

# Financial Regulations

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## **A General Provisions**

### **1 Background**

- 1.1 Loughborough College is a further education corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in the instrument and articles of government. The College is accountable through its Corporation Board, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2 The College is an exempt charity by virtue of the Charities Act 1993.
- 1.3 The financial memorandum between the Education and Skills Funding Agency (ESFA), the Office for Students (OfS) memorandum of assurance and accountability and the College sets out the terms and conditions on which the funding agreements / contracts are made. The Corporation Board is responsible for ensuring that conditions of grant are met. As part of this process, the College must adhere to the Joint Audit Code of Practice, which requires it to have sound systems of financial and management control. The financial regulations of the College form part of this overall system of accountability.

### **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 Board on the 8th July 2019. It applies to the College and all its subsidiary undertakings.
- 2.2 These financial regulations are subordinate to the College's instruments and articles of government and to any restrictions contained within the College's financial memorandum and the Joint Audit Code of Practice.
- 2.3 The purpose of these financial regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's strategic plan and business objectives:
  - financial viability;
  - achieving value for money;
  - fulfilling its responsibility for the provision of effective financial controls over the use of public funds;
  - ensuring that the College complies with all relevant legislation;
  - helps protect the reputation of the College through ensuring controls are in place to manage the College's resources;
  - safeguarding the assets of the College.
- 2.4 Compliance with the financial regulations is compulsory for all staff connected with the College including those from agencies or employed on a temporary basis. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the College's disciplinary policy. It is the responsibility of budget holders to ensure that their staff are made aware of the existence and content of the College's financial regulations.

- 2.5 Any enquiries, omissions and inconsistencies in these Regulations should be referred to the Vice Principal – Finance & Infrastructure. Where matters come to light which are not covered in this document they shall be resolved in the spirit of these Regulations until such time as the Corporation can amend them.



## **B Corporate Governance**

### **3 The Corporation Board**

The Corporation Board is responsible for the management and administration of the College. Its Terms of Reference are shown in the Standing Orders. Its financial responsibilities are to:

- ensure the solvency of the College and the safeguarding of the College's assets;
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Chief Executive and other designated senior post-holders;
- set a framework for pay and conditions of service of all other staff;
- ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the College are appropriate and sufficient to safeguard public funds;
- approve the appointment of external auditors and independent assurance advisors;
- secure the efficient, economical and effective management of all the College's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the College is not put at risk;
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution;
- plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure;
- approve an annual revenue and capital budget before the start of each financial year;
- determine the tuition fees and charges policy;
- ensure that the College complies with the Joint Audit Code of Practice;
- approve the College's strategic plan and multi-year financial forecast;
- approve the annual financial statements.

### **4 Accounting Officer**

4.1 The Chief Executive is the College's designated officer and is responsible for ensuring the financial administration of the College's affairs in accordance with the financial memorandum with the Education and Skills Funding Agency (ESFA). As the designated officer, the Chief

Executive may be required to justify any of the College's financial matters to the Public Accounts Committee at the House of Commons.

4.2 In particular, the articles of government 3(2)(e) charge the Chief Executive with responsibility:

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

4.3 The Chief Executive shall demonstrate his or her oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements, and form 5 of the multi-year financial forecasts submitted to the Education and Skills Funding Agency (ESFA).

## **5 Committee Structure**

The Corporation Board has ultimate responsibility for the College's finances, but delegates specific powers and processes to the Committees. The standing orders of the committees are contained in Appendix Q. These Committees are accountable to the Corporation Board.

## 6 Other Senior Managers with Financial Responsibility

### 6.1 Vice Principal – Finance & Infrastructure

Day-to-day financial administration is managed by the Vice Principal – Finance & Infrastructure, who is responsible to the Chief Executive for:

- preparing annual capital and revenue budgets and financial plans;
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- preparing the College's annual accounts and other financial statements and accounts which the College is required to submit to other authorities;
- ensuring that the College maintains satisfactory financial systems;
- maintaining proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College;
- providing professional advice on all matters relating to financial policies and procedures.

### 6.2 Budget Holders

Budget holders are responsible to the Chief Executive for financial management for the areas or activities they control. They are advised by the Vice Principal – Finance & Infrastructure in executing their financial duties. The Vice Principal - Finance & Infrastructure will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Budget holders are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters and they are expected to comply with the procedures set out in the Financial Regulations.

Budget holders shall provide the Vice Principal – Finance & Infrastructure with such information as may be required to enable:

- Compilation of the College's financial statements;
- Implementation of the Business Planning and Performance Framework;
- Implementation of audit and financial reviews, projects and value for money studies.

Levels of budgetary authority are set out in detail at Appendix H.

### 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 20.2) and the values of purchases for which quotations and tenders are required (Appendix H).

They shall make available any relevant records or information to the Vice Principal - Finance & Infrastructure or his or her 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 Vice Principal – Finance & Infrastructure with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Corporation Board.

They shall immediately notify the Vice Principal – Finance & Infrastructure whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the College. The Vice Principal – Finance & Infrastructure shall take such steps as he or she considers necessary by way of investigation and report. These are explained in more detail at Appendix D. In the absence of the Vice Principal- Finance & Infrastructure then staff can contact the Principal/Chief executive or the Clerk to the Corporation.

## **7 Risk Management**

- 7.1 The College acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable /unacceptable by the College is set out in a separate risk management strategy.
- 7.2 The Audit and Risk Committee will receive reports on risk management so that they can advise the Corporation Board, which has overall responsibility for ensuring there is a risk management capability 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, the Audit and Risk Committee 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;
  - a decision on the level of risk to be covered by insurance (see 26.1);
  - 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 Corporation Board of all risks above established tolerance levels;
  - an annual review of the implementation of risk management arrangements.

The strategy and procedures must be capable of independent verification.

- 7.4 Budget holders must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Vice Principal – Finance & Infrastructure’s appropriate advice should be sought to ensure that this is the case.

## 8 Whistleblowing

- 8.1 Whistleblowing, in the context of the Public Interest Disclosure Act 1998, is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 8.2 The range of issues that could be raised through whistle blowing is extensive and not limited to the examples described in paragraph 8.1 above, and these are described further in the detailed policy and procedure which is found in Appendix L.

## 9 Code of Conduct

- 9.1 The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. These principles are set out at Appendix A. In addition, the College expects that staff at all levels will observe its code of conduct, which covers:

- Probity and propriety;
- Selflessness, objectivity and honesty;
- Relationships.

- 9.2 Additionally, members of the Corporation Board or those involved in Procurement are required to disclose interests in the College’s register of interests maintained by the Clerk to the Corporation. The Executive and all budget holders are required to disclose interests in the College’s register of interests maintained by the Finance and Audit Compliance Manager. All register of interests must be kept up to date promptly.

For all new supplier requests, a new confirmation will be sought from the relevant budget holder that there are no conflicts of interest in appointing the new supplier.

- 9.3 In particular, no person shall be a signatory to a College contract where he or she also has an interest in the activities of the other party.

- 9.4 Receiving gifts or hospitality

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

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest;
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they

have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

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

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant Head of Department or the Vice Principal Finance & Infrastructure. For the protection of those involved, the Finance and Audit Compliance Manager on behalf of the Vice Principal Finance & Infrastructure will maintain a register of gifts and hospitality received where the value is in excess of £20. Members of staff in receipt of such gifts or hospitality are obliged to notify the Finance and Audit Compliance Manager (or other designated officer) promptly by email to [registerofgifts@loucoll.ac.uk](mailto:registerofgifts@loucoll.ac.uk). The register will be reviewed annually by the Vice Principal – Finance & Infrastructure.

Under the same Act, the College is responsible for ensuring that it has in place adequate procedures to prevent bribery. In determining what is termed adequate the College must have regard to the risks that it faces, as determined by six key principles: proportionality; top level commitment; risk assessment; due diligence; communication; and monitoring and review.

#### 9.5 Giving gifts or hospitality

Staff entertaining guests either at the College or offsite is subject to the prior approval of the

Executive member. Staff entertaining guests from outside bodies at lunchtime should normally use the College's catering facilities. Where this is not the case, explanatory reasons must be stated when submitting a claim for reimbursement.

The limits concerning acceptable expenditure for entertaining guests are set out in the Expenses policy and procedure. Appendix M.

For giving gifts or hospitality in the UK or abroad, where this is not onsite lunch, a business case must be submitted in advance to the Vice Principal Finance and Infrastructure for pre-approval. When this is for the CEO, the Chair of Governors must authorise. The business case form can be found on the College shared area, under Finance. The approved business case forms will form part of the Gifts and Hospitality register.

## 10 Bribery

- 10.1 Under the Bribery Act 2010, which came into force in July 2011 and which replaced the Prevention of Corruption Act 1906, it is an offence for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or

showing favour or disfavour to any person in an official capacity. The College prohibits staff and Corporation members from offering, giving, soliciting or accepting any bribe. The bribe might include cash, a gift or other inducement, to or from any person or organisation, wherever they are situated and irrespective of whether or not they are a public official/body or private person or company, by any individual governor, employee, agent or other person or body acting on the College's behalf. The bribe might be made in order to:

- Gain any commercial, contractual or regulatory advantage for the College in a way which is unethical;
- Gain any personal advantage, pecuniary, or otherwise, for the individual or anyone connected with the individual.

10.2 This regulation is not intended to prohibit appropriate corporate entertainment and/or hospitality undertaken in connection with the College's business activities, provided the activity is customary under the circumstances, is proportionate, and is properly recorded / disclosed to the College in accordance with its procedures – all such activities being reported to the Vice Principal – Finance & Infrastructure for all staff, and the Clerk to the Corporation in the case of Corporation members.

10.3 Staff and Corporation members are requested to remain vigilant in preventing, detecting and reporting bribery. Staff and Corporation members are expected to report any concerns regarding any suspected bribery in accordance with the College's procedures. An Anti-Fraud, Bribery and Corruption Policy is reproduced as Appendix D.

## **C Financial Management and Control**

### **11 Financial Planning**

An annual Financial Plan for the College is taken to the Governing Body for approval, prior to submission to the Education and Skills Funding Agency. Financial Plans should be consistent with the strategic plans approved by the Corporation.

#### **11.1 Budget Objectives**

The Corporation Board will, from time to time, approve budget objectives for the College.

#### **11.2 Resource Allocation**

Resources are approved annually by the Corporation, and on the basis of the above objectives. Budget holders are responsible for the economic, effective and efficient use of resources allocated to them.

#### **11.3 Budget Preparation**

The Chief Executive is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Corporation Board. This will be based upon a Business Planning cycle established with the Executive, who will collectively review departmental plans and determine priorities. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Vice Principal – Finance & Infrastructure must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Budget holders as soon as possible following their approval by the Corporation Board.

During the year, the Vice Principal – Finance & Infrastructure is responsible for preparing quarterly reports on performance monitoring to the Governing Body as part of the performance monitoring process.

#### **11.4 Capital Programmes**

The Capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or capitalised 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 Corporation Board.

The Vice Principal – Finance & Infrastructure will establish protocols for the inclusion of capital projects in the capital programme for approval by the Corporation Board. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. They are summarised at Appendix B and are shown in more detail in the Business Planning Framework.

The Vice Principal – Finance & Infrastructure will also establish procedures for the approval of variations, including the notification of large variations to the Education and Skills Funding Agency, as laid down in Education and Skills Funding Agency guidelines.

The Senior Finance Manager is responsible for providing regular statements concerning all capital expenditure as part of the monthly management accounts reporting to the Corporation Board for monitoring purposes.

Following completion of a significant capital project, a post-project evaluation or final report should be submitted to the Audit and Risk 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 Education and Skills Funding Agency, as laid down in their guidelines.

#### 11.5 Other Major Developments

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment of over £100,000 in buildings, resources or staff time will be considered as part of the Business Planning Framework but will also need Corporation board approval. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet. They are summarised at Appendix C.

## 12 Financial Control

### 12.1 Budgetary Control

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

Performance is managed in the current year through scheduled quarterly reviews of progress against the agreed Business Plans or Budgets. Significant departures from agreed budgetary targets must be reported immediately to the Vice Principal – Finance & Infrastructure by the Head of Department concerned and, if necessary, corrective action taken.

### 12.2 Financial Information

The budget holders are assisted in their duties by management information provided by the Vice Principal – Finance & Infrastructure.

The Vice Principal – Finance & Infrastructure is responsible for supplying budgetary reports on all aspects of the College's finances to the Corporation Board but subject to any specific requirements of the Education and Skills Funding Agency. The relevant extracts from the overall position are reported to each meeting so that they are aware of their own financial performance against budget. These reports are presented to the Corporation Board, which has overall responsibility for the College's finances.

### 12.3 Virement

The Chief Executive is empowered to exercise virement between all sub-headings in expenditure. Budget holders may vire between non-pay subheadings within any allocated budget.



Virement shall not be permitted by the Chief Executive if it affects the estimated surplus or deficit approved by the Board of Governors.

Where monies are allocated from the College's Capital budget for a specific purpose, the monies must be used for that purpose.

## **13 Accounting Arrangements**

### **13.1 Financial Year**

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

### **13.2 Basis of Accounting**

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

### **13.3 Format of The Financial Statements**

The financial statements are prepared in accordance with Financial Reporting Standard FRS102 and the Statement of Recommended Practice Accounting for Further and Higher Education, subject to any specific requirements of the Education and Skills Funding Agency, and in accordance with the provisions of the Companies Act 2006, if that is appropriate.

### **13.4 Capitalisation and Depreciation**

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 lives as follows:

- New buildings – 45 to 50 years
- Major refurbishments – 10 to 30 years

Land will not be depreciated as it is considered to have an infinite useful life.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Major adaptations to buildings will be depreciated over the period of their useful economic life, of between 10 and 30 years

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 or group of items is £1,000 or more. Capitalised assets other than land and buildings will be depreciated on a straight line basis as follows:

- technical equipment 2 to 10 years
- motor vehicles 5 years
- computer equipment 3 years
- furniture, fixtures and fittings 2 to 10 years

### 13.5 Accounting Records

The Vice Principal – Finance & Infrastructure is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

The College is required by law to retain documents for current financial year plus six years. These include:

- official purchase orders;
- paid invoices;
- accounts raised;
- bank statements;
- copies of receipts;
- paying in slips;
- payroll records, including part-time lecturers' contracts.

The Vice Principal – Finance & Infrastructure will make appropriate arrangements for the retention of electronic records, ensuring that these arrangements enable the College to comply with Data Protection and Freedom of Information requirements.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies. Where required by individual funding stream documents will be retained to comply with the funders' terms and conditions.

Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder.

### 13.6 Freedom of Information

The College is committed to being open and honest in the conduct of its operations and to complying fully with the Freedom of Information Act. To this end a policy has been agreed and procedures established. These are available on the College website at [www.loucoll.ac.uk](http://www.loucoll.ac.uk). Alternatively enquiries can be made to:

The Freedom of Information Officer, Radmoor Rd, Loughborough, Leicestershire LE11 3BT  
FOI@loucoll.ac.uk

### 13.7 Taxation

The Vice Principal – Finance & Infrastructure is responsible for advising budget holders, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. Therefore, the Vice Principal – Finance & Infrastructure will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

The Vice Principal – Finance & Infrastructure 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.

### 13.8 Management Accounts

The Senior Finance Manager shall be responsible for ensuring the prompt and accurate preparation of monthly management accounts and the accompanying commentary. These will be completed by the tenth working day of the following month and after review by the Executive, shall be presented to the Board as agreed and made available to the funding agency and banks (as required). Detailed cost centre reports will be made available to all budget holders at the same time.

## 14 Audit Requirements

### 14.1 General

External auditors shall have authority to:

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

The Vice Principal – Finance & Infrastructure is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

The financial statements will be reviewed by the Audit and Risk Committee and then be submitted to the Corporation Board for approval.

### 14.2 Audit

The appointment of external auditors for the main financial statements of the College is reviewed annually, in line with the provisions of the Joint Audit Code of Practice, and is the responsibility of the Corporation Board. The Corporation Board will be advised by the Audit and Risk Committee.

The primary role of this external audit is to report on the College's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Joint Audit Code of Practice and the Auditing Practices Board's statements of auditing standards.

### 14.3 Anti-Fraud and Corruption

It is the duty of all members of staff, management and the Corporation Board to notify the Vice Principal – Finance & Infrastructure immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

The Vice Principal – Finance & Infrastructure shall immediately invoke the fraud response plan, which incorporates the following key elements (see Appendix E for fuller details):

- he or she will notify the Chief Executive and the Audit and Risk Committee (through its Chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report;
- the Chief Executive shall inform the police if a criminal offence is suspected of having been committed;
- any significant cases of fraud or irregularity shall be reported to the Education and Skills Funding Agency in accordance with their requirements as set out in the audit code of practice;
- if the fraud involves higher education income/funding then this must to be reported to the Office for Students if greater than £20,000;
- the Audit and Risk Committee shall commission such investigation as may be necessary of the suspected irregularity, by the independent assurance advisors or others, as appropriate;
- the independent assurance advisors, or others commissioned to carry out an investigation, shall prepare a report for the Audit and Risk Committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Vice Principal – Finance & Infrastructure and/or the Chief Executive, the member of staff shall notify the Chair of the Audit and Risk Committee directly of their concerns regarding irregularities.

#### 14.4 Value for Money

It is a requirement of the financial memorandum that the Corporation Board of the College is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the Education and Skills Funding Agency, the National Audit Office, the Public Accounts Committee or other relevant bodies.

#### 14.5 Other Auditors

The College may, from time to time, be subject to audit or investigation by external bodies such as the Education and Skills Funding Agency, National Audit Office, European Court of Auditors and Her Majesty's Revenue and Customs. The Governing Body College may also wish to appoint an internal audit function. These auditors have the same rights of access as external auditors.

### 15 Treasury Management

#### 15.1 Treasury Management Policy

The Corporation Board is responsible for approving a treasury management policy setting out a strategy and policies for cash management, long-term investments and borrowings. A copy of the Treasury Management Policy is included at Appendix K.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Vice Principal – Finance & Infrastructure and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the College and shall conform to any relevant Education and Skills Funding Agency requirements.

The Vice Principal – Finance & Infrastructure will report to the Governing Body annually (in the autumn term) on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

#### 15.2 Appointment of Bankers And Other Professional Advisers

The Corporation Board is responsible for the appointment of the College's bankers and other professional financial advisers (such as investment managers). The appointment shall be for a specified period after which consideration shall be given to competitively tendering the service.

#### 15.3 Banking Arrangements

The Vice Principal – Finance & Infrastructure is responsible, on behalf of the Governing Body, for liaising with the College's bankers in relation to the College's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Vice Principal – Finance & Infrastructure, who shall make proper arrangements for their safe custody.

Only the Vice Principal – Finance & Infrastructure may open or close a bank account or an internet based Payment Services Provider account (PSP) for dealing with the College's funds. All bank accounts and PSP accounts shall be in the name of the College or one of its subsidiary companies. The Vice Principal – Finance & Infrastructure is responsible for establishing appropriate safeguards and procedures for administering the College's bank and PSP accounts, including internet banking. All cheques drawn on behalf of the College must be signed in the form approved by the Governing Body. Cheques will be paid in accordance with the bank and payroll authorisations detailed in Appendix I.

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 Governing Body

The Vice Principal – Finance & Infrastructure is responsible for ensuring that all bank and PSP accounts are subject to regular reconciliation and that all unexplained reconciling items are investigated as appropriate.

## 16 Income

### 16.1 General

The Vice Principal – Finance & Infrastructure 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 Vice Principal – Finance & Infrastructure.

The Vice Principal – Finance & Infrastructure is responsible for the prompt collection, security and banking of all income received.

The Vice Principal – Finance & Infrastructure is responsible for ensuring that all grants notified by the Education and Skills Funding Agency and other bodies are received and appropriately recorded in the College's accounts.

