

Stuart Slorach

Vice Principal – Resources

Version 1.0

stuart.slorach@northernart.ac.uk

**Financial regulations**

**February 2023**

**Contents**

**INTRODUCTION** .....................................................................................................................................4

**TERMINOLOGY**.......................................................................................................................................4

**FINANCIAL** **REGULATIONS..**....................................................................................................................7

**A: GENERAL PROVISIONS**

1 **BACKGROUND**...........................................................................................................................7

2 **STATUS OF FINANCIAL REGULATIONS**......................................................................................7

**B: CORPORATE GOVERNANCE**

3 **THE CORPORATION BOARD.**.....................................................................................................9

4 **THE PRINCIPAL (Accountable Officer)** ......................................................................................9

5 **COMMITTEE STRUCTURE**........................................................................................................10

Audit Committee…. .................................................................................................................10

Finance Committee…………………………………………………………………………………………………………....10

Remuneration Committee……..................................................................................................10

6 **OTHER SENIOR MANAGERS WITH FINANCIAL RESPONSIBILITY**

Vice Principal (Resources)……..................................................................................................11

Vice Principals……..…….............................................................................................................11

All members of staff……. .........................................................................................................11

7 **RISK MANAGEMENT**………………………………………………………………………………………………..…………12

8 **WHISTLEBLOWING**..................................................................................................................12

9 **CODE OF CONDUCT**…………………………………………………………………………………………………………….13

Receiving gifts or hospitality……….. .........................................................................................13

**C: FINANCIAL MANAGEMENT AND CONTROL**

10 **FINANCIAL PLANNING.**............................................................................................................15

Budget Objectives……..............................................................................................................15

Resource Allocation……............................................................................................................15

Budget Preparation……….........................................................................................................15

Capital Programmes……...........................................................................................................15

Other major developments including overseas activity………………..........................................16

11 **FINANCIAL CONTROL**

Budgetary control ……..............................................................................................................16

Financial information ………......................................................................................................16

Changes to the approved budget ………...................................................................................17

Virement …..............................................................................................................................17

Treatment of Year End Balances ……….....................................................................................17

Deficits………………………………………………………………………………………………………………………………..17

12 **ACCOUNTING ARRANGEMENTS**

Financial Year ….......................................................................................................................17

Basis of Accounting ……...........................................................................................................17

Format of the Financial Statements ….….................................................................................17

Capitalisation and Depreciation …………...................................................................................18

Accounting Records ……...........................................................................................................18

Public Access …........................................................................................................................18

Taxation …................................................................................................................................19

13 **AUDIT REQUIREMENTS**

General ….................................................................................................................................19

External Audit ……....................................................................................................................19

Internal Audit ….......................................................................................................................20

Fraud and Corruption………......................................................................................................20

Value for Money…..……………....................................................................................................21

Other Auditors.........................................................................................................................21

14 **TREASURY MANAGEMENT**

Treasury Management Policy …….…........................................................................................21

Appointment of Bankers and Other Professional Advisers ………………....................................21

Banking Arrangements ………...................................................................................................21

15 **INCOME**

General ...................................................................................................................................22

Maximisation of Income ……....................................................................................................22

Receipt of cash, cheques and other negotiable instruments………………..................................22

Receipts by credit card or debit card…………………………………………………………………………………..23

Internet receipts…………………………………………………………………………………………………………………23

Collection of debts…….............................................................................................................23

Student Fees….........................................................................................................................24

Refunds....................................................................................................................................24

Student loans…….....................................................................................................................24

Emergency / hardship loans…… ..............................................................................................24

16 **OTHER INCOME-GENERATING ACTIVITY**

Private consultancies and other paid work……………................................................................24

Short courses and services rendered…………............................................................................25

Collaborative provision including franchising……………….........................................................25

Match Funded projects……………………………..……………..............................................................25

Profitability and recovery of overheads…………….....................................................................26

Deficits…..................................................................................................................................26

Additional contributions to departments……………..................................................................26 Additional payments to staff………...........................................................................................26

17 **INTELLECTUAL PROPERTY RIGHTS AND PATENTS**

General....................................................................................................................................26

Patents…..................................................................................................................................26

Intellectual property rights…………...........................................................................................26

18 **EXPENDITURE**

General…..................................................................................................................................27

Scheme of delegation/ financial authorities……………..............................................................27

Procurement……......................................................................................................................27

Purchase orders…….................................................................................................................28

Purchasing cards, credit and debit cards……………...................................................................28

Tenders and quotations………...................................................................................................28

Post-tender negotiations……….................................................................................................29

Contracts……............................................................................................................................29

Public Contracts Regulations and associated guidance…….....................................................29

Receipt of goods…...................................................................................................................30

Payment of invoices……...........................................................................................................30

Staff reimbursements…...........................................................................................................31

Petty cash................................................................................................................................31

Other payments…....................................................................................................................32

Late payment rules…….............................................................................................................32

Project advances……................................................................................................................32

Giving hospitality…..................................................................................................................32

Telecoms..................................................................................................................................33

Provision of clothing………........................................................................................................33

Payments to volunteers………...................................................................................................33

19 **PAY EXPENDITURE**

Remuneration policy……….......................................................................................................34

Appointment of staff……..........................................................................................................34

Salaries and wages…….............................................................................................................34

Superannuation schemes……...................................................................................................35

Expenses and allowances……...................................................................................................35

Overseas travel……...................................................................................................................35

Allowances for members of the Corporation Board………….....................................................36

Severance and other non-recurring payments……………..........................................................36

20 **ASSETS**

Land, buildings, fixed plant and machinery……………................................................................37

Fixed asset register…….............................................................................................................37

Inventories…….........................................................................................................................37

Stocks and stores……................................................................................................................37

Safeguarding assets……............................................................................................................37

Personal use of assets..............................................................................................................37

Asset disposal…........................................................................................................................38

All other assets……...................................................................................................................38

21 **FUNDS HELD ON TRUST**

General…..................................................................................................................................38

Gifts, benefactions and donations…………................................................................................38

Student welfare and access to funds…….................................................................................38

Trust funds...............................................................................................................................38

Voluntary funds………...............................................................................................................38

Donation of equity shares………...............................................................................................39

22 **OTHER**

Insurance…...............................................................................................................................39

Companies, joint ventures and consortium arrangements…………………..................................40

Security....................................................................................................................................40

Students’ Union……..................................................................................................................40

Use of the School’s seal……......................................................................................................41

Provision of indemnities………..................................................................................................41

23 **APPENDICES**

APPENDIX A: ANTI-BRIBERY POLICY AND PROCEDURES .........................................................43

APPENDIX B: FRAUD POLICY STATEMENT ...............................................................................49

APPENDIX C: PROCEDURE FOR FRAUD PREVENTION, DETECTION AND INVESTIGATION …….50

APPENDIX D: FRAUD RESPONSE PLAN ....................................................................................53

APPENDIX E: ANTI MONEY LAUNDERING POLICY…………………………………………………………………59

APPENDIX F: TREASURY MANAGEMENT POLICY…………………………………………………………………64

**Terminology**

To conduct its business effectively, the School needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the School.

Financial regulations make good general business sense and for education institutions they have additional significance as their grant funding depends upon it. The financial memorandum or funding agreement between funding bodies and the School make it a condition of grant that the School ensures that it has a sound system of internal financial management and control. Financial regulations are a core component of such a system. Similarly, Education and Skills Funding Agency (ESFA) audits are required to give an assurance that the School has fully documented financial procedures in place and grant may be withheld where this cannot be shown to be the case.

The diverse features of further and higher education Colleges and academies has resulted in a wide range of different terminology for committees, staff and other individuals related to the School. The following general terms have been used in this guide.

**Audit committee**

The purpose of the Audit Committee is to review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the Institution’s activities that supports the achievement of the Institution’s objectives

The Committee is authorised by the Corporation Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee. The Committee is authorised by the Corporation Board to obtain outside legal or independent advice and to see the attendance of outsiders with relevant experience and expertise if it considers necessary

**Budget holder**

The member of staff who has been assigned their own budget (other than a Vice Principal) and is accountable to their Vice Principal for it.

**Capital Programme Group**

The Corporation Board has delegated to the Capital Programme Group oversight of the delivery of the capital programme of the School. It will make such decisions as necessary to achieve this on behalf of the Corporation Board with the Boards full delegated authority with the exception of decisions relating to the acquisition of land and buildings, the granting of security and the approval of borrowing arrangements

The Group is authorised by the Corporation Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Group is authorised by the Corporation Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary

**Chief financial officer (CFO)**

In the School’s case this role is fulfilled by the Vice Principal (Resources) as part of their wider responsibilities.

**Clerk to the Corporation Board**

In the School’s case this role is fulfilled by the Head of Governance. This post is responsible for the administrative support for the governing body’s work, for advising on proper procedure, and for intervening when the Head of Governance considers that the governing body is acting inappropriately or beyond its powers, in which case the Head of Governance may need to seek external advice.

**Finance Committee**

The Finance Committee is responsible for all matters relating to the financial affairs of the School encompassing the areas of strategic financial planning, resource management, financial monitoring and policy related issues and to provide timely advice to Corporation Board on areas within its remit

The Finance Committee is authorised by the Corporation Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Finance Committee. The Finance Committee is authorised by the Corporation Board to obtain outside legal or independent advice and to see the attendance of outsiders with relevant experience and expertise if it considers necessary

**Funding body**

The School’s primary funding body is the Education and Skills Funding Agency who fund further education in the main. This position has been diluted partially by the Adult Education Budget being devolved to the Tees Valley Combined Authority which might take on additional responsibilities over time.

