

FINANCIAL REGULATIONS

November 2024

Effective Date: 1 November 2024

Next Review Date: 1 November 2025

Policy Owner(s): Chief Financial & Operating Officer

Reviewed: October 2024

By: Executive Committee

Approved: 31 October 2024

By: Chair of Corporation Board

Version 1.0

NEWHAM COLLEGE LONDON

Financial Regulations Index

1. Introduction
 - 1.1. Status of Financial Regulations
 - 1.2. General Provisions
2. Roles and Responsibilities
 - 2.1. The Corporation (Board of Governors)
 - 2.2. Audit & Risk Committee
 - 2.3. Finance & Resources Committee
 - 2.4. Remuneration Committee
 - 2.5. Principal and Chief Executive Officer
 - 2.6. Chief Financial and Operating Officer
 - 2.7. Executive Director of Finance
 - 2.8. Designated Budget Holders
 - 2.9. All Staff
3. Accounting and Audit Arrangements
 - 3.1. Financial Statements Audit
 - 3.2. Auditor Requirements
 - 3.3. Financial Statements
 - 3.4. Accounting Records
 - 3.5. Public Access
 - 3.6. Internal Audit
4. Internal Control and Risk Management
 - 4.1. Risk Management
 - 4.2. Internal Controls
 - 4.3. Cyber Security
 - 4.4. Insurance
5. Financial Ethics
 - 5.1. General
 - 5.2. Fraud, Bribery and Corruption
 - 5.3. Gifts and Hospitality
 - 5.4. Public Interest Disclosure (Whistleblowing)
 - 5.5. Disclosure of Interests

NEWHAM COLLEGE LONDON

- 5.6. Confidentiality
- 6. Banking and Treasury Management
 - 6.1. Appointment of Bankers
 - 6.2. Banking Arrangements
 - 6.3. Treasury Management
 - 6.4. Borrowing
- 7. Income
 - 7.1. General
 - 7.2. Cash Receipts
 - 7.3. Credit Income and Collection of Debts
 - 7.4. Tuition Fees
 - 7.5. Gifts, Benefactions and Donations
- 8. Expenditure
 - 8.1. Value for Money
 - 8.2. General
 - 8.3. Authorities
 - 8.4. Petty Cash
 - 8.5. Credit/Purchasing Cards
 - 8.6. Purchase Orders
 - 8.7. Procurement Tendering and Quotations
 - 8.8. Modern Anti-Slavery
 - 8.9. Contracts
 - 8.10. Payment of Invoices
 - 8.11. Late Payment Rules
- 9. Salaries, Wages and Expenses Payment
 - 9.1. General
 - 9.2. Superannuation Schemes
 - 9.3. Travel, Subsistence and Other Allowances
 - 9.4. Overseas Travel
 - 9.5. Payroll Authorities
 - 9.6. Senior Pay Controls
 - 9.7. Severance Payments

NEWHAM COLLEGE LONDON

10. Assets

- 10.1. Land, Buildings, Fixed Plant and Machinery
- 10.2. Fixed Asset Register
- 10.3. Depreciation of Assets
- 10.4. Asset Disposal
- 10.5. Leased Assets
- 10.6. Inventories, Stocks and Stores
- 10.7. Asset Security

11. Financial Planning, Reporting & Analysis

- 11.1. Budgeting and Financial Plan
- 11.2. Resource Allocation
- 11.3. Cash Flow Management
- 11.4. Budgetary Control
- 11.5. Monthly Reporting
- 11.6. Forecasting and in-year reviews
- 11.7. New Business Opportunities
- 11.8. Investment Appraisal
- 11.9. Capital Projects

12. Other

- 12.1. Taxation
- 12.2. Use of the College Seal
- 12.3. Indemnities, Guarantees and Letters of Comfort
- 12.4. Sub-contracting arrangements
- 12.5. Novel, Contentious or Repercussive Transactions
- 12.6. Ex-Gratia Payments and other Special Payments
- 12.7. Companies, Joint Ventures and Consortium Arrangements

NEWHAM COLLEGE LONDON

Financial Regulations

1. Introduction

1.1 Status of Financial Regulations

- 1.1.1 This document sets out the College's Financial Regulations. It translates into practical guidance the College's broad policies relating to financial control and is subject to regular review by the Corporation, via the Finance & Resources Committee. It applies to the College and all its subsidiary undertakings. References to the College apply also to subsidiaries where relevant.
- 1.1.2 The **purpose** of these regulations is to provide control over the totality of the College's resources and provide assurances that the College's resources are being properly applied for the achievement of the College's strategic plan and business objectives, ensuring sound financial management, accountability, and compliance with statutory and regulatory requirements.
- 1.1.3 The **scope** of these regulations applies to all staff connected to the College and to governors. Any member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the College's Disciplinary policy; such breach will be notified to the Corporation through the Audit & Risk Committee.

1.2 General Provisions

- 1.2.1 The College is a further education corporation created under the provisions of the Further and Higher Education Act 1992 for the charitable purpose of advancing education, and is an exempt charity by virtue of the Charities Act 2011. Its structure of governance is laid down in the Instruments and Articles of Government, which may only be amended by Corporation. The College is accountable through its Corporation, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2.2 These financial regulations are subordinate to the College's Instruments and Articles of Government, the sector's Post-16 Audit Code of Practice and to any restrictions contained within the College's Financial Memorandum with its funding bodies (the Department for Education, Greater London Authority and Office for Students), and any terms imposed through statute.

2 Roles and Responsibilities

2.1 The Corporation (Board of Governors)

NEWHAM COLLEGE LONDON

- 2.1.1 The Corporation is responsible for the management and administration of the College. Its financial responsibilities are to:
- 2.1.1..1 Ensure the effective and efficient use of resources, the solvency of the College and safeguard its assets;
 - 2.1.1..2 Ensure that the funds provided by funding bodies are used in accordance with the terms and conditions specified in the College's Financial Memorandum with those funding bodies;
 - 2.1.1..3 Ensure that financial control systems are in place and are working effectively;
 - 2.1.1..4 Ensure that the College complies with the sector's Post 16-Audit Code of Practice (Post-16 ACOP);
 - 2.1.1..5 Approve the College's Strategic Plan;
 - 2.1.1..6 Determine tuition fees
 - 2.1.1..7 Approve an annual budget and financial plan before the start of each financial year;
 - 2.1.1..8 Approve the annual financial statements;
 - 2.1.1..9 Appoint the College's Internal and External Auditors;
 - 2.1.1..10 Set out clear terms of reference for the Audit & Risk Committee
 - 2.1.1..11 Determine an appropriate committee structure for delegating accountability and oversight of College financial management;
 - 2.1.1..12 Appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and other senior post holders
 - 2.1.1..13 Set a framework for the pay and conditions of service of all other staff.