The Vice Principal – Finance & Infrastructure is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

#### 16.2 Maximisation of Income

It is the responsibility of all staff to ensure that revenue to the College is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. In particular, this requires the prompt notification to the Vice Principal – Finance & Infrastructure of sums due so that collection can be initiated.

#### 16.3 Receipt of Cash, Cheques and Other Negotiable Instruments

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

All monies received must be paid to the cashier promptly, and in accordance with a timetable prescribed by the Vice Principal – Finance & Infrastructure and set out in financial procedures. The custody and transit of all monies received must comply with the requirements of the College's insurers.

All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenses or be paid into the departmental petty cash float. 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 may only receive payments by debit or credit card using procedures approved by the Vice Principal – Finance & Infrastructure.

#### 16.4 Collection of Debts

The Finance and Audit Compliance Manager who is responsible to the Senior Finance Manager should ensure that:

- debtors' invoices are raised promptly on official invoices, in respect of all income due to the College;
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account;
- any credits granted are valid, properly authorised and completely recorded;
- VAT is correctly charged where appropriate, and accounted for;
- monies received are posted to the correct debtors account;
- swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the financial procedures;
- outstanding debts are monitored and reports prepared for management.

Only the Vice Principal – Finance & Infrastructure can implement credit arrangements and indicate the periods in which different types of invoice must be paid.

Requests to write off debts in excess of £25,000 must be referred in writing to the Vice Principal – Finance & Infrastructure for submission to the Governing Body for consideration. Debts below this level may be written off in accordance with the schedule of delegated authorities set out at Appendix H. The Vice Principal – Finance & Infrastructure will provide the Audit and Risk Committee with an annual review of debts written off.

#### 16.5 Student Fees

The procedures for collecting tuition and residence fees must be approved by the Vice Principal – Finance & Infrastructure. He or she is responsible for ensuring that all student fees due to the College are received.

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

#### 16.6 Student Loans

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

#### 16.7 Emergency/Hardship Loans for Students

The College will maintain a scheme for emergency / hardship loans for students. 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 Vice Principal – Finance & Infrastructure 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.

### 17 Research Grants and Contracts

#### 17.1 General

Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which may be directed towards a specific aim or objective. It can use existing knowledge in experimental development to produce new or substantially improved materials, devices, products and processes including design and construction. It excludes routine testing and analysis of materials, components and processes.

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 head of department to ensure that

the financial implications have been appraised by the Vice Principal – Finance & Infrastructure. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

The Vice Principal – Finance & Infrastructure is responsible for examining every formal application for grant and shall ensure that there is adequate provision of resources to meet all commitments. The Vice Principal – Finance & Infrastructure should ensure that the full cost of research contracts is established. The research agreement must be in line with the College’s policy with regard to indirect costs and other expenses and taking account of different procedures for the pricing of research projects depending on the nature of the Skills Funding Agency.

Research grants and contracts shall be accepted on behalf of the College by the Chief Executive or other staff specifically authorised to do so.

The Vice Principal – Finance & Infrastructure shall maintain all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.

Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific budget holder.

Control of pay and non-pay expenditure will be contained within the budget centre. The head of the budget centre may delegate day-to-day control of the account to a supervisor or grant holder, but any overspend or under-recovery of overheads is to be the clear responsibility of the budget centre with any loss being a charge on departmental funds.

#### 17.2 Recovery of Overheads

Overheads will be charged to research activity whether or not the funding arrangements permit full recovery.

#### 17.3 Grant and Contract Conditions

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 supervisor or grant holder to ensure that conditions of funding are met.

Any loss to the College resulting from a failure to meet conditions of funding is the responsibility of the budget holder, and will be charged against departmental funds.

### 18 Other Income-Generating Activity

#### 18.1 Private Consultancies and Other Paid Work

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 Chief Executive
- applications for permission to undertake work as a purely private activity must be submitted to the head of department or Chief Executive, as appropriate, and include the following information:



- the name of the member(s) of staff concerned;
- the 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 Collegial duties of the member(s) of staff concerned.

## 18.2 Full Cost Recovery Courses

In this context a full cost recovery course is any course which does not involve the receipt of any public funding.

Any staff wishing to run a full cost recovery course must have the permission of their budget holder. 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.

Any deficits on full cost recovery courses or contracts for services rendered will be accounted for in the same way as surpluses

## 18.3 Subcontracting

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), must be subject to the following procedure and monitoring arrangements.

There shall be a contract signed by the Chief Executive (or anyone specifically designated by the Chief Executive) and on behalf of any partner organisation that shall comply at least with the Education and Skills Funding Agency requirements (as amended from time to time) in place before any provision is made. Contracts will only be awarded to legal entities. If the legal entity is a registered company, it must be recorded as 'Active' on the Companies House database. Contracts will not be awarded if:

- It has an above average risk warning from a credit agency;
- It has passed a resolution (or the court has made an order) to wind up or liquidate the company, or administrators have been appointed, or
- The statutory accounts are overdue.

The College will remain ultimately responsible for all provision subcontracted. It will make sure that learners and employers supported through subcontracting arrangements; know the College and the subcontractor's roles and responsibilities in providing the learning. Monitoring and compliance checks will be in accordance with guidance provided by the Education and Skills Funding Agency.

## 18.4 European Union (EU)

Any such project requires the approval of the appropriate 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 Fees and Charges Policy.

If the College sub-contracts such work to external providers, the relevant head of department 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.
- It has the approval of the funding body

#### 18.5 Profitability and Recovery of Overheads

All other income-generating activities must be self-financing or surplus-generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the head of department and the Vice Principal – Finance & Infrastructure.

Other income-generating activities organised by members of staff must be costed and agreed with the Vice Principal – Finance & Infrastructure as part of the Business Planning framework 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 procedures, in particular for the recovery of overheads.

#### 18.6 Deficits

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

#### 18.7 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 procedure approved by the Executive.

### 19 Intellectual Property Rights and Patents

#### 19.1 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.

#### 19.2 Patents

The Governing Body 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.

#### 19.3 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.

## 20 Expenditure

### 20.1 General

The Vice Principal – Finance & Infrastructure is responsible for making arrangements to make payments to suppliers of goods and services to the College.

### 20.2 Scheme of Delegation / Financial Authorities

The Head of each Department is responsible for purchases within his or her department. Purchasing authority may be delegated to named individuals within the department. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.

The Finance and Audit Compliance Manager is responsible to the Senior Finance Manager for maintaining a register of authorised signatories and budget holders must supply him or her with specimen signatures of those with delegated authority to commit expenditure on behalf of the College. Under procedures agreed by the Vice Principal – Finance & Infrastructure, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits.

The Vice Principal – Finance & Infrastructure must be notified immediately of any changes to the authorities to commit expenditure.

Budget holders are not authorised to commit the College to expenditure without first reserving sufficient funds to meet the purchase cost.

Expenditure on a single item in excess of £10,000 shall require the approval of the Vice Principal Finance and Infrastructure.

### 20.3 Procurement

The College requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice. Factors to be considered in determining lowest cost are noted in the financial procedures.

The Procurement Manager is responsible to the Vice Principal Finance and Infrastructure (or another designated officer) for:

- ensuring that the College's purchasing procedures are known and observed by all involved in purchasing for the College;
- advising on matters of College purchasing procedures and practice;
- reviewing any conflicts of interest disclosures;
- advising and assisting departments where required on specific departmental purchases;
- developing appropriate standing supply arrangements on behalf of the College to assist budget holders in meeting their value for money obligations;

- the drafting and negotiation of all large-scale purchase contracts (generally in excess of £25,000) undertaken by the College, in collaboration with the responsible department;
- ensuring that the College complies with EU regulations on public purchasing;
- maintaining a contracts register and ensuring retendering activity takes place as and when required;
- maintaining a register of approved suppliers.

#### 20.4 Purchase Orders

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

Official College orders must be placed for the purchase of all goods or services, except those made using purchasing 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.

It is the responsibility of the Vice Principal Finance and Infrastructure (through the College's Procurement Manager and Procurement Team) to ensure that all purchase orders refer to the College's conditions of contract.

#### 20.5 Purchasing Cards

The operation and control of the College's purchasing cards is the responsibility of the Vice Principal – Finance & Infrastructure. The cards are given to employees who require the flexibility that a purchasing card offers, for example to cover expenses whilst abroad. Budget Holders should nominate staff to the Finance and Audit Compliance Manager to be card holders. Where appropriate, the Vice Principal – Finance & Infrastructure will approve the issuing of purchasing cards to staff. Each purchasing card has a set transaction limit and monthly limit.

Holders of purchasing cards must use them only for the purposes for which they have been issued, on valid business expenses and within the authorised purchase limits. In the case of travel and subsistence expenses, the amounts claimed per person must not exceed the rates set out in the College's Expenses Policy and Procedure (Appendix M), Travel Policy and Procedure policy (Appendix N) and Credit Card Policy and Procedure (Appendix O) Cards must not be loaned to another person, nor should they be used for personal or private purchases and the misuse of such cards shall be grounds for disciplinary action. 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 Vice Principal – Finance & Infrastructure will be responsible for setting in place a system to monitor the use of College purchasing and credit cards and account for expenses charged through them. He or she shall determine what information is required on purchases made with purchasing cards from cardholders and deadlines for receipt in the Finance section to enable financial control to be maintained and cardholders must provide that information. The Finance and Audit Compliance Manager maintains a register of all cardholders, card numbers and locations. Any changes to these details must be notified to the Finance and Audit Compliance Manager.

## 20.6 Tenders and Quotations

Budget holders must comply with the College's procurement regulations and tendering processes and procedures contained in the College's code of tendering practice, which are set out in Appendix G. Only partnership arrangements for the supply of goods or services specifically approved by the Corporation Board will fall outside these arrangements for tenders and quotations.

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

The procurement Regulations / Code of Tendering Practice is also saved in the College's shared drives (SharePoint) and is also available from the Procurement Team.

Appendix H summaries the financial limits for purchasing in line with Appendix G.

## 20.7 Post-Tender Negotiations

Post-tender negotiations (i.e. after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms can be entered into, provided:

- it 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 Vice Principal – Finance & Infrastructure prior to the event, showing:

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

## 20.8 Contracts

Significant capital schemes will be approved by the Board and are administered by the Vice Principal – Finance & Infrastructure.

Proposals will normally be initiated by Vice Principal - Finance & Infrastructure in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments.

Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of costings or investment appraisals prepared by the Vice Principal – Finance & Infrastructure.

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.

## 20.9 EU Regulations

The Vice Principal – Finance & Infrastructure is responsible for ensuring the College complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The Vice Principal – Finance & Infrastructure will advise Heads of Department on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

It is the responsibility of Heads of Department and SLT members to ensure that their members of staff comply with EU regulations by notifying the Procurement Team of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as the Official Journal of the European Community (OJEC) and Contracts Finder.

The Vice Principal – Finance & Infrastructure is also required to submit to the Education and Skills Funding Agency annually details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by budget holders to the Procurement Team.

#### 20.10 Receipt of Goods

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

The goods receiver electronically confirms and approves invoice. If the goods are deemed to be unsatisfactory, the record shall be marked accordingly and 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 the College must be independent of those who negotiated prices and terms and placed the official order.

#### 20.11 Suppliers

An approved supplier/contractor list is to be maintained by the Procurement Manager on behalf of the Vice Principal – Finance & Infrastructure, with numbers of supplier targets set for each commodity group. Input from individual departments is strongly welcomed and encouraged for the selection of suppliers/contractors to that list.

Such suppliers and contractors should have at least minimum levels of accreditation standard, and the final decisions of companies selected for the approved list is to be agreed by the combined members of the Executive and the Procurement Manager. The final approved list of suppliers/contractors is to be reviewed on a tri-annual basis. The College requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice.

Employees must disclose any conflicts of interests to the Procurement Team. The Procurement Manager will then review the disclosure to see if the conflict is significant and if so, the matter will be referred to The Vice Principal – Finance & Infrastructure to decide if a conflict or appearance of a conflict exists.

The Vice Principal – Finance & Infrastructure is responsible for:

- ensuring that the institution’s purchasing policy is known and observed by all budget holders;
- advising on matters of institution purchasing policy and practice;
- deciding if a conflict of interest or appearance of a conflict exists;
- advising and assisting Budget Holders where required on specific departmental Purchases;
- developing appropriate standing supply arrangements on behalf of the College to assist budget holders in meeting their value for money obligations;
- vetting all orders above £10,000 before they leave the College;
- ensuring the Procurement Team and procurement manager draft and negotiate all large-scale purchase contracts (generally in excess of £25,000) undertaken by the College, in collaboration with the responsible spending department and the code of tendering practise;
- ensuring that the institution complies with EU regulations on public purchasing.

The Vice Principal – Finance & Infrastructure will ensure that there is a process in place for the registration of supplier details and subsequent amendments in the financial system. In order to prevent such frauds organisations should:

- ensure that they have appropriate procedures in place for authenticating and approving such requests before actioning them;
- closely scrutinise all requests for changes in payment details, no matter how minor;
- as part of standard procedures suppliers should be independently contacted to verify that any change of bank details or contact details is genuine.

Finance staff and others dealing with any changes to suppliers’ details should be made aware of the risk of fraud in this area. Staff should also be advised that they must be careful about the information they give out to callers regarding the organisation’s payment processes and any unique supplier identifiers etc. which may be held. Such callers may not be genuine and may help the fraudsters by making their subsequent requests more authentic looking.

## 20.12 Payment of Invoices

The procedures for making all payments shall be in a form specified by the Senior Finance Manager.

The Senior Finance Manager is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by computer cheques or BACS transfer at least once a month. In exceptional circumstances the Senior Finance Manager will arrange for same day payments for urgent payments to suppliers.

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

Suppliers should be instructed by the budget holder to submit invoices for goods or services directly to the finance department

Payments will only be made by the Vice Principal Finance and Infrastructure against invoices that have been confirmed as goods received and that have been matched to a receipted order (electronic system).

Electronic confirming/approving of invoices 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;
- an appropriate cost centre is selected electronically; this must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

#### 20.13 Staff Reimbursement

The College's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 20.5).

Where such purchases by staff are planned the Senior Finance Manager and the relevant Head of Department 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.

#### 20.14 eBay/PayPal/Amazon

The College may make use of internet auction sites, such as eBay/Amazon, to buy or sell goods on behalf of the College. The College has an eBay and Amazon account which is monitored and administered within the Finance Department by the Procurement Team. Any purchases made through internet auction houses must be authorised in advance of expenditure being committed. Accounts with auction sites other than eBay and Amazon may only be created with the express permission of the Procurement Manager. Budget holders must not use personal eBay or Amazon accounts for College business, or vice versa.

Accounts with payment transaction services, such as PayPal, may only be set up with the authorisation of the Vice Principal – Finance & Infrastructure and must be administered within the Finance Department. The Loughborough College PayPal account is linked to the College eBay and Amazon account, the College credit card and the main College bank account. The PayPal element of eBay and



Amazon transactions that are operated through the College eBay and Amazon accounts is managed solely by one of: the Vice Principal – Finance & Infrastructure, the Senior Finance Manager, and members of the Finance team with cashiering responsibilities.

Further information can be found in the eBay/Amazon/PayPal procedure which is available on the shared area.

#### 20.15 Petty Cash

Where the College needs to make a low value purchase up to the value of £50, the cost can be reclaimed using the Petty Cash procedure. The procedure allows for a department to purchase the goods and reclaim the cost back from College on the specified dates. The Budget Holder must approve the spend before the purchase is made and receipts should be obtained.

The Senior Finance Manager 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 to floats must be sent to the Cashier, Finance Department together with appropriate receipts, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.

The member of staff granted a float is personally responsible for its safe-keeping. The petty cash box must be kept in a secure place in compliance with the requirements of the College's insurers when not in use and will be subject to periodic checks by the Head of Department or another person nominated by them.

Standard College petty cash records are supplied by the Cashier, Finance Department 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 a member of the finance team and counter-signed by the staff member responsible for the float and retained by the Finance Department.

#### 20.16 Other Payments

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Vice Principal – Finance & Infrastructure, supported by detailed claims approved by the head of department.

Individual payments under 'outward collaborative provision' contracts shall be authorised by the Vice Principal – Finance & Infrastructure. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved by the Governing Body.

#### 20.17 Late Payment Rules

The Late Payment of Debts (Interest) Act 1998 (amended August 2002) was introduced to give small businesses the right to charge interest on late payments from large organisations and public

authorities. On 16 March 2013 further amendments were made to the existing legislation requiring private businesses to pay within 60 days and public within 30 days. 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 Corporation Board requires that invoices must be passed for payment as soon as they are received.

#### 20.18 Project Advances

The Vice Principal – Finance & Infrastructure and the relevant head of department may jointly approve cash advances for projects carried out away from the College where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or a College purchasing 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 to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to a project or individual is outstanding.

### 21 Pay Expenditure

#### 21.1 Remuneration Policy

All College staff will be appointed to the salary scales approved by the Chief Executive under delegated authority from the Corporation Board and in accordance with appropriate conditions of service. All letters of appointment must be issued by the human resource management team.

Salaries and other benefits for senior postholders will be determined by the Corporation Board.

#### 21.2 Appointment of Staff

All contracts of service shall be concluded in accordance with the College's approved human resource practices and procedures and all offers of employment with the College shall be made in writing by the Vice Principal – People and Planning. Budget holders shall ensure that the Vice Principal – Finance & Infrastructure and the Vice Principal – People and Planning are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

#### 21.3 Salaries and Wages

The Vice Principal – People and Planning is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets 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 Vice Principal – People and Planning.

The Senior Finance Manager 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 Vice Principal – People and Planning 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 Her Majesty's Revenue and Customs regulations.

All payments of salaries, wages, fees, expenses and similar disbursements must be made by the in house payroll service in line with the authorisation level.

#### 21.4 Superannuation Schemes

The Vice Principal – People and Planning is responsible for day-to-day superannuation matters, including:

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

The Vice Principal – People and Planning is responsible for administering eligibility to pension arrangements and for informing the Vice Principal – Finance & Infrastructure when deductions should begin or cease for staff.

#### 21.5 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 Vice Principal – Finance & Infrastructure and in accordance with the rules set out in the College's Expenses Policy and Procedure (Appendix M), Travel Policy and Procedure (Appendix N) and Credit Card Policy and Procedure (Appendix O)

Claims by members of staff must be authorised by their Head of Department (or Chief Executive in the case of senior post holders). The certification by the Head of Department shall be taken to mean that:

- the journeys were authorized;
- 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.

Arrangements for travel by the Chief Executive or members of the Corporation Board shall be approved by the Corporation Board.

#### 21.6 Overseas Travel

In further education colleges, all arrangements for overseas travel must be approved by the Executive Team in advance of committing the College to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Chief Executive, senior post holders or members of the Corporation Board shall be approved by the Chair of Governors, if in line with the international strategy, otherwise by Governing Body. Arrangements for overseas travel by the Chair shall be approved by the Governing Body.

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.

#### 21.7 Severance and Other Non-Recurring Payments

The Financial Memorandum requires the College shall demonstrate that any payments made in respect of termination of employment are regular, secure value for money and have not been made where disciplinary action would have been taken. Such payments must be authorised by the Chief Executive and shall be brought to the attention of the College's financial statements auditors.

#### 21.8 Self-Employed Contractors and Workers Operating Through Limited Companies.

As part of the supplier registration process an assessment has to be made of whether the new supplier is a deemed employee for the purposes of paying national insurance and taxes. This is under the new IR35 rules brought in by HMRC from April 2017. The Head of department has to complete and submit an application for self-employed status to the Procurement Team. The Procurement Team is then responsible to the Procurement Manager & Vice Principal Finance & Infrastructure for assessing the taxation status of the new supplier with support from the Head of department. If it is deemed that the new supplier is a deemed employee then details will then be passed to the College payroll function who will then be responsible for deducting taxes and national insurance from all payments. Under all circumstances the Procurement Team will provide a consultancy agreement for the new supplier to enter in and sign alongside countersignatures from the Head of department and the Vice Principal Finance & Infrastructure or in their absence the Vice Principal People and Planning.

