

POLICY

Title: Financial Regulations

Policy Holder: Martin Colbourne

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Accessibility: If you would like this information in an alternative format, e.g. Easy to Read, large print, Braille or audio tape, or if you would like the procedure explained to you in your language, please contact the College's marketing team on 01603 773 169.

Further information: If you have any queries about this policy or procedure, please contact the named policy holder or the College's marketing team on 01603 773 169.

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Jan 2017	v 3.2	Checked/Updated Terminology (Governors-Academy Councils)	T.Mansbridge
Nov 2017	v 3.3	Review	M.Colbourne
May 2018	v 3.4	Update to reflect change in Data Protection legislation	P.Beacock
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Oct 2019	v 3.6	Removal of TEN Group CEO references, inclusion of NA Executive Principal	P.Beacock
May – July 2021	v 4.0	Refine to be solely relevant to CCN and NES	M.Colbourne

¹ The Review Period refers to our internal policy review process. The published policy is current and is the most recent approved version.

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DEFINITION OF ACRONYMS

BACS	Bankers' Automated Clearing System
CCN	City College Norwich
CHAPS	Clearing House Automated Payment System
CIPFA	Chartered Institute of Public Finance & Accountancy
DSS	Data Security Standard
ESFA	Education and Skills Funding Agency
EU	European Union
FE	Further Education
FTS	Find a tender – UK Government replacement for OJEU
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
NES	Norfolk Educational Services
NIC	National Insurance Contributions
OJEU	Official Journal of the European Union
OfS	Office for Students
PAN	Primary Account Number
PAYE	Pay as you earn
PCI	Payment Card Industry
VAT	Value Added Tax
VFM	Value for Money

A GENERAL PROVISIONS

1 Background

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Norwich City College of Further and Higher Education (“City College Norwich”). The College is an exempt charity for the purposes of the Charities Act 2011.

Since 2017, City College Norwich has merged with two Norfolk Colleges. On 1 December 2017, Paston Sixth Form College transferred all of its property, rights and liabilities to City College Norwich. On 1 January 2020, pursuant to the Further and Higher Education Act 1992, the business which related solely to the Easton Campus of Easton and Otley College, including all property, assets and liabilities, was transferred to City College Norwich as a going concern. As part of the merger with the Easton Campus of Easton and Otley College, the shares in two subsidiary companies, EOC Enterprises Limited (company number 02908222) and EOC SPV Limited (company number 08850415) were transferred in their entirety to City College Norwich.

Norfolk Educational Services Limited (NES) was incorporated on 16 May 2012. It is the shared services organisation which provides administrative services to the College. NES is a 100% share owned subsidiary of the College.

These Finance Regulations apply to City College Norwich and all of the subsidiary companies of the College (collectively referred to in these regulations as ‘the College’).

The College Board works closely with the appointed external and internal auditors in ensuring that the right framework is in place to help Governors and the College Leadership Team 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 College’s financial regulations. It translates into practical guidance the College’s broad policies relating to financial control. This document was approved by the College Board. It applies to the College and all entities within the College.
- 2.2 These financial regulations are subordinate to the College’s Instruments and Articles of Association and to any restrictions contained within funding agreements with the funding bodies.
- 2.3 The purpose of these financial regulations is to provide control over the totality of the College’s resources and provide Governors, the College Leadership team and management with assurances that the resources are being properly applied for the achievement of the College’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 College complies with all relevant legislation
- safeguarding the assets of the College.

2.4 Compliance with the financial regulations is compulsory for all staff in the College. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the disciplinary policy. Any such breach will be notified to the relevant Board. It is the responsibility of the College Leadership Team to ensure that staff are made aware of the existence and content of the College's financial regulations.

2.5 The College is responsible for maintaining a continuous review of the financial regulations.

B CORPORATE GOVERNANCE

3 College Governance Structure

4 Accountable Officer

- 4.1 The Principal is the College's designated Accounting Officer and is responsible for ensuring the financial administration of the College'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 College'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.