**Governing body**

The group of people charged with setting the strategic direction for the School and responsible for its achievement. The governing body of the School is the Corporation Board.

**Internal audit**

An assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the School’s objectives.

**Principalship Team**

The group of executive staff comprising the senior management charged with the execution of strategy. This is comprised of the Principal and Vice Principals.

**Principal**

The most senior executive role in the School.

He or she is accountable for the use of public funds provided by the funding bodies and may be requested to appear before the Committee of Public Accounts.

**Remuneration Committee**

The Group is authorised by the Corporation Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Group is authorised by the Corporation Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary

**Vice Principal (Resources)**

The organisation’s most senior executive role charged with leading and directing financial strategy and operations.

**Other Vice Principals**

The organisation’s most senior executive roles charged with leading and directing curriculum, student experience, recruitment and marketing activities.

**Financial Regulations**

**GENERAL PROVISIONS**

1. **BACKGROUND**
   1. The School is a further education corporation created under the provisions of the Further and Higher Education Act 1992, as amended by the Education Act 2011. Its structure of governance is laid down in the instrument and articles of government. The School is accountable through its governing body, which has ultimate responsibility for the effectiveness of its management and administration.
   2. The School is an exempt charity by virtue of the Charities Act 2011
   3. The financial memorandum between the ESFA and the School sets out the terms and conditions on which grants are made for further education. The governing body is responsible for ensuring that conditions of grants are met. The School must adhere to the funding body’s audit code of practice which requires it to have sound systems of financial and management control and it the governing body’s responsibility to ensure that these are in place. The financial regulations of the School for part of this overall system of accountability.
2. **STATUS OF THE FINANCIAL REGULATIONS**
   1. This document sets out the School’s financial regulations. It translates into practical guidance to the School’s broad policies relating to financial control.  
      This document was approved by the governing body on 12th March 2021. It applies to the School and all its subsidiary undertakings.
   2. These financial regulations are subordinate to the School’s instruments and articles of government and to any restrictions contained within the School’s financial memorandum with the ESFA as the main funding body and the funding body’s audit code of practice, as well as any additional requirements from the OFS.
   3. The purpose of these financial regulations is to provide control over the totality of the School’s resources and provide management with assurances that the resources are being properly applied for the achievement of the School’s strategic plan and business objectives on a sustainable basis, including:  
      - Maintaining financial sustainability  
      - Achieving value for money  
      - Fulfilling its responsibility for the provision of effective financial controls over the use of public funds  
      - Ensuring that the School complies with all relevant legislation  
      - Safeguarding the assets of the School
   4. Compliance with the financial regulations is compulsory for all staff connected with the School. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the School’s disciplinary policy. Any such breach will be notified to the governing body through the Audit Committee. It is the responsibility of the Principalship Team to ensure that their staff are made aware of the existence and content of the School’s financial regulations.
   5. The Corporation Board is responsible for maintaining a continuous review of the financial regulations, through the Vice Principal (Resources) who will advise the governing body of any additions or changes necessary.
   6. In exceptional circumstances, the Principal may authorise a departure from the detailed provisions herein, such departure is to be discussed with the Chair and Head of Governance and reported to the governing body at the earliest opportunity.

**B CORPORATE GOVERNANCE**

1. **THE CORPORATION BOARD**
   1. The Corporation Board is responsible for overviewing the management and administration of the School. Its financial responsibilities are:  
      - Ensuring the solvency of the School and safeguarding the School’s assets  
      - Appointing, grading, suspending, dismissing and determining the pay and conditions of service of the principal and other senior post holders  
      - Setting a framework for pay and conditions of service of all other staff  
      - Ensuring that the financial, planning and other management controls, including controls against fraud and theft, applied by the School are appropriate and sufficient to safeguard public funds  
      - Approving the appointment of external auditors and an internal audit service where needed  
      - Securing the efficient, economical and effective management of all the School’s resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the School is not put at risk  
      - Ensuring that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution  
      - Planning and conducting 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  
      - Approving an annual budget before the start of each financial year  
      - Determining tuition fees  
      - Ensuring that the School complies with the funding body’s audit code of practice  
      - Approving the School’s strategic plan  
      - Approving the annual financial statements.
2. **THE PRINCIPAL (ACCOUNTING OFFICER)**  
   The Principal is the School’s designated accounting officer and is responsible for ensuring the financial administration of the School’s affairs in accordance with the financial memorandum with the funding body. As the designated officer, the Principal may be required to justify any of the School’s financial matters to the Public Accounts Committee at the House of Commons.  
   In particular, the articles of government 3. (2). (c) charge the Principal with responsibility:  
     
   *...for preparing annual estimates of income and expenditure, for consideration and approval by the governing body, and for the management of budget and resources, within the estimates approved by the governing body*.  
     
   The Principal 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 the financial forecasts submitted to the funding bodies.  
     
   In pursuit of urgent operational requirements, the Principal shall have the power to waive financial procedures associated with the financial regulations but shall inform the Vice Principal (Resources) of such instances in order to ensure that appropriate accounting records are maintained and that the Audit Committee are updated when items are in excess on £50,000.  
     
   The Principal may delegate his authorising powers to the Vice Principal (Resources) or other members of the senior management team in his absence but shall specify the nature and extent of such powers as set out in the governor approved Scheme of Delegation.
3. **COMMITTEE STRUCTURE**
   1. The **Corporation Board** has responsibility for the School’s finances.
   2. **Audit Committee**Further and higher education Colleges are required by their financial memorandum with the funding body and by the funding body’s audit code of practice to appoint an Audit Committee.
   3. **Finance Committee**Further and higher education Colleges are required by the Department for Education to have a finance committee to review a college’s financial affairs. As a minimum 2 of the independent governors sitting on the committee should be qualified accounts
   4. **Remuneration Committee**Consideration of senior post-holder’s pay and conditions is the responsibility of the remuneration committee. It has the power to make recommendations to the governing body on their remuneration, including pay and other benefits, as well as contractual arrangements.
   5. **Capital Programme Group**  
      This committee operates to ensure that major capital projects being undertaken are managed both in terms of finance and risk. A minimum of 2 of the independent governors are required to sit on this committee which acts with delegated authority from the Corporation Board.
4. **OTHER SENIOR MANAGERS WITH FINANCIAL RESPONSIBILITY**
   1. **Vice Principal – Resources**Day-to-day financial administration is controlled by the Vice Principal (Resources) who is responsible to the Principal 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 School’s annual accounts and other financial statements and accounts which the School is required to submit to other authorities  
      - Ensuring that the School maintains satisfactory financial systems and controls  
      - 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  
        
      In pursuit of urgent operational requirements, the Vice Principal (Resources) shall have the power to waive financial procedures associated with the financial regulations but shall seek prior approval from the Principal in significant instances and in any instance that involves payments to staff or external parties. Instances must be reported to the Audit Committee.  
        
      The Vice Principal (Resources) shall be responsible for the production of financial reports and management information and the appraisal of the financial implications of new policies and changes to policies as directed by the Principal and the Corporation Board
   2. **Vice Principals**The Vice Principals are responsible to the Principal for financial management for the areas or activities they control. They are advised by the Vice Principal (Resources) in executing their financial duties. The Vice Principal (Resources) will also supervise and approve the financial systems operating within their departments including the form in which accounts and financial records are kept. The Vice Principals are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.  
        
      Where resources are devolved to budget holders, they are accountable to their Vice Principal for their own budget.  
        
      The Vice Principals shall provide the Vice Principal (Resources) with such information as may be required to enable:  
      - Compilation of the School’s financial statements  
      - Implementation of financial planning  
      - Implementation of audit and financial reviews, projects and value for money studies.
   3. **All members of staff**All members of staff should be aware and have a general responsibility for the security of the School’s property, for avoiding loss and for due economy in the use of resources.  
        
      They should ensure that are aware of the School’s financial authority limits (see 18.2) and the values of purchases for which quotations and tenders are required (see 18.6).  
        
      They shall make available any relevant records or information to the Vice Principal (Resources) or his or her authorised representative in connection with the implementation of the School’s financial policies, these financial regulations and the system of financial control.  
        
      They shall provide the Vice Principal (Resources) with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the governing body.  
        
