Fully Compliant	ILR and finance returns to the DfE
2.41 & 2.42	Comply with one of the three approved governance codes that best reflects the legal structure and operations of the College. If not fully compliant explain why within the annual report and accounts.	Fully Compliant	In place - College complies with the AoC good governance code.
2.45, 2.47 & 2.48	Be even-handed in relationships with related parties. Recognise that related party transactions may attract public scrutiny and require sufficient disclosure in annual reports and accounts to support accountability and transparency.	Fully Compliant	RPTs are disclosed in the Annual Report. Conflicts of interest policy in place.

	Ensure requirements for managing related party transactions are applied across the college group, including any subsidiaries. Ensure that individuals with capacity to control and influence do not conflict with these requirements.		
Paragraph:	Requirement:	In place:	Comments and actions to take:
Main financial requirements continued			
2.46	Comply with the Charity Commission's guidance for trustee expenses.	Fully Compliant	Governors are not paid expenses.
2.50	Have a conflicts of interest policy for managing actual or potential conflicts.	Fully Compliant	Policy in place
2.51	Hold and maintain the board register of interests to capture relevant business and financial interests of governors and senior employees.	Fully Compliant	Maintained by the Governance team.
2.52 & 2.53	Register of interest must be reviewed at least annually and the register must be up to date at all times. Ensure that interests arising from close relationships among governors, and between governors and employees are disclosed.	Fully Compliant	See response under 2.51
The audit committee and internal review			
3.1, 3.4 & 3.6	Must establish an audit committee to oversee the college's programme of internal review and ensure risks are being addressed appropriately. The committee must report to the board and accounting officer on the adequacy of the college's internal control framework and provide the ESFA with an annual report on its activities.	Fully Compliant	A&R Committee in place. Annual Report prepared on activities and scope of the A&R Committee.
3.2 & 3.3	The audit committee must be properly constituted, with neither the accounting officer or CFO, being formal members of the Committee. There must be formal terms of reference and perform an annual programme of work and the committee must have a minimum of 3 members.	Fully Compliant	In place, A&R Committee is properly constituted.
3.5	Audit Committee members must receive appropriate training and ensure that skills and knowledge of members is up to date.	Fully Compliant	Governors skills audit and annual self-assessments.
3.13 & 3.14	Have a process in place to deliver a programme of internal review. Where internal auditors are not appointed the committee must explain in its annual report to ESFA how it has discharged its responsibilities.	Fully Compliant	Internal auditors (external appointees) undertake a risk based programme of annual work. Work programme is approved by A&R Cmmtt and Board.

3.7	The audit committee should meet at least 4 times a year and where this is not possible, an explanation must be provided in the Committee's annual report.	Fully Compliant	In place as Committee meets 4 times pa. Annual calendar and schedule of business is in place.
3.8	The committee's oversight must be over financial and non-financial controls, including information relating to learner data and any recommendations from external review are actioned appropriately.	Fully Compliant	Committee considers a wide scope of work covering financial and non-financial controls.
3.10, 3.11 & 3.12	The audit committee must produce an annual report for the board and accounting officer and submit a statement to DfE with the college's audited annual report and accounts, including an opinion on the adequacy and effectiveness of the college's internal control framework.	Fully Compliant	In place - A&R Cmmtt produce an Annual Report and this is submitted to the DfE.
Paragraph:	Requirement:	In place:	Comments and actions to take:

The annual accounts and external audit

4.1 to 4.4	Maintain adequate accounting records and prepare audited accounts, publish on the College's website by 31 January (31 December if registered with OfS) and submitted to the ESFA by 31 December.	Fully Compliant	Done - audited accounts submitted and published ahead of deadline.
4.7 & 4.8	Appoint an external auditor in writing, for the annual accounts. The regularity review performed by the reporting accountant will encompass consideration of compliance with the provisions of the handbook.	Fully Compliant	Done - external auditor appointed. Scope of work includes the Regularity Opinion.
4.9	The external audit contract and regularity engagement must be in writing and must not cover other services; any additional services require a separate engagement letter specifying the work and fee.	Fully Compliant	In place - letter of engagement exists with the external auditor. Apart from certification of grant claims, no non-audit services are procured from the auditors.
4.10 & 4.11	Should the colleges external auditor resign mid term, the college must notify the DfE immediately and copy an explanation from the auditors to the DfE. The audit committee must also ensure that there is a policy for regular retendering of external audit services.	Fully Compliant	N/A - external auditor has not resigned.
4.13	The college must prepare an annual regularity self assessment questionnaire and provide a copy of this form to the reporting accountant.	Fully Compliant	Done
4.12 & 4.14	Include the accounting officer's statement on regularity, propriety and compliance within the annual report which will include a statement of compliance with the requirements of the handbook. The reporting accountant's	Fully Compliant	Done

	conclusions on regularity is addressed jointly to the college and ESFA		
4.15	Ensure there is an appropriate, reasonable and timely response by the college's management team to findings by external auditors.	Fully Compliant	Done - management responses are documented in the Audit Memo.
4.16	The audit committee assures itself as to the quality of the service being provided by the external auditors and advise the board on the reappointment or dismissal of the external auditors, and their remuneration.	Fully Compliant	Done - auditor performance is considered at the A&R Cmmtt
Paragraph:	Requirement:	In place:	Comments and actions to take:
Delegated authorities			
5.1, 5.3 & 5.4	Obtain ESFA's or other relevant regulatory body's prior approval for transactions beyond the College's delegated limits, regardless of the source of funds. Ensure that the transactions are disclosed in the audited financial statements as required.	Fully Compliant	Done - we are aware of the delegated limits and where approval should be sought from the DfE
5.5	Novel, contentious and repercussive transactions must always be referred to DfE for approval, and the request must be made to DfE before the transaction occurs.	Fully Compliant	Requirement noted. No such transactions undertaken.
5.8	When considering a staff severance payment above statutory or contractual entitlements consideration must be given as to appropriateness and if legal advice is required. In proceeding with the transaction, clearly document the management and approval process and the justification of a value of the settlement. Consider the wider impact on the college and confidentiality clauses.	Fully Compliant	Staff severance requirements noted and there is good working knowledge of these between the People Director and the CFO.
5.9, 5.10 & 5.13	Obtain DfE approval if a staff severance payment including a non-statutory or non-contractual element of £50,000 or more (gross, before income tax or other deductions), or when the proposed special staff severance payment is equivalent to 3 months' salary or more (gross, before income tax or other deductions), for settlement payments below this threshold value for money must still be demonstrated.	Fully Compliant	Requirements noted. Same response as 5.8 above. Also to note that the 3m salary rule has been removed.
5.11	Obtain prior DfE approval before making a special staff severance payment where an exit package which includes a special severance payment is at, or above, £100,000; or the employee earns over £174,000.	Fully Compliant	Requirements noted. No such payments.

5.14	Ensure that DfE's prior approval is obtained when the college is considering a compensation payment whereby there is a non-statutory or non-contractual payment of £50,000 or more.	Fully Compliant	Requirements noted. No such payments.
5.17	Ex gratia, extra-contractual, extra-statutory and extra-regulatory payments must always be referred to DfE for prior approval, irrespective of the amount.	Fully Compliant	Requirements noted. No such payments.
5.18	Permission is obtained for debt write-off exceeding 1% of annual income or £45k individually (whichever is smaller) and/or the write-off takes the college's cumulative total write-offs for the academic year beyond 5% of its annual income or £250k (whichever is the smaller).	Fully Compliant	Requirements noted. Bad debt write offs are approved annually by the Business Committee. We don't exceed these thresholds requiring DfE approval.
Paragraph:	Requirement:	In place:	Comments and actions to take:
Delegated authorities continued			
5.22	On debt management, consider the soundness of the internal control systems, the efficiency with which they have been operated, and take any necessary steps to prevent any failings recurring.	Fully Compliant	Requirements noted. Overall debts and debt management processes are kept under review.
5.23	Keep an accurate record of all amounts lost or written off regardless of value.	Fully Compliant	Done - accounting records are maintained.
5.26 & 5.27	When disposing of College assets, achieve the best price that can reasonably be obtained, while maintaining the principles of regularity, propriety and value for money. Terms and conditions over grant funded or restricted assets must be considered, as well as ensuring that it is in line with the College's asset management policy.	Fully Compliant	Requirements noted. Asset disposal form requires VFM considerations to be noted.
5.29, 5.30 & 5.32	Proceeds from the sale of moveable assets can be applied at the discretion of the College. Proceeds from land and buildings are used for capital reinvestment (unless DfE approval is sought). Charity commission guidance on the sale of land (CC28) is considered alongside the normal NCR provisions.	Fully Compliant	Requirements noted.
5.34	Ensure any lease maintains the principles of regularity, propriety and value for money.	Fully Compliant	Requirements noted. College leases include land & buildings and also equipment and machinery.
5.35	Maintain a policy and register covering the acceptance of gifts, hospitality, awards, prizes or other benefits.	Fully Compliant	Done - register held by the Governance team.