5 Delegated Responsibilities

- 5.1 The College Board has ultimate responsibility for the College's finances but may delegate specific powers and processes to the committees detailed below. These committees are accountable to the relevant Board.

5.2 Business Committees

The delegated responsibilities of the Business Committee along with its membership, may be found in the terms of reference for the Business Committee which is held by the Governance and Legal Department. Generally, the committee is delegated responsibility for the monitoring of the College's financial position and financial control systems, including all aspects of resource expenditure.

5.3 Audit Committees

Audit Committees are established in accordance with funding body and statutory requirements. The audit requirements for the College are set out in the *Audit Code of Practice* issued by the Education and Skills Funding Agency.

The delegated responsibilities of the Audit Committee along with its membership, may be found in the terms of reference for the Audit Committee which is held by the Governance and Legal Department

The Audit Committee is 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 committee has a role in reviewing the College's systems of internal control and risk management.

6 Other Senior Managers with Financial Responsibility

6.1 Chief Financial Officer/Principal Finance Officer¹

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

- 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 College's annual accounts and other financial statements and accounts which all entities are required to submit to other authorities
- ensuring that the College maintains satisfactory financial systems
- providing professional advice on all matters relating to financial policies and procedures
- day-to-day liaison with internal and external auditors in order to achieve efficient processes.

6.2 College and NES Management Teams

Where resources are devolved to budget holders, they are accountable to the Principal and NES MD for their own budgets. Budgetholders are members of the College and NES Management Teams.

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

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

6.3 All members of staff

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

They should ensure that they are aware of the College's financial authority limits (see 18.2) and the values of purchases for which quotations and tenders are required (see 18.6).

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 College'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 they may deem necessary, from time to time, to carry out the requirements of the governing body.

¹ The Managing Director, NES assumes the role of Chief Financial Officer and Principal Finance Officer in these regulations

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 College. The Chief Financial Officer shall take such steps as they consider necessary by way of investigation and report.

7 Risk Management

- 7.1** Risk management can be defined as '*coordinated activities to direct and control an organisation with regard to risk*'.² The College 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 College will be set out in a separate risk management strategy.
- 7.2** The College Board has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the College through the development, implementation and embedding within the organisation of a formal, structured risk management process.
- 7.3** In line with this policy, the College 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 College-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 22.1)
 - 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 Board of all risks above established tolerance levels
 - regular reporting to the Board of each College of the latest risk register for that College
 - an annual review of the implementation of risk management arrangements; and
 - the capability for independent verification.

Further details are contained in the College Risk Management Policy.

8 Whistleblowing

- 8.1** Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee about malpractice in the workplace. A whistleblower can blow the

² BS ISO 31000:2009 *Risk Management: Principles and Guidelines* (BSI).

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.

- 8.2** Normally, any concern about a workplace matter should be raised with the relevant member of staff's immediate line manager or head of department. However, the College 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.
- 8.3** The full procedure for whistleblowing (including who to make referrals to) is set out in the College's separate whistleblowing policy, which is available through Blackboard - > NES Portal -> College Policies -> Governance, or via the Human Resources department. Further details are available:
- College Anti-bribery Policy and Procedure – Appendix C
 - Fraud policy statement, procedure and response plan – Appendix D

9 Code of Conduct

- 9.1** The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee) which governing body members and members of staff at all levels are expected to observe. These principles are set out at Appendix B. In addition, the College expects that staff at all levels will observe its Code of Conduct.
- 9.2** Additionally, members of the College Board, College Leadership Team, management teams or those involved in procurement are required to disclose interests in the College's register of interests maintained by the Clerk to the Corporation (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.
- 9.3** In particular, no person shall be a signatory to a College contract where they also have an interest in the activities of the other party.
- 9.4 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 imprisonment and unlimited fines. The College's anti-bribery policy statement can be found on the College's webpages.