      They shall immediately notify the Vice Principal (Resources) whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the School. The Vice Principal (Resources) shall take such steps as he or she considers necessary by way of investigation and report to the Corporation Board.
5. **RISK MANAGEMENT**
   1. Risk management can be defined as ‘coordinated activities to direct and control an organisation with regard to risk’. The School 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 by the School will be set out in a separate Risk Management Policy.
   2. The governing body has overall responsibility for ensuring there is a risk management policy and a common approach to the management of risk throughout the School through the development, implementation and embedding within the organisation of a formal, structured risk management process.  
      In line with this policy, the governing body requires that the risk management policy and supporting procedures include:  
      - the adoption of common terminology in relation to the definition of risk and risk management  
      - the establishment of School -wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis  
      - a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes (see above)  
      - a decision on the level of risk to be covered by insurance (see 22.1)  
      - detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas  
      - development of risk management and contingency plans for all significant risks, to include a designated ‘risk owner’ who will be responsible and accountable for managing the risk in question  
      - regular reporting to the governing body of all risks above established tolerance levels  
      - an annual review of the implementation of risk management arrangements; and   
      - the capability for independent verification.
6. **WHISTLE-BLOWING**
   1. 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 blow the whistle about crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment or breach of the financial regulations and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory. Normally, any concern about a workplace matter at the School should be raised with the relevant member of staff’s immediate line manager or head of department. However, the School recognises that because of the seriousness or sensitivity of some issues, together with the knowledge of whom the member of staff thinks may be involved, may make this difficult or impossible.
   2. A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, for example the Head of Governance. If the member of staff does not wish to raise the matter with the designated member of staff, or with the Principal or the Chair of the governing body, it may be raised with the Chair of the Audit Committee.
   3. The full procedure for whistleblowing is set out in the School’s separate whistleblowing policy, which is available on the staff online portal.
7. **CODE OF CONDUCT**
   1. The School is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee) which governing body members and members of staff at all levels are expected to observe. In addition, the School expects that staff at all levels will observe its code of conduct, contained in its detailed financial procedures, which covers:  
        
      - probity and propriety  
      - selflessness, objectivity and honesty  
      - relationships  
        
      Governing body members are also charity trustees and as such are subject to obligations imposed by charity law. Their dual role may introduce potential conflicts of interest which they will need to manage appropriately.
   2. Additionally, members of the governing body, Principalship or those involved in procurement are required to disclose interests in the School’s register of interests maintained by the Head of Governance. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly by contacting the Head of Governance.
   3. In particular, no person shall be a signatory to a School contract where he or she also has an interest in the activities of the other party.
   4. **Receiving gifts or hospitality**  
      The Bribery Act 2010 came into force on 1 July 2011. The Act introduced new offences for acts of bribery by individuals, or persons associated with relevant organisations. The penalties are severe for any employee convicted under the Act, which could mean a criminal record with ten years’ imprisonment and unlimited fines. The School’s anti-bribery policy statement can be found in the appendices.  
        
      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 School would be likely to provide in return.  
        
      When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from a Vice Principal. For the protection of those involved, the Vice Principal (Resources) will maintain a register of gifts and hospitality received where the value is in excess of £25. Members of staff in receipt of such gifts or hospitality are obliged to notify the Vice Principal (Resources) promptly.

Where gifts have been made to the School they should be declared and will added to the fixed assets register by the Finance Team.

**C FINANCIAL MANAGEMENT AND CONTROL**

1. **FINANCIAL PLANNING**
   1. The Vice Principal (Resources) is responsible for preparing annually a rolling three- year financial plan for approval by Corporation Board and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans and estates strategy approved by the governing body.
   2. **Budget objectives**The governing body will, from time to time, set budget objectives for the School. These will help the Vice Principal (Resources) in preparing his or her more detailed financial plans for the School. These objectives may be in addition to any requested or required from the ESFA, OFS or FE Commissioner.
   3. **Resource allocation**Resources are allocated annually by the governing body and on the basis of the above objectives. Vice Principals are responsible for the economic, effective and efficient use of resources allocated to them.
   4. **Budget preparation**The Vice Principal (Resources) is responsible for preparing each year an annual revenue budget and capital programme for consideration and approval by the governing body. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Vice Principal (Resources) must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to heads of department as soon as possible following their approval by the governing body.  
        
      The Vice Principal (Resources) is responsible for undertaking a mid-year review and submitting a revised budget to the Corporation Board for approval.
   5. **Capital programmes**The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the School’s financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the governing body.  
        
      The School has appointed a Capital Programme Group to oversee large capital projects such as land purchases and construction projects. The Corporation Board has delegated to the Capital Programme Group oversight of the delivery of the capital programme of the School. It will make such decisions as necessary to achieve this on behalf of the Corporation Board with the Boards full delegated authority with the exception of decisions relating to the acquisition of land and buildings, the granting of security and the approval of borrowing arrangements.  
        
      The Vice Principal (Resources) will establish protocols for the inclusion of smaller capital projects and purchases in the capital programme for approval by the governing body as part of the budgeting and forecasting process. 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. Any material variations will need to be reported to the governing body as part of the established financial reporting process.  
        
      The Vice Principal (Resources) is responsible for providing regular statements concerning all capital expenditure to the Corporation Board for monitoring purposes.  
        
      Following completion of any significant capital projects, a post-project evaluation or final report should be submitted to the Corporation 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 relevant funding body, as laid down in funding body guidelines.
   6. **Other major developments including overseas activity**Any new aspect of business, or proposed establishment of a company or joint venture or overseas activity, which will require an investment in buildings, resources or staff time of more than £50,000 should be presented to the Corporation Board. The School must have due regard to the relevant guidelines issued by the funding body.  
        
      The Vice Principal (Resources) will establish protocols for these major developments to enable them to be considered for approval by the governing body. These will set out the information that is required for each proposed development including a business plan, using a risk-based approach and covering risk and accountability issues, as well as the financial criteria that they are required to meet.
2. **FINANCIAL CONTROL**
   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-today monitoring is undertaken effectively. Budget holders are responsible to their Vice Principal for the income and expenditure appropriate to their budget.  
        
      Significant departures from agreed budgetary targets must be reported immediately to the Vice Principal (Resources) and Principal by the budget holder or Vice Principal concerned, and, if necessary, corrective action taken. Where the departure is to introduce a new post prior approval of the Principal must be sought before any action is taken.
   2. **Financial Information**The budget holders are assisted in their duties by management information provided by the Vice Principal (Resources). These reports should be completed on a timely basis and be in a format that can easily be understood by budget holders.  
        
      The Vice Principal (Resources) is responsible for supplying budgetary reports on all aspects of the School’s finances to Corporation Board on a basis determined by the Corporation Board but subject to any specific requirements of the funding body.
   3. **Changes to the approved budget**Changes proposed to the approved budget will be considered by the Corporation Board unless they fall within the delegated approval arrangements:  
      - Principal £50,000
   4. **Virement**Where a budget holder is responsible for more than one budget, virement is permitted of up to 10% of the budget from which virement is sought, with the written approval of the relevant Vice Principal  
        
      Virement between budgets held by different budget holders is permitted up to 10% of the budget from which virement is sought with the written approval of the transferring budget holder and the relevant Vice Principal(s).  
        
      The Vice Principal (Resources) is responsible for submitting requests for virement of resources of greater than £50,000 to the Corporation Board for approval.
   5. **Treatment of year-end balances**At the year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year unless the Corporation Board has approved a specific scheme for carrying forward all or part of unspent amounts.
   6. **Deficits**In pursuit of longer-term objectives, the School may incur an operating deficit in the Income and Expenditure Account in any one year but subject to the following

* that the deficit is covered by reserves i.e. the School does not become technically insolvent. This excludes FRS102 actuarial adjustments relating to pensions
* That where such reserves are insufficient to cover the deficit, a deficit will be incurred in not more than two consecutive years. A deficit of less that £50,000 will not be considered for these purposes.
* Subject to agreement with the ESFA who oversee the financial viability or otherwise of further education colleges

1. **ACCOUNTING ARRANGEMENTS**
   1. **Financial year**The School’s financial year will run from 1 August until 31 July the following year.
   2. **Basis of accounting**The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.
   3. **Format of the financial statements**The financial statements are prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, subject to any specific requirements of the funding body, and in accordance with the provisions of the Companies Act 1985, if that is appropriate.
   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 life. Land will not be depreciated.  
        
      Works of art and other valuable artefacts (heritage assets) valued over £1,000 are capitalised and recognised at the cost or value of the acquisition where the cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.  
        
      Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building is increased as a result.  
        
      Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £1,000 or more. Grouped items (e.g. a suite of computers) with an individual value of less than £1,000, but a group value of £1,000 or more, will be capitalised where appropriate. Capitalised assets other than land and buildings will be depreciated over a period of 5 years commencing in the year of acquisition.
   5. **Accounting records**The Vice Principal (Resources) is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities.  
      Prime documents include:  
      - purchase orders  
      - invoices  
      - accounts raised  
      - bank statements  
      - copies of receipts  
      - raised cheques  
      - payroll records  
        
      The Vice Principal (Resources) will make appropriate arrangements for the retention of electronic records.  
        
      The School is required by law to retain prime documents for seven years. Please refer to the School’s GDPR policy on retention of other records. Funders may require longer periods of document retention for audit purposes and these should be outlined in any funding agreement that has been entered into. All members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations.
   6. **Public access**  
      Under the terms of the ESFA financial memorandum/funding agreement, the governing body is required to supply any person with a copy of the School’s most recent financial statements within two months of a request. The School will make its financial statements available for public use via its website.
   7. **Taxation**The Vice Principal (Resources) is responsible for advising on all taxation issues, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to the School. Therefore, the chief financial officer 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 (Resources) is responsible for maintaining the School’s tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
2. **AUDIT REQUIREMENTS**
   1. **General**External auditors and internal auditors shall have authority to:  
      - access School premises at reasonable times  
      - access all assets, records, documents and correspondence relating to any financial and other transactions of the School  
      - require and receive such explanations as are necessary concerning any matter under examination  
      - require any employee of the School to account for cash, stores or any other School property under his or her control  
      - access records belonging to third parties, such as contractors, when required.  
        
      The Vice Principal (Resources) is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.  
        
      The financial statements should be reviewed by the Audit Committee. On the recommendation of this committee, they will be submitted to the Corporation Board for approval.
   2. **External audit**The external auditors must be reappointed annually by the governing body. The governing body will be advised by the Audit Committee. It is good practice for a competitive tendering exercise to be held at regular intervals, at least every five years.  
        
