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Version 2

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All or part of this document can be released under the Freedom of Information Act 2000

1	INTRODUCTION	1
2	STATUS OF FINANCIAL REGULATIONS	2
3	CORPORATE GOVERNANCE.....	3
3.1	The Board of Governors	3
3.2	The Chief Executive Officer	3
3.3	The Executive Director of Finance.....	4
3.4	Director of Governance.....	4
4	RELATED PARTY TRANSACTIONS	5
4.1	Declarations of Interest.....	6
4.2	Reporting.....	6
5	FINANCIAL DELEGATION	7
5.1	Senior Leaders	7
5.2	Budget Holder	7
5.3	All Staff	7
6	RISK MANAGEMENT.....	8
7	PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWING).....	9
8	CODE OF CONDUCT.....	9
9	FREEDOM OF INFORMATION	10
10	FINANCIAL MANAGEMENT AND CONTROL	11
10.1	Financial Planning.....	11
10.2	Budget Objectives	11
10.3	Resource Allocation.....	11
10.4	Budget Preparation	11
10.5	Capital Investment Plans.....	12
10.6	Financial Control.....	12
11	FINANCIAL ORGANISATION.....	13
11.1	Accounting Arrangements.....	13
11.2	Accounting Records.....	13
11.3	Financial Operations.....	14
12	TAXATION.....	15
13	AUDIT REQUIREMENTS	16
13.1	General.....	16
13.2	External Audit.....	16

13.3	Internal Audit.....	16
13.4	Fraud, Bribery and Corruption	17
13.5	Value for Money.....	17
13.6	Other Auditors.....	18
14	TREASURY MANAGEMENT.....	18
14.1	Treasury Management and Long-Term Investment Policy.....	18
14.2	Banking Arrangements.....	18
14.3	Borrowing Arrangements.....	19
15	INCOME.....	19
15.1	General.....	19
15.2	Maximisation of income.....	20
15.3	Collection of Debts and Bad Debt	20
17	GRANTS AND CONTRACTS	21
17.1	General.....	21
17.2	Recovery of Overheads	21
17.3	Transparency.....	21
17.4	Grant and Contract Conditions	21
18	OTHER INCOME-GENERATING ACTIVITY.....	22
18.1	Private Consultancies and Other Paid Work.....	22
18.2	Short Courses and Services Rendered.....	22
18.3	Off-Site Collaborative Provision	22
18.4	Matched Funding	22
18.5	Profitability and Recovery of Overheads.....	23
18.6	Deficits.....	23
18.7	Additional Contributions to Operations.....	23
18.8	Additional Payments to Staff.....	23
19	INTELLECTUAL PROPERTY RIGHTS AND PATENTS.....	23
19.1	General.....	23
19.2	Intellectual Property Rights.....	23
20	EXPENDITURE.....	24
20.1	General.....	24
20.2	Purchasing.....	24
20.3	Procurement	25
20.4	Tenders and Quotations.....	26

20.5	Receipt of Goods and Services	28
20.6	Payment of Invoices	28
20.7	Staff Reimbursement	29
20.8	Petty cash	29
20.9	Other Payments.....	29
20.10	Late Payment Rules	29
20.11	Advances.....	29
20.12	Providing Hospitality.....	30
21	PAY EXPENDITURE.....	30
21.1	Remuneration Policy	30
21.2	Appointment of Staff.....	30
21.3	Salaries and Wages.....	30
21.4	Pension Schemes.....	31
21.5	Travel, Subsistence and Other Allowances	31
21.6	Allowances for Members of the Group.....	31
21.7	Special severance, compensation and ex-gratia payments	31
21.8	Work Experience	32
22	ASSETS.....	32
22.1	Land, Buildings, Fixed Plant and Machinery.....	32
22.2	Fixed Asset Register.....	32
22.3	Inventories.....	32
22.4	Stocks and Stores	32
22.5	Safeguarding Assets	32
22.6	Personal Use.....	33
22.7	Asset Disposal.....	33
22.8	All Other Assets	33
23	FUNDS HELD ON GROUP.....	33
23.1	Gifts, Benefactions and Donations.....	33
23.3	Student Welfare and Access Funds.....	34
23.4	Group Funds	34
23.5	Voluntary Funds	34
24	OTHER REGULATIONS	34
24.1	Insurance.....	34
24.2	Subsidiary Companies and Joint Ventures	35

24.3	Security.....	35
24.4	Use of the Group’s Seal	36
24.5	Provision of Indemnities, guarantees and letters of comfort	36
24.6	Novel, contentious or repercussive transactions	36
26	RECORDING FINANCIAL TRANSACTIONS	37
26.1	System Access	37
26.2	Authorisation.....	37
26.3	Core System.....	38
26.4	Receipts	38
26.5	Payments.....	38

1 INTRODUCTION

The Group, as defined under the Further and Higher Education Act 1992, is an exempt charity; Further Education Colleges are not registered or directly regulated by the Charity Commission but rather the Secretary of State for Education as Principal Regulator. As an exempt charity RNN Group must have charitable purposes and apply them for public benefit. RNN Group has registered a company in England and Wales (registration number 09724451) RNN Group Ltd which is dormant and held should the Group be required to trade as a registered company.

On 29th November 2022, the Office for National Statistics ('ONS') reclassified further education corporations, sixth form college corporations and designated institutions in England ('Colleges'), as public sector bodies, forming part of Central Government. This status also applies to all trading subsidiaries and as a result all sources of income are deemed under public control and subject to guidance contained within His Majesty's Treasury's Managing Public Money documentation.

Funding agreements between RNN Group and the Secretary of State for Education sets out the terms and conditions to which grants funding are made. The ESFA issues a college financial planning handbook, which requires College Corporations to ensure that sound arrangements for risk management, control and governance, efficiency and effectiveness (value for money) are maintained within the Group.

The Board of Governors are responsible for the control and management of the administration of RNN Group and must ensure:

- We comply with the general law of charity;
- We comply with company law, for registered subsidiaries;
- We comply with tax law;
- We comply with the Education Funding Agencies' Current Handbook;
- We comply with the terms in our Funding Agreements;
- We comply with the terms set out in additional grant funding; and
- We comply with procurement law.

These regulations form part of the Group's overall system of accountability and contain detailed policies and procedures for financial management and operation.

2 STATUS OF FINANCIAL REGULATIONS

This document sets out the Group's financial regulations. It translates into practical guidance the Group's policies and procedures relating to financial management. This document applies to the Group, Operations and all its subsidiary undertakings.

The purpose of these regulations is to provide control over the totality of the Group's finances and provide management with assurances that the finances are being properly applied for the achievement of the Group's Strategic Plan and business objectives in relation to:

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

Compliance with these financial regulations is **compulsory** for **all staff** connected with the Group. Any member of staff who fails to comply with these regulations may be subject to disciplinary action under the Group's disciplinary procedures and this may be reported to the Audit and Risk Committee and Board of Governors. It is the responsibility of senior managers to ensure that all members of staff are made aware of the existence and content of the Group's Financial Regulations.

The Audit and Risk Committee is responsible for maintaining a continuous review of any regulators' Handbook and guidance, through the Executive Director of Finance, and for advising the Board of Governors of any additions or changes as necessary.

In exceptional circumstances, the Audit and Risk Committee may authorise a departure from the detailed provisions herein, such departure is to be recorded by the Director of Governance and reported to Board of Governors at the earliest opportunity.

The Group's financial policies establish the principles and expected standards by which activities or operational areas of work are to be controlled and managed.

The Group's financial procedures provide a more detailed description of the standards required within a specific process and prescribe how the Group's policy should be implemented when performing specific tasks.