The guiding principles to be followed by all members of staff and Governors 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 and Governors should not accept any gifts, rewards or hospitality (or have them given to friends or 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 College 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 Principal or the Chief Financial Officer or the Clerk to the Corporation. Guidance on acceptable hospitality is contained in the detailed financial procedures. For the protection of those involved, the Clerk to the Corporation (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 Clerk to the Corporation (or other designated officer) promptly.

C FINANCIAL MANAGEMENT AND CONTROL

10 Financial Planning

10.1 The Chief Financial Officer is responsible for preparing the annual budget, for approval by the College Board and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans approved by the College Board.

10.2 Budget objectives

The Board will annually set budget objectives as part of review and approval of the Board pack.

10.3 Resource allocation

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

10.4 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 before submission to the Board. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet.

10.5 Capital programme

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 College'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.

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

The 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 significant capital expenditure to Business Committee for monitoring purposes.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Business Committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred, as well as other issues affecting completion of the project. Post-project

evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines.

10.6 Other major developments

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time must be submitted to the Board for approval where such an investment is of more than £100,000. The Board 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 the 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.

11 Financial Control

11.1 Budgetary control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible to the 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 and, if necessary, corrective action taken.

11.2 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 the College's finances subject to any specific requirements of the funding body.

11.4 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 £25,000 to the relevant Board for approval.

12 Accounting Arrangements

12.1 Financial year

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

12.2 Basis of accounting

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

12.3 Format of the financial statements

The financial statements for the College are prepared in accordance with *Financial Reporting Standard 102 (FRS102)* and 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 FRS102.

12.4 Capitalisation and depreciation

Capital Expenditure is defined as expenditure on the acquisition of a fixed asset, i.e. one which bestows benefits to the College and the services it provides for a period exceeding one year, and in which the College 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 College's financial memorandum with the appropriate funding body;
- the acquisition is affordable, in the context of the College's financial plans;
- the acquisition represents value for money for the College.

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

Assets, other than land or buildings, valued over £1,000 (ex VAT) are capitalised and recognised at the cost or value of the acquisition where the cost or valuation is reasonably obtainable. All computer equipment is capitalised 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 i.e. significant adaptation.

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 assets will be determined on the recommendation of the Chief Financial Officer.

12.5 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
- signed grant agreements
- supplier contracts

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

The College is required by law to retain prime financial 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.

12.6 Public access

Under the terms of the financial memorandum/funding agreement, the Board is required to supply any person with a copy of the College'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. The College is required to publish its audited Annual Report and Accounts 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.

12.7 Taxation

The Chief Financial Officer is responsible for advising on all taxation issues, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to each College. Therefore the Chief Financial Officer will issue instructions 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 College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

13 Audit Requirements

13.1 General

External auditors and internal auditors shall have authority to:

- access College 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 to account for cash, stock or any other College property under their 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 the Board for approval.

13.2 External audit

The external auditors should be reappointed annually by the College Board. The Board will be advised by the Chief Financial Officer, who will take direction from the Audit Committee. 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 College's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in:

- Post -16 Audit Code of Practice, and
- the Auditing Practices Board's statements of auditing standards.

13.3 Internal audit

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

The internal audit service remains independent in its planning and operation but has direct access to the Board, the Principal and the chair of the Audit Committee.

13.4 Fraud and corruption

It is the duty of all members of staff, management and the 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 College's fraud policy statement, procedure and response plan - all included in the appendices.

13.5 Value for money

The Board is responsible for securing value for money from public funds. The Board 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, the National Audit Office, the Public Accounts Committee, or other bodies relevant to each College.

13.6 Other auditors

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

14 Treasury Management

14.1 Treasury management policy

The College 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 Chief Financial Officer has a responsibility to ensure implementation, monitoring and review of such policies.

The Board delegates responsibility for the implementation and monitoring of its treasury management policy and procedures to the relevant Business Committee, and for the execution and administration of treasury management decisions to the Chief Financial Officer, who will act in accordance with College policy, procedures and values.

The Business Committee will receive reports on 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.

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 College and shall conform to any relevant funding body requirements.