## 22 Assets

#### 22.1 Land, Buildings, Fixed Plant and Machinery

The College shall properly manage and develop its property with regard to good practice guidance in the further education sector.

#### 22.2 Fixed Asset Register

The Senior Finance Manager is responsible for maintaining the College's register of land, buildings, fixed plant and machinery. Budget holders will provide the Senior Finance Manager with any information he or she may need to maintain the register.

#### 22.3 Inventories

Estates and IT are responsible for maintaining inventories, in a form prescribed by the Senior Finance Manager, for all IT, 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.

#### 22.4 Stocks and Stores

Budget holders are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting in departments must have the approval of the Vice Principal – Finance & Infrastructure.

Budget holders are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

Those budget holders whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Vice Principal – Finance & Infrastructure and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the College's detailed financial procedures.

#### 22.5 Safeguarding Assets

Budget holders are responsible for the care, custody and security of the buildings, stock, stores, furniture and cash under their control. They will consult the Vice Principal – Finance & Infrastructure in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

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

#### 22.6 Personal Use

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

#### 22.7 Asset Disposal

Disposal of land and buildings must only take place with the authorisation of the Corporation Board. Where the College proposes to dispose of, lease or rent land and/or buildings which have been acquired, developed and/or refurbished with the help of capital grants from the Education and Skills Funding Agency (ESFA) and predecessor bodies the ESFA shall be notified in writing of such transactions. The Financial Memorandum states that the ESFA reserves the right to require repayment of some, or all, of the associated grant.

With the prior approval of the Vice Principal Finance & Infrastructure budget holders can arrange for the disposal of fixed assets with a value of less than £5,000. A Fixed Asset Disposal Form must be completed giving full details of the asset to be disposed and the proposed sales price. The Finance department must be able to identify the asset disposal on the Fixed Asset register in order to calculate

the net book value, which is the minimum amount acceptable to the College for the sale of the item. The Asset disposal form must be authorised by the Vice Principal – Finance and Infrastructure once it is completed. Once the disposal has been authorised a sales invoice should be raised. The budget holder is responsible for ensuring that the maximum price is obtained on behalf of the College. On no account must the items leave the College premises until they have been paid for.

#### 22.8 All Other Assets

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

### 23 Funds Held on Trust

#### 23.1 Gifts, Benefactions and Donations

The Vice Principal - Finance & Infrastructure 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.

#### 23.2 Student Learner Support Funds

The Vice Principal – Finance & Infrastructure will prescribe the format for recording the use of grants for student learner support funds, when received.

Records of learner support funds will be maintained according to the Education and Skills Funding Agency requirements.

#### 23.3 Trust Funds

The Vice Principal – Finance & Infrastructure is responsible for maintaining a record of the requirements for each trust fund and for advising the Corporation Board on the control and investment of fund balances.

The Corporation 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.

#### 23.4 Voluntary Funds

The Vice Principal – Finance & Infrastructure shall be informed of any fund that is not 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 Vice Principal – Finance & Infrastructure shall be entitled to verify that this has been done.

#### 23.5 Bursaries, Grants and Other Authorised Expenditure

Payments may be made to students for bursaries, grants and other authorised expenditure. All payments must be supported by detailed claims or other appropriate evidence and approved by the Head of Learner Services.

## **24 Money Laundering**

In response to the Proceeds of Crime Act 2002 and Money Laundering Regulations 2003 the College and its employees must comply with the legislation and that the highest standards of due diligence are applied in relation to 'know your customer' principles. Legislation has broadened the definition of money laundering and the range of activities where this can apply. College staff are required to follow the policy detailed in Appendix N if money laundering is suspected. This policy also defines the responsibility of individual employees in the process.

## **25 Data Protection Act/ General Data Protection Regulations from the 25th May 2018**

The Chief Executive shall be responsible to the Corporation for maintaining proper security and compliance with the Data Protection Act/General Data Protection Regulations in respect of information held in the computer installations or for their use.

## **26 Other**

### **26.1 Insurance**

The Vice Principal – Finance & Infrastructure 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 sections 7.1 to 7.4), all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the Governing Body at least every three years.

The Vice Principal – Finance & Infrastructure is responsible for effecting insurance cover as determined by the Governing Body. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Vice Principal – Finance & Infrastructure will keep a register of all insurances affected by the College and the property and risks covered. He or she will also deal with the College's insurers and advisers about specific insurance problems.

Budget holders must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Vice Principal – Finance & Infrastructure's advice should be sought to ensure that this is the case. Budget holders must give prompt notification to the Vice Principal – Finance & Infrastructure of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Budget holders must advise the Vice Principal – Finance & Infrastructure immediately of any event that may give rise to an insurance claim. The Vice Principal – Finance & Infrastructure will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the head of department for transmission to the insurers.

The Senior Estates Manager is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

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

## 26.2 Companies and Joint Ventures

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

It is the responsibility of the Corporation 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, an annual report to the Corporation Board. They will also submit business plans or budgets as requested to enable the Corporation Board to assess the risk to the College. The College's external auditors shall also be appointed to such companies and consideration be given to the need for independent assurance advisors to be appointed.

Where the College is the majority shareholder in a company, the Education and Skills Funding Agency requires that the company's financial year must be consistent with that of the College.

## 26.3 Security

Keys to safes or other similar containers are to be carried on the person of those responsible at all times. The loss of such keys must be reported to the Vice Principal – Finance & Infrastructure immediately.

An officer 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 for network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 1998. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents. The Data Protection Officer for the College is the Clerk to the Corporation.

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

## 26.4 Students' Union

Subject to any constraints imposed by the Education and Skills Funding Agency, the Corporation Board shall determine the level of grant to be paid annually to the Students' Union and approve their budget for the year.



The Students' Union is responsible for maintaining its own bank account and financial records and preparing its own annual financial statements.

At year end the Students' Union will confirm that their accounts have been audited by a firm of auditors and this will be presented to the Audit and Risk Committee for information.

In accordance with an agreement between the College and the Students' Union, the College's independent assurance advisors shall have access to records, assets and human resources within the Students' Union in the same way as other areas of the College.

#### 26.5 The Corporation Seal

The Corporation Seal shall be kept in a secure place in the custody of the Clerk.

The procedure for the application, recording and reporting of the Corporation Seal is detailed in the Standing Orders.

## D Appendices

### Appendix A - The Seven Principles of Public Life

The report of the committee for standards in public life (the Nolan report)

#### 1. Selflessness

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

#### 2. Integrity

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

#### 3. 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.

#### 4. 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.

#### 5. Openness

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

#### 6. 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.

#### 7. Leadership

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

## Appendix B - Summary of Protocols for Proposed Capital Expenditure

Proposed capital projects should be supported by:

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

More detail on these protocols can be found in the Business Planning framework.

## Appendix C - Summary of Protocols for Proposed Major Developments

The proposal should be supported by a business plan for three years which sets out:

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

## Appendix D - Anti Fraud, Bribery and Corruption Policy

### Context and/or Aims

The aim of the policy is to take a proactive approach to managing the risks associated with bribery, fraudulent and corrupt practices. The discovery of fraud or bribery presents a number of risks to the College that must be managed and may highlight other weaknesses that need to be addressed:

- Financial Loss
- Damage to reputation
- Wider fraud or corruption
- Weaknesses in financial control systems
- Weaknesses in management / supervision processes
- Inappropriate organisational structures
- Incomplete, inaccurate or out of date records
- Poor physical security of assets/stocks
- Poor segregation of duties

The policy aims to protect College finances and assets, contributing to the Strategic Aim of Financial Strength

### Policy Statement

#### 1 Introduction

- 1.1 The College aims to provide quality services that are efficient and demonstrate value for money.
- 1.2 In carrying out its functions and responsibilities the College is firmly committed to the Bribery Act 2010 and to following the Nolan Committee guidelines in dealing with fraud, bribery and corruption and will deal equally with perpetrators from inside and outside the College
- 1.3 Overall responsibility for dealing with fraud, bribery and corruption rests with the Chief Executive who is, therefore, the principle contact for all staff. However, if the Chief Executive is the subject of an allegation, the complainant may contact the Chair of the Audit & Risk Committee.
- 1.4 The College expects all of the suppliers, contractors, organisations and individuals that it deals with to act, at all times, with honesty and integrity with no thoughts of fraudulent or corrupt acts. The College will, in turn, endeavour to ensure that all of its dealings will be on the same basis.
- 1.5 It is the College's intention to pursue all individuals or organisations who are suspected of having defrauded or committed corrupt acts and to report them to the Police if appropriate.
- 1.6 The College Corporation members and staff will lead by example and ensure that they comply with all College rules, regulations, instructions and policies.
- 1.7 The College's position on the giving or receipt of gifts or hospitality for Members and staff is laid down in the Financial Regulations. Copies of the Financial Regulations are supplied to all Teams.
- 1.8 The College's commitment to dealing with fraud and corruption is demonstrated by having in place systems and procedures designed to: -

- limit, as far as possible, the opportunities to commit fraudulent acts;
- enable any such acts to be detected at an early stage; and
- deal with any subsequent investigations in a prompt, thorough and professional manner. (See the College Fraud Response Plan).

## 2 Definitions

- 2.1 In law there is no specific offence of fraud. Many of the offences referred to as fraud are covered by the Theft Acts of 1968 and 1978. The term is usually employed to describe acts such as bribery, corruption, forgery, extortion, conspiracy, theft, embezzlement, misappropriation, false representation and concealment of material facts. For all practical purposes fraud may be defined as “The use of deception with the intention of obtaining an advantage, avoiding a loss, or causing loss to another party”
- 2.2 Fraud can be committed by persons outside as well as inside the College. In the College context internal fraud or irregularity could include:
- Pilfering of stock
  - Improper use of telephone/fax facilities (including mobile phones)
  - Unauthorised use of College equipment (including computers)
  - Theft of cash
  - Theft of equipment
  - Improper manipulation of computer programmes or data collusion with others for illicit gain
  - Falsification of claims for Travel and Subsistence or other allowances
  - Improper/inaccurate claims for overtime or time off in lieu
- 2.3 The above listing is not exhaustive but does cover the most common types of fraud/ irregularity.
- 2.4 External attempts at fraud or irregularity could include:
- Offers of bribes/inducements
  - Submission of false invoices
  - Demands for payment of unsolicited goods
  - Contractor frauds involving overcharging, sub-standard work, bid rigging and/or collusion in competition for services
  - Fraudulent claims for College funds
  - Cyber crime
  - Procurement fraud
  - Loss of cash through the change to supplier details around bank accounts
- 2.5 Again, the above list is not exhaustive but does cover the most common types of external fraud;

## 3 Culture

- 3.1 The College wishes it to be known that the culture and tone of the College is one of honesty and openness in all of its dealings with wholehearted opposition to fraud and corruption in any form.

- 3.2 The Corporation's members and staff play an important part in creating and maintaining this culture. They are encouraged to raise any matters that concern them relating to the College's method of operation.
- 3.3 Concerns can be raised in the certainty that they will be treated seriously and properly investigated in a confidential manner. Staff can be assured that there will be no victimisation, their anonymity will be respected and their employment situation or future prospects will not be affected by raising concerns. They will be entitled to the protections identified within the whistle-blowing policy (see Financial Regulations Section 8 and Appendix L). However, staff wishing to use this Policy are reminded that they must act in good faith and with good reason and should not be acting for personal gain or out of personal motives (in which case the Disciplinary Code may be invoked).
- 3.4 Members of the public, organisations, College suppliers and contractors will also be encouraged to raise any issues that concern them through whichever channel they consider appropriate.
- 3.5 Unless there are good reasons to the contrary, any allegations received by way of anonymous letters or telephone calls will be taken seriously and investigated in an appropriate manner.
- 3.6 The Executive are responsible for dealing with any allegations of fraud and corruption that they receive and they will do so in a thorough, prompt, professional and impartial manner.

#### **4 Prevention of fraud, bribery and irregularity**

The management and financial systems of the College have been designed to incorporate appropriate controls for preventing fraud and bribery. These controls include

- Supervisory checks
- Management checks
- Appropriate organisational structures
- Complete, accurate and up to date records
- Physical security of assets/stocks
- Segregation of duties
- Clearly defined lines of reporting
- Regulations and associated procedure guides

#### **5 Responsibility for Prevention**

- 5.1 The responsibility for the prevention and detection of fraud therefore rests with all staff.
- 5.2 All line managers are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that the controls operate effectively. There is a need for all managers to assess the types of risk involved with the operations for which they are responsible, to review and test the control systems on a regular basis and to ensure that control regimes are being complied with.
- 5.3 The Vice Principal – Finance & Infrastructure, the Senior Finance Manager and the Finance and Audit Compliance Manager are able to offer advice and assistance on control issues. However, as a general rule, in establishing effective Internal Controls managers should be aware of the following good practice concepts:

- Regular rotation of staff in “control critical” functions
- Wherever possible, segregation of duties so that control of all aspects of a key function does not reside with one person
- Avoidance of processing backlogs
- Consideration of control implications whenever a new system is being introduced.

## 6 Staff

- 6.1 The College acknowledges that the recruitment and retention of high calibre staff is vital if it is to deliver quality services. The College will take steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential staff. Written references and evidence of qualifications will always be obtained before offers of employment are confirmed.
- 6.2 Officers of the College will be bound by any College wide codes of Conduct, codes issued by professional bodies of which they are members.
- 6.3 The College’s Staff Disciplinary Procedure is to be followed whenever staff are suspected of committing a fraudulent or corrupt act.
- 6.4 The role of staff in the College’s systems will be as laid down in procedures manuals, job descriptions and financial rules.

## 7 Governors

7.1 Governors are required to operate within:

- Government Legislation
- College Financial Rules and Procedures
- Any locally adopted Codes of Conduct

7.2 Members are required to provide the Clerk of the Corporation with specified information concerning their direct or indirect pecuniary interests and to keep that information up to date.

## 8 Systems

- 8.1 The College has in place Financial Regulations that give members and officers clear instructions, or guidance as the case may be, as to carrying out the College’s functions and responsibilities.
- 8.2 The Independent assurance planning process incorporates a risk assessment approach to planning reviews, which will assist in determining the frequency of reviews and the particular areas to focus attention on. The risk assessment process is subject to an ongoing review.
- 8.3 All the College’s systems will incorporate efficient and effective controls which will include, as far as is possible, adequate separation of duties. The adequacy, appropriateness and effectiveness of internal controls will be independently monitored by the College’s Independent assurance advisors as part of their programme of work. Any weaknesses identified in internal control will be reported to management whose duty it will be to ensure that corrective action is taken.

## 9 Detection and Investigation



- 9.1 The College's systems all incorporate internal control features and are designed such that fraud should not be possible without collusion. Despite this frauds can be committed and agreed procedures can be disregarded.
- 9.2 Under the College's Financial Regulations, College Management are required to notify the Chief Executive immediately of any irregularity or suspected irregularity.
- 9.3 Depending upon the nature of any irregularity the Independent assurance advisors will work closely with management and other agencies, such as the Police, to ensure that all matters are investigated thoroughly and reported upon.
- 9.4 To enable a consistent approach to be applied to any investigation following the discovery of a fraud, the Fraud Response Plan will be followed (see Financial Regulations Appendix E). This sets out the steps to be followed from the initial discovery of a fraud and cover the time up to and beyond the point at which the Staff Disciplinary Procedure is initiated.
- 9.5 The College's Disciplinary Procedure will be followed if the initial investigation indicates improper behaviour.
- 9.6 The College will involve the Police to prosecute offenders where fraudulent or corrupt acts are discovered. This will be a matter for the Chief Executive and the Vice Principal – Finance & Infrastructure to decide in consultation with the relevant College Managers.
- 9.7 Officers will be encouraged to participate in local and national professional groups in order to exchange information, initiatives and ideas, some of which will have fraud and corruption implications. Liaison with other College's and relevant Government Departments and Agencies will also be encouraged.
- 9.8 The College's Independent assurance advisors will examine the College arrangements for the prevention, detection and investigation of fraud and corruption and will report accordingly.

## 10 Training

The College recognises the importance of training in the delivery of high quality services. The College supports the concept of fraud and bribery awareness training for managers and for staff involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

## 11 Conclusion

- 11.1 The College's systems, procedures, instructions and guidelines are designed to limit, as far as is practicable, acts of fraud, bribery and corruption. All such measures will be kept under constant review to ensure that they keep pace with developments in preventative and detection techniques regarding fraudulent or corrupt activity.
- 11.2 The College will maintain a continuous review of all its systems and procedures through the Vice Principal – Finance & Infrastructure and Independent assurance advisors.

## 12 Related Documents

- Fraud Response Plan

- Whistle Blowing Policy
- Disciplinary Code
- Staff Handbook
- Financial Regulations

## Appendix E - Fraud Response Plan

### 1 Purpose

The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The use of the plan should enable the College to:

- prevent further loss
- establish and secure evidence necessary for criminal and disciplinary action
- notify the Education and Skills Funding Agency, if the circumstances are covered by the mandatory requirements of the audit code of practice
- recover losses
- punish the culprits
- deal with requests for references for employees disciplined or prosecuted for fraud
- review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud
- keep all personnel with a need to know suitably informed about the incident and the College's response
- inform the police
- assign responsibility for investigating the incident
- establish circumstances in which external specialists should be involved
- establish lines of communication with the police.

### 2 Initiating action

All actual or suspected incidents should be reported without delay to the Vice Principal – Finance & Infrastructure. The Vice Principal – Finance & Infrastructure should consult with the Chief Executive, agree the initial response and determine the most appropriate course of action.

### 3 Prevention of further loss

Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the project group will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects. It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.

In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving the College's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the College. Any security passes and keys to premises, offices and furniture should be returned.

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 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.

The College in consultation with its Independent assurance advisors may on an annual basis 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.

#### **4 Establishing and securing evidence**

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

#### **5 Notifying the Education and Skills Funding Agency**

The Chief Executive, and where appropriate (subject to the requirements of the Proceeds of Crime Act 2003), the funding auditor, the financial statements auditor or the Internal Audit Service must report to the Education and Skills Funding Agency's Chief Executive, without delay, serious weaknesses, significant frauds, major accounting and other control breakdowns of which they are aware. A serious weakness would be one which may result in a significant fraud or irregularity, and may include cases of irregularities in expenditure which could lead to suspicions of fraud. Significant fraud is usually where one or more of the following factors are involved:

- the sums of money are in excess of £10,000
- the particulars of the fraud are novel, unusual or complex
- there is likely to be great public interest because of the nature of the fraud or the people involved.

#### **6 Recovery of losses**

Recovering losses is a major objective of any fraud investigation. The College will appoint external advisors to ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.

Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The College would normally expect to recover costs in addition to losses.

#### **7 References for employees disciplined or prosecuted for fraud**

Any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to the Vice Principal – People and Planning, who shall prepare any answer to a request for a reference having regard to employment law.

#### **8 Reporting to governors**

Any incident matching the criteria in the Education and Skills Funding Agency's audit code of practice (as in paragraph 10 above) shall be reported without delay by the Chief Executive to the Chairs of both the governing body and the Audit and Risk Committee.

Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the Chairs of both the Board of governors and the Audit and Risk Committee.

On completion of a special investigation, a written report shall be submitted to the Audit and Risk Committee containing:

- a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud
- the measures taken to prevent a recurrence
- any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken.

This report will normally be prepared by an external auditor.