Policies and procedures implemented by the Group are there to control the organisation's exposure to risks in line with the Risk Policy and those identified within the Risk Register. All staff should be made aware of all Group policies and the procedures in place, including any updates which may be issued from time to time. Should staff have any queries relating to these

regulations or any other policy or procedure they should write to the Group's Director of Governance who will ensure adequate training and guidance is provided.

3 CORPORATE GOVERNANCE

3.1 The Board of Governors

The Board of Governors are for the purposes of charity Law, are the Trustees.

The Board of Governors have overall responsibility and ultimate decision-making authority for all the work of the Group and shall retain overall responsibility for the planning of strategy and setting the Group's policies. Board of Governors are responsible for, and oversee, the management and administration of the Group and the operations within it; the Board of Governors have the power to direct change where required.

The Board of Governors are responsible for:

- setting the strategic vision of the Group
- holding the Executive Team and other leaders to account for performance
- ensuring financial probity
- ensuring compliance with regulatory and legal requirements

The Board of Governors shall demonstrate oversight of financial matters by signing the Balance Sheet, the Strategic Report, the Statement of Corporate Governance and Internal Control, the Statement of Regularity, Propriety and Compliance and the Statement of Responsibilities of the Members of the Corporation within the annual financial statements.

The Board of Governors may delegate various functions to the Group's Executive Team and Sub-Committees.

3.2 The Chief Executive Officer

The Chief Executive Officer, Jason Austin, acts as the Group's Accounting Officer as defined within the College Financial Handbook and is the Group's designated officer responsible for the financial administration of the Group's affairs. In this capacity, the Accounting Officer must advise the Board of Governors if, at any time, any action or policy under consideration by them appears to the Accounting Officer to be incompatible with its Funding Agreements. Should the Board of Governors, nevertheless, decide to proceed, the Accounting Officer must immediately inform the principal regulator in writing. The Accounting Officer must ensure that annual budgets are prepared for consideration by the Board of Governors and for the management of the budgets as approved by the Board of Governors. As the designated officer, the Accounting Officer may be required to justify any of the Group's financial matters to the Public Accounts Committee at the House of Commons. The Accounting Officer shall demonstrate oversight of financial matters by signing the Statement of Corporate Governance and Internal Control and the Statement on

Regularity, Propriety and Compliance within the annual financial statements, as well as the financial forecasts submitted to the Education and Skills Funding Agency.

3.3 The Executive Director of Finance

The Executive Director of Finance, Philip Curtis, acts as the Group's Chief Financial Officer, as defined within the College Financial Handbook. Day-to-day financial administration is controlled by the Executive Director of Finance, who is responsible to the Accounting Officer for:

- preparing annual budgets and financial projections
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- preparing the Group's annual accounts and other financial statements and accounts which the Group is required to submit to other authorities
- ensuring that the Group maintains satisfactory systems of financial control and financial risk management
- providing professional advice on all matters relating to financial policies and procedures
- day-to-day liaison with internal and external auditors in order to achieve efficient processes

3.4 Director of Governance

The Director of Governance, Sarah Connerty, also acts as the Clerk and the governance professional as defined within the college financial handbook and assists the Group in developing and overseeing the systems of control that ensure that the Group complies with all applicable codes, in addition to its legal and statutory requirements.

4 RELATED PARTY TRANSACTIONS

This part of the regulations deals with goods or services provided by or to individuals or organisation's related to the Group.

In considering a possible related party relationship, the Group must assess the substance of the relationship and not merely its legal form. Related parties include persons and entities with control or significant influence over the Group, and members of the same Group (e.g., parent and subsidiary companies, key management personnel and close family members).

The Group must be even-handed in their relationships with related parties and must ensure that:

- governors comply with their duties as charity trustees to avoid, or appropriately manage, any conflicts of interest, so that they act only in the best interests of the Group, rather than in their personal or private interest
- they do not accept benefits from third parties and declare any interest in proposed transactions or arrangements
- all governors and senior employees complete the register of interests, in accordance with sections 4.1 of these regulations
- no governor, employee or related individual or organisation, uses their connection to the Group for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the college
- no governor, or party related to a governor, will receive payment for goods or services provided to the college except as provided for by section 185 of the Charities Act 2011
- there are no payments or other personal benefits to governors, or anyone closely related to them, by the college, other than reasonable out-of-pocket expenses, unless approved in advance by the Charity Commission, and any such payments comply with any relevant agreement with the Secretary of State as principal regulator. The Group will need to consider these obligations where payments are made to other business entities that employ, or are owned by, the governor (or someone closely connected with them), or in which the governor (or someone closely connected with them) holds a controlling interest

The disclosure of related party transactions is an important element of transparency in financial management because:

- related parties may enter into transactions that unrelated parties would not;
- transactions between related parties may not be made at the same amounts or on the same terms as those between unrelated parties; and
- the existence of the relationship may be sufficient to affect the transactions of the Group with other parties.

For example, if a person has significant influence over a Group's decision-making or if the Group acts on their instructions, then that person must be treated as related to the Group.

4.1 Declarations of Interest

- 4.1.1 Any member of staff must notify the Director of Governance and the Executive Director of Finance if they are considering a transaction that is potentially with a related party.
- 4.1.2 All Governors are required to declare all business and other interests regardless of any transactions taking place. This will be requested on appointment and each year by the Director of Governance.
- 4.1.3 All Senior Post Holders (Executive) are required to declare all business and other interests regardless of any transactions taking place. This will be requested on appointment and each year by the Director of Governance.
- 4.1.4 All Senior Leaders are required to declare all business and other interests regardless of any transactions taking place. This will be requested on appointment and each year by the Director of Governance.
- 4.1.5 All Budget holders are required to declare all business and other interests regardless of any transactions taking place. This will be requested on appointment and each year by the Executive Director of Finance.
- 4.1.6 All staff must immediately notify the Director of Governance if they believe any transaction made by the Group is potentially a related party transaction.
- 4.1.7 A register of interests will be maintained by the Director of Governance and Executive Director of Finance.
- 4.1.8 The Director of Governance and/or Executive Director of Finance will advise, or seek external professional advice, prior to entering into any related party transaction.
- 4.1.9 The Executive Director of Finance will maintain a record of all related party transactions.

4.2 Reporting

- 4.2.1 All related party transactions will be reported in the Group's annual financial statements following guidance by the Group's principal regulator.
- 4.2.2 All related party transactions will be reported in the Group's monthly management accounts, but limited in information to the number of and nature of such transactions.
- 4.2.3 Any related party transaction may be subject freedom of information requests and such requests will be complied with subject to normal FOI conditions.

5 FINANCIAL DELEGATION

The Scheme of Delegation has been adopted by the Directors from the effective date in accordance with the provisions of the Articles of Association and the any guidance issued by regulators and should be read in conjunction with them. The Scheme of Delegation has been developed to ensure financial probity and the Group remains a going concern.

5.1 Senior Leaders

All Senior Leaders shall provide the Executive Director of Finance with such information as may be required to enable:

- compilation of the Group's financial statements
- implementation of financial planning
- implementation of audit and financial reviews, project management and value for money studies

5.2 Budget Holder

The Budget Holder is responsible to the Accounting Officer for the financial management of the area they control. They are advised by the Executive Director of Finance in executing their financial duties. The Executive Director of Finance will also supervise and approve the financial systems operating within the Group, including the form in which financial records are kept. The budget holders are responsible for establishing and maintaining clear lines of responsibility within their control for all financial matters. The budget holders shall have oversight of all order and contract Authorisation within their area.

5.3 All Staff

All members of staff should be aware of, and have a general responsibility for, security of the Group's property, (e.g., Group buildings, equipment, cash and procurement cards), for avoiding loss and for due economy in the use of resources.