      The primary role of external audit is to report on the School’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. They will also report on the financial sustainability of the School through their opinion as to whether the school can be considered a going concern. Their duties will be in accordance with advice set out in the funding body’s audit code of practice and the Auditing Practices Board’s statements of auditing standards.  
        
      In addition, the ESFA will appoint separate auditors from time to time to carry out an external audit of the School’s Individualised Learner Record return. The primary role of this audit is to give assurance to the funding body that the School’s funding is accurate within certain agreed tolerances. This work will also help the external auditors of the School in their work on the income elements of the financial statements.
   3. **Internal audit**There is no legal requirement for an internal audit service but it is considered best practice to engage specialist services to determine whether the systems and processes of the School are effective or in need of improvement. The internal auditor is appointed by the governing body on the recommendation of the Audit Committee.  
        
      The School’s financial memorandum with the funding body requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the funding body’s audit code of practice. The main responsibility of internal audit is to provide the governing body, the principal and senior management with assurances on the adequacy of the internal control system.  
        
      The internal audit service remains independent in its planning and operation but has direct access to the governing body, the Principal and the Chair of the Audit Committee.
   4. **Fraud and corruption**It is the duty of all members of staff, management and the governing body to notify the Vice Principal (Resources) immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. The School’s fraud policy statement is included in the appendices.  
        
      The Vice Principal (Resources) shall immediately invoke the fraud response plan, which incorporates the following key elements (see the appendices for further details):  
        
      - He or she will notify the Principal and the Audit 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 Principal 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 funding body and the Office for Students in accordance with its requirements as set out in the audit code of practice.  
        
      - The Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate.  
        
      - The internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such report shall include advice on preventative measures.  
        
      - If the suspected fraud is thought to involve the Vice Principal (Resources) and/or the Principal, the member of staff shall notify the chair of the Audit Committee direct of his or her concerns regarding irregularities.
   5. **Value for money**It is a requirement of the financial memorandum that the governing body of the School 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 funding body, the National Audit office, the Public Accounts Committee or other relevant bodies.  
        
      Internal audit is to have regard to value for money in its programme of work. This will be used to enable the Audit Committee to refer to value for money in its annual report.
   6. **Other auditors**The School may, from time to time, be subject to audit or investigation by external bodies such as the funding body, the National Audit office, HM Revenue & Customs. They have the same rights of access as external and internal auditors.

1. **TREASURY MANAGEMENT**
   1. **Treasury management policy**The Corporation Board is responsible for approving a treasury management policy statement (which is attached in Appendix F) setting out a strategy and policies for cash management, long-term investments and financing. This will require compliance with the HM Treasury publication ‘Managing Public Money’. The Corporation Board has a responsibility to ensure implementation, monitoring and review of such policies.  
        
      All executive decisions concerning cash management, investment or financing (within policy parameters) shall be delegated to the Vice Principal (Resources) and an appropriate reporting system set up.  
        
      The Vice Principal (Resources) will report to the Corporation Board on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him.
   2. **Appointment of bankers and other professional advisers**The Corporation Board is responsible for the appointment of the School’s bankers and other professional financial advisers (such as investment managers) on the recommendation of the Principal and Vice Principal (Resources). The appointment shall be for a specified period after which consideration shall be given by the Corporation Board to competitively tendering the service.
   3. **Banking arrangements**The Vice Principal (Resources) is responsible, on behalf of Corporation Board, for liaising with the School’s bankers in relation to the School’s bank accounts.  
        
      Only the Vice Principal (Resources) may open or close a bank account for dealing with the School’s funds. All bank accounts shall be in the name of the School or one of its subsidiary companies.  
        
      All automated transfers on behalf of the School, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Corporation Board. Details of authorised persons and limits shall be provided for in the School’s detailed financial procedures (see 18.2).  
        
      The Vice Principal (Resources) is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.
2. **INCOME**
   1. **General**The Vice Principal (Resources) is responsible for ensuring that appropriate procedures are in operation to enable the School 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 (Resources).  
        
      Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Corporation Board.   
        
      The Vice Principal (Resources) is responsible for the prompt collection, security and banking of all income received.  
        
      The Vice Principal (Resources) is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the School’s accounts.  
        
      The Vice Principal (Resources) is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.
   2. **Maximisation of income**It is the responsibility of all staff to ensure that revenue to the School 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 (Resources) of sums due so that collection can be initiated.
   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 passed to the Finance Team promptly. The custody and transit of all monies received must comply with the requirements of the School’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 School.  
        
      **Receipts by credit or debit card**The School can receive payments by debit or credit card over the telephone or cash office counter using merchant terminals provided by the School’s banker.  
        
      These terminals support primary account number (PAN) truncation where the card number is partially obscured on the customer receipt. A copy of the receipt should be retained to support evidence of payment.  
        
      In operating this facility, the School is bound to the Payment Card Industry Data Security Standard (PCI DSS), which is designed to ensure cardholder information is stored, processed and transmitted securely.  
        
      The Vice Principal (Resources) is responsible for ensuring the School maintains PCI DSS compliance, which is monitored by the bank’s merchant services unit.  
        
      **Internet receipts**  
      The School offers an online payment facility to students for secure payment of tuition fees/other costs associated with their studies and to the general public for some other types of service.  
        
      Access is via secure login through the School portal or approved in-house website. Once a successful payment has been made, a receipt will be generated electronically to the email address specified when lodging the cardholder details. The receipt should be retained to support evidence of payment.  
        
      In operating this facility the School is subject to continuous risk assessment and annual review by the external service provider. Where these facilities are used outside the finance office, it is the head of school’s/service director’s responsibility to ensure all terms of use are complied with.
   4. **Collection of debts**The Vice Principal (Resources) should ensure that:  
      - debtors invoices are raised promptly on official invoices, in respect of all income due to the School  
      - 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 to collect overdue debts, in accordance with the protocols noted in the financial procedures  
      - outstanding debts are monitored and reports prepared for management.  
        
      Only the Vice Principal (Resources) 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 £1,000 must be referred in writing to the Principal for submission to the Corporation Board for consideration. Debts below this level may be written off with the permission of the Vice Principal (Resources).  
        
      The requirements of the School’s articles of government should be considered.
   5. **Student fees**The procedures for collecting tuition and residence fees must be approved by the Vice Principal (Resources). He or she is responsible for ensuring that all student fees due to the School are received.  
        
      Any student who has not paid an account for fees or any other item owing to the School shall be prevented from re-enrolling at the School and from using any of the School’s facilities unless appropriate arrangements have been made.
   6. **Refunds**The School seeks to minimise the opportunities for money laundering in accordance with the Money Laundering Regulations 2007. Where refunds are required, they should be made to the original payer and follow the method by which the money was received. For further information see the School’s policy on bribery and money laundering (see Appendix A).
   7. **Student loans**Appropriate records will be maintained to support all transactions involving student loans.
   8. **Emergency/hardship loan**The School’s scheme for emergency/hardship loans is administered by Student Services and follows national guidelines. 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 (Resources) 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 not been paid.
3. **OTHER INCOME GENERATING ACTIVITY**
   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 a Vice Principal (and in the case of a Vice Principal, the Principal)  
      - applications for permission to undertake work as a purely private activity must be submitted to a Vice Principal or the Principal, as appropriate, and include the following information:  
      - the name of the member(s) of staff concerned  
      - title of the project and a brief description of the work involved  
      - the proposed start date and duration of the work  
      - full details of any School resources required (for the calculation of the full economic cost)  
      - an undertaking that the work will not interfere with the teaching and normal School duties of the member(s) of staff concerned.
   2. **Short courses and services rendered**In this context a short course is any course that does not form part of the award- bearing teaching load of the department.  
        
      Any staff wishing to run a short course must have the permission of the Principalship Team. The course organiser will be responsible to the relevant Vice Principal (depending whether the course is further or higher education) for day-to-day management of the course.
   3. **Collaborative provision including franchising**Any contract or arrangement whereby the School provides education to students away from School premises, or with the assistance of persons other than the School’s own staff or with independent contractors (partner organisations), must be subject to the following procedure.  
        
      There shall be a contract signed by the Principal and on behalf of any partner organisation that shall comply with the funding body model contract (as amended from time to time) in place before any provision is made. Contracts for significant changes in franchising activity shall be approved in advance by the governing body.  
        
      The form of the contract shall be scrutinised in advance of its operation by the Audit Committee and approved by the governing body.  
        
      The impact of the contract(s) shall be subject to scrutiny by the governing body. The format for regular reports shall be as stated in funding body guidance. They shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the School’s financial forecast  
        
      Where the partnership would represent a significant departure from the School’s strategic plan, the governing body shall approve the departure, and the Principal shall seek the views of and inform the funding body.
   4. **Match Funded projects**Any such projects require the approval of the Vice Principal (Resources) prior to any commitment being entered into. Such approval shall be dependent upon the relevant Vice Principal being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the School’s costing and pricing policy.  
        
      Individual applications for funds in excess of £20,00 shall be the subject of a report by the Principal to the governing body which will set out, among other things, the potential risks generated by the project  
        
      If the School sub-contracts such work to external providers, the relevant Vice Principal shall ensure that:  
      - this is on the basis of a written contract which allows for full audit access to detailed records  
      - appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality  
      - payments are only made against detailed invoices.
   5. **Profitability and recovery of overheads**All other income-generating activities must be self-financing or surplus generating unless it is intended that a new course be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the relevant Vice Principal and the Vice Principal (Resources).  
        