2.2 Audit and Risk Committee

- 2.2.1 Colleges are required by their Financial Memorandum with the funding bodies and the Audit Code of Practice to establish an Audit Committee (known at Newham College as an Audit & Risk Committee) which is independent, advisory and reports to the Corporation.
- 2.2.2 The requirements of the Audit & Risk Committee (A&RC) are set out in the sector's Post-16 Audit Code of Practice, which include:
- 2.2.2..1 Assessing and providing the Corporation with an opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.
 - 2.2.2..2 Advising the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditor, reporting accountant and other assurance providers (if applicable) and establish that all such assurance providers adhere to relevant professional standards.
 - 2.2.2..3 In addition, it advises and supports the Corporation in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities.

NEWHAM COLLEGE LONDON

2.3 Finance & Resources Committee

- 2.3.1 The Corporation has exercised the powers vested in it, to establish a Finance & Resources Committee (F&RC) with responsibility for advising the Corporation on the financial aspects of the College's strategic plans, draft budget and in monitoring the College's financial position.
- 2.3.2 The F&RC also scrutinises proposed Estates development plans and financing requirements, recommends significant programmes of capital investment and any related grant applications for Board approval and monitors performance of large capital projects thereafter.

2.4 Remuneration Committee

- 2.4.1 Consideration of senior post holders' pay and conditions has been delegated by the Corporation to Remuneration Committee, which is responsible for making recommendations to the Board on their remuneration including pay and other benefits as well as contractual arrangements.

2.5 Principal and Chief Executive Officer

- 2.5.1 The Principal and Chief Executive (Principal & CEO) is the College's designated Accounting Officer and is responsible for the financial administration of the College's affairs. As the designated Accounting Officer, the Principal & CEO may be required to justify any of the College's financial matters to the Public Accounts Committee at the House of Commons.
- 2.5.2 The Treasury publication Managing Public Money specifies that the Accounting Officer shall take personal responsibility for regularity and propriety; affordability and sustainability; value for money; control; management of opportunity and risk; learning from experience, and accounting accurately for the organisation's financial position.
- 2.5.3 In particular, the Principal & CEO is responsible for ensuring preparation of annual estimates of income and expenditure, for consideration and approval by the Corporation, and for the management of budgets and resources, within the estimates approved by the Corporation.
- 2.5.4 The Principal & CEO demonstrates their oversight of financial matters by signing the balance sheet and Statement of Corporate Governance within the annual financial statements, and the three year financial forecasts submitted to the DfE.

2.6 Chief Financial and Operating Officer

NEWHAM COLLEGE LONDON

2.6.1 The Chief Financial and Operating Officer (CFOO) has operational responsibility for financial oversight, reporting and budgetary control, and is responsible to the Principal & CEO for:

- 2.6.1..1 Preparing the detailed budgets to support the annual capital and revenue budgets and financial plans;
- 2.6.1..2 Preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- 2.6.1..3 Preparing the College's annual accounts and other financial statements and accounts which the College is required to submit to other authorities;
- 2.6.1..4 Ensuring that the College maintains satisfactory financial systems;
- 2.6.1..5 Providing professional advice on all matters relating to financial policies and procedures.

2.7 Executive Director of Finance

2.7.1 The Executive Director of Finance (EDoF) has responsibility for all day to day financial management; and oversight of budget holders' performance. This will include providing regular monitoring reports to budget holders together with advice and guidance as required.

2.7.2 The EDoF supports the CFOO to prepare all financial documentation required for good control and governance, and is responsible for retention of financial documents and accounting records (see 3.4) in a form acceptable to the relevant authorities.

2.8 Designated Budget Holders

2.8.1 Designated budget holders will include Chief People Officer (CPO) or equivalent, Vice Principal(s), Executive Directors, Directors, Heads of Department and similar roles. Depending on the department, budgetary responsibility for specific resources may be further devolved to Managers.

2.8.2 Delegated budget holders are responsible for establishing and maintaining clear lines of responsibility within their area for all financial matters. It is their responsibility to understand the limits of their authority and to act within them at all times. They are accountable to their line manager and ultimately to the Principal & CEO for the financial performance of their area.

2.8.3 Budget holders are responsible for mitigating financial risks within their area of authority through ensuring proper controls, and where appropriate should maintain a departmental risk register.

2.9 All Staff

2.9.1 All members of staff should act in a responsible manner to protect College property and ensure efficient use of all resources at their disposal.

NEWHAM COLLEGE LONDON

2.9.2 They should ensure they are aware of the College's financial authority limits and the values of purchases for which quotations and tenders are required.

3 Accounting and Audit Arrangements

3.1 Financial Statements Audit

3.1.1 The appointment of Financial Statements Auditors will take place annually and is the responsibility of the Corporation. The Corporation will be advised by the A&RC.

3.1.2 The objective of the Financial Statements Audit is to report on the truth and fairness of the financial position of the College as shown in the Financial Statements. In addition, Financial Statements Auditors are also required to report on the "regularity" of the College's transactions i.e. that all requirements of HM Treasury's 'Managing Public Money' have been met; any terms and conditions attached to the funds which are used by the College have been complied with, and that the accuracy of the statistical returns which support the College's financial statements have been appropriately certified. The Auditor's duties will be in accordance with advice set out in the sector's Post-16 Audit Code of Practice and the Auditing Practices Board's auditing standards.