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

14.2 Appointment of bankers and other professional advisers

The Board is responsible for the appointment of the College's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Chief Financial Officer, with advice from the Audit Committee. The appointment shall be for a specified period, after which

consideration shall be given by the Audit Committee to competitively tendering the service.

14.3 Banking arrangements

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

Only the Chief Financial Officer (or delegated authority) may open or close a bank account. All bank accounts shall be in the name of the College or one of its subsidiary companies.

All automated transfers on behalf of the College, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Chief Financial Officer. Details of authorised persons and limits shall be provided for in the College's detailed financial procedures (see 18.2).

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 College will be reviewed periodically by the Board.

The College (through the Chief Financial Officer) is allowed to invest funds with the following UK-based banks 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).

The College currently places most of its funds with Lloyds Bank and Scottish Widows Bank.

The College's bank mandate (and any amendments) and the number and purpose of accounts must be approved by the College Board.

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

Inter-College loan arrangements must be formalised by the Chief Financial Officer, and submitted to each relevant Board for approval.

15 Income

15.1 General

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

Levels of charges for services rendered, goods supplied and rents and lettings are determined by procedures approved by the Chief Financial Officer or the Accountable Officer or the Board depending on the nature of the income.

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 the 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.

15.2 Maximisation of income

It is the responsibility of all staff to ensure that revenue 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.

15.3 Receipt of cash, cheques and other negotiable instruments

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

All monies received must be paid to the College cashier's department 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 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 College.

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 College'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 College 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 College maintains PCI DSS compliance, which is monitored by the bank's merchant services unit.

Internet receipts

The College 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 College 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 College 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 member of College or NES management team's responsibility to ensure all terms of use are complied with.

15.4 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 authorised staff), in respect of all income due to the College;
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account;
- invoices will be addressed to the appropriate individual/company/College 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/College 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; and
- 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.

15.5 Student fees

The level and structure of tuition fees and charges, together with all discretionary fee waivers and refund policies must be approved by the College Board, following detailed

consideration by the Business Committee.

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

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

15.6 Refunds

The College 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 College's policy on bribery and money laundering.

15.7 Student loans

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

15.8 Emergency/hardship loans

The College's scheme for emergency/hardship loans must be approved by the 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.

16 Other Income-generating Activity

16.1 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 College 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 College resources required (for the calculation of the full economic cost)
 - an undertaking that the work will not interfere with the teaching and normal College duties of the member(s) of staff concerned.

16.2 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 their 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.

16.3 Collaborative provision including franchising

Any contract or arrangement whereby the College provides education to students away from College premises, or with the assistance of persons other than the College'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 Board.

The form of the contract shall be scrutinised in advance of its operation by the Business Committee and approved by 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 College's financial forecast.

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

16.4 European Union and other 'match funding'

Any such project requires the approval of the 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 College'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 Board which will set out, among other things, the potential risks generated by the project.

If the College sub-contracts such work to external providers, the 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.

16.5 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 the College's costing and pricing policy, in particular for the recovery of overheads.

16.6 Deficits

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

16.7 Additional contributions to departments

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

17 Intellectual Property Rights and Patents

17.1 General

Certain activities undertaken within the College including research and

consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property.

17.2 Patents

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

17.3 Intellectual property rights

In the event of the College 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 College and contained in the College's detailed financial procedures.

18 Expenditure

18.1 General

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

18.2 Scheme of delegation/financial authorities

The Accounting Officer of the College is responsible for purchases within the College. 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 the Principal must supply them with specimen signatures of those authorised to certify invoices for payment (for paper-based systems) or a list of approved names (for electronic 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 Principal.

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

The Principal and budget holders are not authorised to commit the College 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.

18.3 Procurement

The College 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 Director of Governance and Legal. It will:

- ensure that the College's procurement policy is known and observed by all involved in purchasing within the College.
- provide advice on matters of College procurement policy and practice
- provide advice to and assist entities and departments where required on specific College and departmental purchases
- develop appropriate standing supply arrangements on behalf of the College 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 the College, in collaboration with the responsible department
- ensure that each College complies with Government regulations on public purchasing.