## **9 Reporting lines**

The project group shall provide a report to the Chair of the governing body, the Chair of the Audit and Risk Committee, the Chief Executive and the external audit partner at least monthly, unless the report recipients request a lesser frequency. The scope of the report shall include:

- quantification of losses
- progress with recovery action
- progress with disciplinary action
- progress with criminal action
- estimate of resources required to conclude the investigation
- actions taken to prevent and detect similar incidents.

The Chair of the Audit and Risk Committee will report to the Corporation Board on behalf of the Audit and Risk Committee.

## **10 Responsibility for investigation**

All special investigations shall normally be led by the independent assurance advisors. Special investigations shall not be undertaken by management, although management should co-operate with requests for assistance from the independent assurance advisors.

Some special investigations may require the use of technical expertise which the independent assurance advisors may not possess. In these circumstances, the project group may approve the appointment of external specialists to lead or contribute to the special investigation.

## **11 Review of fraud response policy**

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

**Appendix F - Conditions of contract**

Contract for the purchase of goods (low value – purchase order terms)

Contract for the purchase of services (high value – tendered services)

Contract for the purchase of goods (high value - tendered goods)

**The above are available on request from [financeoffice@loucoll.ac.uk](mailto:financeoffice@loucoll.ac.uk)**

## Appendix G - Code of Tendering Practice

### Procurement Regulations & Tendering Process

#### Interpretation

- 1 "Blanket Order" means an order raised with a supplier for a specific range or category against which individual requirements will be drawn down / 'called off' over a period. Typically, the overall quantities are not known precisely at the start of the arrangement, so a commitment is given to fix the terms of the agreement for a specified period, for example, six months or 12 months.
- 2 "Business Continuity" means the capability of the College to continue to delivery its core services at acceptable predefined levels following a disruptive incident.
- 3 "College" means Loughborough College.
- 4 "Concessions" are Contracts of the same type as public service Contracts, except for the fact that the consideration for the provision of services or works consists either solely in the right to exploit the service or work, or in this right together with payment. The Concession Contracts Regulations 2016, to be complied with where awarding a Concession Contract, provides a fuller definition, stipulates how the Estimated Value of such a Contract is to be calculated, and includes the principles and minimum timescales with which to adhere when procuring a Concession.
- 5 "Contract" means a binding agreement between two or more parties for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration.
- 6 "Contract Extension" means an extension to the duration of the Contract, but not including any alteration to the scope of the Contract.
- 7 "Contract Manager" means the member of Staff to which the Head of Department allocates the responsibility for managing a contract, as defined in Financial Regulation 6.2. This person may or may not also be the Procurer who established the Contract.
- 8 "Contract Opportunity Publication" is the means by which a Procurement Exercise is advertised, and includes (where appropriate) the 'Contract Notice' as defined in the Public Contracts Regulations 2015.
- 9 "Contract Variation" means an alteration to the scope of the Contract, but not the extension of the duration of the Contract.
- 10 "Enterprise Resource Planning (ERP) system" means the business process management software used by the College (currently MONDAS) that allows it to use a system of integrated applications to manage its business and automate back office functions, including invoice matching.
- 11 "Estimated Value" means the value as estimated under Section 2.1.
- 12 "EU Threshold" means the respective threshold for Supplies, Works, or Services Contracts, excluding Social and Other Specific Services, referred to in the Public Contract Regulations 2015.

- 13 “Finance and Efficiency Committee” means the committee that reports to Corporation Board (the College’s supreme governing body) recommending the Annual College Budget and Medium Term Financial Forecasts, determining the College’s Financial Regulations, and overseeing its procurement arrangements.
- 14 “Formal Tender Process” is a process following the requirements of Open Tendering, Restricted Tendering, the Competitive Procedure with Negotiation, the Competitive Dialogue or Innovation Partnership procedures. It also encompasses the lighter regime for procuring Social and Other Specific Services as defined in the Public Contracts Regulations 2015.
- 15 A “Further Competition” is undertaken where not all the terms of a proposed Contract are laid down in a Framework Agreement. It involves re-opening competition between the economic operators which are parties to the Framework Agreement and which are capable of performing the proposed Contract, on the basis of the same or, if necessary, more precisely formulated terms, and where appropriate other terms referred to in the Contract documents based on the Framework Agreement.
- 16 “Information Security” means defending information from unauthorized access, use, disclosure, disruption, modification, perusal, inspection, recording or destruction.
- 17 “Invitation to Tender” means the document(s) containing the specification, proposed terms and conditions and other appropriate information as issued to the Tenderers to solicit Formal Tenders.
- 18 “Irregular Tender” means a Tender that does not fully comply with the instructions given in the Invitation to Tender.
- 19 “Key Performance Indicators” means a set of quantifiable measures, including targets, built into a Contract, to allow the College to monitor a Supplier’s performance in delivering the Contract.
- 20 “Mandatory Contract” means any Contract or other arrangement put in place by the College itself, the Crescent Procurement Consortium (CPC), or any other Public Sector Organisation (including other colleges) or Consortium in which the College is entitled to participate and which, where necessary, has been awarded in an EU compliant manner.
- 21 “OJEU” means Official Journal of the European Union.
- 22 “Person” includes a partnership, body corporate or unincorporated association.
- 23 “Post Tender Negotiations” means the ability to negotiate with a Tenderer after a Tender has been opened and evaluated in accordance with the published evaluation criteria for the purposes of securing an improvement in the delivery of the Contract including but not limited to improvements in price.
- 24 “Prior Information Notice” means the notice published to make known the College’s intended planned procurements, as defined in the Public Contracts Regulations 2015.
- 25 “Procurement Exercise” means any process by which goods, services and/or works are to be procured including but not limited to Request for Quotations and Formal Tender Processes. For the purpose of these Regulations a Contract for a Concession shall be treated as a Procurement Exercise.
- 26 “Procurement Team” means the staff members responsible for managing the procurement of goods, services and/or works.



- 27 “Procurement Strategy” means the strategy document that explains the College’s procurement aims and how it intends to realise these aims.
- 28 “Procurement Manager” means the person responsible for managing the centralised Procurement Team.
- 29 “Procurer” means any member of College Staff, including administration staff, allocated the responsibility of procuring goods and services by their Head of Department, who is responsible for the procurement of goods and services.
- 30 “Public Contracts Regulations 2015” means the Public Contracts Regulations 2015 laid before Parliament on 5th February 2015. These Regulations implement the 2014 EU Procurement Directives into UK law and reflect the principles of the Treaty on the Functioning of the European Union.
- 31 A “Quotation” is an offer to sell works, goods and/or services at a stated price under specified conditions. A Quote or Quotation may or may not be written.
- 32 “Request for Quotation” (“RFQ”) means a document or documents containing the specification, and proposed terms and conditions issued to potential suppliers to solicit written Quotations.
- 33 “Risk(s)” means the risks inherent to a Contract; the potential adverse effects of the Contract not being performed as required. Examples of risks include disruption to the College’s core business operations and the loss of sensitive College data.
- 34 “Specification” means the document used to clearly and accurately describe the essential requirements for the goods, services or works.
- 35 “Standard Terms and Conditions” means standard Contractual terms used by the College.
- 36 “(Members of) Staff” means employees of the College, including subsidiary companies.
- 37 “Tender” means the formal offer from a Tenderer, which is capable of acceptance by the College, which is a response to an Invitation to Tender. It shall include all documents comprising the submission including pricing, technical specification and method statements as well as information about the Tenderer. A written Quote or Quotation is also a Tender.
- 38 “Tenderer” or “Tenderers” means the Person or Persons invited to participate in a Procurement Exercise.
- 39 “Total Value” means the value of a Contract which has been calculated in accordance with Section 2.1(b) reading where appropriate Total Value for Estimated Value.
- 40 "In writing" or "written" for the purpose of interpreting these Regulations includes transmission by any electronic means which have been approved by the Vice Principal Finance and Infrastructure.

## General

- 1 The Tendering Process forms part of the College’s Financial Regulations (Appendix G). The purpose of the Tendering Process is to ensure that the College gains value for money when undertaking its procurement activity, reflect the principles of the Treaty on the Functioning of the European Union (i.e. equal treatment, non-discrimination, mutual recognition, proportionality and transparency, so driving competition), and ensure compliance with public procurement law. The Financial Regulations include the College’s approval levels

(Appendix H) when accepting tenders, awarding Contracts, placing orders, varying and extending Contracts, and gaining exceptions to the Regulations.

1.1. Compliance

Staff must comply with these Regulations. Failure to do so may result in disciplinary action.

1.2. Allocation of Responsibilities

Heads of Department may allocate their procurement responsibilities under these Regulations to members of their Staff, but the Heads of Department will be held ultimately responsible.

1.3. Interpretation

Words and expressions used in these Regulations are to be interpreted in accordance with the provisions of the Interpretation section.

1.4. Application

- a. These Regulations apply to every procurement Contract made by or on behalf of the College except Contracts:
  - i. for only the acquisition or disposal of any interest in land;
  - ii. for the lending or borrowing of money;
  - iii. of employment (making an individual a direct employee of the College).
- b. These Regulations apply where a College Subsidiary Company could deliver the Contract.

1.5. General Requirements

- a. Every Contract or official order for works, supplies or services made by the College shall be for the purpose of implementing the College's policies and must be made in accordance with the College's Financial Regulations and Strategic Plan.
- b. When proposing to procure or making arrangements for procuring a service Contract where the Estimated Value exceeds the EU Threshold then consideration must be given as to how the Contract might improve the economic, social and environmental wellbeing of Loughborough and Leicestershire, as required by the Public Services (Social Value) Act 2012.
- c. The Procurer must consider what Risks the Contract presents ahead of any Procurement Exercise, taking proportionate account of any Risks identified during the subsequent Procurement Exercise and within the resultant Contract. The types of Risk for the Procurer to consider include those relating to Health & Safety, Business Continuity, compliance with the Equality Act 2010 and the Modern Slavery Act 2015, and the requirements of the Data protection act and the new General Data Protection Regulations which take effect from the 25th May 2018.
- d. The Procurer must contact, take advice and, where necessary, gain approval from a College Vice Principal before commencing the Procurement Exercise, where relevant to the Contract. For example:
  - i. The Estates and Facilities Department must be contacted where the Contract will have a dependency and/or impact on College buildings, building services or infrastructure;

- ii. The Senior Finance Manager must be contacted where the Contract involves the collection of income on behalf of the College; and
  - iii. The IT Services Department must be contacted and give its approval where the works, services or goods to be procured have an IT element and/or interface with the College's IT systems.
- e. The Procurer must ensure that Contracts approved as Mandatory Contracts by the Procurement Team are used to order the respective supplies, services and works, unless it is agreed by the Procurement Team that better value for money can be clearly demonstrated outside of these approved Mandatory Contracts.
- f. The following services must be delivered by the College's in-house provision unless the Vice Principal Finance and Infrastructure approves a Procurement Exercise being undertaken or an exception being sought in accordance with Section 1.6: -
- i. Marketing, audio visual, design, print and postal services to be provided by the appropriate Business Support department;
  - ii. On-site catering services to be provided by the College Catering Services;
  - iii. Conference Services to be arranged using College facilities;
  - iv. Overnight accommodation for visitors to be arranged using College facilities;
  - v. Managed IT services to be provided by IT Services; and
  - vi. Buildings, building services and infrastructure to be delivered by the Estates and Facilities Department.
- g. Procedures set out in the relevant EU Directives, EU Treaties, Acts of Parliament and UK legislation must be complied with at all times.
- h. Based on criteria laid down by the Procurement Team, the Procurer will be responsible for evaluating the financial status of Tenderers and suppliers.
- i. The Procurer must ensure that sufficient budget provision has been agreed with the budget holder or Finance Committee prior to any Procurement Exercise being undertaken, and must provide evidence of there being a budget to the Procurement Team where the Procurement Team is to undertake the Procurement Exercise.
- j. All Procurement Exercises Should be in line with the guidelines in 2.2
- k. For all Contracts dependent on grant funding the Procurement Exercise and Contract must adhere to, and reflect, all relevant grant conditions that stipulate requirements that go beyond these Regulations.
- l. For all Procurement Exercises appropriate contractor insurance levels must be considered and adhered to.
- m. The Procurement Team must be contacted if any conflicts of interest arise during a Procurement Exercise

#### 1.6. Exceptions

- a. Subject to the requirements of EU Directives, EU Treaties, Acts of Parliament and UK Regulations the following Contracts may be placed by direct negotiation with a supplier, Contracts: -
- i. for supplies, materials, services or works which are available only as proprietary or patented articles, services or works from one Contractor or supplier and for which the Head of Department and the Procurement Team decide that there is no reasonably

satisfactory alternative available in the European Union and for repairs to, or the supply of, parts of existing proprietary or patented articles or works, including machinery or plant;

- ii. for works of art or historical documents;
  - iii. which constitute a variation or extension of an existing Contract, as permitted by the Contract and/or the College's Financial Regulations.
- b. Other exceptions to these Regulations may only be made within the relevant law and with the authority of the Procurement Manager where the Estimated Value of the proposed Contract is between £10,000 and £50,000, the Procurement Manager and the Vice Principal Finance and Infrastructure where the Estimated Value of the proposed Contract is above £50,000. In requesting authority for an exception to these Regulations the Exception Form must be completed and submitted to the Procurement Team or Procurement Manager, depending on the Estimated Value of the proposed Contract, where the Head of Department has approved the exception request.

#### 1.7. Financial Thresholds and Delegation

- a. Financial limits and thresholds within these Regulations may be varied from time to time by the Finance Committee. See Financial Regulations Appendix H for current limits.
- b. Arrangements for delegation of functions to members of Staff within these Regulations may be varied from time to time by the Vice Principal Finance and Infrastructure.

#### 1.8. Annual Reporting

The Vice Principal Finance and Infrastructure shall at least once in each financial year submit a report to the Finance and efficiency Committee in relation to the operation of these Regulations, including, among other things, details of the approved exceptions to these Regulations and approved extensions to Contract, where not provided for in the Contract, and proposed revisions to these Regulations and/or changes required to accommodate the requirements of UK and EU procurement law as may be necessary from time to time.

#### 1.9. Ethical Procurement

- a. The Financial Regulations under the headings of Fraud, Corruption and Whistleblowing and Code of Conduct, and the Corporate Code of Ethics of the Chartered Institute of Purchasing & Supply apply to any Procurement Exercise.
- b. Every written Contract will include the standard Prevention of Bribery and Corruption clause included within the College's Standard Terms and Conditions for Goods and Services, or a clause that is substantially similar.

## 2 Procurement Exercise

### 2.1. Pre-Estimate

- a. Before any Procurement Exercise is begun the Procurer must calculate its Estimated Value in accordance with this clause.
- b. The Estimated Value shall be calculated as follows:

- i. Where the Contract period is fixed the Estimated Value shall be the total estimated maximum value of the supplies, services or works to be supplied over the period covered including any extensions to the Contract;
  - ii. Where the Contract period is indeterminate the Estimated Value shall be calculated by multiplying the estimated average monthly value by 48;
  - iii. For Concessions the Estimated Value shall be the estimated gross value of the service before income over the Contract period;
  - iv. The Estimated Value must include Value Added Tax (VAT) and must include all other taxes and duties;
  - v. Periodic purchases for the same requirement, whether that is from the same or different suppliers, must be aggregated over a minimum of a 48 month period;
  - vi. Where the College may be contributing only part of the Total Value of a Contract, it is nevertheless the total Estimated Value that should be applied in determining the correct procedures to be applied under these Regulations.
- c. Where there is any doubt as to the Estimated Value then the procedure for the higher threshold in Section 2.2 must be used.

## 2.2. Procurement Exercise Process

- a. Based on the Estimated Value, as identified in Section 2.1, Table 1 below makes provision for the minimum requirements for the subsequent Procurement Exercise.

Value per annum	Procurement Process	Involve Procurement	Authority for Approval <i>Fin Regs para 20.2</i>
Up to £2,000	Estimated price *	No	Budget Holder
£2,001 to £10,000	Three written quotes	No	Budget Holder
£10,001 to £25,000	Three Written quotes based on a written specification approved by Procurement. through email or Delta	Yes	Budget Holder
£25,001 and to £99,999	Full Tender Process through Delta	Yes	Vice Principal
£100,000 and over	Full Tender Process through Delta	Yes	Chief Executive

\* To ensure cover for reactive maintenance issues, Estates may use the Estimated price process up to £5,000 value per annum

### EU Procurement Thresholds

The European public contracts directive (2014/24/EU) applies to public authorities including, amongst others, government departments, local authorities and NHS Authorities and Trusts. The directives set out detailed procedures for the award of contracts whose value equals or exceeds specific thresholds. Details of the thresholds, applying from 1st January 2018 are given below. Thresholds are net of VAT.

Supply, Services and Design Contracts	Works Contracts	Social and other specific services
£181,302	£4,551,413	£615,278
€221,000	€5,548,000	€750,000

All amounts are inclusive of VAT at the applicable rate (Standard rate currently 20%) Must be registered as an approved supplier before works commence

Purchasing frameworks include: - Crescent Purchasing Consortium (CPC) and Eastern Shires Purchasing Organisation (ESPO), Crown Commercial Services (CCS), North Eastern Universities Purchasing Consortium (NEUPC), Southern Universities Purchasing Consortium (SUPC), Consortium of Local Education Authorities for the Provision of Science Services (CLEAPSS), Yorkshire Purchasing Organisation (YPO).

- b. Where the Estimated Value exceeds the relevant EU Threshold, consideration must be given as to whether to subdivide the Contract into lots. If the decision is made not to subdivide the Contract into lots then the reason for this decision must be formally documented.
- c. The Procurer must ensure that the Procurement Team is involved from the outset of the Procurement Exercise for equipment with an Estimated Value of £10,000 or more, where funded by a Funding Agency.

### 2.3. Selection and Award Evaluation Criteria

- a. A Procurement Exercise must include both selection and award criteria.
- b. Selection criteria must be included in the evaluation process where employing the Open Tendering procedure (Section 3.1) or must be the only criteria used for the shortlisting methodology where employing the Restricted procedure (Section 3.2).

### 2.4. Award Methodology and Evaluation Criteria

- a. The award methodology must determine the Most Economically Advantageous Tender based on a range of predetermined evaluation criteria which must be set out in the Invitation to Tender.
- b. Before a Contract can be awarded the supplier must meet the minimum standard for the selection criteria where included in the evaluation process, where employing the Open Tendering procedure (Section 3.2) or where the only criteria used for the shortlisting methodology where employing the Restricted procedure (Section 3.3).
- c. In the case of a Procurement Exercise with an Estimated Value of £25,000 or more the process for identifying the Most Economically Advantageous Tender, including selection and award criteria, must be agreed in consultation with the Procurement Team and included in the Invitation to Tender and a copy retained on file. Where the Estates and Facilities Department undertakes a Formal Tender Process for Works below the EU Threshold, as provided for in Table 1, the process for identifying the most economically advantageous Tender to be completed in consultation with the Procurement Team.
- d. The Procurer must notify all Tenderers of the award methodology and evaluation criteria being used in the case of the Contract in question. If weightings are to be applied to the criteria then the Procurer must ensure that these are also incorporated into the Invitation to Tender.

- e. Where the decision is made to subdivide the Contract into lots, having followed Section 2.2(b), it is necessary that the OJEU notice detail the number of lots for which Tenderers may bid, the number of lots that may be awarded to any one Tenderer, and the award criteria and rules to be used in awarding the lots.