3.2 Auditor Requirements

3.2.1 Financial Statements and Regularity (External) Auditors and Internal Auditors (and other auditors from time to time, e.g. funding body appointed auditors, HMRC) shall have authority to:

3.2.1..1 Access College premises at reasonable times;

3.2.1..2 Access all assets, records, documents and correspondence relating to any financial and other transactions of the College;

3.2.1..3 Require and receive such explanations as are necessary concerning any matter under examination;

3.2.1..4 Require any employee of the College to account for cash, stores or any other College property under his/her control;

3.2.1..5 Access records belonging to third parties, such as contractors when required.

3.2.2 Any staff member involved in an audit should plan ahead so they are well prepared to meet the required deadlines, ensuring effective use of time and resources.

3.3 Financial Statements

3.3.1 The College's Financial Year will run from 1 August to 31 July the following year.

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

NEWHAM COLLEGE LONDON

Statement of Recommended Practice accounting for further and higher education, subject to any specific requirements of the funding bodies as indicated in the DfE's annual College Accounts Direction publication.

- 3.3.3 Accounting policies are as stated in the audited financial statements and are applied consistently.
- 3.3.4 The format of the accounts and annual report will be in line with the Association of College's accounts direction handbook and Casterbridge model accounts.
- 3.3.5 The audited and signed accounts, together with the Finance Record and other supporting documents, will be submitted to the DfE not later than 31 December and the accounts will be published on the College website by 31 January.

3.4 Accounting Records

- 3.4.1 The College is required by law to retain prime documents for six years in addition to the current financial year. These include:
 - 3.4.1..1 Official purchase orders
 - 3.4.1..2 Paid purchase invoices
 - 3.4.1..3 Sales invoices
 - 3.4.1..4 Bank statements
 - 3.4.1..5 Enrolment forms and other student records
 - 3.4.1..6 Copies of receipts
 - 3.4.1..7 Paid cheques
 - 3.4.1..8 Remittance advices
 - 3.4.1..9 Part time lecturer and other employment contracts
 - 3.4.1..10 Other documents containing VAT information
 - 3.4.1..11 Complete paper record transaction for each year from the computerised accounting system.
- 3.4.2 Additionally, for auditing and other purposes, other financial documents should be retained for three years, in addition to the current financial year.
- 3.4.3 Payroll, PAYE, pensions and redundancy records are required to be retained for between three and six years, in addition to the current fiscal year. Detailed guidance can be found on the HMRC website.

3.5 Public Access

- 3.5.1 Under the terms of the [Freedom of Information Act 2000](#), the Corporation is required to supply any person with a copy of the College's most recent Financial Statements within 20 working days of a request. The College Financial Accounts are posted on the website enabling immediate access and public scrutiny should it be required.

NEWHAM COLLEGE LONDON

3.6 Internal Audit

- 3.6.1 The College A&RC has requested that Internal Auditors are appointed by the Corporation on the recommendation of Audit & Risk Committee.
- 3.6.2 Internal Audit provides the Audit & Risk Committee with an objective assessment of whether the systems and controls within the College are working properly, are adequate and effective. It is a key part of the College's internal control system, enabling Corporation Members and senior management to understand the extent to which they can rely on the overall control system for ensuring the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.
- 3.6.3 The Internal Audit service remains independent in its planning and operation and has direct access to the Corporation, Interim Principal & Chief Executive and Chair of the Audit & Risk Committee.

4 **Internal Control and Risk Management**

4.1 Risk Management

- 4.1.1 The Corporation has overall responsibility for risk management and sets the College's appetite for risk, on the recommendation of the A&RC. This is defined in the Risk Management Policy, which is updated every 3 years.
- 4.1.2 A College Risk Register is established each year reflecting the key strategic financial, operational and reputational risks that the College is facing for the year ahead, and plans to mitigate them. Risks are linked to the Strategic Objectives; each risk has a designated Executive 'risk owner'; the register is regularly maintained by Executive, reviewed with the College Leadership Team and scrutinised and challenged by A&RC.

4.2 Internal Controls

- 4.2.1 A fundamental aspect of internal control is that no single person, regardless of their position in the organisation, should have too much responsibility for any financial or system/information technology process or workflow. Typically, business critical tasks break into four functions – authorisation, custody, record-keeping and reconciliation, and ideally each will be performed by a different individual (this is not always possible in small teams). This is called segregation of duties, and avoids creating a situation where one person could have unchecked power to overlook errors, falsify information or attempt theft/fraud.

NEWHAM COLLEGE LONDON

4.2.2 It is the responsibility of all business owners of systems and processes that have financial or IT security implications to ensure that no single person can complete all steps of a workflow.

4.2.3 Compliance checks are another important element of good internal control. To ensure accurate monthly funding returns, the MIS team will utilise the Provider Data Self Assessment Toolkit to make accurate and complete individualised learner record data returns. The College will also undertake an annual cycle of internal compliance checks of all main funding streams.

4.3 Cyber Security

4.3.1 The Executive Director of IT and Digital Transformation shall be responsible for maintaining robust security of the IT network infrastructure and the security and privacy of information held on IT systems. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act. The nominated Data Protection Officer is the Director of Governance.

4.3.2 All members of staff are responsible for ensuring the security of their password(s) in order to prevent unauthorised access to the College's computer systems. Staff have a duty to comply with both the letter, and the spirit, of the Data Protection Act. They are also required to be aware of cyber security risks and must exercise due caution e.g. with emails/attachments from unknown sources.

4.3.3 The ICT department will run regular cyber awareness campaigns with staff and students, and if staff repeatedly make poor judgements in clicking on potentially dangerous links, they may be subject to disciplinary action.

4.3.4 ICT will also undertake network penetration testing and simliar from time to time, utilising a specialist agency e.g. JISC to undertake the work.

4.3.5 The effectiveness of the College's cyber security will be measured annually by external assessment against a recognised kitemark standard, with the target to retain both Certificate of Cyber Essentials and Certificate of Cyber Essentials Plus.

4.4 Insurance

4.4.1 Insurance is a means of risk mitigation. The Executive Director of Finance (EDoF) is responsible for effecting insurance cover. They are, therefore, responsible for obtaining quotes, negotiating claims and maintaining the necessary records. They will also deal with the College's insurers and advisers about specific insurance problems.