Staff should ensure that they are aware of the Group's financial authority limits and purchase values for which quotations and tenders are required. Details of which can be found in section 19; staff acting outside their limits may, in some circumstances, be personally liable for any contracts entered into.

Staff shall make available any relevant records or information to the Executive Director of Finance, or his or her authorised representative, in connection with the implementation of the Group's financial policies, these financial regulations and the system of financial control.

Staff shall provide the Executive Director of Finance with such financial and other information as he or she may deem necessary from time to time, to carry out the requirements of the Group.

Staff shall immediately notify the Director of Governance who will inform the relevant officers whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the Group. The Director of Governance shall take such steps as he or she considers necessary by way of investigation and report in accordance with the Group Code of Practice on Serious Financial Misconduct and Irregularities.

6 RISK MANAGEMENT

Risk management can be defined as ‘coordinated activities to direct and control an organisation with regard to risk’. The Group acknowledges the risks inherent in its business and is committed to managing those risks which pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable/unacceptable (the risk appetite) by the Group will be set out in a separate Risk Management Strategy.

The Board of Governors have overall responsibility for ensuring there is a Risk Management Strategy and a common approach to the management of risk throughout the Group through the development, implementation and embedding within the organisation of a formal, structured risk management process.

In line with this Policy, the Group requires that the Risk Management Strategy and supporting procedures include:

- the adoption of common terminology in relation to the definition of risk and risk management
- the establishment of Group-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence, together with a sensitivity analysis
- a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes (see above)
- a decision on the level of risk to be covered by insurance
- 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 Governing Body of all risks above established tolerance levels
- an annual review of the implementation of risk management arrangements
- the capability for independent verification

7 PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWING)

Whistleblowing, in the context of the Public Interest Disclosure Act, is the disclosure by an employee (or other party) about malpractice in the workplace. A whistle blower can disclose details of crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential; the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

The Group's Whistleblowing Policy is available on the Group's Website and, by request, from the Director of Governance

8 CODE OF CONDUCT

The Group is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life. In addition, the Group expects that staff at all levels will observe its code of ethical standards and code of conduct for staff involved in procurement, as specified in the Financial and Purchasing Procedures.

Additionally, members of the Group, members of the Executive Team, Senior Leaders, Operations' leadership teams, and those in the college management team that are involved in procurement or use of facilities are required to disclose interests in the Group's Register of Interests maintained by the Director of Governance. They will also be responsible for ensuring that entries in the register relating to them are regularly and promptly updated, as prescribed in the Financial Procedures.

In particular, no person shall be a signatory to a Group contract where he or she also has an interest, these interests may not necessarily be direct, in the activities of the other party.

The Group is committed to ensuring that an effective anti-bribery programme is adopted with a zero-tolerance policy towards bribery and corruption.

The Group will conduct its affairs in a responsible manner and expects the highest standards of openness, integrity and accountability from all its staff and stakeholders. For many organisations gifts and hospitality are part of building relationships and, in some societies, they are required behaviour. The Group Policy is designed as an adequate procedure to prevent expenditure being used as a potential bribe and extends to everyone employed by or dealing with the Group. Furthermore, it is illegal under the provisions of the Bribery Act 2010, for payments to be made with the intent to influence a foreign public official with the aim of retaining or obtaining an advantage in the conduct of business and/or if they directly or indirectly confer an advantage. The Group is therefore committed to the following values:

- The Group prohibits the offer or receipt of gifts, hospitality or expenses whenever they

could affect, or be perceived to affect, the outcome of business transactions and are not reasonable and bona fide

- Promotional expenditure is permitted where this is transparent, proportionate, reasonable and bona fide within the confines of the Group's regulations and policy
- The conduct of individuals should not create suspicion of any conflict between their official duty and their private interests
- 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 gifts, rewards or hospitality. The frequency and scale of gifts, rewards or hospitality accepted should not be significantly greater than the Group 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 Director of Governance, Financial Controller or Executive Director of Finance. Detailed guidance on the acceptance of gifts or hospitality is contained in the Group's Policy. This also contains a specific requirement for all staff to declare all offers of gifts exceeding a value of £25.00, for recording in a register.

Irregularities shall be reported to the Audit and Risk Committee who may decide to investigate further.

9 FREEDOM OF INFORMATION

To enable the Group to comply with the terms of the Freedom of Information Act 2000 and to also meet with the requirements of the ESFA the Group publishes its most recent Financial Statements on its website following approval by the Group Board each year. Alternatively, any individual may directly contact the Executive Director of Finance to request a hard copy, which the Group is required to send out by post within 20 working days of the request being received. Additionally, the Freedom of Information Act 2000 promotes greater openness and accountability across the public sector, including College Corporations, to make available information on request from the public. All such requests must be forwarded to the Director of Governance.

10 FINANCIAL MANAGEMENT AND CONTROL

10.1 Financial Planning

The Executive Director of Finance is responsible for preparing, on an annual basis, a rolling three-year financial plan for approval by Board of Governors and for preparing financial forecasts for submission to the ESFA. Financial plans should be consistent with the Strategic Plans on Curriculum, IT and Estates and approved by the Board of Governors.

10.2 Budget Objectives

Board of Governors will, from time-to-time, set budget objectives for the Group. These will help the Executive Director of Finance in preparing more detailed financial plans for the Group.

10.3 Resource Allocation

Resources are allocated annually by Board of Governors, on the recommendation of the Chief Executive Officer and on the basis of budget objectives. Budget Holders are responsible for the economic, effective and efficient use of resources allocated to them.

10.4 Budget Preparation

Each financial year the Group prepares a rolling three-year financial forecast, which is submitted to the Group Board and ESFA. The preparation of the financial budget is overseen by the Executive Director of Finance and the Financial Management team. In preparation for this, each Director of Campus and relevant SLT lead firstly prepares a Strategic and Operational plan and then formulates a financial budget, working together with their budget holders and Finance and Planning colleagues. The final draft budget is submitted to the Executive Director of Finance who will consolidate the Group position and submit to the Group Board for final approval.

The Executive Director of Finance is responsible for the preparation of the cash flow forecast, projected year-end balance sheet and the Capital Investment Plan; these will all be considered and submitted to the Finance and Resource Committee and Group Board for approval.

The approved budget is then delegated to the relevant budget holder who is accountable for the delivery of the income and expenditure contained within the approved budget. The budget holder must ensure that effective and timely day-to-day monitoring is in place to identify any potential variances from budget and, should the need arise, that appropriate corrective action is taken. Significant departures from the budget should be immediately reported to the Financial Management team.

The Executive Director of Finance is responsible for providing appropriate financial information to the Executive Team, Group Board and Finance and Resource Committee, facilitating a consistent approach to any financial risks or opportunities which present themselves each

financial year.

Budget adjustments in-year and treatment of year-end balances are subject to approval by the Board.

10.5 Capital Investment Plans

Capital investment Plans include all expenditure on land, buildings, valuable equipment, fixtures, fittings and associated costs, whether or not they are funded from capital grants or capitalised for inclusion in the Group's financial statements. Expenditure of this type can only be considered as part of the Capital Investment Plan when approved by Board of Governors.

The Executive Director of Finance will establish protocols for the inclusion of capital projects in the Capital Investment Plan for approval by Board of Governors. These will set out the information required for each proposed project as well as the mandatory financial criteria. A business case for the project should be prepared by the Head of Estates and Facilities which will be considered by the Group's Committees.

The Executive Director of Finance will also maintain procedures for the approval of variations, including the notification of large variations to the ESFA, as laid down in ESFA guidelines.

The Executive Director of Finance is responsible for providing regular statements concerning all capital expenditure to the Group Board for monitoring purposes.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Group Board, 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 ESFA.