## 2.5. Contract Opportunity Publication

- a. Unless agreed otherwise with the Procurement Team and /or Procurement Manager, for all proposed Contracts where the Total Value is below the EU threshold, a period of at least ten working days should be allowed between the closing date for requests for the Invitation to Tender and either:
  - i. the deadline for receipt of Tenders where an Open Tendering procedure is being used; or
  - ii. the deadline for receipt of Selection Questionnaires or Expressions of Interest, where a Restricted Tendering procedure is being used.
- b. The Contract Opportunity Publication must express the nature and purpose of the Procurement Exercise, stating where further details may be obtained and inviting Tenders in response to the Contract Opportunity Publication.
- c. Under no circumstances must a Contract Opportunity Publication appear in any form before publication in the OJEU and neither should any advertisement contain any more information than that published in the OJEU.
- d. All procurement documents must be available by means of a website approved by the Vice Principal Finance and Infrastructure from the date of the publication of the OJEU notice (or Prior Information Notice, where used as a call for competition where following a Restricted Procedure or Competitive Procedure with Negotiation).
- e. All Procurements over £25,000 should be advertised on Contracts Finder by creating a notice on the College's nominated e-procurement provider Delta

## 3 Formal Tender Process

### 3.1. Tendering Process

All tendering processes are to be led by the Procurement Team to ensure the correct procedure is followed in line with best practice.

### 3.2. Open Tendering

Under Open Tendering, the Procurement Team will be responsible for sending Invitations to tender to all those Persons who respond to the Contract Opportunity Publication and who meet the requirements stated therein.

### 3.3. Restricted Tendering

- a. Regulation 3.3 applies to Tenders where the Estimated Value is equal to or exceeds the EU Threshold. Restricted Tendering is not to be used where the Estimated Value is below the EU Threshold.
- b. Under Restricted Tendering, Procurers need only send Invitations to Tender to:

- i. not less than five of the Persons who respond to the Contract Opportunity Publication and who best meet the shortlisting methodology agreed in Section 2.4(b); or
  - ii. where fewer than five Persons have applied or are considered suitable, to all those Persons who equal or exceed the minimum requirements for the shortlisting methodology agreed in Section 2.4(b).
- c. The shortlisting criteria and process must be prepared (in consultation with the Procurement Team) in advance of the issue of the Selection Questionnaire and a copy retained on file.
- d. All Persons that do not qualify for inclusion on the shortlist to receive an Invitation to Tender must receive notice that they have been excluded from the Procurement Exercise. Any Person requesting in writing the reasons why they were unsuccessful shall be informed by the Procurer of the reasons for the College's decision.

### 3.4. Competitive Procedure with Negotiation, Competitive Dialogue and Innovation Partnership

- a. Where the Competitive Procedure with Negotiation or Competitive Dialogue or Innovation Partnership procedures are used the requirements of the EU Directive and where appropriate these Regulations shall be followed.
- b. The Competitive Procedure with Negotiation and the Competitive Dialogue and Innovation Partnership procedures must only be used with the prior approval of the Vice Principal Finance and Infrastructure.

### 3.5. Invitations to Tender

- a. All tenders are required to go through the College's nominated e-procurement provider Delta.
- b. Every Invitation to Tender must specify the latest day and hour for the receipt of Tenders and, for Tenders where the Estimated Value is £25,000 or more, must state the effect of Section 3.5.
- c. The Procurement Team, following consultation with the Procurer, will draft and send the Invitation to Tender to each potential Tenderer, containing the same information about the Procurement Exercise and in particular information relating to the Tender process, specification, award methodology and evaluation criteria.
- d. The Procurement Team must also give all Tenderers the same information relating to questions, answers and clarifications raised during the Procurement Exercise unless they relate solely to another Person's Tender.
- e. All tenders should be submitted to the Procurement Team only.

### 3.6. Irregular Tenders

- a. An Irregular Tender must not be accepted by either the Procurement Team, other than in accordance with this Regulation.
- b. A Tender is not valid unless it has been submitted in accordance with Section 3.5.
- c. Where a Tender has been received which is an Irregular Tender in that it does not fully comply with the instructions given in the Invitation to Tender and/or because it is received after the appointed time for receipt or does not comply with Section 3.6(b), the provisions of Sections 3.6(d) and 3.6(e) apply.
- d. If in other cases of Irregular Tenders, the Vice Principal Finance and Infrastructure considers that there are exceptional circumstances and that the Tenderer who submitted the Irregular Tender



has gained no advantage from its irregularity they may determine to accept the Irregular Tender and authorise that it be opened and evaluated together with any other Tenders in accordance with Section 3.6. The Vice Principal Finance and Infrastructure shall record in writing the reasons why each Irregular Tender has been accepted or rejected.

- e. Irregular Tenders that the Vice Principal Finance and Infrastructure has rejected under this Regulation must be returned to the Tenderer by the Procurement Team with a covering letter stating the reason for their rejection.

### 3.7. Errors or Discrepancies in Tenders

- a. Tenderers are not allowed to alter their Tenders after opening save in accordance with this Regulation or Section 3.8.
- b. Where it is suspected that there has been an error in a Tender and following the closing date for receipt of Tenders but before acceptance of any Tender discussions may take place with Tenderers in order to:
  - i. ensure that the Tender is constructed correctly; or
  - ii. ensure that the Tenderer has fully understood the specification; or
  - iii. seek clarification from Tenderers of cost, quality and performance indicators.
- c. Where a Tender appears to be abnormally low the Procurer shall require the Tenderer to explain the price or costs proposed in the Tender. If the explanation subsequently provided by the Tenderer is deemed not to satisfactorily account for the low level of the price or costs then the Procurer may reject the Tender.
- d. A written note of the discussions must be made to record the suspected error, date, time, detail of the discussion and any agreement reached.

### 3.8. Discussions and Post Tender Negotiations

- a. In the case where the Estimated Value was below the EU Threshold, and following the closing date for receipt of Tenders, but before acceptance of any Tender, the Procurement Team may carry out Post Tender Negotiations in consultation with the Procurer in an attempt to secure improvements in the price or economic advantage in one or more of the following circumstances:
  - i. where the most competitive Tender (according to the pre-determined award methodology and evaluation criteria) submitted exceeds the Estimated Value;
  - ii. where it is considered that the price of the most competitive Tender submitted does not represent the best value for money that can reasonably be obtained;
  - iii. where Tenders have been invited only on the basis of unit prices or a schedule of rates and the lowest in aggregate is not the lowest on all items;
  - iv. where the most competitive Tender contains conditions, trading terms, guarantees, or provisions relating to performance or service delivery less favourable than in other Tenders, or than stipulated for and this defect appears capable of being remedied by Post Tender Negotiations.
- b. When conducting Post Tender Negotiations, as part of a Procurement Exercise where the Estimated Value is £25,000 or more (but below the EU Threshold), only the Tenderer submitting the most competitive Tender in accordance with the award methodology and evaluation criteria (Section 2.4) may be invited to participate in Post Tender Negotiations.

- c. When conducting Post Tender Negotiations, the following additional regulations shall apply:
  - i. At no time during the negotiations must a Tenderer be informed of the detail of any other Tender submitted or as to whether or not the Tender they submitted was the lowest.
  - ii. During negotiations in person there must always be present at least two members of staff of the College. Where the Estimated Value of the Contract is £25,000 or more, one of these members of Staff must be the Procurement Team.
  - iii. A note of the negotiations will be made by one of the members of Staff present recording those present, the time and location of the negotiations, detail of the discussion and any agreement reached.
  - iv. Post Tender Negotiations shall not enable any material departure from the published specification. The Procurement Team shall determine whether any proposed change to the specification constitutes a material departure and whether as a consequence other Tenderers shall be permitted to participate in Post Tender Negotiations and/or whether new Tenders should be invited, to avoid any potential allegations of competition being distorted.
- d. Post Tender Negotiations are not allowed in the case of Contracts with an Estimated Value exceeding the relevant EU Threshold. However, clarifications of errors or discrepancies in Tenders may take place in accordance with Section 3.7.

## **4 Award of Contract**

### **4.1. Acceptance of Tenders**

- a. A Tender can only be accepted in accordance with the initial award methodology and evaluation criteria as set out in Section 2.4. Any evaluation sheets must be maintained on file in accordance with Section 6.1.
- b. The Vice Principal Finance and Infrastructure and the Vice Principal People and Planning must approve the acceptance of all Tenders for Contracts with an Estimated Value of £25,000 or more.
- c. If the Tender to be accepted exceeds the budget which was agreed in accordance with Section 1.5(j) the Procurer must ensure that sufficient funds are available and approved by the appropriate budget holder or Head of Department prior to the acceptance of the Tender.
- d. An abnormally low Tender may not be rejected without first giving the Tenderer the opportunity to explain the tendered price.

### **4.2. Notification of Contract Award**

- a. The Procurement Team must notify the successful Tenderer of the acceptance of their Tender and for all Procurement Exercises with an Estimated Value of £25, 000 or more this notification must be in writing.
- b. In the case where the Estimated Value is £25,000 or more the Procurement Team must notify in writing all Tenderers who submitted a Tender of the decision as soon as possible after the decision has been made.
- c. In the case where the Estimated Value is equal to or above the appropriate EU Threshold the following additional regulations shall apply:
  - i. The notice in Section 4.2(b) shall include the award criteria, the reasons for the decision, including the successful Person's score, the score (if any) of the Person receiving the

- notice, and the characteristics and (if appropriate) relative advantages of the successful Person's Tender, any reasons why the recipient of the notice did not meet the technical specification, the name of the Person awarded the Contract, as well as the date when the standstill period required in accordance with Section 4.2 (c)(ii) will come to an end.
- ii. A minimum period of 10 calendar days must elapse between the day of sending the notice in Section 4.2(b) and the date on which the College enters into a Contract, if the notice is sent electronically. Where the notice is sent by other means then either, 15 days from the day of sending the notice, or 10 days from the day of receipt of the notice by the last Tenderer to receive the notice must elapse. In all cases the day after sending the notice should be counted as day 1. The standstill period must end on a working day.
  - iii. The Procurement Team shall ensure that an OJEU Contract award notice is placed within 30 days of the Contract award.
- d. Where a Contract Opportunity Publication was placed on the Contracts Finder website, the Procurer must ensure that an award notice is placed on the Contracts Finder website within 90 calendar days of the Contract award.

#### 4.3. Form of Contract

- a. A Contract shall be formed:
  - i. by exchange of letter or electronic communication accepting the successful Tender and incorporating the Invitation to Tender or Request for Quotation and the outcome of any subsequent negotiations and discussions; or
  - ii. by completion of a formal Contract incorporating the Invitation to Tender or Request for Quotation, the Tender and the outcome of any subsequent negotiations and/or discussions; or
  - iii. by placing an order in accordance with Section 4.4.
- b. In determining and negotiating the terms and conditions of Contract, the Procurer must ensure that the appropriate Standard Terms and Conditions are incorporated, unless the Procurer, having consulted the Procurement Team, considers it inappropriate to do so.
- c. All Contracts with an Estimated Value of £10,000 or more must be in writing and where appropriate the Head of Department shall:
  - i. ensure that the Contract includes a definition of the circumstances that will be considered to constitute a default on the terms of the Contract by the supplier. The Contract must provide for notice of default to be given to the supplier and for any resulting losses to be recovered from the supplier if the default is not rectified.
  - ii. ensure that the Contract provides for the supplier to have an insurance policy, which can be inspected during the Contract period. The Procurement Team shall be consulted on the insurance requirements where the standard insurance cover levels that the College requires of its suppliers are not deemed to be appropriate.
  - iii. consult the Finance and Audit Compliance Manager or the Senior Finance Manager on the appropriate VAT requirements.
- d. Every Contract must be signed by the Head of Department or a member of Staff designated by them. The Vice Principal Finance and Infrastructure will determine whether a Contract must be under seal.

- e. Except after consultation with the Vice Principal Finance and Infrastructure, work or services must not be authorised to commence or goods to be supplied where such works, services or goods are to be the subject of a Contract under seal entered into between the College and the supplier, until the Contract has been signed by the supplier.

#### 4.4. Orders for work, goods and services

- a. The Head of Department may allocate the responsibility to place orders to budget holders and named members of their Staff, where this complies with the Schedule of Delegated Authorities at Appendix H of the College's Financial Regulations. Blanket Orders must be raised for the full estimated aggregate annual value of the future intended call-off orders, with the authority to place such orders based on this aggregated value.
- b. The duties of authorising orders, certifying invoices, and receiving goods must be vested in different members of Staff, unless approval has been gained from the Vice Principal Finance and Infrastructure for the same member of Staff to fulfil more than one of these duties due to unavoidable circumstances.
- c. Except where approved by the Vice Principal Finance and Infrastructure or where placing orders using a Purchasing Card in accordance with Section 4.5, the procurement of all goods, works and services must be based on a purchase order issued to the supplier prior to the delivery of the goods or commencement of the service or works, using a purchase ordering system approved by the Senior Finance Manager (for example, MONDAS). The purchase order (including Blanket Orders) should be placed against a Mandatory Contract (See Section 1.5(e)), or follow a Procurement

Exercise conducted in accordance with these Regulation, or follow an exception to the Regulations having been gained in accordance with Section 1.6.

- d. Where the supplier is a new supplier to the College, and so not on the College's Purchasing System (currently MONDAS), the details of the new supplier must be provided to the Finance team to be entered onto the purchasing system. The Head of Department must confirm that there are no conflicts of interest with using a new supplier.

#### 4.5. Purchasing Cards

- a. The Vice Principal Finance and Infrastructure may nominate the members of Staff to which Purchasing Cards are issued, including individual transaction limits, before the Finance team issues.
- b. Purchasing Cards are only to be used for procuring goods and services, from suppliers that allow payment by credit card, where:
  - i. Procuring low value / high volume goods; and/or
  - ii. Procuring from a supplier on a one-off basis; and/or
  - iii. Procuring external training, conference services (in accordance with Section 1.5(f) (ii)) and pre-booked travel.
- c. Purchasing Cards are not to be used for procuring goods and services where the Department can access them by placing an order through the College's primary purchase ordering system (MONDAS), including via its electronic marketplace/catalogues.

- d. Purchasing Cards are not to be used for procuring software unless approved by the IT Department, i.e. the Head of IT or delegated IT Department staff, where delegated.
- e. All procurements made using a Purchasing Card must be in accordance with these Regulations and the Credit Card Policy.

## 5. Contract Management

### 5.1. Contract Management

- a. The Head of Department (Budget Holder, where delegated) must ensure that all Contracts with a Total Value of £10,000 or more are allocated to a Contract Manager. The Contract Manager will be responsible for ensuring that the Contract is performed as agreed in the Contract documentation, including the Specification and the terms and conditions of Contract, and that the supplier meets any agreed Key Performance Indicators and maintains the required insurance cover levels.
- b. The Contract Manager must undertake Contract review meetings with the supplier at a frequency commensurate with the value of the Contract and the Risk that it presents. They will raise and seek to resolve any Contract performance issues with the supplier, escalating any persistent or material performance issues to the Procurement Team.
- c. The Contract Manager must know the date on which the Contract for which they are responsible is due to expire and must establish the ongoing requirement for such a Contract following its expiry. This must be done a sufficient period before the Contract expiry date so as to allow time for a Procurement Exercise to be undertaken for any replacement Contract.
- d. The Contract Manager must notify the Procurement Team of all new contractual agreements including renewals or extensions.

### 5.2. Contract Variations

- a. Prior to any variation being agreed which would result in an increase in the Total Value of the Contract the Procurer must ensure that sufficient additional budget provision has been approved by the budget holder.
- b. If the Total Value of the Contract is under £25,000, including the planned variation, the Head of Department (Budget Holder, where delegated) in consultation with the Procurement Team shall be authorised to vary the Contract. This authorisation must be issued before the work is carried out, or in the case of an emergency, immediately thereafter.
- c. In the case of a Contract with a Total Value of £25,000 or more:
  - i. for any variation(s) that would increase or decrease the Total Value of the Contract by 10% or more, the Head of Department in consultation with the Procurement Team or Procurement Manager must gain the prior approval of the Vice Principal Finance and Infrastructure. This authorisation must be issued before the work is carried out, or in the case of an emergency, immediately thereafter;
  - ii. for any variation(s) that would increase or decrease the Total Value of the Contract by less than 10% the Head of Department (Budget Holder, where delegated) in consultation with the Procurement Team or Procurement Manager shall be authorised to vary the Contract. This authorisation must be issued before the work is carried out, or in the case of an emergency, immediately thereafter.

- d. For a Contract to be varied there must be provision for the variation within its original scope. Otherwise it must have been unforeseen at the time of tendering or there are insurmountable economic or technical barriers or significant inconvenience, were there to be a change of supplier. In any event the variation must not alter the overall nature of the Contract and not exceed 50% of the original Contract value.

### 5.3. Contract Extensions

- a. If the Total Value of a Contract, including the planned extension, is under £25,000 and the Contract provides for the extension the Head of Department (Budget Holder, where delegated) shall be authorised to extend the Contract.
- b. If the Total Value of a Contract, including the planned extension, is £25,000 or more and the Contract provides for the extension the Head of Department (Budget Holder, where delegated) shall be authorised to extend the Contract in consultation with the Procurement Team.
- c. If the Total Value of a Contract, including the planned extension, is under £25,000 and the Contract does not provide for the extension the Head of Department (Budget Holder, where delegated), in consultation with the Procurer and Procurement Team, shall be authorised to extend the Contract on a one-off basis.
- d. If the Total Value of a Contract, including the planned extension, is £25,000 or more and the Contract does not provide for the extension the Head of Department must gain the prior approval of the Vice Principal Finance and Infrastructure and the Procurement Manager to extend the Contract.
- e. In the case of Contracts tendered in accordance with the EU Directive any extension will only be permissible if this was properly described in the original OJEU notice, where applicable.

### 5.4 Early Termination of Contracts

Unless a provision for early termination is clearly stated in the Contract, Procurers shall seek advice from the Procurement Team where it is intended to terminate a Contract early. Where the Total Value of the Contract is £25,000 or more the prior written approval of the Vice Principal Finance and Infrastructure shall also be obtained.

## 6 Miscellaneous Provisions

### 6.1. Document Retention

- a. All Contract records that might be required in court proceedings must be retained for at least six years and any under seal for at least twelve years from expiry of the Contract.
- b. Where the Contract is externally funded any contingent liabilities and/or grant conditions must be taken account of by the length of the retention period.

### 6.2. Supervision of Contracts by Third Parties

- a. The Procurer shall ensure that it is a condition of any Contract between the College and any Person (not being an employee of the College) who is involved in a Procurement Exercise or the management of a Contract on behalf of the College that in relation to that Contract he must

comply with the requirements of these Regulations and other reasonable requirements of the College.

- b. Such Person must:
  - i. at any time during the carrying out of the Contract produce to the Head of Department or their representative or College Auditor on request all records maintained by them in relation to the Contract; and
  - ii. on completion of the Contract transmit all records to the Head of Department.

## Appendix H - Summary of Financial Limits

Purchasing Limits applicable to goods, services and contracts as per code of tendering practice in Appendix G

Value per annum	Procurement Process	Involve Procurement	Authority for Approval <i>Fin Regs para 20.2</i>
Up to £2,000	Estimated price	No	Budget Holder
£2,001 to £10,000	Three written quotes	No	Budget Holder
£10,001 to £25,000	Three Written quotes based on a written specification approved by Procurement. through email or Delta	Yes	Budget Holder
£25,001 and to £99,999	Full Tender Process through Delta	Yes	Vice Principal
£100,000 and over	Full Tender Process through Delta	Yes	Chief Executive

All amounts are inclusive of VAT at the applicable rate (Standard rate currently 20%) Must be registered as an approved supplier before works commence

Purchasing frameworks include: - Crescent Purchasing Consortium (CPC) and Eastern Shires Purchasing Organisation (ESPO)

### Circumstances in which the above requirements may be waived

The requirement to follow the procedures set out above can be waived in exceptional circumstances, for example:

- Where there is no genuine competition
- Where price is not the overriding consideration
- Where the continuity of design or supply is the overriding factor
- Where there is other commercial advantage
- Where 'preferred supplier' status exists.

The procedures can only be waived with the express prior authority of the Vice Principal – Finance & Infrastructure.