NEWHAM COLLEGE LONDON

- 4.4.2 Managers must advise the EDoF immediately, of any event which may give rise to an insurance claim. They will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the relevant Manager for transmission to the insurers.
- 4.4.3 The EDoF will keep a register of all insurances effected by the College and the property and risks covered.
- 4.4.4 Managers must give prompt notification to the EDoF of any new activity or additional property and equipment that may require insurance beyond the existing cover.
- 4.4.5 The Executive Director of Estates and Capital Projects 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.
- 4.4.6 All staff using their own vehicles on behalf of the College shall maintain appropriate insurance cover for business use.

5 Financial Ethics

5.1 General

- 5.1.1 Since colleges were re-classified as part of the public sector, all College staff are now public office-holders and are required to adhere to the Seven Principles of Public Life (Selflessness, Integrity, Objectivity, Transparency, Accountability, Openness, Honesty, Leadership) at all times, and to behave in line with all aspects of the Staff Code of Conduct.

5.2 Fraud, Bribery and Corruption

- 5.2.1 It is the duty of all members of staff, management and the governing body to notify the Principal & CEO or CFOO immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, bribery, corruption or any other impropriety. The Principal and CFO or CFOO will invoke the fraud response plan which incorporates the following key elements:
 - 5.2.1..1 They will notify the the Chair of A&RC of the suspected irregularity and shall take such steps as the Chair considers necessary by way of investigation and report.
 - 5.2.1..2 The Principal and CEO shall immediately inform the police if a criminal offence is suspected of having been committed.
 - 5.2.1..3 Any significant cases of fraud or irregularity shall be reported to the appropriate funding body in accordance with their requirements as set out in the Audit Code of Practice.
 - 5.2.1..4 The A&RC shall commission such investigation of the suspected irregularity as may be necessary, by the Internal Auditors or other service provider as appropriate. The investigating firm will prepare a report for A&RC on the suspected irregularity, including advice on preventative measures.

NEWHAM COLLEGE LONDON

5.2.2 If a suspected act of fraud, bribery or other impropriety is thought to involve the Principal & CEO and/or the CFOO, the member of staff shall notify the Director of Governance and/or the Chair of A&RC direct of their concerns regarding irregularities.

5.2.3 Any member of staff that is found on investigation to be involved in any impropriety will be subject to disciplinary action.

5.3 Gifts and Hospitality

5.3.1 It is a criminal offence under the Bribery Act 2010 for members of staff or Corporation to offer or accept any gift or consideration as an inducement or reward for doing (or refraining from doing) anything in an official capacity or showing favour or disfavour to any person in an official capacity (see Anti-Bribery Policy).

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

5.3.3 When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the CFOO or EDoF. For the protection of those involved, the EDoF will maintain a register of gifts and hospitality received where the estimated value is in excess of £50. Members of staff in receipt of such gifts or hospitality are obliged to notify the EDoF promptly.

5.4 Public Interest Disclosure (Whistleblowing)

5.4.1 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 and the cover-up of any of these. It does not matter whether or not the information is confidential and the Corporation is required under the Act to provide protection to workers who make disclosures in the public interest. The procedures to be followed in such circumstance are detailed within the College's Whistleblowing policy

5.5 Disclosure of Interests

NEWHAM COLLEGE LONDON

5.5.1 A register of declarations of interest for Governors, senior staff and any other post holder with financial management responsibilities is held by the Director of Governance, is updated annually and available for public scrutiny.

5.5.2 Members of staff must also declare to the CFOO any interest (pecuniary, management or other) in any organisation which is likely to enter into a commercial relationship with the College. The CFOO will keep a record of such declared interests. Commercial transactions shall not be entered into with these organisations other than with the Principal & CEO's express written permission.

5.6 Confidentiality

5.6.1 All financial and commercial information and records of the College is confidential and must not be disclosed to anyone who is not authorised to have access to them. All staff must ensure that any financial and other information which they hold, either manually or on computer, is kept secure and that access to it is controlled in accordance with the relevant requirements of the Data Protection Act.

6 **Banking and Treasury Management**

6.1 Appointment of Bankers

6.1.1 The Corporation is responsible for the appointment of the College's bankers on the recommendation of F&RC. The appointment shall be for a specified period after which consideration shall be given by F&RC to reviewing the service based on recommendation from the CFOO.

6.2 Banking Arrangements

6.2.1 The CFOO shall be responsible for making all banking arrangements, including the setting up and closing of accounts. Any such changes must be reported to both the Executive and F&RC. All bank accounts shall be in the name of the College or one of its subsidiary companies.

6.2.2 Signatories to the bank accounts shall be: Principal & CEO; CFOO, Vice Principals, EDoF, other Executive Directors if required.

6.2.3 The EDoF is responsible for ensuring that all Bank accounts are subject to regular reconciliation (at least each calendar month end) and that all discrepancies are investigated and resolved.

6.3 Treasury Management

6.3.1 F&RC is responsible for approving a Treasury Management Policy (TMP) setting out the strategy and policies for cash management and long term investments

NEWHAM COLLEGE LONDON

- 6.3.2 The TMP is separate to the Financial Regulations, and has the objectives:
- 6.3.2..1 To provide a means by which the College can meet its working capital and investment commitments at all times;
 - 6.3.2..2 To ensure that sufficient sums are available to meet foreseeable cash flow requirements of the College;
 - 6.3.2..3 To earn an acceptable rate of return on any surplus funds without risk.
- 6.3.3 The EDoF shall be responsible for the preparation of the College's monthly cash flow projections and for the day-to-day management of the bank account balances. This information will form the basis for decisions on the investment of surplus cash funds which may be transferred to high interest accounts for appropriate durations.

6.4 Borrowing

- 6.4.1 Following reclassification of FE colleges as public sector institutions, the College has no authority to enter into any new commercial borrowing arrangements without the prior approval of the DfE. Such consent will only be provided in exceptional circumstances; if consent is not granted then the College will be required to borrow from the DfE.
- 6.4.2 In the event that the College needs to arrange borrowing/funding assistance, e.g. to address urgent building condition issues that extend beyond its existing resources, the Principal and CEO or CFOO will contact the DfE place-based team in the first instance.