      Other income-generating activities organised by members of staff must be costed and agreed with the Vice Principal (Resources) before any commitments are made. Provision must be made for charging both direct and indirect costs in accordance with the School’s costing and pricing policy, in particular for the recovery of overheads.
   6. **Deficits**Any unplanned deficits incurred on other income-generating activities will be a charge to the relevant department.
   7. **Additional contributions to departments**Distribution of profits on other income-generating activity will be determined between those departments concerned and the Finance Department.
   8. **Additional payments to staff**Any proposal which involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by a Vice Principal, and in the case of a Vice Principal, the Principal.
4. **INTELLECTUAL PROPERTY RIGHTS AND PATENTS**
   1. **General**Certain activities undertaken within the School including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property.
   2. **Patents**Should this become relevant the Corporation Board is responsible for establishing procedures to deal with any patents accruing to the School from inventions and discoveries made by staff in the course of their research.
   3. **Intellectual property rights**In the event of the School 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 School and contained in the School’s detailed financial procedures.
5. **EXPENDITURE**
   1. **General**  
      The Vice Principal (Resources) is responsible for making payments to suppliers of goods and services to the School.
   2. **Scheme of delegation/financial authorities**The Vice Principals are responsible for purchases within their 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 Vice Principal (Resources) shall maintain a register of authorised signatories and budget holders must supply him with specimen signatures of those authorised to certify invoices for payment (for paper-based systems)  
        
      Under procedures agreed by the Vice Principal (Resources), central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits (for electronic systems).  
        
      Any changes to the authorities to commit expenditure must be notified to the Vice Principal (Resources) immediately.  
        
      Vice Principals and budget holders are not authorised to commit the School to expenditure without clarifying that there are budgeted funds to meet the purchase cost.  
        
      The budget holder is the member of staff responsible for signing the purchase order form.  
        
      Expenditure on a single item in excess of £10,000 shall require the approval of the Vice Principal (Resources). Expenditure on items in excess of £50,000 that are outside of the approved budget shall require the approval of the Corporation Board.
   3. **Procurement**The School 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 equality legislation, and in accordance with sound business practice, considering framework agreements as appropriate. Factors to be considered in determining lowest cost are noted in the financial procedures.  
        
      The purchasing function is the responsibility of the Vice Principal (Resources). It will:  
        
      - provide advice on matters of School purchasing policy and practice  
      - provide advice to and assist departments where required on specific departmental purchases  
      - develop appropriate standing supply arrangements on behalf of the School to assist budget holders in meeting their value for money obligations  
      - vet all orders above £10,000 before they leave the School  
      - draft and negotiate all large-scale purchase contracts (generally in excess of £10,000) undertaken by the School, in collaboration with the responsible department  
      - ensure that the School complies with Public Contracts Regulations and associated guidance.
   4. **Purchase orders**Official School orders must be placed for the purchase of all goods or services, except those made using purchasing cards, company credit cards or petty cash. In exceptional circumstances, urgent orders may be given orally but must be confirmed by an official purchase order endorsed ‘confirmation order only’ not later than the following working day.  
        
      It is the responsibility of the Vice Principal (Resources) to ensure that all purchase orders refer to the School’s conditions of contract.

Failure of staff to adhere to follow the guidelines for purchasing goods and service can be considered a disciplinary offence.

* 1. **Purchasing cards, credit and debit card**The operation and control of the School’s purchasing cards, credit and debit cards are the responsibility of the Vice Principal (Resources). There will be appropriate oversight of the distribution of such cards and the associated card limits.  
       
     Holders of cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs. The Vice Principal (Resources) shall determine what information is required on purchases made with cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained. There should be appropriate segregation of duties, with those reviewing and reconciling cards not holding and using those cards
  2. **Tenders and quotations**Vice Principals and delegated budget holders must comply with the School’s tendering procedures, which are applicable as follows:  
     - under £2,500 the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained  
     - from £2,500 to £50,000 the budget holder shall be required to obtain at least three quotations  
     - over £50,000 all items will require three competitive tenders  
     - the award of contracts over £50,000 shall be reported to the Corporation Board.  
       
     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.  
       
     Only in the pursuit of urgent operational requirements can these procedures be circumvented. The Principal has the power to waive financial procedures up to £75,000 the Vice Principal (Resources) has to the power to waive financial procedures up to £50,000 in situations of urgency or lack of providers in the market. A tender and contract register will be kept recording these events and shall be held by the Vice Principal (Resources) for inspection by the Audit Committee and other relevant parties.  
       
     Every contract will comply with the Public Contracts Regulations and associated guidance. The Finance Team or Vice Principal (Resources) will advise and assist when this is applicable to any procurement exercise.
  3. **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 School’s tendering process.  
     In each case a statement of justification should be approved by the principal prior to the event showing:  
     - background to the procurement  
     - reasons for proposing post-tender negotiations  
     - demonstration of the improved value for money.  
       
     All post-tender negotiations should be reported to the governing body.
  4. **Contracts**Building contracts are the responsibility of the Corporation Board and are administered by the School’s Capital Programme Group for large projects or by the Vice Principal (Resources) in normal circumstances.  
       
     Proposals will normally be initiated by the Vice Principal (Resources) in respect of planned replacements, general improvement schemes, or space planning, or in response to requests from departments  
       
     Consultants may be appointed if the project, as determined by the Principalship Team, is too large or too specialised for School resources. Appointments shall be subject to tendering and other procedures where appropriate  
       
     Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Vice Principal (Resources) as appropriate for consideration. Investment appraisals should comply with appropriate funding body guidance.  
       
     Following consideration and approval by the governing body, submissions should be forwarded to the funding body where appropriate. If required agreement is secured from the funding body, funding body procedural rules should be followed. Funding body guidance on best practice should be followed even when funding body approval is not required.  
       
     The achievement of value for money will be an objective in the letting of all contracts.
  5. **Public Contracts Regulations and associated guidance**The Vice Principal (Resources) is responsible for ensuring the School complies with its legal obligations concerning Public Contracts Regulations. Public Contracts Regulations and associated guidance apply to written contracts for all forms of procurement, purchase or hire with a total value exceeding the relevant threshold value.  
       
     The Vice Principal (Resources) will advise Vice Principals on the thresholds that are currently in operation. A breach of these Public Contracts Regulations is actionable by a supplier or potential supplier.  
       
     It is the responsibility of the Vice Principals to ensure that their members of staff comply with Public Contracts Regulations by notifying the Vice Principal (Resources) 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 Contracts Finder and the Find a Tender notification service.  
       
     The Vice Principal (Resources) is also required annually to submit to the funding body details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by the Vice Principals to the Finance Team.  
       
     **Receipt of goods**All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.  
       
     All goods received shall be entered onto an appropriate goods received document or electronic receipting system on the day of receipt or relevant invoice signed off by budget holder. 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 School must be independent of those who negotiated prices and terms and placed the official order.
  6. **Payment of invoices**The procedures for making all payments shall be in a form specified by the Vice Principal (Resources).  
       
     The Vice Principal (Resources) is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer. In exceptional circumstances the Vice Principal (Resources) will authorise same day electronic payment by CHAPS for urgent payments.  
       
     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 to the finance department. Care must be taken to ensure that discounts receivable are obtained.  
       
     Payments will only be made by the Vice Principal (Resources) against invoices that can be matched to a receipted order or have been certified for payment by the appropriate head of department or budget holder.  
       
     Certification of an invoice or receipting of an electronic order will ensure that:  
     - the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory  
     - where appropriate, it is matched to the order  
     - invoice details (quantity, price discount) are correct  
     - the invoice is arithmetically correct  
     - the invoice has not previously been passed for payment  
     - where appropriate, an entry has been made on a stores record or departmental inventory  
     - an appropriate cost centre is quoted – this must be one of the cost centre codes included in the budget holder’s areas of responsibility and must correspond with the types of goods or service described on the invoice.
  7. **Staff reimbursement**The School’s purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasions, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see below).  
       
     Where such purchases by staff are planned, the Vice Principal (Resources) may approve cash advances to staff who are going to incur expenditure on the School’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.
  8. **Petty cash**Where a single item is for less than £20 it can be paid from petty cash. It must be supported by receipts or vouchers where available.  
       
     The Vice Principal (Resources) shall make available to departments via the Finance Team the funds necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash floats are kept to a minimum.  
       
     Requisitions for reimbursements must be sent to the Finance Team, together with appropriate receipts or vouchers, before the total amount held has been expended in order to retain a working balance pending receipt of the amount claimed.  
       
     The member of staff granted a float is personally responsible for its safe keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the School’s insurers when not in use and will be subject to periodic checks by the head of department or another person nominated by him or her.  
       
     Records must be kept of all transactions by all those responsible for holding of petty cash floats..  
       
     At the end of the financial year a reconciliation of the balances held should be completed by the member of staff responsible for the float.
  9. **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 (Resources), supported by detailed claims approved by the relevant Vice Principal.  
       
     Individual payments under ‘outward collaborative provision’ contracts shall be authorised by the Vice Principal (Resources). This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved under a scheme set out by the governing body.
  10. **Late payment rules**The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:  
      - small businesses can charge interest on overdue invoices  
      - interest is chargeable on sales made after 1 November 1998  
      - the rate of interest is currently 8% per annum above the official daily rate of the Bank of England  
      - the Act also applies to overseas organisations  
      - the School can be sued for non-payment.  
        