Approved budgets are not normally amended during the year. However, any new aspect of business, or proposed establishment of a venture, which will require an investment in buildings, resources or staff time of more than £5,000, and outside of the approved budget, should be presented for approval to the Executive Team.

The Executive Director of Finance will maintain the protocols for these developments to enable them to be considered for approval by Board of Governors. These will specify the information required for each proposed development, as well as the mandatory financial criteria.

10.6 Financial Control

10.6.1 Budgetary Control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that effective day-to-day monitoring is undertaken.

Budget holders are responsible to their Director of Campus or Executive lead for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the Executive Director of Finance by the Director of Campus or Executive lead and, if necessary, corrective action taken.

The Executive Director of Finance shall, at the direction of the Board of Governors, remove all financial delegation from a budget holder. Reasons for this will be communicated with the department and appropriate support put in place.

10.6.2 Financial Information

Budget holders are assisted in their duties by management information provided by the finance team. Types of management information available to the different levels of management are described in the detailed Financial Procedures, together with the times at which they can be expected.

The Executive Director of Finance is responsible for supplying budgetary reports on all aspects of the Group's finances to the Finance and Resource Committee and the Group on a basis determined by Board of Governors, but subject to any specific requirements of the ESFA. Where appropriate, the relevant extracts from the overall position are reported to each Committee so they are aware of their own financial performance against budget. These reports are presented to Board of Governors, who have overall responsibility for the Group's finances.

11 FINANCIAL ORGANISATION

11.1 Accounting Arrangements

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

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

The Group is responsible for approval of the annual Report and Financial Statements of the Group. These are prepared in accordance with the ESFA's Accounts Direction and in accordance with applicable accounting standards. The accounting policies are set out in the annually published financial statements.

11.2 Accounting Records

The Executive Director of Finance is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities. The Group is required by law to retain prime financial documents or approved electronic copies for the current financial

year, plus six years. These documents will be held in line with the General Data Protection Regulations (GDPR). The Executive Director of Finance will make additional appropriate arrangements for the retention of records to comply with any/all specific requirements of funding organisations.

To aid the reporting and authorisation processes within the finance system the Group has developed a standard departmental and nominal coding structure. Budget holders are assigned to departments and will authorise expenditure within their delegated budget. Expenditure and income are categorised by nominal codes and the number of available nominal codes is limited by department. Where there are no budget holders for departments it is because entries will be made direct to the nominal, i.e., grant income and payroll.

All financial transactions are to be recorded in the finance system. Requests for expenditure must be made through the finance system and budget holders must only authorise expenditure via the workflow operation in the finance system. Departure from this process must be approved by the Executive Director of Finance, on a case-by- case basis.

11.3 Financial Operations

The central finance team are responsible for the day-to-day ordering and processing of financial information. The operations of which are summarised below:

11.3.1 Daily Tasks

To meet the immediate needs of the Group and its operations, as well as dealing with emerging issues:

- Review bank accounts, ensuring a credit balance is maintained at all times. Payments should only be made to suppliers when sufficient cash flow is available
- Process orders and emails to suppliers; orders will be emailed on a daily basis in order to meet the operational needs of the Group

11.3.2 Weekly Tasks

To ensure financial records are up-to-date and are processed using the most efficient practices:

- Invoices must be recorded on the finance system, at least weekly, to ensure swift payment to suppliers
- New contracts must be recorded on the system at inception
- BACS payments to ensure suppliers are paid within agreed terms
- Weekly bank reconciliations, with statement import into the finance system

11.3.4 Monthly Tasks

To ensure records are reviewed for accuracy as well as ensuring revenue and costs are recorded into the correlating periods.

- Reconcile supplier statements to ensure all costs have been accounted for in the correct period
- Reconcile Lloyds Multi Payment cards to ensure all costs have been accounted for in the current period
- Reconcile Groups' bank accounts to ensure all income, costs and settlement have been accounted for in the correct period. Download bank statements and check balances on a regular basis
- Process customer statements to ensure they are reminded of outstanding balances; for old debtors, consider employing debt recovery
- Review and reconcile control accounts to minimise unreconciled transactions
- Review management accounts with budget holders and raise any concerns immediately they arise. The budgeting system should be updated as soon as any permanent variance is identified
- Process VAT returns.

11.3.5 Annual Tasks

To meet the statutory report requirements, required of the Group and its operations:

- Review the annual budgets and three-year forecast for the Group present to Board of Governors and submit to the ESFA in July
- Review the annual report and statutory accounts, present to the Audit and Risk Committee and submit to the ESFA by 31 December
- Review the ESFA Finance Record and submit to ESFA in December

12 TAXATION

The Executive Director of Finance is responsible for advising, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues relevant to the Group. Therefore, the Executive Director of Finance will issue instructions to operations and individual staff on compliance with statutory requirements, including those concerning VAT, PAYE, National Insurance, Corporation Tax and other duties.

The Executive Director of Finance is responsible for maintaining the Group's tax records, making all tax payments, receiving tax credits and submitting tax returns by the due date.

13 AUDIT REQUIREMENTS

13.1 General

External auditors and internal auditors shall have authority to:

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

The Executive Director of Finance is responsible for agreeing a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

Following consideration by the Executive Team, key elements of the financial statements should be reviewed by the Audit and Risk Committee. On the recommendation of both Executive Team and the Audit and Risk Committee, they will then be submitted for approval by the Board of Governors.

13.2 External Audit

The appointment of external auditors will take place at least every five years and is the responsibility of the Group, who will be advised by the Audit and Risk Committee.

The primary role of external audit is to report on the Group'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 ESFA's Operations Accounts Direction.

13.3 Internal Audit

The internal auditor is appointed by the Group on the recommendation of the Audit and Risk Committee.

The ESFA's requires that the Group has an effective internal audit function, with an approach to provide assurance of adequacy of the Group's financial and other controls and management of risks. The prime responsibility of the internal audit service is to provide the Group, the Accounting Officer, the Executive Director of Finance and senior management with assurances regarding the adequacy and effectiveness of risk management, internal control and governance and the

effectiveness of arrangements to ensure economy, efficiency and accuracy of data returns.

The internal audit service remains independent in its planning and operation but has direct access to the Group, the Accounting Officer, the Executive Director of Finance and the Chair of the Audit and Risk Committee. The internal auditor will plan work and comply with the relevant International Standards for the Professional Practice of internal auditing and guidance issued by the ESFA.

13.4 Fraud, Bribery and Corruption

It is the duty of all members of staff and management and of the Group to notify the Director of Governance immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, bribery, corruption or any other impropriety.

The Director of Governance shall follow the Fraud Policy and Fraud Response Plan (and refer to the Group's Anti-Bribery & Corruption Policy), which incorporates the following key elements:

- the Director of Governance can immediately refer the matter to another appropriate external authority, such as the police or other professional body
- in the case of fraud, the Director of Governance will require an investigation and report. The Director of Governance can appoint an Investigating Officer
- fraud will normally be referred to the internal auditors
- any significant cases of fraud or irregularity may have to be reported to the Audit and Risk Committee, the Group, external auditors, Group insurers or the ESFA

If the suspected crime is thought to involve the Director of Governance, Accounting Officer and/or Executive Director of Finance, the member of staff shall notify the Chair of the Audit and Risk Committee directly of their concerns regarding those irregularities.

13.5 Value for Money

It is a requirement of the ESFA that the Group Board has an underlying duty of care to ensure that public funds are spent on the purposes for which they are intended and that good value for money is obtained. 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 ESFA, the National Audit Office, the Public Accounts Committee or other relevant bodies.