A file on all such exceptions will be maintained by the Procurement Manager (or other delegated officer) and be available for inspection by the members of the Corporation Board.

### EU Procurement Thresholds

The European public contracts directive (2014/24/EU) applies to public authorities including, amongst others, government departments, local authorities and NHS Authorities and Trusts. The directives set out detailed procedures for the award of contracts whose value equals or exceeds specific thresholds. Details of the thresholds, applying from 1st January 2018 are given below. Thresholds are net of VAT.



Supply, Services and Design Contracts	Works Contracts	Social and other specific services
£181,302	£4,551,413	£615,278
€221,000	€5,548,000	€750,000

### Signing Contracts

Fin. Regs paragraph	Description	Authority for Approval
20.2	Over £1 million	Application of College Seal

### Subcontracted Services

Fin. Regs paragraph	Description	Authority for Approval
18.3	< £100,000	Appropriate member of the Executive
	> £100,001 and <£999,999	Chief Executive
	> £1 million	Application of College Seal

### Capital Schemes / Major New Developments

Fin. Regs paragraph	Description	Authority for Approval
11.5 / 11.6	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 of more than £500,000	Board of Governors
20.8	Building contracts over £1 million	Board of Governors

### Losses, Write Offs and Compensation

Fin. Regs paragraph	Description	Authority for Approval
16.4	(a) Bad Debts < £1,000	Senior Finance Manager

Appx E	> £1,000 and < £5,000	Vice Principal – Finance & Infrastructure
	> £5,000 and < £25,000	Chief Executive
	> £25,000	Governing Body
	(b) Losses and cash due to theft, fraud, overpayment and damage to buildings, fittings, furniture and equipment and property	
	< £10,000	Vice Principal – Finance & Infrastructure
	> £10,001 and < £100,000	Chief Executive
	> £100,001	Governing Body
(c) Waiver of Fees	Fees Policy for current year	

#### Credit Cards

Fin. Regs paragraph	Description	Authority for Approval
20.5	Approval of issue of Company Credit cards (all levels)	Vice Principal – Finance & Infrastructure

#### Cash Advances

Fin. Regs paragraph	Description	Authority for Approval
20.13	< £2000	Senior Finance Manager
	> £2000	Appropriate member of the Executive

#### Petty Cash

Fin. Regs paragraph	Description	Authority for Approval
20.15	Up to £25 per claim	Budget Holder
20.15	Between £25 and £50	Senior Finance Manager
20.15	Request to top up petty cash float and above £50 (by exception)	Vice Principal – Finance & Infrastructure

#### Travel & Subsistence

<b>Fin. Regs paragraph</b>	<b>Description</b>	<b>Authority for Approval</b>
21.5	Payment of expenses	Expenses Policy and Procedure

**Condemning and Disposal**

<b>Fin. Regs paragraph</b>	<b>Description</b>	<b>Authority for Approval</b>
22.7	Refer to Asset Disposal Policy	Chief Executive

## Appendix I - Bank and Payroll Authorisations

### Bank Account

Description	Requirement
Cheques up to £9,999.99	Any two authorised signatories
Cheques between £10,000 and £25,000	One authorised signatory from Panel A and one from Panel B
Cheques in Excess of £25,000	Two authorised signatories, both of which must be on Panel A (Chief Executive and member of the Executive

Bank account authorised signatories are as follows:

- Chief Executive and Principal (Panel A)
- Vice Principal – Finance & Infrastructure (Panel A)
- Vice Principal – People and Planning (Panel A)
- Assistant Principal – Curriculum Delivery – FE, Apprenticeships and Adults (Panel A)
- Assistant Principal – Learner Experience, Quality and Community Engagement (Panel A)
- Senior Finance Manager (Panel B)
- Finance and Audit Compliance Manager (Panel B)

### BACS Payments

All BACS payments must be signed by any two signatories. If payment to any single supplier exceeds £25,000, both of the signatures must be from Panel A.

### Payroll

Description	Requirement
Payroll up to £600,000	One authorised signatory
Payroll in Excess of £600,000	Two authorised signatories
Payroll where individual item exceeds £3,500	Two authorised signatories

Payroll authorised signatories are: any two from a list incorporating all Panel A signatories and the Senior Finance Manager.

## Appendix J - Value for Money Policy

### 1 Policy statement

- 1.1. The College recognises its responsibility to achieve Value for Money from all its activities and transactions, however they are funded.
- 1.2. The College is committed to the pursuit of economy, efficiency and effectiveness, and seeks to incorporate Value for Money principles and good practice in all its activities and transactions.

### 2 The concept of Value for Money

- 2.1. Value for Money has a much broader scope than purely financial achievement; it is described in terms of economy, efficiency and effectiveness.
- 2.2. Value for Money matters because the College is accountable for public funds, deals with the public in a competitive environment and needs to use its scarce resources economically, efficiently and effectively. Governors are required annually to make a public statement that they are responsible for ensuring that economical, efficient and effective management of the College's resources and expenditure is secured, so that the benefits that should be derived from the application of public funds by the Skills Funding Agency are not put at risk.
- 2.3. Value for Money is not just about lowest price, nor is it a mathematical calculation, particularly when more than one of the characteristics of economy, efficiency and effectiveness is taken into account. It is a matter of individual judgement as to which characteristics carry more weight than others and how value should be quantified. The over-riding considerations are that a transaction or activity should:
  - Not cause the College an unmanageable risk or loss, and
  - Enhance the learner experience, directly or indirectly, and
  - Withstand public scrutiny as constituting Value for Money.

### 3 Value for Money principles and objectives

While having regard to legislative requirements, in order to achieve Value for Money the College will aim to:

- 3.1. Ensure the College has an efficient and effective staffing structure to facilitate the achievement of its strategic aims;
- 3.2. Integrate Value for Money principles within existing management, planning and review processes;
- 3.3. Seek, consider and, where appropriate, adopt recognised good practice in the application of Value for Money;
- 3.4. Benchmark the College's activities against other similar institutions where this is considered useful;
- 3.5. Continuously improve the economy, efficiency and effectiveness of activities;
- 3.6. Only enter into contracts that offer acceptable quality at a competitive price, having researched the market and taken account of offers, discounts and transaction costs. Quality should include

consideration of delivery, reliability, durability, performance, technology, maintenance, support, running cost, obsolescence, disposal value, as appropriate;

- 3.7. Consider the return on investment, total cost of ownership and whole life cost;
- 3.8. Observe the need for price quotations and for tender invitations according to the limits prescribed in the College's Financial Regulations;
- 3.9. Ensure that all processes are designed to maximise integration and eliminate duplication and delay;
- 3.10. Develop appropriate service standards for all processes and monitor delivery against them;
- 3.11. Actively demonstrate to internal and external customers and stakeholders that the achievement of Value for Money is sought in all activities;
- 3.12. Ensure that all staff are aware of and recognise their continuing obligation to seek Value for Money for the College as part of their day-to-day activities;
- 3.13. Undertake periodic reviews and evaluations of the use of College resources in selected areas and activities to ensure that Value for Money principles and objectives are being followed.

#### **4 Responsibilities**

- 4.1. The Corporation Board will approve this Value for Money Policy as an Appendix to the Financial Regulations
- 4.2. The Audit and Risk Committee is responsible for satisfying itself that:
  - Value for Money is being both sought and achieved by the College and its staff from the use of resources, and
  - Satisfactory arrangements are in place to secure economical, efficient and effective management of the College's resources and expenditure.
- 4.3. College Managers and Budget Holders are responsible for ensuring that Value for Money is being sought and achieved. In the event of uncertainty, advice should be sought from Senior Managers or relevant Support Service Managers. Managers are responsible for maintaining an awareness of good practice and ensuring that this is followed appropriately.
- 4.4. All staff, including those who do not control resources or have financial responsibilities, should endeavour to seek and achieve Value for Money in all activities and transactions and to bring to the attention of Managers any potential opportunities for improvement.

#### **5 Review and reporting arrangements**

- 5.1. The Vice Principal – Finance & Infrastructure will review and, if appropriate, update this policy for consideration by the Audit and Risk Committee as part of the annual review of Financial Regulations.
- 5.2. The Audit and Risk Committee will receive an annual report from the Vice Principal – Finance & Infrastructure on the arrangements in place to promote Value for Money. This report may form part of other reports e.g. procurement or efficiency savings.



## Appendix K - Treasury Management Policy

### Treasury Management Policy Statement

1. Loughborough College defines its treasury management activities as:  
“The management of the college’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
2. The College regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. The College acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

### Objectives

The objectives of this policy are to ensure that:

- The College’s cash and other financial assets are protected from risk of loss.
- Adequate funds are available to enable the College to meet its financial commitments at all times.
- Surplus funds are used effectively to optimise returns consistent with minimising risk whilst protecting the capital sum.
- The costs of borrowing are minimised.
- Tax risks are controlled.

### Treasury Management Procedure

#### TMP1 Risk Management

##### General Statement

The Vice Principal – Finance & Infrastructure will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually to the Governing Body on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation’s objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirement and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the appendices to this document.

#### 1. Liquidity Risk Management



The College will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

The Vice Principal – Finance & Infrastructure will ensure that there are sufficient funds available in the College's current accounts to meet amounts owed to purchase ledger creditors and for payroll obligations.

Funds in excess of the level needed as described above, are to be invested in fixed term deposits with approved investment institutions for fixed term periods not exceeding 12 months. Funds should be divided between short term and medium term deposits to obtain best value and best returns.

Such facilities are negotiated and arranged if and when the cash flow forecasts prepared by the Vice Principal – Finance & Infrastructure, and reported to the Corporation, deem there to be a need. Such a facility would require the approval of the Corporation, prior to its activation.

## **2. Management of Interest Rate/Exchange Rate And Inflation Risks**

The College will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.

It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

The effects of varying levels of inflation, insofar as they can be identified as impacting directly on its treasury management activities, will be controlled by the organisation as an integral part of its strategy for managing its overall exposure to inflation.

It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates, exchange rates or inflation. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

## **3. Credit and Counterparty Risk Management**

The College regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved instruments, methods and techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

## **4. Refinancing Risk Management**

The College will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to

obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable as the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

## **5. Legal and Regulatory Risk Management**

The College will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1.3 Credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the organisation, particularly with regard to duty of care and fees charged. The College recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

## **6. Fraud, Error and Corruption, And Contingency Management**

The College will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

## **7. Market Risk Management**

The College will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

## **TMP2 Best Value And Performance Measurement**

The College is committed to the pursuit of best value in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the college's stated business or service objectives. It will be the subject of regular proportionate examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements.

## **TMP3 Decision-Making And Analysis**

The College will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

In making decisions regarding funding, borrowing, lending and new instruments/techniques, the following shall apply:

Records will be kept of the basis of all decisions that have been made, including the alternatives available at the time of the decision-making. Consultation will take place between the Senior Finance Manager and the Vice Principal – Finance & Infrastructure in placing investments, within the parameters set out in TMP1.

The maturity profile of the current investments of the College and the current 12 month rolling cash flow projections shall be consulted.

Borrowing (except in the case of finance leases) shall take place only following approval by the Corporation, who shall receive a report on the purpose, extent and cost of such borrowing. The terms of the College's Financial Memoranda with funding bodies relating to consent for borrowings must be complied with at all times. Any guarantees for loan finance given by the College must be authorised by the Corporation.

#### **TMP4 Approved Instruments, Methods and Techniques**

The College will undertake its treasury management activities by employing only those instruments, methods and techniques detailed below, and within the limits and parameters defined in TMP1 Risk Management.

Borrowings shall be approved by the Corporation, based on a full report of the borrowing requirements of the College in advance of the time that the requirement arises.

Investments, other than those placed with the College's own bankers, shall be with banks or building societies with Fitch Ratings of:

- F1, or higher, for short term deposits (1 – 3 months)
- A, or higher, for longer term deposits.

#### **TMP5 Organisation, Clarity and Segregation Of Responsibilities, And Dealing Arrangements**

The College considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the College intends, as a result of lack of resources or other circumstances, to depart from these principles, the Vice Principal – Finance & Infrastructure will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The Vice Principal – Finance & Infrastructure will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the Vice Principal – Finance & Infrastructure in respect of treasury management are set out in the schedule to this document. The Vice Principal – Finance & Infrastructure will fulfil all such responsibilities in accordance

with the organisation's policy statement and TMPs and, the appropriate standard of any professional body they are a member of.

The Corporation will oversee overall policy on treasury management activities. The Committee shall receive reports to enable it to carry out this duty effectively, as stated in TMP6. The Vice Principal – Finance & Infrastructure will have overall responsibility for the implementation of the policy set by the Corporation.

#### **TMP6 Reporting Requirements and Management Information Arrangements**

The College will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, the Governing Body will receive:

- an annual report on the strategy and plan to be pursued in the coming year
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.

#### **TMP7 Budgeting, Accounting and Audit Arrangements**

The Vice Principal – Finance & Infrastructure will prepare, and the College will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk Management, TMP2 Best value and performance measurement, and TMP4 Approved instruments, methods and techniques. The Vice Principal – Finance & Infrastructure will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 Reporting requirements and management information arrangements.

The College will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

The College will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

#### **TMP8 Cash and cash flow management**

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the College will be under the control of the Vice Principal – Finance & Infrastructure, and will be aggregated for cash flow and investment management purposes. Cash flow forecasts and statements will be prepared monthly and will be presented to the Corporation Board at each meeting. The Vice Principal – Finance & Infrastructure will ensure that these are adequate for the purposes of monitoring compliance with TMP 11 liquidity risk management.

### **TMP9 Money Laundering**

The College is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this are properly trained.

### **TMP10 Staff Training and Qualifications**

The College recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Vice Principal – Finance & Infrastructure will recommend and implement the necessary arrangements.

### **TMP11 Use of External Service Providers**

The College recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Vice Principal – Finance & Infrastructure.

### **TMP12 Corporate Governance**

The College is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The College has adopted and has implemented the key recommendations of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Vice Principal – Finance & Infrastructure will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

## **Schedules**

### **Investments**

1. The Chief Executive is ultimately responsible for controlling the short term and long term investments in accordance with the policies determined by the Corporation. The Chief Executive has the power to delegate this function to the Vice Principal – Finance & Infrastructure
2. The Vice Principal – Finance & Infrastructure will consult with the Senior Finance Manager and decisions will be made based on the day-to-day implications for deposit, borrowing and maturity profile of the College. The Vice Principal – Finance & Infrastructure or Senior Finance Manager may place short term deposits without consultation. These will normally be made by the Senior Finance Manager. However, these investment decisions made by the Senior Finance Manager will be independently reviewed by the Vice Principal – Finance

& Infrastructure, and decisions made by the Vice Principal – Finance & Infrastructure will be independently reviewed by the Chief Executive, on a quarterly basis (see schedule).

3. The Vice Principal – Finance & Infrastructure is authorised to invest any sum of money for up to and including 1 year within the College’s bank accounts. All investments must be made in the name of the College. All fund transfers should be made directly from, and on maturity be received directly to the College bank account.
4. The Senior Finance Manager has the authority to invest money up to the value of £2,000,000 for up to and including 31 days. Investments in excess of £2,000,000 or for periods of longer than 31 days must be authorised by the Vice Principal – Finance & Infrastructure.
5. Sums invested for over 1 year require authorisation from the Governing Body.
6. Investments not with College bankers require authorisation from the Chief Executive or, in the extended absence of the Chief Executive, the nominated deputy and shall be with A1 rated financial institutions or local authorities not subject to rate capping.
7. Deposits will not exceed £5,000,000 in total with any one counterparty.
8. When investments are being made, the procedures will be:
  - Dealing with counterparties (normally the College’s bank) will be done over the telephone.
  - The deal is documented by the Finance and Audit Compliance Manager and forwarded to the Senior Finance Manager.
  - Confirmation of the deal when received from the counterparty is also forwarded to the Senior Finance Manager who will check it against the original documentation.
  - Settlement of the deal will be by CHAPS to the College’s bank account.
  - Repayment of the investment, together with interest, is monitored by the Senior Finance Manager with reference to the College’s maturity schedule of investment deposits.
  - The transactions are recorded in the College’s accounts by the Finance Cashier via the cash book.
9. The persons authorised to enact investment deals will be only the following and counterparties will be notified to that effect:
  - Vice Principal – Finance & Infrastructure
  - Senior Finance Manager

These persons will have full authority to act within this policy. This list will be reviewed whenever posts change or there is a vacancy in one of the posts.
10. Interest earned from investments will be credited to the relevant accounts at appropriate intervals and at least once a year in accordance with approved accounting standards by the Vice Principal Finance and Infrastructure.

## Appendix L - Whistle Blowing Policy and Procedure

### 1. Scope and Purpose of the Policy

This policy applies to all members of the Board or its committees, persons employed by Loughborough College, all agency staff and all independent contractors and consultants working with the College.

The purpose of this policy and the associated procedure is to enable staff to raise relevant issues without fear of victimisation and to receive an adequate response and that the College should have the opportunity to investigate those concerns and take appropriate action.

The aim of the Policy is to provide safeguards to staff who raise genuine concerns about malpractice or illegal acts or omissions by the College's employees or where relevant ex-employees.

Legitimate concerns are those which are in the public interest. Public interest means matters which warrant disclosure in the interests of protecting the public (or the College, staff or students), rather than matters which are interesting to the public.

The Policy does not relate to mismanagement or bad management which does not constitute malpractice; allegations known to be untrue; matters raised for the purpose of furthering any private dispute or for the purpose of financial gain by the person(s) raising the matter.

This Policy does not prevent an individual from raising matters of immediate urgent concern with an appropriate Regulatory Body. Such circumstances are likely to be safety issues (to the Health and Safety Executive) or personal security issues e.g. assault (to the police).

If staff so wish, they may ask their trade union to raise an issue on their behalf who will nominate an official so to act. The nominee is responsible for satisfying themselves as to the reasonableness of the case.

### 2. Policy Statement

Loughborough College is committed to the highest standards of integrity, probity and openness in public life. We will maintain a procedure in line with relevant legislation and best practice.

We will:

- Ensure all concerns will be treated fairly and properly within a transparent and confidential process
- Not tolerate the harassment or victimisation of anyone raising a genuine concern
- Make every effort to keep the identity confidential of any individual making a disclosure unless they agree otherwise or subject to a court requirement or if they act maliciously
- Ensure that any individual raising a concern is aware of who is handling the matter
- Encourage staff to make the appropriate use of the Procedure but will take disciplinary action in response to malicious unfounded disclosures.

The policy not only covers possible improprieties in matters of financial reporting, but also legitimate concerns regarding:

- fraud\*
- corruption, bribery or blackmail\*

- criminal offences
- failure to comply with a legal or regulatory obligation
- failure to properly safeguard assets
- miscarriage of justice
- conflicts of interest (actual or perceived)
- dishonesty
- acting contrary to College Ethics Policy or Codes of Conduct for Staff and Governors
- cheating\*\*
- poor or unsafe practice in regard to safeguarding and protecting learners
- endangering the health and safety of an individual
- concealment of any of the above

\*to be investigated under the Fraud, Bribery and Corruption Policy

\*\* to be investigated under the Plagiarism Policy

This list is not intended to be exhaustive.

### 3. Adoption

This Policy is adopted by the Corporation after consultation and agreement with its recognised trade unions.

### 4. Equality and Diversity Statement

An Equality Impact Assessment was undertaken on 4 June 2013 by the Equality and Diversity Co-Ordinator of the College. No substantive changes were made in the 2016 revision.