      In view of the penalties in this Act, the governing body requires that invoices must be passed for payment as soon as they are received.
  11. **Project advances**The Vice Principals may approve cash advances for projects carried out away from the School where cash expenditure may unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or a School credit card.  
        
      Receipts or paid invoices must 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 still outstanding.
  12. **Giving hospitality**Staff entertaining guests from outside bodies at lunch time should normally use the School’s catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement.  
        
      The limits concerning acceptable expenditure for entertaining guests are set out in the School’s travel and subsistence policy.  
        
      It is an offence under section 7 of the Bribery Act 2010 for commercial organisations to fail to prevent persons associated with them from bribing another person on their behalf.
  13. **Telecoms**The School will reimburse staff for the cost of necessary business calls made from a private home phone or personal mobile in performance of employment duties.  
        
      The School does not reimburse the cost of private line rental or broadband connections  
        
      The School provides mobile phones to a limited number of employees where there is a genuine business requirement to enable performance of employment duties.
  14. **Provision of clothing**Where clothing is provided to employees whose duties require them to wear a uniform, that clothing must bear a School logo. The logo must be permanent and clearly identify the wearer as a member of staff.
  15. **Payments to volunteers**It is the responsibility of the Vice Principals to ensure that payments made to volunteers are correctly administered. The School allows two types of payment from an approved budget:  
      - reimbursement of actual travel costs when fully supported by receipts  
      - a small gift or thank you payment as long as it is clearly a token of appreciation, not compensation, and there is no sense that those goods, vouchers or cash are expected in advance.

1. **PAY EXPENDITURE**
   1. **Remuneration policy**All School staff will be appointed to the salary scales approved by the Corporation Board and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources Department.  
        
      The Corporation Board will determine what other benefits, such as cars, medical and life insurance, are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available.  
        
      Salaries and other benefits for senior post-holders will be determined by the Remuneration Committee set up by the governing body.
   2. **Appointment of staff**All contracts of service shall be concluded in accordance with the School’s approved human resources practices and procedures and all offers of employment with the School shall be made in writing by the Head of HR & Organisational Development. Budget holders shall ensure that the Human Resources Department are provided promptly with all the information they may require in connection with the appointment, resignation or dismissal of employees. Senior post-holder vacancies should be advertised nationally.
   3. **Salaries and wages**The Vice Principal (Resources) is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All time sheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Vice Principal (Resources).  
        
      The Head of HR & Organisational Development will be responsible for keeping the Vice Principal (Resources) informed of all matters relating to human resources for payroll purposes. In particular these include:  
      - appointments, resignations, dismissals, supervisions, secondments and transfers  
      - absences from duty for sickness or other reason, apart from approved leave  
      - changes in remuneration other than normal increments and pay awards  
      - information necessary to maintain records of service for superannuation, income tax, and national insurance  
      - Visa checks where relevant in accordance with legislative requirements.  
        
      The Vice Principal (Resources) 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 (Resources) 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 School’s detailed payroll financial procedures and comply with HM Revenue & Customs regulations. Staff should be aware that the School could incur penalties for non-compliance with such regulations.
   4. **Superannuation schemes**The Corporation Board is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.  
        
      The Vice Principal (Resources) 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 School’s pension fund.  
        
      The Head of HR & Organisational Development is responsible for administering eligibility to pension arrangements and for informing the Vice Principal (Resources) when deductions should begin or cease for staff.
   5. **Expenses and allowances**The School has dispensation from HM Revenue & Customs to make payments to employees for certain specified items without deduction of income tax.  
        
      Reimbursement by the School of expenditure not included in the dispensation is subject to the deduction of income tax before payment.
   6. **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 (Resources)  
        
      Claims by members of staff must be authorised by their Vice Principal (or Principal in the case of Vice Principals). The certification by the Vice Principal shall be taken to mean that:  
      - the journeys were authorised  
      - the expenses were properly and necessarily incurred  
      - the allowances are properly payable by the School  
      - consideration has been given to value for money in choosing the mode of transport  
        
      Arrangements for travel by the Principal or members of the governing body shall be approved by the chair of the governing body. Arrangements for travel by the chair shall be approved by the Vice Principal (Resources).
   7. **Overseas Travel**In further education institutions, all arrangements for overseas travel for staff must be approved by the principal in advance of committing the institution to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the principal or members of the governing body shall be approved by the chair of the governing body.  
        
      Where spouses, partners or other persons unconnected with the institution intend to participate in a trip, this must be clearly identified in the approval request. The institution must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings
   8. **Allowances for members of the Corporation Board**Claims for members of the governing body will be authorised by the Head of Governance. Claims for meeting attendance will be based on out-of-pocket expenses, but only reasonable expenses can be reimbursed.
   9. **Severance and other non-recurring payments**Severance payments shall only be made in accordance with relevant legislation and funding body guidance and under a scheme approved by the Corporation Board. Professional advice should be obtained where necessary. Any non-contractual payments will need to be approved by Board or in exceptional circumstances can be approved by the Chair and Principal and reported to governors. All such payments, including partial redundancy payments shall be authorised by the Principal and calculations checked by the Head of HR & Organisational Development. In exceptional circumstances approval may be given by the Chair of the Corporation Board in consultation with the Principal for payments not in a scheme approved by the Corporation Board up to £25,000. Any such payment must be reported to the next meeting of the Corporation Board. Amounts paid should be declared in the financial statements.  
        
      All matters referred to an industrial tribunal shall be notified to the Corporation Board at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.
2. **ASSETS**
   1. **Land, buildings, fixed plant and machinery**The purchase, lease or rent of land or building or fixed plant can only be undertaken with authority from the governing body and with reference to funding body requirements where necessary. Projects of less than £50,000 over the life of the project can be incurred on the approval of both the Principal and the Vice Principal (Resources) and should be reported on a regular basis to the Corporation Board
   2. **Fixed asset register**The Vice Principal (Resources) is responsible for maintaining the School’s register of land, buildings, fixed plant and machinery. Budget Holders will provide the Vice Principal (Resources) with any information he or she may need to maintain the register.
   3. **Inventories**Budget Holders are responsible for maintaining inventories, in a form prescribed by the Vice Principal (Resources), for all plant, equipment, furniture and stores in their departments with a value in excess of £1,000. The inventory must include items donated or held on trust.  
        
      Inventories must be checked at least annually as described in the School’s detailed financial procedures.  
        
      When transferring equipment, etc., between departments, a transfer record must be kept and the inventories amended accordingly.
   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 (Resources).  
        
      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 (Resources)..
   5. **Safeguarding assets**Budget Holders are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the Vice Principal (Resources) 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 School shall, so far as is practical, be effectively marked to identify them as School property.
   6. **Personal use**Assets owned or leased by the School shall not be subject to personal use without proper authorisation from the relevant Vice Principal.
   7. **Asset disposal**Disposal of equipment and furniture must be in accordance with procedures produced by the Finance Team.  
        
      Disposal of land and buildings must only take place with the authorisation of the governing body. Funding body consent may also be required if specifically awarded funds were involved in the acquisition of the asset.
   8. **All other assets**Budget Holders are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the School, whether tangible (such as stock – see above) or intangible (such as intellectual property – see above), including electronic data.
3. **FUNDS HELD ON TRUST**
   1. **General**The Vice Principal (Resources) is responsible for ensuring that incoming funds are properly classified and designated as appropriate.
   2. **Gifts, benefactions and donations**The Vice Principal (Resources) is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the School and initiating claims for recovery of tax where appropriate.
   3. **Student welfare and access funds**The Vice Principal (Resources) will prescribe the format for recording the use of student welfare funds.  
        
      Records of welfare funds will be maintained according to funding body requirements.
   4. **Trust funds**The Vice Principal (Resources) is responsible for maintaining a record of the requirements for each trust fund and for advising the governing body committee on the control and investment of fund balances.  
        
      The Corporation Board is responsible for ensuring that all the School’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.
   5. **Voluntary funds**The Vice Principal (Resources) shall be informed of any fund, not being an official fund of the School, which is controlled wholly or in part by a member of staff in relation to their function in the School.  
        
      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 (Resources) shall be entitled to verify that this has been done.
   6. **Donation of equity shares**When shares are offered by a donor, the Finance Department is responsible for the same due diligence they would normally undertake for a donation of cash. In addition, they should ensure:  
      - the donor is the rightful owner of the donated shares  
      - the company holding the shares complies with the School’s ethical policies.  
      - At the time of the donation, the development office should obtain in writing the purpose of the donation. All share certificates should be held in the safe.
4. **OTHER**
   1. **Insurance**The Vice Principal (Resources) is responsible for the School’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 have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities such as terrorism 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 annually.  
        
      The Vice Principal (Resources) is responsible for effecting insurance cover. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Vice Principal (Resources) will keep a register of all insurances effected by the School and the property and risks covered. He or she will also deal with the School’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 School may be exposed. The Vice Principal (Resources)’s advice should be sought to ensure that this is the case. Budget Holders must give prompt notification to the chief financial officer of any potential new risks, additional property and equipment that may require insurance and any alterations affecting existing risks. Vice Principals must advise the Vice Principal (Resources), immediately, of any event that may give rise to an insurance claim. The Vice Principal (Resources) will notify the School’s insurers and, if appropriate, prepare a claim in conjunction with the head of department for transmission to the insurers.  
        