To fulfil this responsibility, the Group will prepare and revise each year a policy for achieving value for money and an annual report to provide evidence of compliance with the ESFA's requirements. Internal audit will also have regard to value for money in its programme of work. These measures will be used to enable the Audit and Risk Committee to provide appropriate value for money assurances to the Group.

13.6 Other Auditors

The Group may, from time to time, be subject to audit or investigation by external bodies such as the ESFA, National Audit Office, Office for Students, HM Revenue and Customs and auditors appointed by other external funders/sponsors of research grants and contracts. They have the same rights of access to information and records as external and internal auditors.

14 TREASURY MANAGEMENT

14.1 Treasury Management and Long-Term Investment Policy

The Finance Committee is responsible for approving a Treasury Management Policy Statement, setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with ESFA rules regarding approval for any secured or unsecured loans that exceed the general consent levels set out in the Scheme of Delegation. The Finance and Resource Committee has a responsibility to ensure implementation, monitoring and review of such policies.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Executive Director of Finance with appropriate reporting. All borrowing shall be undertaken in the name of the Group and shall conform to any relevant ESFA requirements.

The Executive Director of Finance will report to the Finance and Resource Committee, and through to Board of Governors, on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

14.2 Banking Arrangements

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

Only the Executive Director of Finance may open or close a bank account for dealing with the Group's funds. All bank accounts shall be in the name of the Group or one of its subsidiary companies.

All cheques drawn on behalf of the Group must be signed in accordance with the bank mandate approved by the Group.

All automated transfers on behalf of the Group, such as BACS or CHAPS, must also be authorised in the appropriate manner and in accordance with the mandate approved by Group. The Executive Director of Finance is responsible for ensuring that all bank accounts are subject to

regular reconciliation and that large or unusual items are investigated as appropriate.

14.3 Borrowing Arrangements

Loan facilities made on behalf of the Group can only be undertaken with Board authority and, if for that purpose, any mortgage or charge on all or part of the Group's assets must be approved by Board of Governors in line with ESFA regulations. Borrowing shall include Salix loans or similar.

14.3.1 Private Sector Borrowing

Colleges and their subsidiaries must obtain ESFA's prior approval for:

- new borrowing from the private sector
- amendments to existing private sector borrowing

regardless of the interest rate chargeable.

15 INCOME

15.1 General

The Executive Director of Finance is responsible for ensuring that appropriate procedures are in operation to enable the Group to receive all income to which it is entitled.

Where practical, all post should be opened in the presence of two persons to ensure cash and cheques are correctly recorded.

All receipt forms, invoices, tickets or other official documents in use, and electronic collection systems, must have the prior approval of the Executive Director of Finance.

Levels of charges for contracts, services rendered, goods supplied, and rents and lettings are determined by procedures approved by the Executive Team, and the Group.

The Executive Director of Finance is responsible for the prompt collection, security and banking of all income received. Where income is received in the form of cash, the Group's Cash handling procedures and guidance must be followed.

The Executive Director of Finance is responsible for ensuring all grants notified by the ESFA and other bodies are received and appropriately recorded in the Group's accounts.

The Executive Director of Finance is responsible for ensuring all claims for funds, including grants and contracts, are made by the due date.

15.2 Maximisation of income

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

Receipt of cash, cheques and other negotiable instruments, receipts by credit or debit card and online receipts must all be promptly and correctly recorded.

The Executive Director of Finance is responsible for ensuring appropriate financial controls and procedures are maintained and followed.

15.3 Collection of Debts and Bad Debt

The Executive Director of Finance is responsible for ensuring appropriate financial controls and debt collection procedures are maintained, in line with the approved Credit Control policies for all debtors. All staff involved in income generation and its administration shall provide the Executive Director of Finance or the central finance team with such information as may be required to enable collection of debts. Authorisation levels to write off bad debts are:

Value of Debt (inc VAT)	Authorisation
Up to £1,000	Financial Controller
£1,001 to £10,000	CEO/Principal or Executive Director of Finance
£10,001 to £25,000	CEO/Principal and Executive Director of Finance
Over £25,000	Corporation

Credit notes or refunds must be requested in writing by the Budget Holder and approved by the Executive Director of Finance or CEO/Principal except for credits up to the value of £1,000 which may be approved by the Financial Controller.

Following the Office for National Statistics reclassification of Colleges on 29th November 2022, DfE consent to a write off will be required in the following circumstances:

- if the individual loss/write off exceeds 1% of annual income or £45k individually (whichever is smaller); or
- 5% of annual income cumulatively (subject to a £250k cumulative ceiling).

17 GRANTS AND CONTRACTS

17.1 General

All externally financed top-up funding and projects are normally for fixed terms and non-recurrent. Where approaches are to be made to outside bodies for support and projects, it is the responsibility of the budget holder to ensure that the financial implications have been appraised by the Executive Director of Finance. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

The Executive Director of Finance is responsible for ensuring a process for formal application of grants to include adequate provision of resources to meet all commitments. The Executive Director of Finance should ensure that the full cost of research contracts is established. The grant or contract agreement must be in line with the Group's policy with regard to indirect costs and other expenses.

All grants and contracts shall be accepted on behalf of the Group by officers in accordance with Group's Scheme of Delegated Authority. The Executive Director of Finance shall maintain all financial records relating to grants and contracts and shall initiate all claims by the due date. Each grant or contract will have an assigned cost centre and budget.

17.2 Recovery of Overheads

Full economic cost should be recovered on all external grants; if this is not possible a funding source for the shortfall should be identified.

17.3 Transparency

Staff in receipt of additional funding will maintain the records specified by the Executive Director of Finance to enable compilation of returns to the ESFA and other bodies.

17.4 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 Group could suffer additional external scrutiny and possible financial penalties. It is the responsibility of the named grant holder to ensure that conditions of funding are met.

Any loss to the Group resulting from a failure to meet conditions of funding is the responsibility of the grant holder.

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 Officer
- applications for permission to undertake work as a purely private activity must be submitted to the CEO, advised by the Executive Director of HR & Marketing 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 Group resources required (for the calculation of the full economic cost)
 - an undertaking that the work will not interfere with the teaching and normal Group or College duties of the member(s) of staff concerned.

18.2 Short Courses and Services Rendered

In this context, a short course is any course which does not form part of the normal teaching load of the Group.

Any staff wishing to run a short course must have the permission of the CEO and line manager. The course organiser will be responsible to the CEO for day-to-day management of the course.

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

18.3 Off-Site Collaborative Provision

Any contract or arrangement whereby the Group provides education to students away from Group's premises, or with the assistance of persons other than the Group's own staff or with independent partner organisations, must be subject to procedures specified by the CEO.

Where the partnership would represent a significant departure from the Group's Strategic Plan, Board of Governors shall approve the departure, and the CEO shall seek the views of and inform the ESFA.

18.4 Matched Funding

The approval of the Executive Director of Finance is required prior to any commitment being

entered into for this type of funding. Such approval shall be dependent upon the budget holder being able to demonstrate that eligible matching funds are available.

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 initiative is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the CEO and the Executive Director of Finance.

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

18.6 Deficits

Any unplanned deficits incurred on other income-generating activities will be charged to Directorate budgets.

18.7 Additional Contributions to Operations

Distribution of profits on other income-generating activity between central funds of the Group and individual operations will be in accordance with any policy approved by the Board of Governors.

18.8 Additional Payments to Staff

Any proposal involving payments to members of staff should be supported by a schedule of names and values and must be approved by the CEO, with guidance from the Executive Director of HR & Marketing and in line with the Pay Policy.