7 **Income**

7.1 General

- 7.1.1 The EDoF is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled. The EDoF is responsible for the prompt collection, security and banking of all income received. The EDoF is responsible for ensuring that all grants notified by funding bodies are received and appropriately recorded in the College's accounts.

7.2 Cash Receipts

- 7.2.1 Official receipts must be issued as an acknowledgment to any persons / institutions paying cash to the College.
- 7.2.2 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.

NEWHAM COLLEGE LONDON

- 7.2.3 Money must be paid to the Finance Office and custody of all cash holdings must comply with the requirements of the College's insurers.
- 7.2.4 No deductions may be made from any cash collected on behalf of the College prior to paying into the Finance Office, except where prior permission has been sought from the Head of Finance or equivalent, for the purposes of maintaining an agreed float.
- 7.2.5 Personal or other cheques must not be cashed out of money received on behalf of the College.

7.3 Credit Income and Collection of Debts

- 7.3.1 The EDoF is responsible for implementing credit arrangements and determining the period in which different types of invoice must be paid.
- 7.3.2 The EDoF must ensure that:
 - 7.3.2..1 Debtors' invoices are raised promptly, following invoice requests from budget holders, in respect of income due to the College;
 - 7.3.2..2 Sales invoices are raised on official College headed invoices;
 - 7.3.2..3 Swift and effective action is taken to collect overdue debts in accordance with the College's formal procedures (detailed in the financial procedures);
 - 7.3.2..4 Outstanding debts are monitored and reports are prepared for managers.
 - 7.3.2..5 The College will make use of a debt collecting agency if necessary to recover outstanding debts.
- 7.3.3 Budget holders shall notify the EDoF promptly of all sums due to the College arising from services rendered by their department, and request that a sales invoice be raised.

7.4 Tuition Fees

- 7.4.1 A comprehensive Tuition Fee Policy is approved annually for the year ahead by F&RC. This policy sets out for each FE funding stream, those courses, learners and equipment or consumables that are delivered free of charge and those which attract fees. The fees payable per course are specified in the policy, as are the payment terms. Details of courses eligible for advanced learner loans are also included. The policy does not cover fees for HE courses which are subject to a separate process.

7.5 Gifts, Benefactions and Donations

- 7.5.1 The EDoF is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the College and ensuring correct tax treatment including initiating claims for recovery of tax where appropriate.

8 Expenditure

NEWHAM COLLEGE LONDON

8.1 Value for Money

- 8.1.1 As a publicly-funded organisation, and as a condition of funding with key funding bodies, the Corporation is responsible for achieving value for money in all transactions involving public funds.
- 8.1.2 By extension, all staff who are involved in spending College money should ensure that they are achieving best value at all times. This is not necessarily a case of procuring the cheapest items, but making sure the most economically advantageous alternative is selected, after considering all aspects e.g. quality, functionality, lifetime as well as price.

8.2 General

- 8.2.1 The EDoF and the Finance team are responsible for making payments to suppliers of goods and services to the College.
- 8.2.2 The EDoF and Finance team are responsible for the issue of all purchase orders from the College and prepared by budget holders for supply of goods, work contracted or services to be rendered.
- 8.2.3 Under no circumstances may staff conduct private transactions as if on behalf of the College with a College supplier.

8.3 Authorities

- 8.3.1 The Finance Manager shall maintain a register of authorised signatories and specimen signatures of those authorised to approve expenditure.
- 8.3.2 Designated budget holders and other staff with delegated budgetary responsibility are not authorised to commit the College to expenditure without first reserving sufficient funds to meet the purchase cost.
- 8.3.3 The authorised member of staff certifying the invoice for payment must be different to the member of staff responsible for requesting the order.
- 8.3.4 Authorisation limits for purchase orders and commitments will be reviewed from time to time by the Corporation. The current authorisation levels are:

Authorised Officer	Limit
Vice Principals, Executive Directors, Chief People Officer	£20,000
Other Budget Holders	£10,000
Executive Director of Finance	£100,000
CFOO	£200,000
Principal & CEO	£300,000

NEWHAM COLLEGE LONDON

Corporation, Chair or Vice Chair of Board

>£300,000

8.3.5 Multi-year contracts, the cost of which are £300k and above each year, need only be approved once by the Corporation at the time of the original letting of the contract.

8.4 Petty Cash

8.4.1 The Finance Manager shall make available to sections such imprests as are considered necessary for the disbursement of petty cash expenses. It is important for security purposes that petty cash imprest floats are kept to a minimum.

8.4.2 Requisitions for reimbursement must be sent to the Finance Office 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.

8.4.3 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 College's insurers when not in use, and will be subject to periodic checks by the manager or another person nominated by him or her.

8.4.4 Standard College petty cash forms are supplied by the Finance Manager and must be used for recording all imprest accounts.

8.4.5 At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter signed by the relevant Manager.

8.5 Credit/Purchasing Cards

8.5.1 Cards may only be issued by the Principal & CEO. There will be appropriate oversight of the distribution of such cards and the associated credit limits which would not ordinarily exceed £3,000 per month.

8.5.2 The same procedures for achieving value for money apply to purchases using credit/purchasing cards as to all other purchase transactions as set out in these regulations.

8.5.3 All cards must be held in a secure place by the authorised user and the card must only be used by the authorised user named on the card. Cards should be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action.

8.6 Purchase Orders

NEWHAM COLLEGE LONDON

8.6.1 The ordering of goods and services shall be in accordance with the College's detailed procurement policies and financial procedures. Official College orders must be used for the purchase of all goods or services, except where exemption applies, such as for utilities and business rates payments.

8.6.2 Purchase orders must be properly approved and sent to suppliers in advance of making any expenditure commitments. This ensures suppliers are bound by College terms and conditions where appropriate and provides good budgetary control.

8.7 Procurement Tendering and Quotations

8.7.1 Budget holders must follow the College Procurement Policy, which specifies the appropriate procurement routes according to the estimated contract value.

8.7.2 The Procurement Manager will support budget holders to conduct compliant tenders in the most effective manner, ensuring the correct number of quotations are received.