5.35	When making gifts, ensure the value is modest, is within the financial regulations and scheme of financial delegation, the decision is documented, and achieves propriety and regularity in the use of public funds. Gifts to governors will comply with Charity Commission guidance CC11.	Fully Compliant	Requirements noted.
5.36	Obtain ESFA's prior approval for new borrowing from the private sector and amendments to existing private sector borrowing.	Fully Compliant	Requirements noted. No new borrowing is being considered.
5.40	Credit cards are only to be used for business expenditure, and balances cleared before interest accrues.	Fully Compliant	Requirements noted. Credit cards are only used for business spend and they are reviewed and reconciled on a monthly basis.
Paragraph:	Requirement:	In place:	Comments and actions to take:

The regulator and Intervention

6.2	Provide DfE/ESFA with access to books, records, information, explanations, assets, premises and staff to assist with its audits.	Fully Compliant	Requirements noted. Audit information provided to the DfE as required.
6.3	Provide DfE/ESFA with permission for any third party to provide requested information where there are concerns or an investigation is ongoing at a trust.	Fully Compliant	Requirements noted.
6.4	Retain records for at least six years after the period to which funding relates.	Fully Compliant	In place - document retention for financial information is 6 financial years.
6.6 to 6.8	Have an up to date anti-fraud policy and be aware of the risk of fraud, theft and irregularity and address with proportionate controls and appropriate action.	Fully Compliant	Finance regs includes the Anti-Fraud Policy and Process. Fraud risk assessment completed on an annual basis.
6.9	Have procedures in place to ensure the college detects any suspected or discovered instance of fraud, cybercrime, theft, bribery, corruption, irregularity, major weakness or breakdown in the accounting or other control framework. When detected inform the chair of the audit committee, external auditors and internal auditors (if applicable) as soon as practically possible. ESFA, and any other relevant college funder be informed as soon as possible when the fraud, or suspected fraud, is significant.	Fully Compliant	Procedures in place - see response under 6.6 above.
6.9 & 6.10	Notify ESFA of fraud or theft over £5,000, individually or cumulatively, or of any value where unusual or systematic.	Fully Compliant	Requirements noted.
6.11	Reporting of funding errors will adhere to the requirements of the accountability agreement.	Fully Compliant	Requirements noted.

Paragraph:	Requirement:	In place:	Comments and actions to take:
The regulator and Intervention continued			
6.12	Include any significant fraud in the accounting officers statement of regularity, propriety and compliance.	Fully Compliant	Requirements noted.
6.15	Be aware of the risk of cybercrime and put in place proportionate controls and appropriate action where a cyber security incident has occurred.	Fully Compliant	Requirements noted. IT department has business continuity and system recovery procedures in place.
6.16	Must not pay any cyber ransom demands.	Fully Compliant	Requirement noted.
6.22	Cooperate with the National Audit Office and provide help, information and explanation.	Fully Compliant	Requirement noted.