19 INTELLECTUAL PROPERTY RIGHTS AND PATENTS

19.1 General

Certain activities undertaken within the Group 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 Intellectual Property Rights

The Group claims ownership of any intellectual property devised or created by persons employed by the Group in the course of their employment. In the event of the Group deciding to become

involved in the commercial exploitation of intellectual property, the matter should be progressed in accordance with Section 16 and the CEO.

20 EXPENDITURE

20.1 General

The Executive Director of Finance is responsible for making payments to suppliers for goods and services to the Group.

20.2 Purchasing

The budget holder is responsible for purchases within their area. Purchasing authority may be delegated to named individuals within the financial limits approved by the Group in the Scheme of Delegation. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial administration procedures.

The Executive Director of Finance or representative shall maintain a register of all authorised signatories. Staff are not permitted to commit the Group to any form of expenditure unless duly authorised.

Under procedures agreed by the Executive Director of Finance, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits and must be notified immediately of any changes to the authorities to commit expenditure.

Budget holders are not authorised to commit the Group to expenditure unless they have sufficient budget within their area to do so.

At least two approved officers must be involved in all payments for goods and services to provide a division of duties between the approval of an order, goods receipting and the approval of an invoice for payment following receipt of the goods or service involved.

All purchase contracts or orders entered into on behalf of the Group will be authorised as follows:

Value of Order/Contract (inc VAT)	Authorisation	Number of Signatures Required (in total)
Up to £5,000	Budget Holder	One
£5,001 to £50,000	Budget Holder & Line Manager	Two
£50,001 to £250,000	Budget Holder & a member of ELT	Two
Over £250,000	Budget Holder, a member of ELT and Finance and Resources Committee	Three

Exceptional purchases procured outside of the Finance purchasing system are as follows:

- Utilities
- Food
- Exams
- Any service where a contract, service level agreement or similar exists
- Childcare paid from bursary

20.3 Procurement

The Group 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 Purchasing Procedures.

Budget holders are responsible to the Executive Director of Finance for:

- ensuring that the Group's Purchasing Policy is known and observed by all involved in purchasing for the Group
- advising on matters of Group Purchasing Policy and practice
- advising and assisting operations, where required, with specific purchases
- developing appropriate standing supply arrangements on behalf of the Group to assist budget holders in meeting their value for money obligations
- vetting large orders before they leave the Group
- the drafting and negotiation of all large-scale purchase contracts undertaken by the Group, in collaboration with the responsible areas
- ensuring that the Group complies with Procurement law.

The requirements for obtaining tenders/quotations are as follows (The aggregated value of the contract or purchase of goods and services over a 4-year period must be considered.):

Value of Order/Contract (nc VAT)	Requirements
Up to £10,000	It is the responsibility of the budget holder to ensure that best value is achieved.
£10,001 to £29,999	At least three hard copy quotations or use of consortia frameworks.
£30,000 to £214,903	Tender process, mini competition or use of consortia frameworks. All opportunities must be advertised through Contracts Finder.
Over £214,904	Tender process or use of consortia frameworks. PCR2015 requirements must be complied with. All opportunities must be advertised through Contracts Finder and FTS.

Where it is impossible or inappropriate because of the nature of the supply to obtain three quotations or tenders, an Exceptional Circumstances Form must be completed by the department providing an explanation as to why quotes/tenders cannot be obtained. This will be reviewed and approved by the Procurement Manager and a Senior Post Holder who is independent of the department wishing to place the order.

The ordering of goods and services shall be in accordance with the Group's Purchasing Policy and Procedures and shall use the finance system in all cases.

Control of the Group's credit cards is the responsibility of the Executive Director of Finance. All authorised card holders must only use credit cards for the purposes issued and in compliance with financial regulations and procedures.

20.4 Tenders and Quotations

Budget holders must comply with the Group's tendering procedures contained in the Financial and Purchasing Policy and Procedures.

Only partnership arrangements for the supply of goods or services specifically approved by the Group will fall outside these arrangements for tenders and quotations.

The main points covered by the Group's Tendering Procedures may be subject to special rules imposed by funding bodies.

20.4.1 Post-Tender Clarification

Post-tender clarification (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 Group in the Group's tendering process. The central procurement team will provide further advice and guidance in any such circumstances

20.4.2 Building Contracts

Building contracts are the responsibility of the Executive Team or Group board and are administered by the Group's Head of Estates and Facilities, with advice from the Executive Director of Finance and legal support as appropriate.

Proposals will normally be initiated by the Head of Estates and Facilities in respect of planned replacements, general improvement schemes, space planning or in response to requests from operations.

Consultants may be appointed if the project is too large or too specialised for Estates Management resources. Appointments shall be subject to tendering and other purchasing procedures as appropriate.

Proposals shall be presented in the form of a business case or investment appraisal prepared in conjunction with the Executive Director of Finance as appropriate for Group Board consideration. Investment appraisals should comply with appropriate ESFA guidance.

Following consideration by the Executive Team, and approval by the Group, submissions should be forwarded to the ESFA where appropriate. If the required agreement is secured from the ESFA, their procedural rules should be followed. ESFA guidance on best practice should be followed even when their specific approval is not required.

The achievement of value for money will be an objective in the letting of all contracts. Conditions of contract for the purchase of goods and services will be followed as described in the Group's Financial Procedures and the Group's standard terms and conditions.

20.4.3 Procurement Regulations

The central procurement team is responsible for ensuring the Group complies with its legal obligations concerning procurement legislation and the Foreign Corrupt Practices Act, along with the UK Bribery Act 2010. Procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding the published threshold value.

The central procurement team will advise budget holders on the thresholds currently in operation. A breach of these regulations is actionable by a supplier, a potential supplier or provisions covered in procurement legislation.

It is the responsibility of budget holders to ensure that their members of staff comply with procurement regulations by notifying the central finance 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 the official Find a Tender portal.

The central procurement team is also required to annually submit to the ESFA details of expenditure which exceeds the threshold. Copies of the relevant documentation in this category must be provided to the purchasing officer by budget holders.

20.5 Receipt of Goods and Services

The receipt of goods and services shall be in accordance with the Group’s Financial Procedures. Payment to suppliers will not be authorised unless the Budget holder receipts through the finance system.

20.6 Payment of Invoices

The payment of invoices for the supply of goods and services shall be in accordance with the Group’s Financial Procedures and standard terms and conditions.

Where an invoice relates to a purchase order and there are no price differences between the purchase order/contract and invoice, authorisation is only required to say that the goods/services have been received before payment can be made. In all other instances invoices will be approved for payment as follows:

Value of Invoice (inc VAT)	Authorisation	Number of Signatures Required (in total)
Up to £5,000	Budget Holder	One
£5,001 to £50,000	Budget Holder & Line Manager	Two
£50,001 to £250,000	Budget Holder & a member of ELT	Two
Over £250,000	Budget Holder, a member of ELT and Finance and Resources Committee	Three

20.7 Staff Reimbursement

The Group's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement. All claims for reimbursement must be supported with valid receipts in line with the Travel and Expenses Policy.

Where such purchases by staff are planned, the Executive Director of Finance and the relevant budget holder may jointly approve cash advances to staff who will incur expenditure on the Group's behalf. Within one month of completion of the travel or project to which the advance relates a final account must be prepared with supporting receipts, demonstrating how the advance was disbursed and any unspent balance repaid through payroll.

20.8 Petty cash

The use of petty cash is to be discouraged.

Petty cash will be controlled in accordance with the Group's Financial Administration Procedures.

20.9 Other Payments

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Executive Director of Finance, supported by detailed claims approved by the Director of Safeguarding & Student Support or their nominated officer.

Any other payments must be approved by the Executive Director of Finance.

20.10 Late Payment Rules

Rules for late payments shall be applied as specified in the Group's Financial Procedures.