8.7.3 As a public sector organisation, when tendering, the College must adhere to Public Procurement Thresholds which are updated from time to time.

8.7.4 Where possible, goods and services must be purchased using Framework Agreements or from preferred suppliers (who have previously been subject to a value for money evaluation) where applicable, to reduce procurement costs and time.

8.7.5 The Procurement Manager will hold a list of preferred suppliers.

8.8 Modern Anti-Slavery

8.8.1 The College has an Anti-Slavery Policy in line with section 54 of the Modern Slavery Act 2015, and it is committed to acquiring goods and services for its use without causing harm to others. The College Terms and Conditions of contract for the provision of goods and services include clauses relating to anti-slavery.

8.8.2 As a Living Wage Foundation accredited employer, the College also requires its suppliers to pay living wages alongside abiding by other elements of the Ethical Trading Initiative Base Code.

8.8.3 For spend categories with a higher risk of harmful practices, the Procurement Manager will conduct due diligence to assess how suppliers minimise the risk of modern slavery and human trafficking.

8.9 Contracts

NEWHAM COLLEGE LONDON

- 8.9.1 Contracts, leases, hire purchase or rental agreements for supplies and services to the College must be signed only by the Principal & CEO, CFOO or EDoF, in accordance with financial limits in section 8.3.4.
- 8.9.2 Any contract in excess of £300k may be signed by the Principal & CEO after it has received prior approval by the Board or Chair, who may also sign it.
- 8.9.3 The Procurement Manager will keep a register of contracts, including known indemnity clauses with the necessary assessments to evidence they fall within the normal course of business; Governors should provide appropriate oversight and challenge (see also 12.3 Indemnities, Guarantees and Letters of Comfort).
- 8.10 Payment of Invoices
- 8.10.1 The procedures for making all payments shall be in a form specified by the EDoF.
- 8.10.2 Any requests for same day payments must be authorised by the CFOO or the Principal & CEO.
- 8.10.3 Budget holders must instruct suppliers to submit invoices for goods and services directly to the Finance Office who will then forward them electronically to the relevant manager for authorisation.
- 8.10.4 Budget holders are responsible for ensuring that expenditure within their area does not exceed funds available.
- 8.10.5 Payments will only be made by Finance against invoices which have been certified for payment by the appropriate budget holder.
- 8.10.6 Certification of an invoice will ensure that:
- 8.10.6..1 The goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory;
 - 8.10.6..2 Where appropriate, it is matched to the order;
 - 8.10.6..3 Invoice details (quantity, price, discount) are correct;
 - 8.10.6..4 The invoice is arithmetically correct;
 - 8.10.6..5 The invoice has not previously been passed for payment;
 - 8.10.6..6 Where appropriate, an entry has been made on a stores record or department's inventory;
 - 8.10.6..7 An appropriate cost centre is quoted. Where the invoice is not accompanied by a purchase order, 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.
- 8.10.7 Care must be taken by the budget holder to ensure that any discounts receivable are obtained.

NEWHAM COLLEGE LONDON

8.11 Late Payment Rules

8.11.1 The Late Payment of Commercial Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. This means that, in the absence of agreement to the contrary, the College must pay suppliers within 30 days.

8.11.2 To avoid incurring financial penalties, invoices must be passed for payment as soon as received.

9 **Salaries, Wages and Expenses Payments**

9.1 General

9.1.1 All contracts of service shall be concluded in accordance with the College's approved HR practices and procedures and all offers of employment with the College shall be made in writing by the CPO, HR Manager or equivalent post. Budget holders shall ensure that the Executive team and EDoF are provided promptly with all the information they may require in connection with the appointment, resignation, or dismissal of employees.

9.1.2 All College staff will be appointed to the salary scales approved by the Principal and CEO and in accordance with appropriate conditions of service. All letters of appointment must be issued by the HR Department.

9.1.3 The CPO or equivalent is responsible for the maintenance of data relating to:

- 9.1.3.1 Appointments, resignations, dismissals, supervisions, secondments and transfers;
- 9.1.3.2 Absences from duty for sickness or other reason, apart from approved leave;
- 9.1.3.3 Changes in remuneration other than normal increments and pay awards;
- 9.1.3.4 Information necessary in order to make payments to outside organisations in respect of pension, income tax, national insurance etc.

9.1.4 The EDoF 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.

9.1.5 The EDoF shall be responsible for keeping all records relating to payroll including those of a statutory nature. All payments must be made in accordance with the College's detailed payroll financial procedures and comply with HMRC regulations.

9.2 Superannuation Schemes

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

NEWHAM COLLEGE LONDON

9.2.2 The CPO and EDoF are responsible for day-to-day pension matters including:

9.2.2..1 Paying of contributions to various authorised pension schemes.

9.2.2..2 Preparing the annual return to various pension schemes.

9.2.3 The CPO (or equivalent senior HR role) is responsible for administering eligibility to pension schemes.

9.3 Travel, Subsistence and Other Allowances

9.3.1 All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the EDoF.

9.3.2 No member of staff is authorised to make any payment for reimbursement of expenditure to him/herself. Claims for expenditure incurred in the course of duty, for example, travelling, subsistence, course fees etc. must be submitted by the member of staff who is making the claim to their line manager who will check and authorise the payment. The certification by the line manager shall be taken to mean that:

9.3.2..1 the journeys etc. were authorised,

9.3.2..2 the expenses properly and necessarily incurred and

9.3.2..3 the allowances are properly payable by the College.

9.3.3 The Principal and CEO must have all expenses signed off by the Chair of the Corporation

9.4 Payment of Expenses

9.4.1 Expenses will ordinarily be reimbursed through the payroll.

9.5 Overseas Travel

9.5.1 All arrangements for overseas travel must be approved by the Principal and CEO in advance to committing the College to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Principal and CEO or members of the Corporation shall be approved by the Chair of Corporation. Arrangements for travel by the Chair shall be approved by the Vice Chair.