### 5. Linked Policies

Anti-Fraud, Bribery and Corruption Policy

Freedom of Information Policy

Disciplinary Policy

Grievance Policy

Health & Safety Policy

Data Protection Policy

Equality & Diversity Policy

### 6. Linked Procedures

Governors' Code of Conduct

### 7. Location and Access to the Policy

Policies and Procedures Area of College Website

### 8. Persons Responsible for the Policy



The Clerk to the Corporation

## Whistle Blowing Procedure

### 1. Context

#### Public Interest Disclosure Act 1998

All UK workers are protected under the Public Interest Disclosure Act 1998 when they make a protected disclosure. This is a disclosure of information which, in the reasonable belief of the worker making the disclosure, covers the following employer activities:

- a criminal offence has been, is being, or is likely to be committed
- a person has failed, is failing, or is likely to fail to comply with any legal obligation to which they are subject
- a miscarriage of justice has occurred, is occurring or is likely to occur
- the health and safety of an individual has been, is being, or is likely to be endangered
- the environment has been, is being, or is likely to be damaged
- the individual's actions will adversely impact upon achieving the Colleges objectives either financially, its reputation or quality of student experience
- information relating to the above is being deliberately concealed

Workers in other territories will be treated by the institution as if such legislation applied to them.

This procedure is not designed to deal with individual issues relating to concerns relating to a breach or likely breach of your contract of employment. The Grievance procedure should be used in these matters.

### 2. Victimisation

This Whistle Blowing Policy provides safeguards to protect staff who raise genuine concerns about malpractice

Any disclosure must be treated in confidence and every effort made to maintain the anonymity of the Discloser, if that is his/her wish. It must be noted, however, that anonymity may not always be possible depending on the nature of the disclosure.

Staff who raise issues in accordance with this Policy will not be victimised or bullied as a result of their actions. The Disciplinary Procedure will be applied to anyone found to be victimising the Whistle Blower; in this eventuality and the matter will, if proven, be considered as gross misconduct.

### 3. Abuse of the Procedure

It is important that genuine concerns are raised and, provided that they are not known to be untrue, the fact that they are subsequently shown to be unfounded will not be reason for disciplinary action.

However, abuse of the policy will be a serious matter and may result in disciplinary action.

### 4. Procedure

#### Stage 1

- 4.1 Should a Governor or member of staff wish to raise a matter of Whistle Blowing they should bring it to the attention of the Clerk to the Corporation (see section 7: Contact Details).

- 4.2 The Clerk will acknowledge receipt and their understanding of the disclosure in writing within five working days of the allegation and report the matter to the Chief Executive and the Chair of Audit & Risk Committee.
- 4.3 The Chief Executive will review the disclosure and instigate any necessary investigation by an appropriate manager who may be external to the College.
- 4.4 If the disclosure involves a member of the Executive, then the Clerk shall inform the Chair of Audit & Risk, who will review the disclosure and instigate any necessary investigation by an external and independent person.
- 4.5 If the disclosure involves a member of the Board then the Clerk to the Corporation will inform the Chair who will review the disclosure and instigate any necessary investigation by an appropriate person who may be external to the College. If the disclosure involves the Chair then the Clerk to the Corporation shall inform the Chair of Audit and Risk.
- 4.6 If the disclosure involves the Clerk to the Corporation, then the Discloser shall raise the matter with the Chair of Audit & Risk Committee who will review the disclosure and instigate any necessary investigation by an appropriate person who may be external to the College
- 4.7 The Board shall be informed at its next meeting, that the Whistle Blowing Policy has been invoked.
- 4.8 The Investigating Officer shall undertake all necessary investigations to establish the veracity of the whistle blowing claims. They shall submit a written report to the Chief Executive (or relevant reviewer), for consideration and determination of actions.

The purpose of the investigation is to obtain, clarify and confirm all available information concerning alleged malpractice. If an interview is held between the Investigating Officer and the Discloser, he/she may be accompanied by a colleague or trade union representative in the capacity of "friend". The role of "friend" is to support not to represent the Discloser.

The Investigating Officer will, unless impractical to do so, agree his/her note of any interview with the Discloser before proceeding further (within ten working days of the interview).

- 4.9 The Investigating Officer shall be permitted to take further professional advice.

#### Reporting

- 4.10 In the event of alleged financial irregularities, the Chair of the Audit & Risk Committee will report the matter to the Internal and/or External Auditors and, if appropriate, the funding body, in accordance with the College's financial regulations. If the allegation concerns financial irregularities, the investigation shall be reported to the Audit & Risk Committee prior to any decision being reported to the Whistle Blower.
- 4.11 The Investigating Officer will inform the Discloser of the action he/she has taken within four weeks of any discussions with them and will keep them regularly informed of the progress of any investigation and of the outcome. It will be recognised that some investigations may be complex and lengthy and that, since the outcome may involve prosecution, all due diligence and caution will be required.

- 4.12 On completion of the procedure, but prior to communication to the Discloser, the Chief Executive (or relevant reviewer) shall inform the Audit & Risk Committee of the detail of the allegation, the action taken and the final recommendation; this allows the Audit & Risk Committee the opportunity to consider the matter at the completion of the investigation.
- 4.13 As far as possible, and subject to third party rights, the Chief Executive (or relevant reviewer) shall notify the Discloser in writing of the outcome of the investigation within five working days of the decision of the Audit and Risk Committee.

#### Stage 2

- 4.14 Should the Discloser feel that the matter has not been treated within the procedures or the conclusion is factually incorrect they can refer the matter to the Chair of Governors within 15 working days of the conclusion explaining what aspects of the investigation they are unhappy with. The Chair will call a Special Committee to review the initial Complaint, the Investigating Officers Report and background evidence and the action/remediation plan and shall determine if the response was appropriate or further work needs to be undertaken. The decision of the Special Committee shall be final.
- 4.15 On completion of the process the Chief Executive (or relevant reviewer) will bring the report to the next available Board Meeting along with a final action plan for approval.

#### 5. Timescales

Every effort will be made to adhere to the timescales set out in the procedure. However, it is recognised that such timescales should be flexible, bearing in mind the variation in the length of time it may take to investigate different types of concerns.

In the event of the investigation being a pro-longed one, the Investigating Officer will keep the Discloser informed, in writing, as to the progress of the investigation, and as to when it is likely to be concluded.

#### 6. Interpretation

Matters of interpretation will be the responsibility of the Clerk as advised by the Chair of Audit & Risk.

#### 7. Contact Details:

The Clerk to the Corporation can be contacted by email, phone or letter.

Email: [ian.jones@loucoll.ac.uk](mailto:ian.jones@loucoll.ac.uk)

Phone: 01509 515494 (or internal ext. 3494) Post (marked private & confidential):

Clerk to the Corporation, Loughborough College, Radmoor Road, Loughborough Leicestershire LE11 3BT

## Appendix M – Expenses Policy and Procedure

### 1. Scope and Purpose

The following document will cover all employees of Loughborough College and all its associated subsidiaries. Loughborough College Board members are covered under a separate document.

To ensure that all personal expense claims are valid and reasonable and that significant expenditure is properly authorised prior to the College being committed to such expenditure.

Personal expenditure comprises of all types of expenditure incurred on behalf of the College or its subsidiaries.

In the event that an expense claim or benefit is in respect of any item not included in this guidance or an employee has a query relating to the payment of expenses under this policy, the matter must be referred in the first instance to their Line Manager who may refer the matter to the Vice Principal Finance and Infrastructure.

### 2. Policy Statement

It is the policy of the College that all employees are reimbursed the actual cost of expenses incurred wholly, exclusively and necessarily in the performance of the duties of their employment. This means compliance with Inland Revenue guidelines so as to minimise the personal tax liabilities of employees.

This policy is also in place to ensure value for money is gained where ever possible through clear procedures for claiming and gaining authorisation and through the setting of prescribed guidelines.

This policy also allows for compliance with the College's financial regulations which are required to be understood and followed by all staff. This policy will be appended to the financial regulations.

### 3. Equality Impact Assessment

This policy/procedure has been assessed for its impact on equal opportunities and will be informed by the aim to eliminate all forms of discrimination in all strands of the equal opportunities' legislation

### 4. Procedure

#### 4.1 Expense Claim Procedure

On a monthly basis, all expense claims should be submitted on the correct College or subsidiary expense claim form together with supporting receipts and the appropriate authorisation to the Finance Team.

Expense claims will be paid on a monthly basis by Payroll within employees' salaries. All claims must be supported by a receipt in order for expense payments to be made. Non-attachment of a receipt means that the item(s) may be disallowed from the claim.

In the event that a receipt is not available the claimant is required to seek approval to reclaim the cost from the Budget Holder. The Budget Holder is required to make a note on the expense claim form to indicate their authorisation to pay the cost without a valid receipt.

#### 4.2 Authorisation of Expense Claim Procedure

When authorising an expense claim, the person signing it must check the following:

- All claims are supported by a valid receipt reflecting the amount claimed
- The items claimed are in accordance with these guidelines in terms of the type of expenditure and amount
- The mileage claimed is accurate and was incurred whilst undertaking College business
- The mileage claimed must be self-certified for 'business' insurance cover
- The expense claim has all appropriate boxes completed, i.e. cost centres, dates, mileage etc.
- The expense claim adds up
- Receipts in a foreign language must be provided with details of what the receipt is for in English
- Receipts in a foreign currency should be converted in to sterling at the date of the transaction

Employees are expected to claim expenses within one month of the activity taking place. Expenses will not be reimbursed where either of the following applies:

- Where any single expense claim covers activity that spans a period of three months or more.
- Where an expense claim relates to the period up to 31 July and has been received after the published deadline within the year end memo.
- Where your contract of employment stipulates that your base/principal place of work will initially be the College's main campus at Radmoor Road in Loughborough you may be required to work on either a temporary or an indefinite basis at any premises which the College currently has, or may subsequently acquire, or at any premises at which it may from time to time provide services within the United Kingdom for which lunch subsistence cannot be claimed.
- Claims over three months old must be authorised by the Vice Principal Finance and Infrastructure. Expense claims arriving in the Finance department with any of the above omissions will be returned to the authorising Manager which may delay payment.

#### 4.3 Journeys by Car Options and Guidelines

There are three options for journeys to be undertaken by car. Employees will be expected to utilise the most economic travel option to the College. The general policy is as follows:

Journey Distance	Vehicle
Journeys up to 250 miles	Employee's own car or College car
Journeys over 250 miles	Hire car

Budget Holders have the ultimate flexibility to choose any travel option for specific circumstances but will be expected to justify each departure from standard policy. Managers and budget holders must however respond positively to any requests for variations or adjustments from the policy by employees with justifiable reasons.

Car sharing is to be encouraged when undertaking any journeys by multiple College staff. The following incentives are offered to staff who claim the mileage for the journey. When claiming car sharing rates the details of the staff member (s) must be added to the claim at the time of submission.

Driver plus one passenger	Driver plus two or more passengers
5 pence per mile supplement	5 pence per mile supplement per additional passenger

#### 4.4 Travel by Own Vehicle Mileage and Car Insurance Requirements

For journeys of 250 miles or less, employees will be generally expected to use their own vehicle provided that they have sufficient 'business use' insurance cover. Business use insurance must be in place prior to undertaking a journey for work. This is a compliance issue and failure to have it will result in non-payment of mileage expenses and potentially disciplinary action. Relevant insurance documentation and driving licences will be subject to checks and audits. Loughborough College will not pay for business insurance for individual members of staff. If this is not possible, then the College pool car should be used, if available. Public transport can be used and the cost reimbursed if a member of staff does not have business insurance.

All employees must keep detailed records of mileage in order to support an expense claim and any Inland Revenue queries. The rate per mile for mileage will be in line with Inland Revenue approved rates each year.

All private vehicles used on College business are NOT insured as company vehicles, and must therefore be insured for 'business purposes' by the individual's personal insurance policy. The driver must have provided a copy of the insurance to their Line Manager prior to using their vehicle. The College will not accept liability for damage to or loss of an employee's vehicle or any part thereof.

The rate will reduce in line with the Inland Revenue rates once an employee's cumulative miles reach 10,000 in any one tax year. A tax year runs from 6th April of current year to 5th April of the following year. Staff who travel with colleagues will be entitled to claim extra mileage for passengers in line with section 1 above.

#### 4.5 Business Mileage Allowances Levels Guidelines

Mileage allowances are paid for the actual distance necessarily travelled, in excess of the costs of your normal home to work journey. Payment for the cost of travel between home and the permanent workplace (including weekends) is fully taxable and should be omitted from any claim for motor mileage.

All expenses for business journeys should be claimed at the shortest practicable route as indicated by the Google maps route planner (<http://www.google.co.uk/maps>). It will assist the processing of claims if a copy of the route planner is attached to claims.

Staff who are recruited to work specifically at one or more of the off-site locations have a responsibility to get themselves to the location and will not be entitled to receive travelling expenses or parking expenses.

Staff who accept an additional contract to work at one or more of the off-site locations in addition to the main campus will not be entitled to receive travelling or parking expenses.

Staff whose job involves, as part of their normal main contract, visiting off-site locations will be entitled to receive travelling and parking expenses for these visits. If this visit replaces a normal trip to the college, expenses should be limited to the difference between the actual cost and what it would normally cost to come to the main site.

Similarly, if an employee's main base is somewhere other than the main campus, they will not be paid for attending their main base but will be entitled to claim expenses if they are required to visit the main campus or other sites.

Off-site locations include employer premises.

#### 4.6 Fines and Penalties Procedure

The payment of any fixed penalty notices or other fines and charges is the responsibility of the driver and reimbursement by the College will not be made. Outstanding fines and penalties for College vehicles can be a salary deduction. Excess baggage charges are the responsibility of the traveller. Any items such as brochures for fairs/exhibitions should be dispatched under separate means and charged to the department budget.

#### 4.7 Subsistence expenses levels guidelines

Day subsistence expenses may, with appropriate receipts, be reimbursed where an employee is engaged on a business journey. Meal expenses may not be used to purchase alcoholic drinks. Subsistence claimed for must comply with approved limits below:

Period of absence	Limit in London (within M25)	Limit outside London
Breakfast – journey must start prior to 6am	£10.00	£8.00
More than 8 hours and no official food provided – Lunch taken away from venue	£6.00	£5.00
More than 12 hours and no official food provided – dinner taken away from venue	£25.00 (including a drink)	£15.00 (including a drink)
More than 24 hours and breakfast is included in accommodation tariff – lunch and dinner	£31.00	£20.00

When on a business trip overseas, subsistence should be the equivalent of the limits set for London. This does not need to include the currency conversion, e.g. £31 per day equivalent in local currency. Breakfast should be taken at the hotel and be part of the accommodation package. Free lounge passes that accompany business class travel must be used. Any expenses for subsistence at airports will not be reimbursed

#### 4.8 Entertainment procedure

Necessary costs for entertaining business contacts will be reimbursed on production of an itemised receipt. For this purpose, 'business contacts' are not other employees of the College and only functions with external guests qualify for reimbursement. Employees have a duty to disclose any conflicts of interests relating to



dealings with business contacts to the Procurement Team. A maximum of £15 per head for lunch and £30 per head for dinner will be allowed. The following information should be noted on the receipt:

- Receipts should be itemised
- The names of the attendees
- The organisation which they represent
- The purpose of the entertainment

Details of any proposed entertainment whilst overseas, must be part of the business itinerary and approved by Executive prior to travel.

#### 4.9 Advances procedure

An advance of expenses is available to staff who have prior authorisation from their Budget Holder or authorisation from their Line Manager if they are the Budget Holder. This can only be requested from Finance when the amount of the expenditure is deemed too much to expect the member of staff to pay themselves.

Procedure:

- a. Where an advance is required, a fully completed Cash and Currency Request Form must be completed and submitted to the Cashier within the Finance Department. One weeks' notice prior to the activity is required for sterling, and two weeks' notice prior to the activity is required for foreign currency.
- b. Following completion of the activity, employees will be required to submit a Cash and Currency Reconciliation Form attached to which a list detailing spend with supporting receipts and any unused advance is required. This paperwork needs submitting within one week of the activity taking place.

#### 4.10 Disallowable expenses

The College reserves the right to disallow the following from expense claims:

- Alcohol
- Personal items
- Additional beverages and snacks outside of subsistence allowances
- Extraneous or luxury items
- Flowers and leaving gifts
- Tips in the UK (Tips abroad should be in accordance with the local custom)

#### 4.11 Car Parking Expenses Claims and Fines Guidelines

Where employees are working other than at their designated place of work, car parking will be reimbursed. Receipts for this type of spend are a mandatory requirement. No reimbursement will be made for parking fines.

#### 4.12 International travel and annual Leave whilst away authorisation procedure

When travelling overseas on College business, annual leave may not be taken at either the beginning or the end of the trip unless Executive approval has been given. For members of the Executive, Governor's approval must be given. If annual leave is approved the cost of the flights should not exceed the original price if the

member of staff had returned back to the UK at the end of their original trip overseas. If the cost is more, the member of staff will be liable for the difference.

4.13 Authorisation Levels

The following authorisation levels will apply

Expense Claimant	To be authorised by
Chief Executive/Principal	Chair of the Corporation
Executive members	Chief Executive/Principal
Head of Department	Executive team line manager
Manager Level	Head of Department
All other employees	Manager

4.14 Other Circumstances

Any circumstances not covered by this policy will be determined by the CEO

## Appendix N – Travel Policy and Procedure

### 1. Scope and Purpose

- 1.1 The following document will cover all employees of Loughborough College and all its associated subsidiaries. Loughborough College Board Members are covered under a separate document.
- 1.2 To ensure that travel bookings are valid and reasonable and that travel requirements are properly authorised via purchase orders prior to the College being committed to such expenditure.

### 2. Policy Statement

- 2.1 This policy is in place to ensure value for money is gained wherever possible through clear procedures for booking staff travel. This policy also ensures the duty of care to Loughborough College employees whilst travelling for work.
- 2.2 This policy also allows for compliance with the College's financial regulations which are required to be understood and followed by all staff. This policy will be appended to the financial regulations.

### 3. Equality Impact Assessment

- 3.1 This policy/procedure has been assessed for its impact on equal opportunities and will be informed by the aim to eliminate all forms of discrimination in all strands of the equal opportunities legislation

### 4. Procedure

#### 4.1 Travel booking procedure

All travel requirements, with exception of taxi's and coaches, must be booked through the College's nominated travel agent. Bookings can be made either via an online booking tool or offline through telephone and email support. Wherever possible staff should use the online booking tool provided to make travel arrangements as this incurs lower administration fees. Before travel bookings can be confirmed a purchase order must be raised and approved.

#### 4.2 Nominated Travel Agent

From February 2019 STA Travel are the sole travel agent for Loughborough College. Any member of staff is authorised to book travel for themselves and for other employees through STA Travel. Travel can be booked through the online booking tool or by contacting STA's offline team. User profiles to book travel can be created by Procurement Team. Staff should use STA Travel in relation to all travel bookings as this will help secure or increase the volume discounts the College has with this organisation. Furthermore, it will provide the College with full visibility of travel spend.

#### 4.3 Eligibility

To qualify for staff travel, claimants must be employed by the College in a permanent, fixed or temporary basis. This contract must be enforced for the entire duration of the travel. The claimant must normally have completed their probationary period and not be in their notice period at the time of travel. If in exceptional circumstances, an employee is unable to meet this requirement, this policy provides for the Head of Department to exercise discretion, dependant on circumstance.

4.4 Authorisation

The budget holder in accordance with the Financial Regulations must determine the mode of authorised travel. Therefore, before travel requirements can be booked a purchase order must be raised and approved on Mondas. Without a purchase order STA Travel will be unable to complete the booking.

4.5 Accommodation

Overnight expenses are paid where staff cannot reasonably be expected to make the return journey to and from a meeting/event. All accommodation bookings must be booked through STA Travel with no exceptions. The room rate per night should not exceed the following:

London (within M25)	Outside London	Overseas
£175.00	£110.00	£210.00 (London rate + 20% uplift for currency exchange)

4.6 Travel by Rail

All rail bookings must be booked through STA Travel with no exceptions. Staff must make maximum use of STA Travel’s facilities that offer best value for money, e.g. timed trains, cheap day returns, and buying single tickets where these are more cost effective. All staff should travel by standard class, except where they can secure a competitive rate equivalent to first class travel, and travel on specific trains on pre-booked tickets.