18.4 Purchase orders

The ordering of goods and services shall be in accordance with the College'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, College 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 (Outsourced and Hotel School)
- Grounds maintenance
- Telephony and data circuits
- Taxis

- ESG placements
- Estates emergency suppliers
- Animal feed, care, essentials

It is the responsibility of the Chief Financial Officer to ensure that all purchase orders refer to the College's conditions of contract.

18.5 Purchasing cards, credit and debit cards

The operation and control of the College'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 College's financial procedures.

18.6 Tenders and quotations

Heads of department and delegated budget holders must comply with the College's tendering procedures contained in the College's Procurement Policy (available on the Policy Portal), which are applicable as follows³ (all references to values are amounts exclusive 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 and/or retained as a departmental record. Instances of where it is not practicable to obtain 3 quotations would be emergency orders, the exceptions listed in para 18.4 and where it can be reasonably demonstrated that the marketplace cannot provide 3 quotations.
- £25000 – OJEU/FTS threshold – The Director of Governance and Legal shall arrange for either i) a single stage competitive tendering process or ii) a framework competition.
- > OJEU/FTS threshold - The Director of Governance and Legal shall arrange

³ All reference to financial amounts is the total life value (not the annual value) of the procurement

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).

18.7 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 College 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 College's tendering process.

In each case a statement of justification should be approved by the Principal prior to the event showing:

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

All post-tender negotiations should be reported to the Chief Financial Officer.

18.8 Contracts

Building contracts are the responsibility of the Estates and Facilities department, NES and are administered by the College's Director of Estates and Facilities, NES.

Proposals will normally be initiated by the Director of Estates and Facilities 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 Director of Estates and Facilities, is too large or too specialised for the Estates and Facilities 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 the 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 College's detailed financial procedures.

18.9 EU/Government regulations

The Director of Governance and Legal is responsible for advising the College staff of its obligation to comply with EU/Government procurement legislation. EU/Government 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 Director of Governance and Legal will advise the Principal on the thresholds that are currently in operation. A breach of these EU/Government regulations is actionable by a supplier or potential supplier.

It is the responsibility of the Principal to ensure that all members of staff comply with EU/Government regulations by notifying the Director of Governance and Legal 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/FTS.

18.10 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 College must be independent of those who negotiated prices and terms and authorised the official order.

18.11 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 BACS transfer. In exceptional circumstances the Chief Financial Officer will prepare cheques manually or organise same day electronic faster payment for urgent payments.

The Principal is 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 Principal or appropriate 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.

18.12 Staff reimbursement

The College's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasions, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 19.5).

Where such purchases by staff are planned, the Chief Financial Officer and the Principal may jointly approve cash advances to staff who are going to incur expenditure on the College'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.

18.13 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 they consider 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 College petty cash books/records 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.

18.14 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 business committee.

18.15 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 College can be sued for non-payment.

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

18.16 Project advances

The Chief Financial Officer and the Principal may jointly approve cash advances for projects carried out away from the College 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 a College 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.

18.17 Giving hospitality

Staff entertaining guests from outside bodies at lunch time should normally use the College'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 College'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 College's anti-bribery policy statement can be found on the College's website.⁴

18.18 Telecoms

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

The College 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.

18.19 Provision of clothing

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

18.20 Payments to volunteers

It is the responsibility of the Principal to ensure that payments made to volunteers are correctly administered. The College 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.

19 Pay Expenditure

19.1 Remuneration policy

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

The College 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.

Salaries and other benefits for senior management will be determined by the Principal and College Board.

⁴ See Appendix C to this guide.

19.2 Appointment of staff

All contracts of service shall be concluded in accordance with the College's approved human resources practices and procedures and all offers of employment within the College 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.

19.3 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 College's detailed payroll financial procedures and comply with HM Revenue & Customs regulations. Staff should be aware that the College could incur penalties for non-compliance with such regulations.⁵

⁵ Where there are requests to make a one-off or occasional payment to sport referees or people delivering enrichment activities, 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.