      The Vice Principal (Resources) 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 School shall maintain appropriate insurance cover for business use.
   2. **Companies, joint ventures and consortium arrangements**In certain circumstances it may be advantageous to the School to establish a company or a joint venture or consortium arrangement to undertake services on behalf of the School. Any member of staff considering the use of such arrangements should first seek the advice of the Vice Principal (Resources), who should have due regard to guidance issued by the funding body.  
        
      It is the responsibility of the governing body to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the School. These and other arrangements will be set out in a memorandum of understanding where necessary.  
        
      The directors of companies where the School 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 committee to assess the risk to the School. The School’s internal and external auditors shall also be appointed to such companies.  
        
      Where the School is the majority shareholder in a company, the funding body requires that the company’s financial year must be consistent with that of the School.
   3. **Security**Keys to safes or other similar containers must be kept securely at all times. The loss of such keys must be reported to the Vice Principal (Resources) immediately.  
        
      An officer shall be responsible for maintaining proper security and privacy of information held on the School’s computer network. Appropriate levels of security will be provided, such as passwords for networked PCs, together with restricted physical access to network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.  
        
      The Vice Principal (Resources) is responsible for the safekeeping of official and legal documents relating to the School. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Vice Principal (Resources). All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.
   4. **Students’ Union**The students’ union is a constituent part of the School and as such is responsible to the governing body.  
        
      Subject to any constraints imposed by the funding body, the governing body shall determine the level of budget available to the students’ union and approve their budget for the year.  
        
      Should the affairs of the students’ union require it, the students’ union is responsible for setting up and maintaining its own bank account and financial records and for preparing its own annual financial statements. Where this is the case, in accordance with an agreement between the School and the students’ union, the union will provide monthly statements of income and expenditure to the Vice Principal (Resources) promptly to enable them to ensure that financial controls are in place.  
        
      At year end students’ union accounts, should they are prepared, will be audited by a firm of auditors approved by the School and will be presented to the Audit Committee for information.  
        
      In accordance with an agreement between the School and the students’ union, the School’s internal auditor shall have access to records, assets and personnel within the students’ union in the same way as in other areas of the School.
   5. **Use of the School’s seal**The Head of Governance is responsible for submitting a report to each meeting of the governing body detailing the use of the School’s seal since the last meeting.
   6. **Provision of indemnities**Any member of staff asked to give an indemnity, for whatever purpose, should consult the Vice Principal (Resources) before any such indemnity is given.

**23 APPENDICIES**

Appendix A Anti-Bribery Policy and Procedures

Appendix B Fraud Policy Statement

Appendix C Procedure for fraud prevention, detection and investigation

Appendix D Fraud response plan

**Appendix A**

**Anti-Bribery policy and procedures**

Briefing from the CIPFA Better governance Forum

This paper provides a template anti-bribery policy and procedure

**Policy Statement – Anti-Bribery**

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

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

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

**Objective of this policy**

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

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

- act honestly and with integrity at all times and to safeguard the organisation’s resources for which they are responsible

- comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the organisation operates, in respect of the lawful and responsible conduct of activities.

**Scope of this policy**

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

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

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

**This organisation’s commitment to action**

This organisation commits to:

- setting out a clear anti-bribery policy and keeping it up to date

- making all employees aware of their responsibilities to adhere strictly to this policy at all times

- training all employees so that they can recognise and avoid the use of bribery by themselves and others

- encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately

- rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution

- taking firm and vigorous action against any individual(s) involved in bribery

- provide information to all employees to report breaches and suspected breaches of this policy

- include appropriate clauses in contacts to prevent bribery.

**Bribery**

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

**The Bribery Act**

There are four key offences under the Act:

- bribery of another person (section 1)

- accepting a bribe (section 2)

- Bribing a foreign official (section 6)

- failing to prevent bribery (section 7).

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

**Are we a ‘commercial organisation’?**

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

***We are a ‘commercial organisation’.***

**What are ‘adequate procedures’?**

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

**Proportionate procedures**

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

**Top-level commitment**

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

**Risk assessment**

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

**Due diligence**

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

**Communication (including training)**

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

**Monitoring and review**

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

This organisation is committed to proportional implementation of these principles.

**Penalties**

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

- on conviction in a magistrate’s court, to imprisonment for a maximum term of 12 months

(six months in Northern Ireland), or to a fine not exceeding £5,000, or to both

- on conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both.

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

**Bribery is not tolerated**

It is unacceptable to:

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

**Facilitation payments**

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

**Gifts and hospitability**

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

* no gift or hospitality is to be offered or accepted
* nominal gifts and hospitality up to a financial value of £25 are acceptable
* reasonable, proportionate gifts and hospitality made in good faith and that are not lavish are acceptable.

**Staff responsibilities**

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

You must:

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

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

**Raising a concern**

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

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

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

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

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

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

If you have any questions about these procedures, please contact the Vice Principal (Resources).

**Other relevant policies**

Fraud and corruption policy

Anti-money-laundering policy

Whistleblowing policy

Gifts and hospitality policy

**Useful links**

**CIPFA Better governance Forum**

www.cipfanetworks.net/governance

**Bribery Act 2010**

www.legislation.gov.uk/ukpga/2010/23/contents

**Bribery Act guidance**

www.cipfanetworks.net/fileupload/upload/briberyact2010guidance142011261754.pdf

**Bribery Act Quick Start guide**

www.cipfanetworks.net/fileupload/upload/briberyact2010quickstartguide142011271739.pdf

**Joint Prosecution guidance of the Director of the Serious Fraud Office and the Director of Public** **Prosecutions** www.cipfanetworks.net/fileupload/upload/BRIBERY%20ACT%202010%20JoINT%20

PRoSECUTIoN%20GUIDANCE142011281730.pdf

**National Fraud Authority**

www.gov.uk/government/organisations/national-fraud-authority

**Transparency International Uk**

www.transparency.org.uk

**Public Concern at Work**

www.pcaw.org.uk

**Department for Work & Pensions (Blowing the Whistle to a Prescribed Person)**

www.gov.uk/government/publications/blowing-the-whistle-to-a-prescribed-person

This briefing was produced by the CIPFA Better Governance Forum, with particular thanks to all those individuals and organisations that commented and contributed.

**Appendix B**

**Fraud Policy Statement**

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

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

All members of staff have a responsibility to protect the assets and reputation of the School and are expected to be alert to the potential for fraud. Line managers should brief staff on the common types of fraud perpetrated in their areas of responsibility.

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

* HR Manager (chair)
* Internal Auditor
* Vice Principal (Resources)

Further information for staff on reporting fraud and their role in the prevention and detection of fraud is provided in the School’s policy for fraud prevention, detection and investigation.

**Appendix C**

**Procedure for fraud prevention, detection and investigation**

**Introduction**

The School’s procedure for fraud prevention, detection and investigation is set out below. The objectives of the procedure are to:

* encourage staff to be aware of fraud
* bring suspected fraud to notice
* provide a framework response plan for investigating and reporting fraud
* Ensure that both alleged and proven fraud are dealt with in a consistent and timely manner.

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

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

**Fraud Prevention**

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

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

**Management responsibility for risk management**

The prime responsibility for preventing fraud lies with management through:

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

However, while managers are responsible for assessing and controlling the level of risk within their areas of authority, it is the responsibility of all staff to be aware of fraud and to take the necessary steps to minimise risk to the School. Managing the risk of fraud is the same in principle as any other business risk. It is best approached systematically both at organisational and at operational level. Managers should identify risk areas, assess the scale of risk, allocate responsibility for managing specific risks and implement and test controls to minimise the risks.

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

**Internal controls**

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

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

**Management checks**

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

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

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

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

**Staff training**

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

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

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

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

**Fraud detection**

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

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

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

**Appendix D**

**Fraud Response Plan**

**Introduction**

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

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

**Reporting fraud**

All actual or suspected incidents of fraud should be reported without delay to the Vice Principal (Resources) or other member of the fraud investigation group. The members are:

* HR Manager (chair)
* Internal Auditor
* Vice Principal (Resources)

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

Once the Vice Principal (Resources) has recorded the details of the case, he or she should, within 24 hours, hold a meeting of the fraud investigation group to decide on the initial response.

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

**Initial enquiry**

On receiving the details of the suspected fraud, the fraud investigation group should undertake as limited review as necessary to establish whether further action needs to be taken. This will normally be an investigation, led by internal audit. The decision by the group to initiate a special investigation shall constitute authority to internal audit to use time provided in the internal audit plan for special investigations, or contingency time, or to switch internal audit resources from planned audits.

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

**Prevention of further loss**

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

It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action. Suspect(s) should be supervised at all times before leaving the School’s premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the School. 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 School while suspects remain suspended (for example by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, access permissions to the School’s computer systems should be withdrawn without delay.

Internal audit should consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the School’s assets.

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

**Conduction a fraud enquiry**

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

Where fraud and corruption are suspected, contact by the Vice Principal (Resources) and the head of internal audit with the local fraud squad should be considered in order to agree an appropriate course of action.

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

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

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

**Recovery of losses**

It is important that any losses incurred by the School are fully and accurately recorded and that costs are correctly apportioned. In addition to the direct cost of losses attributable to fraud, all costs associated with enquiries should be recorded. These will be required under loss reporting procedures and may also be required by the courts if the decision to prosecute is taken and in determining any assessment of costs or compensation and insurance recoveries.

Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect’s assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment.