20.11 Advances

The Executive Director of Finance and the relevant budget holder may jointly approve cash advances for projects undertaken away from the Group, 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 Group purchasing card. Within one month of completion of the travel or project to which the advance relates a final account must be prepared with supporting receipts, to demonstrate how the advance was disbursed and any unspent balance repaid through payroll.

20.12 Providing Hospitality

Staff providing hospitality to guests from external organisations are expected, where practical, to use the Group's own catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement.

The limits concerning acceptable expenditure for entertaining guests are set out in the Group's Hospitality Policy.

21 PAY EXPENDITURE

21.1 Remuneration Policy

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

Salaries and other benefits for senior management reporting into the CEO will be determined by the Remuneration Committee set up by Group.

21.2 Appointment of Staff

Staff shall only be appointed to an agreed and costed staffing structure.

All contracts of employment shall be concluded in accordance with the Group's approved Human Resources policies, personnel practices and procedures and all offers of employment with the Group shall be made in writing by the Human Resources team. Budget holders shall ensure that the Executive Director of Finance and the Human Resources team are promptly provided with all required information in connection with the appointment, resignation or dismissal of employees.

21.3 Salaries and Wages

The Executive Director of Finance 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 and seconded staff, will be in a form prescribed or approved by the Executive Director of Finance.

The Executive Director of HR & Marketing will be responsible for keeping the Executive Director of Finance informed of all matters relating to personnel for payroll purposes. In particular these include:

- appointments, resignations, dismissals, supervisions, secondments and transfers
- absences from duty for sickness or other reason, apart from approved leave

- changes in remuneration other than normal increments and pay awards
- information necessary to maintain records of service for pensions, income tax and National Insurance and the financial settlement thereof.

The Executive Director of Finance is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All employees will be included on the payroll unless they provide evidence that they are deemed to fall outside IR35 legislation concerning personal service companies.

The Executive Director of Finance shall be responsible for keeping all records relating to payroll, including those of a statutory nature. All payments must be made in accordance with the Group's detailed payroll procedures and comply with HMRC regulations.

21.4 Pension Schemes

The Group is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

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

- auto-enrolment of new staff in an approved pension scheme
- paying contributions to pension schemes
- preparing the annual returns to pension schemes
- administering the Group's pension funds

The Executive Director of Finance is responsible for administering eligibility to pension arrangements and arranging when deductions should begin or cease for staff.

21.5 Travel, Subsistence and Other Allowances

Claims for expenses incurred by staff of the Group in carrying out official duties will be submitted on approved expense claim forms and paid in accordance with the Business Travel & Expenses Policy. Expenses of Agency Staff will be reimbursed through the Agency.

21.6 Allowances for Members of the Group

Claims for members of the Group will be authorised by the Director of Governance or approved nominated officers. Only reasonable expenses can be reimbursed.

21.7 Special severance, compensation and ex-gratia payments

Special severance, compensation and ex-gratia payments shall only be made in accordance with relevant legislation and under a scheme approved by the Group. Professional advice should be obtained where necessary. Amounts paid shall be declared in the financial statements. Prior

approval by the ESFA may be required prior to committing funds. In all cases matters should be referred to the Executive Director of HR.

21.8 Work Experience

The Group may, from time to time, appoint suitable short-term volunteers in furtherance of their personal career development. Such volunteers may only be appointed for a maximum of two weeks and all normal HR procedures must be followed prior to commencement of any such appointments. In recognition of their work, and subject to agreement between the Executive Director of Finance and the budget holder or CEO, a nominal gift up to the value of £50.00 may be made to the volunteer.

22 ASSETS

22.1 Land, Buildings, Fixed Plant and Machinery

Unless otherwise specified in the Schedule of Delegation, the purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Group. Compliance with ESFA requirements is expected where exchequer-funded assets or exchequer funds are involved.

22.2 Fixed Asset Register

The Executive Director of Finance is responsible for maintaining the Group's register of land, buildings, fixed plant and machinery. Budget holders will provide the Executive Director of Finance with any information required to maintain the register.

22.3 Inventories

Budget holders are responsible for maintaining inventories, in a form prescribed by the Executive Director of Finance, for all plant, equipment, furniture and stores in their operations. The inventory must include items donated or held in Group.

As specified in the Group's Financial Procedures, inventories must be managed and physically checked on a regular basis.

22.4 Stocks and Stores

Budget holders are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their control.

22.5 Safeguarding Assets

Budget holders are responsible for the care, custody and security of the Group buildings, stock,

stores, furniture, cash and other assets under their control. They will consult the Executive Director of Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

22.6 Personal Use

Assets owned or leased by the Group shall not be subject to personal use without appropriate authorisation by a senior line manager.

22.7 Asset Disposal

Disposal of equipment, furniture and other items must be in accordance with procedures agreed by the Group and contained in their Financial Procedures.

Disposal of land and buildings must only take place with the authorisation of Group. ESFA consent may also be required if public funds were involved in the acquisition of the asset.

The disposal of assets valued (the higher of net book value or what is believed to be the market value) up to £2,500 to be authorised by the Financial Controller, between £2,501- £4,999 are to be authorised by the Executive Director of Finance, between £5,000 - £9,999 by the CEO/Principal and disposals valued at £10,000 or more must be approved by Corporation Board. Authorisation will include approval of the method of disposal.

Items with an estimated disposal value of £500 or more will, where possible, require two independent valuations before disposal, to ensure good value is obtained for the Group.

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 Group, whether tangible (such as stock – see above) or intangible (such as intellectual property), including electronic data.

23 FUNDS HELD ON GROUP

23.1 Gifts, Benefactions and Donations

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

23.3 Student Welfare and Access Funds

The Executive Director of Finance will prescribe the format for recording usage of student welfare funds.

Records of access funds will be maintained according to ESFA or other requirements.

23.4 Group Funds

The Executive Director of Finance is responsible for maintaining a record of the requirements for each Group fund and for advising the Group Board on the control and investment of fund balances.

The Executive Director of Finance is responsible for ensuring that all the Group's funds are operated within relevant legislation and the specific requirements for each Group. He or she will also be responsible for investment of fund balances.

23.5 Voluntary Funds

All funds controlled by staff employed by the Group in furtherance of its objectives or closely related activity shall be deemed as being part of the Group's activities, unless it is run by a separate legal body.

The Executive Director of Finance shall be informed of any fund that is not an official fund of the Group, which is controlled wholly or in part by a member of staff in relation to their function in the Group.

The accounts of any such fund shall be incorporated into the Group financial operations and be subject to audit in the same way. The Executive Director of Finance shall be entitled to verify that this has been done.

24 OTHER REGULATIONS

24.1 Insurance

The Executive Director of Finance is responsible for the Group's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall Risk Management Strategy, all risks will be considered and those most effectively dealt with by insurance cover will be provided for. The portfolio of insurance provision will be considered and approved annually by the Finance Committee.

The Executive Director of Finance is responsible for placing insurance cover as determined by the Finance Committee. He or she is therefore responsible for obtaining quotes, negotiating claims

and maintaining the necessary records. The Executive Director of Finance will keep a register of all insurances placed by the Group and the property and risks covered. He or she will also deal with the Group's insurers and advisers about specific insurance requirements and issues.

Budget holders must ensure that any agreements negotiated within their area and with external bodies cover any legal liabilities to which the Group may be exposed. The Group's Legal and Governance Team and the Executive Director of Finance will provide advice as appropriate to ensure this is the case. Budget holders must give prompt notification to the Executive Director of Finance of any potential new risks and must advise the Executive Director of Finance immediately of any event that may give rise to an insurance claim. The Executive Director of Finance will notify the Group's insurers and, if appropriate prepare a claim, in conjunction with the claimant, for dealing with the insurers.