The College may deduct from a member of staff's salary any sums due from them to the College, including overpayments, loans or advances made or outstanding Bonding or Salary Sacrifice Agreements. In the event that the College 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 College 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 College 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.

19.4 Superannuation schemes

The College 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 pension matters including:

- paying contributions to various authorised pension schemes
- preparing the annual return to various pension schemes
- administering members records (as required by the pension schemes).

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.

19.5 Expenses and allowances

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

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

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 the Principal (or as appropriately delegated). The certification by the Principal (or delegate) shall be taken to mean that:

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

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

Arrangements for travel by the chair of the Board shall be approved by the Chief Financial Officer of the College.

Arrangements for travel by the Chief Financial Officer shall be approved by the Principal.

19.6 Overseas travel

All arrangements for overseas travel must be approved by the Principal in advance of committing the College to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Principal or members of the 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 College intend to participate in a trip, this must be clearly identified in the approval request. The College must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings.

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

19.7 College trips/education visits

Members of staff must ensure that charges/funds available for taking students on trips cover the costs of those trips.

19.8 Allowances for members of the governing body

Claims from members of the Board will be authorised by the Principal and Clerk of Corporation. Claims for meeting attendance will be based on out-of-pocket expenses, but only reasonable expenses can be reimbursed.

19.9 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 the Board 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 £50,000 require approval by the Board. In exceptional circumstances this approval may be given by the Human Resources Director in consultation with the Board. Amounts paid should be declared in the financial statements.

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

19.10 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.

20 Assets

20.1 Land and buildings

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

20.2 Fixed asset register

The Chief Financial Officer is responsible for maintaining the College's register of land, buildings, plant and machinery, equipment, and fixtures and fittings. The Principal will provide the Chief Financial Officer with any information they may need to maintain the register. Capitalised items must be uniquely identifiable and where possible/practicable labelled for security, and maintenance purposes. The Director of IT is responsible for ensuring that capitalised computer equipment is properly labelled, recorded and periodically checked and reconciled. The College Technicians 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 the Board in order to ensure that fixed asset system records are up-to-date and accurate.

20.3 Inventories

The Principal is responsible for maintaining College/department stock records, 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 College'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 Estates and Facilities, NES is responsible for maintaining a comprehensive database of properties used by the College 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.

20.4 Stocks and stores

The Principal (or as delegated) is responsible for establishing adequate arrangements for the custody and control of stocks and stores within the College. The systems used for stores accounting must have the approval of the Chief Financial Officer.

The Principal is 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.

Where stocks require valuation in the balance sheet the Principal must ensure that the stock-taking procedures in place have the approval of the Chief Financial Officer, and that instructions are provided to appropriate staff.

20.5 Safeguarding assets

The Principal is 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 College shall, so far as is practical, be effectively marked to identify them as College property.

20.6 Personal use

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

20.7 Asset disposal

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

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

All asset disposals should be authorised 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.

20.8 All other assets

The Principal is responsible for establishing adequate arrangements for the custody and control of all other assets owned by the College, whether tangible (such as stock – see above) or intangible (such as intellectual property – see paragraph 17), including electronic data.

21 Funds Held on Trust

21.1 General

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

21.2 Gifts, benefactions and donations

The Chief Financial Officer is responsible for maintaining financial records in respect

of gifts, benefactions and donations made to the College and initiating claims for recovery of tax where appropriate.

21.3 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.

21.4 Trust funds

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

The Board is responsible for ensuring that all the College'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.

21.5 Voluntary funds

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

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.

21.6 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 College'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.

22 Other

22.1 Insurance

The Chief Financial Officer (as delegated to the Director of Governance and Legal) is responsible for the College's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy (see paragraphs 7.1 to 7.3), 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 College Business Committee annually.

The Chief Financial Officer is responsible for effecting insurance cover as determined by the College Business Committee. They are 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 College and the property and risks covered. They will also deal with the College's insurers and advisers about specific insurance problems.