4.7 Travel by Air

All air bookings must be booked through STA travel with no exceptions. Economy class should be used by all employees on short haul flights (up to 8 hours). It is expected that premium economy class is used on longer haul flights. Business class may be used on longer haul flights, but every effort should be made to secure competitive rates, and the purpose of the trip should warrant the cost of the travel. Business class travel should only be used if there is a business need and this should be authorised by the Chief executive for any staff and senior post-holders travelling overseas and by the Chair of Governors for the Chief executive travelling overseas prior to any booking being made.

Air miles and similar benefits earned through travel on official College business should not be used for private purposes. Staff in receipt of air miles or other frequent flyer scheme points can use them for official business purposes to ‘purchase’ enhanced facilities such as seat upgrades, special departure lounges and priority booking.

4.8 Travel by Taxi

Taxis can be booked in advance through STA Travel or through approved suppliers. Taxis should not be used in London; other public transport should be utilised. When undertaking international travel, taxis may be used if public transport is not practical, available or deemed unsafe for lone travellers. Taxis to and from airports may be booked if it represents value for money in comparison to public

transport. Any member of staff who has flown over eight hours must return home via taxi or public transport as it would be unsafe for them to drive.

#### 4.9 Travel by Hired Vehicle

For journeys of 250 miles or less, employees will be generally expected to use their own vehicle provided that they have sufficient 'business use' insurance cover. For journeys over 250 miles there is the option to hire a vehicle. Vehicles must be hired through STA Travel at first instance, if they are unable to organise car hire it must be through suppliers approved by procurement. Budget holders cannot authorise spend for a vehicle to be used by themselves. Budget holders are required to obtain authorisation from their line manager prior to confirming the booking.

#### 4.10 Parking

Where employees are working other than at their designated place of work, car parking will be reimbursed. Receipts for this type of spend are a mandatory requirement. No reimbursement will be made for parking fines.

#### 4.11 Travel to and from Airports

When travelling to and from airports, travel should be made by rail or car with parking, unless it is cheaper to go via taxi. Line Manager and Executive approval will need to be obtained prior to any booking made if rates are to be exceeded and the business need and circumstances will need to be given. Any member of staff who has flown over eight hours must return home via taxi or public transport as it would be unsafe for them to drive

#### 4.12 Travel Insurance

All employees must ensure that they take with them details of the College Travel Insurance and emergency contact numbers. All medical and travel emergencies must be directed through them. Any medical costs incurred by employees, who have not contacted our travel insurance company for recommendations of local doctors/dentists/hospitals will not be reimbursed by the College. A business case must be submitted and agreed by the relevant Executive member prior to any travel being booked

The College's Travel Insurance Policy covers staff members and students travelling in the UK and Abroad. There should be no need to obtain additional insurance cover. The College insurance policies can be found on SharePoint. Queries concerning travel insurance cover should be sent to the Procurement team.

#### 4.13 International Travel

In further education colleges, all arrangements for overseas travel by staff must be approved by the relevant executive line manager and senior post-holders by the Chief Executive, in advance of committing the College to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Chief Executive, or members of the Corporation Board shall be approved by the Chair of Governors if in line with the international strategy, otherwise by Governing Body. Arrangements for overseas travel by the Chair shall be approved by the Governing Body.

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.

#### 4.14 Inoculations

Any employee travelling overseas on College business must ensure they have up to date inoculations for the region of travel. Failure to do so could invalidate any insurance claim at a later date. Employees can obtain up to date information via the College's Occupational Health officer as to the inoculations required. The College will pay for, or reimburse the employee directly, for any inoculations or boosters the Occupational Health officer confirms they will require for their overseas visit. All employees must attend a health assessment with the College Occupational Nurse, prior to booking any overseas travel and these can be booked via HR.

#### 4.15 Hospitality & Entertainment

Tipping is not allowed in UK and is to be avoided as far as possible when overseas. Any hospitality and entertainment offered or received must be registered on the Declaration of gifts. Expenditure is to be approved by the VP Finance & Infrastructure in advance of spend and only where there is a suitable business case in line with the College's Financial Regulations.

#### 4.15 Fines & Penalties Procedure

The payment of any fixed penalty notices or other fines and charges is the responsibility of the driver and reimbursement by the College will not be made. Outstanding fines and penalties for College vehicles can be a salary deduction. Excess baggage charges are the responsibility of the traveller. Any items such as brochures for fairs/exhibitions should be dispatched under separate means and charged to the department budget.

## Appendix O – Credit Card Policy and Procedure

### 1. Scope and Purpose

- 1.1 The following document will cover all employees of Loughborough College and all its associated subsidiaries. Loughborough College Board members are covered under a separate document.
- 1.2 To ensure appropriate use of Corporate Credit Card by authorised personnel staff and set out clear parameters and guidance for use.

### 2. Policy Statement

- 2.1 The College recognises that there are advantages to be gained by using the Corporate Credit Card as part of its procurement process. It offers:
  - Reduced transaction times
  - Means to handling low value, one off purchases
  - Supports emergency purchases
  - Supports International travel
  - Increased control over spending through credit limits
  - Improved management information
  - Improved relationships with suppliers in terms of prompt payments

This policy is to be used in conjunction with the Loughborough College Corporate Credit Card Procedure.

- 2.2 The Corporate Credit Card is to be used for purchasing goods (low value/one off purchases) and payment of business expenses incurred while travelling on College business or entertaining within the rules of the Financial Regulations and Travel Policy & Procedure.
- 2.3 The Cardholder must ensure that the College's approved suppliers on Mondas are used where possible. The Corporate Credit Card is to be used by exception and primarily for individual transactions of £500 total or less and subject to managerial discretion.
- 2.4 The Corporate Credit Card has an agreed single transaction and monthly credit limit set by the Vice Principal – Finance & Infrastructure.
- 2.5 When a user applies for a Corporate Credit Card they agree to adhere to this policy and to use the Corporate Credit Card only for College business. Failure to do so will result in disciplinary action.
- 2.6 Budget Holders should nominate staff to the Finance and Audit Compliance Manager to be Cardholders. Where appropriate, the Vice Principal – Finance & Infrastructure will approve the issuing of Corporate Credit Cards to staff. Credit limits and individual transaction limits to be determined by the Vice Principal Finance & Infrastructure. Any variation (temporary or otherwise) is subject to approval by the Vice Principal Finance & Infrastructure.
- 2.7 Corporate Credit Card – suitable for low value/one off or emergency purchases of goods or services on behalf of the College by budget holders who do not travel or are infrequent travellers on College business.

- 2.8 Subsistence – In line with the Expenses Policy, subsistence is not allowed in UK. Reasonable subsistence costs are allowed whilst on business overseas.
- 2.9 Hospitality & Entertainment – In line with the Expenses Policy (Appendix M) of the Financial Regulations, the Corporate Credit Card should not be used for purchase of Alcohol, Personal items, Additional beverages and snacks outside of subsistence allowances, Extraneous or luxury items, Flowers and leaving gifts or Tips in the UK (Tips abroad should be in accordance with the local custom). Any hospitality and entertainment offered or received must be registered on the Declaration of gifts. Expenditure is to be approved by the Vice Principal - Finance & Infrastructure in advance of spend and only where there is a suitable business case in line with the College's Financial Regulations.
- 2.10 Usage of the Corporate Credit Card for payments in restaurants whilst overseas must be made in compliance with the Expenses Policy (Appendix M) of the Financial Regulations. Supporting reasons will be required when completing the Credit Card Log including names of staff and visitors if claiming expenses for entertaining. All expenditure must be receipted.
- 2.11 The Corporate Credit Card – suitable for members of staff who travel internationally on College business by application.

3. Equality Impact Assessment

- 3.1 This policy/procedure has been assessed for its impact on equal opportunities and will be informed by the aim to eliminate all forms of discrimination in all strands of the equal opportunities legislation

4. Procedure

4.1 Corporate Credit Card Usage

On receipt of the Corporate Credit Card, only expenditure relating to College business can be purchased using the card. The College Financial Regulations and Travel Policy & Procedure and Expenses Policy must be adhered to. Failure to comply with the said regulations will result in the card being removed.

The Corporate credit card can be used for:

- Orders over the Phone
- Orders at Point of Sale
- Orders made using the internet (orders made over the internet should only be placed with website pages whose address that begins with https:// (instead of http://). If the Cardholder has a screen message alerting of problems with the suppliers security certificate the Cardholder must contact IT.

4.2 Transaction Limits

Cardholders should ensure that the value of the purchase is within the transaction limit; it is possible to check purchases to date by signing in to the online portal ([www.commercialcards.co.uk/lloydsbank](http://www.commercialcards.co.uk/lloydsbank)). If a transaction or credit limit increase is required either on a temporary or permanent basis, the Cardholder must contact the Finance and Audit Compliance Manager. Increases must be authorised by the Vice Principal Finance & Infrastructure.



#### 4.3 Restricted Categories

The following items / categories should not be purchased using the corporate card

- Computer equipment and consumables (except for IT services)
- Furniture (except for Estates)
- Utilities
- Cash - suitable arrangements for petty cash must be made with Finance ahead of any trip. Any remainder cash should be returned to finance with receipts provided.

#### 4.4 If you do not have a Corporate Credit Card this is the process: -

Suppliers registered on Mondas should be used as the first instance, if that is not possible then determine whether the vendor accepts card payments. If they do, a requisition should be raised against supplier code (NATW01). Once the order is approved the Procurement Team will process the card transaction. Please send all relevant information i.e. website address etc. to [procurement@loughborough.ac.uk](mailto:procurement@loughborough.ac.uk).

#### 4.5 Changes to Permitted Merchant Categories

Changes to Permitted Merchant Categories can be made by the College at any time and for any reason.

#### 4.6 Monitoring of Transactions

Corporate Credit Card transactions will be monitored by the Procurement Manager. Receipts will be required to support expenditure logs and will need to be forwarded to the Finance Team with a copy of the credit card log. Failure to comply with these regulations will result in the removal of the Corporate Credit Card and Cardholders will be subject to disciplinary action.

#### 4.7 Non-compliant transactions

The purchase of any items that do not comply with the Financial Regulations and/or Travel Policy & Procedure and Expenses Policy will be rejected and the Cardholder will be made to reimburse the College for this item of expenditure and may be subject to disciplinary action.

#### 4.8 Declined Transactions

Declined transactions must be referred to the Finance and Audit Compliance Manager. Some potential causes are exceeding monthly card limit, exceeding individual transaction limit or using a supplier that is within a Merchant Category not allowed by The College.

#### 4.9 Card Security

The Cardholder must not transmit card details through ordinary email as this is not secure. If suspect fraudulent transactions on monthly statements are identified, the Card Administrator must be contacted immediately. International cards will be retained in the Finance safe when not in use.

#### 4.10 Replacement PINs

A replacement PIN can be requested by contacting Lloyds on the listed telephone numbers or by contacting the Purchase card Administrator. The Replacement PIN will be sent directly to the Cardholder. The Replacement PIN should be memorised then destroyed.

## Appendix P - Money Laundering Policy

### Introduction

In response to the Proceeds of Crime Act 2002 and Money Laundering Regulations 2003 this policy aims to ensure that the College and its employees comply with the legislation and that the highest standards of due diligence are applied in relation to 'know your customer' principles. Legislation has broadened the definition of money laundering and the range of activities where this can apply. So, it is not just a concern for banks and the financial sector but now applies to all companies and institutions including Colleges. This policy therefore sets out the procedure to be followed if money laundering is suspected and defines the responsibility of individual employees in the process.

### What is money laundering?

The legislation defines money laundering as;

- Concealing, disguising, converting, transferring criminal property or removing it from the UK.
- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.
- Acquiring, using or possessing criminal property.

### College obligations

The College has a responsibility to;

- Appoint a Money Laundering Reporting Officer (MLRO) to receive, consider and report as appropriate, disclosure of suspicious activity reported by employees.
- Implement a procedure to enable the reporting of suspicious activity.
- Maintain customer identification procedures to 'know your customer', in relevant circumstances.
- Maintain adequate records of transactions.

### Employee obligations

Money laundering legislation applies to ALL employees. Potentially any member of staff could be committing an offence under the money laundering laws if they suspect money laundering or if they become involved in some way and do nothing about it. If any individual suspects that money laundering activity is or has taken place or if any person becomes concerned about their involvement it must be disclosed as soon as possible to the MLRO. Failure to do so may result in you being personally liable to prosecution.

Guidance on how to raise any concerns is included in this policy document.

### Relevant circumstances

Money laundering regulations apply to cash transactions in excess of 15,000 euros approximately £10,000. However, the Proceeds of Crime Act applies to all transactions and can include dealings with agents, third parties, property or equipment, cheques, cash or bank transfers.

By way of example at the College, this may include circumstances where a student pays fees exceeding £10,000 by cash. Or where a student pays a fee for another student who is not present at the time or a

sponsor/third party not known to the College pays fees for students. In practice at the College third party details are checked for all cash and card transactions over £5,000.

Particular rules apply to foreign students and the immigration service needs to be notified if a student or employer with a visa discontinues and Revenue & Customs need to be notified with details of all foreign students studying at the College. These cases should be dealt with by the International Team in the normal course of business. Fees paid in advance by foreign students who have subsequently been refused a visa are only refundable providing appropriate documentary evidence is available to demonstrate the circumstances. Where appropriate, refunds should only be made to the person making the original payment.

Precautions should also be taken in respect of refunds requested following a payment by credit card or bank transfer. In these cases, refunds should only be made by the same method to the same account. In the event of an attempted payment by credit or debit card being rejected the reason should be checked with the acquiring bank prior to accepting an alternative card. If in any doubt about the identity of the person attempting to make a payment the transaction should not be accepted.

#### ‘Know your Customer’

It is important that controls are in place to identify the student, customer or other party dealing with the College. Satisfactory evidence of identity must be obtained. Examples include passport, visa, birth certificate, correspondence with students at their home address and for third parties, letters or documents proving name, address and relationship. If an organisation is not known to the College look for letter-headed documents, check web-sites, request credit checks or aim to meet or contact key sponsors as you feel appropriate to verify validity of contact. Cheques drawn on an unexpected or unusual source should always be verified with regard to validity of the source.

#### The Money Laundering & Proceeds of Crime Reporting Officer (MLRO)

The Vice Principal – Finance & Infrastructure is the officer nominated to receive disclosures in respect of suspected transactions or activity within the College. The current Vice Principal is Hari Khurmi, hari.khurmi@loucoll.ac.uk, mobile contact no 07855 136456.

#### Disclosure Procedure to be followed by Individuals

Where you know or suspect that money laundering activity is taking or has taken place, or you become concerned that your involvement in a transaction may amount to a breach of the regulations, you must disclose this immediately to your line manager. If in consultation with the Vice Principal – Finance & Infrastructure reasonable suspicion is confirmed a disclosure report must be made to the MLRO. This disclosure should be made on the proforma report attached to this policy and should be completed the same day the information came to your attention. Should you not do so you may be personally liable to prosecution under the regulations.

Your report should include as much detail as possible including:

- Full available details of the people, companies involved including yourself and other members of staff if relevant.
- Full details of transaction and nature of each person’s involvement in the transaction.

- Suspected type of money laundering activity or use of proceeds of crime with exact reasons as to why you are suspicious.
- The dates of any transactions, where they were undertaken, how they were undertaken and the likely amount of money or assets involved.
- Any other information that may help the MLRO judge the case for knowledge or suspicion of money laundering and to facilitate his/her report to the Serious Organised Crime Agency (SOCA) formerly National Criminal Intelligence Service (NCIS).

Once you have reported your suspicions to the MLRO you must follow any instructions provided. You must not make any further enquires unless instructed to do so by the MLRO. At no time and under no circumstances should you voice any suspicions to the person(s) you suspect of money laundering.

If appropriate the MLRO will refer the case to the SOCA who will undertake any necessary investigation. This may include consent to continue with a particular transaction and care should be taken not to 'tip off' the individuals concerned, otherwise you may be committing a criminal offence.

#### Action & Disclosure by the MLRO (Money Laundering Reporting Officer)

On receipt of a disclosure report the MLRO will:

- Note the date of receipt and acknowledge receipt of it.
- Assess and advise the individuals concerned when a response can be expected.
- Consider the report and any other relevant information, undertaking further enquires necessary to decide if a report should be made to the SOCA.

Once the MLRO has evaluated the case a timely determination will be made as to if:

- There is actual or suspected money laundering taking place.
- There are reasonable grounds to know or suspect that is the case.
- Consent is required from SOCA for a particular transaction to proceed.

Where the MLRO concludes that the case should be disclosed to SOCA this needs to be done:

- In a timely manner
- In the prescribed manner on a standard report format provided by SOCA

Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then consent will be given for transactions to proceed and the disclosure report will be marked accordingly.

#### Record Keeping Procedure

All disclosure reports and relevant documents will be retained in a confidential file by the Vice Principal – Finance & Infrastructure for a minimum of six years.

Departments conducting relevant transactions must maintain records for at least seven years of:

- Student / Customer identification evidence
- Details of financial transactions carried out.

In practice Departments will routinely create and retain records in the course of normal business and these will be sufficient for this purpose.

**Conclusion**

Instances of suspected money laundering are likely to be rare given the nature of services provided by the College. However, we must be aware of the legislative requirements, as failure to comply would have serious implications for both the College and individuals concerned.

Please take prompt action referring to the guidance in this policy and if you have any suspicions please consult the MLRO about your concerns.

**Suspected Money Laundering - Report to the MLRO**

From: ..... Department:.....

Contact Details: .....

**Details of Suspected Offence**

- Name(s) and address(es) of person(s) involved including relationship with the College.
- Nature, value and timing of activity involved.
- Nature of suspicions regarding such activity.
- Provide details of any investigation undertaken to date.
- Have you discussed you suspicions with anyone and if so on what basis.
- Is any aspect of the transaction(s) outstanding and requiring consent to progress.
- Any other relevant information that may be useful.

Signed ..... Date .....

**MLRO REPORT (to be completed by the MLRO)**

Date Report Received .....

Date Receipt of report acknowledged .....

**Consideration of Disclosure**

Further Action Required.

Are there reasonable grounds for suspicion requiring a report be made to SOCA

If YES: Confirm date of report to SOCA .....

Notice period .....to .....

Moratorium period ..... to .....

Any Further details

Is consent required from SOCA to any on-going transactions? If yes confirm details & instructions

Date consent received .....

Date consent given to staff .....

IF NO: Confirm reason for non-disclosure

Date consent given to staff .....

Signed ..... Date .....

## Appendix Q - Terms of Reference of Committees

Terms of reference of committees are available on request from the Clerk of the corporation on [clerks@loucoll.ac.uk](mailto:clerks@loucoll.ac.uk)



## Appendix R - Glossary of Terminology

- The Board  
The Board of Governors of Loughborough College
- Budget Holder  
A Person who maintains responsibility for a defined area of College expenditure, which forms part of the total College budget
- Capital Expenditure  
Expenditure incurred in relation to the acquisition of a fixed asset. These items are expected to remain in use for at least three years and have a value of at least £1,000, or £2,000 for grouped assets.
- The College  
Loughborough College
- Audit and Risk Committee  
The members of the Board of Governors who are on the Audit and Risk Committee
- ESFA  
Education and Skills Funding Agency
- Chief Executive  
Within this document all references to the Chief Executive will apply in his/her absence to the Vice Principal – Finance & Infrastructure
- Revenue Expenditure  
This can be either: pay and non-pay expenditure: expenditure incurred in the day to day running of the College or inventory items: expenditure on items which are similar to fixed assets, but have a value of less than £1,000, e.g. chisels, saws. These items are not consumed and have a life greater than one year