9.6 Payroll Authorities

9.6.1 The payroll may be authorised by any of the following post-holders

9.6.1..1 EDoF

9.6.1..2 EDoMIS

9.6.1..3 CPO

9.6.1..4 Finance Manager

NEWHAM COLLEGE LONDON

9.7 Senior Pay Controls

- 9.7.1 When the ONS reclassified colleges into the central government sector, this meant they became subject to senior pay controls for remuneration that meets or exceeds the threshold set out in the [HMT guidance](#).
- 9.7.2 Accordingly, the College must submit an application form, for clearance of any instance of pay that would meet the criteria below:
- 9.7.2..1 Remuneration for appointments newly advertised at or above £150,000 or performance related pay above £17,500 must have already been approved
- 9.7.2..2 For existing staff whose remuneration meets or exceeds the threshold, approval is required for pay awards above 9%.
- 9.7.2..3 For remuneration below the threshold, approval is required where a pay award of over 9% takes it to or above the threshold.
- 9.7.3 The application must be made at least two months in advance and will be subject to approval by both the DfE and HM Treasury.
- 9.7.4 Any proposed remuneration that meets these thresholds must first have Board approval via Remuneration Committee before a submission is made for DfE approval.

9.8 Severance Payments

- 9.8.1 Special staff severance payments are payments to staff leaving College employment that are beyond the normal terms of their contract of employment. They must not be treated as a soft option e.g. to avoid disciplinary processes or be paid to staff with poor performance.
- 9.8.2 Colleges have delegated authority to make special severance payments up to certain limits. Beyond these limits, they must be referred to DfE for approval in advance. This will be done by the Principal and CEO on the DfE [college approvals form](#). DfE approval is required for special staff severance payments where any of the following scenarios arise individually or collectively:
- 9.8.2..1 the proposed special staff severance payment is for £50,000 or more (gross, before income tax or other deductions)
- 9.8.2..2 the proposed special staff severance payment is equivalent to 3 months' salary or more (gross, before income tax or other deductions)
- 9.8.2..3 an exit package which includes a special staff severance payment is at, or above, £100,000
- 9.8.2..4 the employee earns over £150,000
- 9.8.2..5 Additionally, irrespective of the amount of money involved any proposed payments linked to a non-disclosure agreement will require DfE approval.
- 9.8.3 Any proposed special severance payments within the College's delegated authority, however small, will be regarded as exceptional and subject to business case which must be approved by the Principal and CEO and CFOO.

NEWHAM COLLEGE LONDON

9.8.4 Appropriate legal advice should be taken, and the settlement amount must be justifiable as value for money from the public purse. Under no circumstances must a confidentiality clause in a settlement agreement prevent an individual's right to make disclosures in the public interest (whistleblowing).

10 Assets

10.1 Land, Buildings, Fixed Plant and Machinery

10.1.1 The purchase, lease or rent of land or buildings (or fixed plant above delegated expenditure authorities) can only be undertaken with authority from the Corporation and with reference to funding bodies' requirements where exchequer funded assets or exchequer funds are involved.

10.1.2 The Principal and CEO is responsible for ensuring that the College's Estate Strategy is updated regularly and reflects the requirements of the Curriculum plans, so that investment in the estate is made in the most beneficial manner to underpin the long-term sustainability of the institution.

10.1.3 The Executive Director of Estates and Capital Projects (EDoECP) is responsible for ensuring the College's 5-year costed maintenance plan is updated regularly and that maintenance budgets are appropriately deployed to mitigate deterioration of the fabric of the buildings.

10.2 Fixed Asset Register

10.2.1 The EDoF is responsible for maintaining the College's register of land, buildings, fixed plant and machinery. Budget holders will provide the DoF with any information needed to maintain the register.

10.2.2 The EDoECP and the Executive Director of IT and Digital Transformation will maintain separate registers of facilities and equipment; and IT hardware and infrastructure assets respectively, for the purpose of ensuring regular maintenance and to plan for cyclical replacements.

10.3 Depreciation of Assets

10.3.1 The EDoF will ensure that fixed assets are depreciated on the balance sheet, on a straight-line basis, over their useful life which will vary according to the asset category. Asset lives will be applied consistently, unless a particular asset was funded by a grant that stipulated a specific useful life that differed from that generally used.

10.4 Asset Disposal

NEWHAM COLLEGE LONDON

- 10.4.1 Disposal means any process whereby title to an asset passes to a third party, such as sale, conveyance, auction, scrapping, gifting etc. Net proceeds are the sum remaining after costs of sale (e.g. professional fees) have been deducted and after any finance secured over the asset by a third party (e.g. bank) has been settled.
- 10.4.2 The College can dispose of fixed assets without the DfE's approval, subject to the proposed disposal not being novel, contentious or repercussive (see 10.4.8 below and Section 12.5) and maintaining the principles of regularity, probity and value for money.
- 10.4.3 Any disposal of redundant freehold land or buildings must be approved by Corporation and the proceeds of disposal must be used for capital reinvestment in further fixed assets and/or:
- 10.4.3.1 Repay loans, to DfE and to banks
 - 10.4.3.2 Repay any overpayments of ESFA/DfE grants, or satisfy grant conditions where a repayment to ESFA/DfE is due
 - 10.4.3.3 Exceptionally, provide working capital if the College is at risk of insolvency, subject to prior approval of the DfE.
- 10.4.4 The EDoF is responsible for ensuring the net proceeds of any fixed asset disposal that are being held as cash pending reinvestment or repayment of overpaid grant or other debt are accounted for as restricted cash (and so will not count as cash for the purposes of the solvency ratio used to determine the College's financial health).
- 10.4.5 In the case of moveable fixed assets (ie non land and buildings, such as equipment, IT kit, vehicles etc) prior to disposal the Budget Holder and EDoF will consider whether the proceeds of disposal need to be held for reinvestment in similar assets where there is an ongoing need, or whether the asset was acquired with the assistance of a grant that set terms relating to the disposal or use of the proceeds of disposal. Subject to these considerations, the College may apply the proceeds of disposal at its own discretion.
- 10.4.6 Approval authority levels for disposal of assets other than land and buildings are:

Authorised Officer	Limit
CFOO	£25,000
Principal & CEO	£50,000
Corporation, Chair or Vice Chair of Board	>£50,000 and all land & buildings

- 10.4.7 The EDoF must be notified of all fixed asset disposals and is responsible for removing these assets from the asset register/balance sheet.
- 10.4.8 Examples of asset disposals that could be considered novel, contentious or repercussive include sale and lease-back arrangements, disposal of sites that are considered a community amenity, disposals to a related party, and gifts or disposals that are below market value. The perception of the transaction may be as important as

NEWHAM COLLEGE LONDON

its substance, and in such cases the College must ask the DfE for permission for the disposal itself as well as for the application of the proceeds.