The Principal must ensure that any agreements negotiated within the College with external bodies cover any legal liabilities to which the College may be exposed. The Chief Financial Officer's advice should be sought to ensure that this is the case. The Principal 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. The Principal 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 College'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 Estates and Facilities, NES) is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

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

22.2 Companies, joint ventures and consortium arrangements

In certain circumstances it may be advantageous to the College to establish a company or a joint venture or consortium arrangement to undertake services on behalf of the College. Any member of staff considering the use of such arrangements should first seek the advice of the Principal and 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 College'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 College. These and other arrangements will be set out in a memorandum of understanding.

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

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

22.3 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 College'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 UK GDPR. A data protection officer shall be nominated to ensure compliance with the UK GDPR and the safety of documents.

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

22.4 Students' union (constituent part of the College)

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

22.5 Use of the seal by an College

The Director of Governance and Legal is responsible for submitting a report to each meeting of the Board detailing the use of the Corporation's seal since the last meeting.

22.6 Provision of indemnities

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

23 Appendices

Appendix A	Scheme of Delegation
Appendix B	The Seven Principles of Public Life
Appendix C	College Anti-bribery Policy and Procedures

Appendix D (I)	Fraud Policy Statement
Appendix D (II)	Procedure for Fraud Prevention, Detection and Investigation
Appendix D (III)	Fraud Response Plan
Appendix D (IV)	Fraud Investigation Plan

APPENDIX A

SCHEME OF DELEGATION GRID

	College Corporation	Principal	Deputy Principal	NES Board	NES MD	NES Deputy MD	College CMT / NES MT	College/NES - Delegated	NES Finance Mgr / Group Transactions Mgr / Group Accountant	NES Senior Finance Assistant	NES Finance Assistant
Contracts (total value incl extns)											
Sign contracts £0 - £25k (Note 1)		X	X		X	X					
Sign contracts £25k - £100k (Note 2)	N	X			X						
Sign contracts >£100k	X										
Capital spend - authorise											
Business case for capital spend <£25k (Note 1)		X	X		X	X					
Business case for capital spend £25k-£100k (Note 2)	N	X			X						
Business case for capital spend >£100k	X										
Capital Orders/GRNs/Invoices - EBIS - IT <£25k		X				X	X				
Capital Orders/GRNs/Invoices - EBIS - Non IT <£25k		X					X				
Capital Orders/GRNs/Invoices - EBIS - IT >£25k		X			X	X	X				
Capital Orders/GRNs/Invoices - EBIS - Non IT >£25k		X			X		X				
Capital Purchase - Credit Card <£5k							X				
Capital Purchase - Credit Card >£5k but <£25k		X					X				
Capital Purchase - Credit Card >£25k		X			X		X				
Non-payroll spend - authorise											
Orders/GRNs/Invoices £0-£1k								X			
Orders/GRNs/Invoices £1-£5k							X	X			
Orders/GRNs/Invoices >£5k but <£25k		X									
Orders/GRNs/Invoices >£25k (Note 2)		X			X						
Credit notes received <£5k									X		
Credit notes received >£5k but <£25k					X				X		
Credit notes received >£25k		X			X				X		
Authorise new suppliers									X		
Payroll spend - authorise											
Permission to recruit form		X	X		X	X	X		X		
Starter form		X	X		X	X	X		X		
Leaver form		X	X		X	X	X		X		
Contract amendment form		X	X		X	X	X		X		
Overtime claim form		X	X		X	X	X		X		
Session claim form		X	X		X	X	X		X		
Mileage & Expenses claim form		X	X		X	X	X		X		
Income											
Raise invoice									X	X	X
Issue refunds on sundry systems/till points <£1k.							X	X			
Issue Credit Notes on the ledgers <£5k									X		
Issue Credit Notes on the ledgers >£5k but <£25k					X				X		
Issue Credit Notes on the ledgers >£25k		X			X				X		
Debt write off £0 - £5k		X			X				X		
Debt write off >£5k	X										
Bank & Cash											
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		
Prepare bank reconciliation									X		
Review bank reconciliation									X		
Credit cards											
Hold a credit card		X	X		X		X	X			
Reconcile monthly credit card									X	X	X
Notes											
N = Notified											
1 - One signature required											
2 - Two signatures required											