The Head of Estates and Facilities 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 prescribed periods.

All staff using their own vehicles on behalf of the Group shall maintain appropriate personal insurance cover for business use, including travel between Group operations. For the purposes of this document, 'insurance' includes the ESFA's Risk Protection Arrangements (RPA) which is due to be consulted on in the sector.

24.2 Subsidiary Companies and Joint Ventures

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

Any proposals to establish a subsidiary company or a joint venture should be referred to the Executive Director of Finance, who should have due regard to guidance issued by the ESFA and will be responsible for taking appropriate professional advice.

The Group is responsible for approving the establishment of all companies or joint ventures and the procedure to be followed; this will have regard to any guidance provided by the funding bodies. The Executive Director of Finance will thereafter be responsible for maintaining statutory records, ensuring preparation of financial returns and external audit arrangements.

24.3 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 immediately reported to the Executive Director of Finance. The contents of safes must be within their respective maximum insurance limits at all times. The security of all other keys is the responsibility of the key holder and must be kept on their person or in an approved facility.

The Head of IT Services shall be responsible for maintaining proper security and privacy of

information held on the Group's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs, together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the GDPR 2018 and Data Protection Act 2018. A Data Protection Officer shall be nominated to ensure compliance with the Act and the safety of documents.

The Executive Director of Finance is responsible for the safekeeping of financial contractual and legal documents relating to the provision of loans/capital and financial services provided by third parties. All such documents shall be held in an appropriately secure location.

24.4 Use of the Group's Seal

Where a deed or document requires the Group's Seal, it must be sealed under the guidance of the Director of Governance.

The Director of Governance is responsible for submitting a report to each Group Board meeting, detailing the use of the Seal since the last meeting.

The seal must be kept in a secure facility.

24.5 Provision of Indemnities, guarantees and letters of comfort

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

24.6 Novel, contentious or repercussive transactions

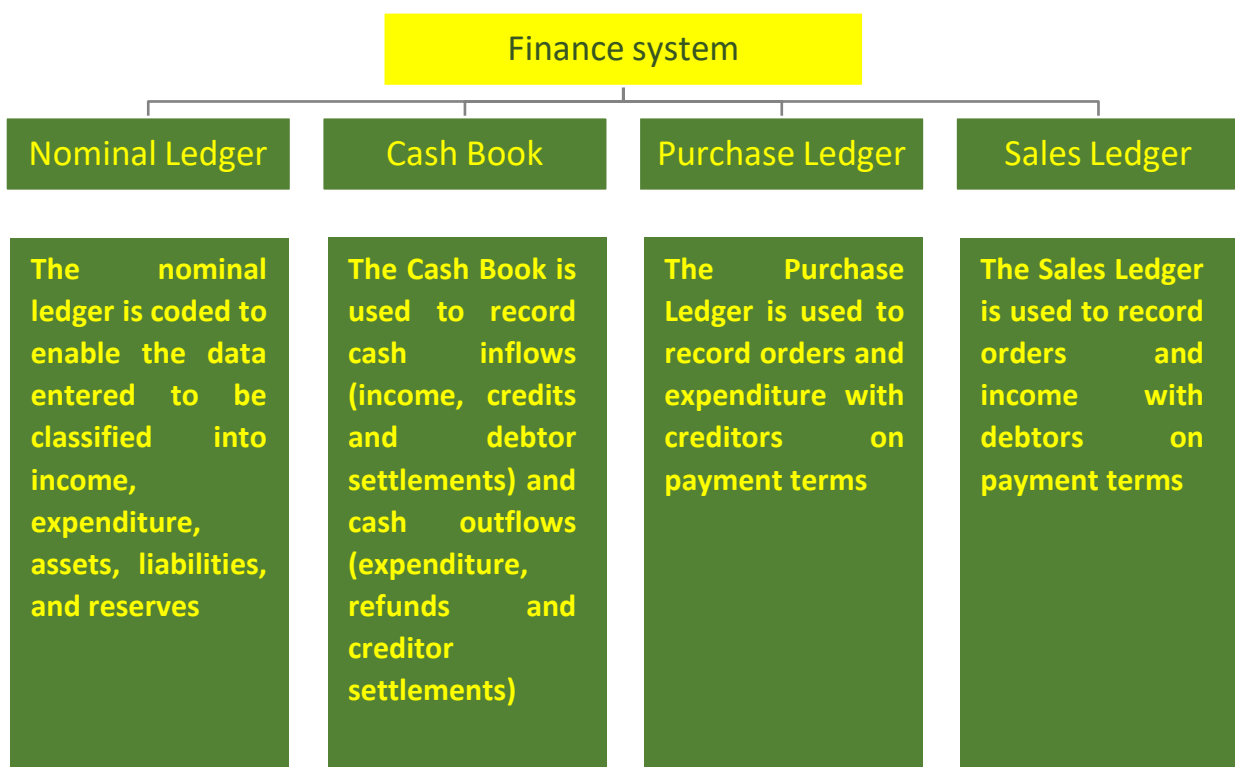
Any member of staff asked to enter into a novel, contentious or repercussive transaction, for whatever purpose, should consult the Executive Director of Finance before any such provision is given.

- Novel transactions are those of which the Group has no experience, or are outside its range of normal business.
- Contentious transactions are those that might cause criticism of the Group by Parliament, the public or the media.
- Repercussive transactions are those likely to cause pressure on other Colleges and College Groups to take a similar approach and hence have wider financial implications.

26 RECORDING FINANCIAL TRANSACTIONS

RNN Group and its operations use a finance system to record all financial transactions that support the operations of the Group. The system, like all accounting software packages, utilises the basic double entry bookkeeping principle and underpins the financial management system.

All transactions within the accounting system operate on a system of double entry to a nominal ledger. For every credit there is a debit and each transaction will post to two or more nominal ledger codes. The finance system is summarised by the following



26.1 System Access

Access and entry to the finance system is restricted for use by specific users and individual passwords, with a mandatory password change required every 3 months. In the event a user is unable to remember their password, a password reset option is available to the system administrator; this will be a member of the finance team.

Access to the component parts of the finance system can also be restricted and the Financial Controller, or representative is responsible for setting access levels for all members of staff using the system.

26.2 Authorisation

Users are recommended by senior leaders within the Group and access is generally requested to

the finance system web portal. This allows users to place orders and confirm delivery of goods and/or services. The purchasing system also controls the workflow of delegated authority.

26.3 Core System

The bookkeeping component of the finance system is contained within the core system. This is a separate program and is accessed by individual users and passwords different to the purchasing module. It is in this part of the finance system that the financial data is stored and where payments can be made. Users are solely approved by the Executive Director of Finance.

26.4 Receipts

Receipts into the bank represent income, refunded payments from suppliers against credit notes and settlement by debtors. The majority of receipts will be from tuition fees and commercial activities.

Receipts of cash and cheques must be taken to the bank as soon as is reasonably practicable, either by a nominated staff courier or the contracted courier.

26.5 Payments

Payments from the bank represent expenditure, refunded payments to customers against credit notes, refunds made to students and settlement to creditors. Payments made by a budget holder will be in the form of purchasing cards.

Bankers' Automated Clearing Services (BACS) is the Group's preferred method of payment and every effort should be made to obtain details to allow for BACS payments. Same day payments may be made in exceptional circumstances but should be avoided wherever possible.

Cheque payments must only be used where electronic methods are not possible and all reasonable steps have been taken to make electronic payments. All supporting documentation, invoices and/or other correspondence must be submitted for inspection to signatories.

The purchasing card may be used in exceptional circumstances where electronic forms or cheques are not possible.