**Staffing issues**

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

The School will normally pursue the prosecution of any such individual. Of crucial importance is the need to conduct enquiries within the parameters of relevant laws and regulations. Employees have certain statutory rights, and if infringed, the likelihood of success of disciplinary action is diminished. It is vital, therefore, that any interviews with suspects are undertaken strictly in accordance with established procedures. No interviews should take place without first seeking advice from the police and from the director of human resources on the relevant procedures and rules to be followed. In particular all those involved in interviewing suspects should have knowledge of the 1994 Police and Criminal Evidence Act.

Internal audit will need to:

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

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

**Reporting during the investigation**

The fraud investigation group should provide a confidential report to the chair of the governing body, the chair of audit committee, the principal and the external audit partner at least monthly, unless the report recipients request a lesser frequency. The scope of the report should include:

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

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

**Concluding an investigation**

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

On completion of a special investigation, a written report should be submitted to the audit committee for consideration and discussion containing:

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

This report will normally be prepared by internal audit.

References for employees disciplined or prosecuted for fraud

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

**Review of the fraud response plan**

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

**Checklist for line managers**

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

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

**Checklist for the fraud investigation group**

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

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

**Appendix E**

**Anti-Money Laundering Policy**

**Introduction**

This policy has been prepared to set out The Northern School of Art’s responsibilities for complying with the UK AML regime (principally, The Money Laundering, Terrorist financing and Transfer of Funds (Information on the Payer) Regulations 2017 (‘the Regulations’), and the Proceeds of Crime Act 2002). The School is committed to upholding its AML obligations under UK legislation. The Money Laundering Reporting Officer (MLRO) for the School is the Vice Principal - Resources. This policy applies to all staff of the School and any subsidiary companies. Any member of staff could be potentially committing an offence if he or she suspects money laundering, becomes involved in some way, or does nothing about it. Disciplinary action may be taken against any member of staff who fails to comply with this policy.

Key elements of the UK AML framework that apply include:

* Proceeds of Crime Act 2002 (as amended)
* Terrorism Act 2000 (as amended by the Anti-terrorism, Crime and Security Act 2001)
* Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017)
* Counter-terrorism Act 2008, Schedule 7
* HM Treasury Sanctions Notices and News Releases
* Joint Money Laundering Steering Group (JMLSG) Guidance
* Sanctions and Anti-Money Laundering Act 2018

**What is money laundering?**

Money laundering is the process of taking profits from crime and corruption and transforming them into legitimate assets. It takes criminally-derived 'dirty funds' and converts them into other assets so they can be reintroduced into legitimate commerce. This process conceals the true origin or ownership of the funds, and so 'cleans' them. The School itself does not receive significant amounts of funds from non-government sources. However, commercial operations such as The Northern Studios, will be entering into commercial arrangements with private sector customers and should be vigilant.

Money laundering activity includes:

* Acquiring, using or possessing criminal property
* Handling the proceeds of crimes such as theft, fraud and tax evasion
* Being knowingly involved in any way with criminal or terrorist property
* Entering into arrangements to facilitate laundering criminal or terrorist property
* Investing the proceeds of crimes in other financial products
* Investing the proceeds of crimes through the acquisition of property/assets
* Transferring criminal property.

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.

**School obligations**

In the UK, severe penalties are imposed on individuals connected with any stage of laundering money. Offences include:

* failing to report knowledge and/or suspicion of money laundering
* failing to have adequate procedures to guard against money laundering
* knowingly assisting money launderers
* tipping-off suspected money launderers
* recklessly making a false or misleading statement in the context of money laundering

The School therefore has to consider the risks that its business activities will expose it to potential money laundering, and devise suitable controls that protect it and its employees against being the victim of money laundering. It has to document these risks and monitor them on a regular basis.

**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.

**What are our risk areas?**

To understand our risk, we need to define how money laundering works.

There are three stages in money laundering; placement, layering and integration. Placement is where the proceeds of criminal activity enter into the financial system; layering distances the money from its illegal source through layers of financial transactions; finally, integration involves the re-introduction of the illegal proceeds into legitimate commerce by providing an apparently-genuine explanation for the funds.

There are many types of risk. The School has identified the following key areas which could be exploited by those trying to carry any or all of the three stages of money laundering, above.

* Receiving tuition fees other than through Student Finance England, the ESFA or similar organisations
* Making refunds to students, and third parties (parents and sponsors)
* Receiving cash transactions
* Receiving donations

**How do we manage those risks, and what controls do we have in place?**

The School has a robust process for enrolling students which includes confirming their identity and their source of funding for fees.

Other customers, such as those for subsidiary companies, should be checked in advance of entering a commercial arrangement. The following details should be collated:

* Company name
* Company address including post code
* Website address
* Company number
* Names of company directors

The Finance Team will then verify the above through Companies House and internet searches. As part of anti-money laundering processes the School will ensure:

- No refunds can be made other than to the original payer.

- Refunds are only made using the original mode of payment as far as possible.

- No cash is accepted for tuition or other goods or services with the exception of the Art Shop

**What should I look out for? Examples of suspicious behaviour**

It is not possible to give a definitive list of ways to spot money laundering. The following are types of risk factors which may, either alone or collectively, suggest the possibility of money laundering activity.

* A new customer, business partner or sponsor not known to the School
* A customer from a country known to carry a high level of risk (such as a sanctioned country, or country with known high levels of financial fraud or corruption)
* A secretive person or business e.g. that refuses to provide requested information without a reasonable explanation.
* A request to pay a substantial sum in cash to the School
* Concerns about the honesty, integrity, identity or location of the people involved.
* Involvement of an unconnected third party without a logical reason or explanation.
* Overpayments for no apparent reason, and requests to pay the difference back to a third party
* Absence of any clear legitimate source for the funds received.
* Significant changes in the size, nature, frequency of transactions with a customer that are without reasonable explanation
* Cancellation, reversal or requests for refunds of earlier transactions.
* Requests for account details outside the normal course of business.
* A history of poor business records, controls or inconsistent dealing
* Receipt of a payment for which the School has not issued an invoice
* A receipt of fees from an unconnected third party (i.e. not a student, family member or sponsor)
* Any other facts which tend to suggest that something unusual is happening and give reasonable suspicion about the motives of individuals

**Who should I tell if I suspect Money laundering?**

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 your line manager reasonable suspicion is confirmed a disclosure report must be made to the MLRO the same day the information came to your attention. If you not do so you may be personally liable to prosecution.

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 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 or her report to the relevant authorities.

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 UK authorities 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.

**What needs to be reported externally?**

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 National Crime Agency (NCA).
* 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 NCA for a particular transaction to proceed.

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

* In a timely manner
* In the prescribed manner on a standard report format provided by NCA

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.

Where the MLRO considers a potential breach has taken place, the School is obliged to report serious incidents to the Office for Students in certain circumstances.

Details of the reporting to the NCA can be found at:

https://www.gov.uk/guidance/money-laundering-regulations-report-suspicious-activities

**Conclusion**

Instances of suspected money laundering are likely to be rare given the nature of services provided by the School. However, we must be aware of the legislative requirements, as failure to comply would have serious implications for both the School and individuals concerned. Please take prompt action referring to the guidance in this policy and if you have any suspicions please consult your line manager or the MLRO about your concerns.

**APPENDIX F**

**Treasury Management Policy**

**Introduction**

The Vice Principal - Resources is responsible for developing, recommending and monitoring the execution of the policies for cash management, investments and borrowings.

The School’s objectives are:

* to ensure the most competitive return on surplus cash balances
* to ensure the availability of flexible and competitively priced funding to support capital investment where needed
* to identify and manage financial risks, including interest rate and foreign currency risk, from all areas of the School’s operations
* to ensure compliance at all times with banking covenants (if applicable) and the Education & Skills Funding Agency (ESFA) and any Office for Students (OFS) Terms and Conditions for funding education institutions.

The Finance & General Purposes Committee monitors the performance of the investments.

**Borrowing and Leasing**

As of the 29th November 2022 the School has been deemed by the Office for National Statistics (ONS) as a Public Sector organisation. As such the School has to abide by HM Treasury’s Managing Public Money principles. The rules that are now in place state that any new commercial debt, including additional usage of existing overdrafts, rolling credit facilities and undrawn existing loans will require consent from the DfE. This does not apply to finance leases at this point.

**Banking arrangements**

The School’s banking arrangements shall be decided by the Corporation Board on the recommendation of the Finance & General Purposes Committee. This may change in the future as HM Treasury and DfE may determine that the School uses the Government Banking Service but until that time the School is free to continue with commercial banking arrangements.

All day-to-day arrangements with the School’s bankers concerning the School’s bank accounts, the collection and payments of monies, the transfer of funds, shall be made by the Vice Principal - Resources.

No other employee shall under any circumstances open or operate a bank account (including PayPal or similar electronic money accounts) in the name of the School or of an entity holding itself out to be part of the School.

No individual other than those mandated by Corporation Board under the scheme of delegation shall be empowered to give instructions to the School’s Bankers.

All bank accounts shall be in the name of the School or its subsidiary undertakings.

The Vice Principal - Resources is responsible for ensuring that all bank accounts are subject to regular reconciliation.

**Guarantees**

Guarantees and letters of comfort should not be issued outside of normal commercial business dealings.

**Investments**

The Finance & General Purposes Committee is responsible for recommending to Corporation Board the investment policy and for considering and adjusting any such arrangements.

The Vice Principal – Resources is responsible for maintaining records of investments, for ensuring safe custody of all relevant documents, and for reporting investment performance to the Finance & General Purposes Committee. No investment of School monies shall be made other than in accordance with arrangements approved in writing by the Vice Principal – Resources.