APPENDIX B

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 C

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 College'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 COLLEGE COLLEGE'S COMMITMENT TO ACTION

The College 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 contracts 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) 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 College 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 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 College will not deal with suppliers known or suspected of paying bribes. College 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 College 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 College 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 Director of Governance and Legal.

OTHER RELEVANT POLICIES

- Fraud and policy statement
- Whistleblowing policy

APPENDIX D (I)

FRAUD POLICY STATEMENT

The College 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 College Board, the Principal of the College and the Managing Director of NES. The College operates a zero-tolerance attitude to fraud and requires staff to act honestly and with integrity at all times.

The College 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 College's internal auditors.

All members of staff have a responsibility to protect the assets and reputation of the College 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 College 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 team. The members of such a team may include:

- Director of Human Resources (chair)
- Director of Governance and Legal
- 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 College's policy for fraud prevention, detection and investigation, which can be found at Appendix D (ii).

APPENDIX D (II)

PROCEDURE FOR FRAUD PREVENTION, DETECTION AND INVESTIGATION

INTRODUCTION

The College's procedure for fraud prevention, detection and investigation is set out below (and in the accompanying Fraud Response Plan – Appendix D 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 D (iii))
- ensure that both alleged and proven fraud are dealt with in a consistent and timely manner.

The College 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 College'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 College. 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 College assets, including computing systems. The financial regulations are one example of these controls. The College'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 College'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 College'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 College 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 College'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 College'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 College.

Proper and consistently applied procedures for reporting and investigating fraud play an important part in preventing further fraud. The Board expects that reported suspicions will be investigated. The College's fraud response plan, set out at Appendix D (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 team. The members are:

- Director of Human Resources (chair) – hilary.bright@ccn.ac.uk, 01603 773103
- Director of Governance and Legal – Jodie.mitchell@ccn.ac.uk, 01603 773372
- Head of Internal Audit – paul.goddard@scruttonbland.co.uk, 01473 267000
- Chief Financial Officer – martin.colbourne@ccn.ac.uk, 01603 773770

The College Whistleblowing policy can be found: Blackboard -> NES Portal -> College 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, they should, within 24 hours, hold a meeting of the fraud investigation team 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 D (III)

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 College 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 team are included at Appendix D (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 team. The members are:

- Director of Human Resources (chair) – hilary.bright@ccn.ac.uk, 01603 773103
- Director of Governance and Legal – Jodie.mitchell@ccn.ac.uk, 01603 773372
- Head of Internal Audit – paul.goddard@scruttonbland.co.uk, 01473 267000
- Chief Financial Officer – martin.colbourne@ccn.ac.uk, 01603 773770

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, they should, within 24 hours, hold a meeting of the fraud investigation team 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 team 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 College 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 College 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 College 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 team 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 the College's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the College. Any security passes and keys to premises, offices and furniture should be returned.

Advice should be obtained on the best means of denying access to the College 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 College'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 College's assets.

At this stage, the College 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 College 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 team 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 the College'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 team 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 College 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 (College policies are in place which govern the use of these techniques).

The fraud investigation team 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 College will seek to recover losses for every fraud incurred.

It is important that any losses incurred by the College 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 College will consider pursuing parallel sanctions if this is advised by legal experts and this will enhance the College'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 College must follow disciplinary procedures against any member of staff who has committed fraud.

The College 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 College'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 team 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 every 2 years or after each use. Any need for change will be reported to the Business Committee for approval.

APPENDIX D (IV)

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 team.

CHECKLIST FOR THE FRAUD INVESTIGATION TEAM

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 team:

- Convene a meeting of the fraud investigating team 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.