10.5 Leased Assets

- 10.5.1 Lease, hire purchase or rental agreements for assets must only be entered into if there is a business case that demonstrates this represents better value for money than outright purchase of the asset.
- 10.5.2 Such agreements must only be signed by the Principal and CEO, CFOO or EDoF, in accordance with the limits of their delegated authority up to £300k
- 10.5.3 Any contract more than £300k and all leases of land and buildings must be approved by the Corporation Board prior to signature.

10.6 Inventories, Stocks and Stores

- 10.6.1 Budget holders and departmental heads are responsible for maintaining inventories, in a form prescribed by (or agreed with) the EDoF for equipment, consumable stock and stock for re-sale. The inventory must include items donated or held on trust.
- 10.6.2 Inventories must be checked at least annually as described in the College's detailed financial procedures.
- 10.6.3 Budget holders and departmental heads are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their area. The system used for stores accounting within departments must have the approval of the EDoF.
- 10.6.4 Budget holders and departmental heads 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 measures.
- 10.6.5 Those budget holders and departmental heads whose stocks require valuation in the balance sheet must ensure that stocktaking procedures in place have the approval of the EDoF.
- 10.6.6 All stock write-offs must be approved by the EDoF.

10.7 Asset Security

- 10.7.1 Budget holders, departmental heads and senior leaders are responsible for the care, custody and security of the buildings, stocks, furniture, cash etc under their control. They will consult with the EDoECP, CFOO or Principal and CEO in any case where

NEWHAM COLLEGE LONDON

security is thought to be defective or where it is considered that special security arrangements may be needed.

10.7.2 All staff are responsible for the care, custody and security of any assets that have been specifically issued to them for use in their role, e.g. laptop, College mobile phone. These assets are the property of the College and must be returned prior to leaving its employment. Failure to do so will result in a replacement charge being deducted from final salary.

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

11 Financial Planning, Reporting & Analysis

11.1 Budgeting and Financial Plan

11.1.1 The Interim Principal & Chief Executive is responsible for submitting annually, prior to the start of the financial year, a revenue budget and capital programme for consideration by the Finance & Resources Committee, before submission to the Corporation. The budget should also include a rolling two-year cash flow forecast by months for the next two year-ends and a projected year-end balance sheet.

11.1.2 The CFOO and EDoF must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to budget holders as soon as possible following their approval by the Corporation.

11.2 Resource Allocation

11.2.1 Resources are allocated annually by the Corporation on the recommendation of the Finance & Resources Committee through the approval of the annual budget. The budget is set to meet the requirements of the annual curriculum plan.

11.3 Cash Flow Management

11.3.1 A rolling cash flow forecast will be prepared monthly as directed by the EDoF and included in the management accounts, and daily monitoring of cash balances will be undertaken by the Finance Manager.

11.4 Budgetary Control

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

NEWHAM COLLEGE LONDON

11.4.2 The budget holder will be assisted in this duty by management information provided by Finance. Management Accounts are to be produced and circulated within 20 working days of the end of month (later for July and September and not for August)

11.4.3 Significant departures from agreed budgetary targets must be reported immediately to the EDoF or CFOO by the designated budget holders concerned and, if necessary, corrective action taken

11.5 Monthly Reporting

11.5.1 The CFOO is responsible for supplying budgetary reports on all aspects of the College's finances to the Finance & Resource Committee on a basis determined by Finance & Resources Committee. Appropriate reports are then commissioned by the Finance & Resources Committee for presentation to the Corporation.

11.6 Forecasting and in-year reviews

11.6.1 Monthly re-forecasts will be prepared by the EDoF from January onward for approval by the Executive and inclusion within the management accounts

11.7 New Business Opportunities

11.7.1 To permit the inclusion of new activities in a financial year, after the budget has been set, the following procedures must be followed, depending on the value or strategic importance of the venture

11.7.2 A project proposal is to be prepared which must include the following elements:

11.7.2..1 Background

11.7.2..2 Options considered

11.7.2..3 Costs including opportunity cost and other implications for each option

11.7.2..4 Conclusion

11.7.2..5 Recommendation

11.7.3 Any proposal will be subject to approval by departmental directorate, Executive or Finance & Resources Committee depending on the nature and size of the venture.

11.8 Capital Programmes

11.8.1 The capital programme includes all expenditure on land, buildings, equipment and associated costs, whether or not they are funded by capital grants, which are capitalised for inclusion in the institution's financial statements.

11.8.2 Expenditure of this type can only be considered as part of the capital programme approved by the Corporation which will include discrete grant funded projects together with a self-funded annual capital budget.

NEWHAM COLLEGE LONDON

11.8.3 Proposed capital projects will be subject to a business case to demonstrate need and financial impact.

12 Other

12.1 Taxation

12.1.1 The EDoF is responsible for advising departments on all taxation issues, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to the College, having taken advice where necessary from external experts. They will, therefore, issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

12.1.2 The Finance Manager is responsible for maintaining the College's tax records, including VAT, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

12.2 Use of the College Seal

12.2.1 The application of the seal of the Corporation must be authenticated by the signature of at least two Members of the Corporation one of who will normally be the Chair or some other member who is authorised either generally or specially by the Corporation to act for that purpose together with that of any other member. The Director of Governance is responsible for keeping the seal in a secure place and for keeping minutes of Corporation Board meetings recording its usage.

12.3 Indemnities, Guarantees and Letters of Comfort

12.3.1 Managing Public Money provides a financial control framework for all central government bodies, which now includes colleges. Most financial decision-making is delegated to college operational leadership, however there are certain classes of transaction where additional controls apply. This includes indemnities, guarantees and letters of comfort, which all create contingent liabilities (future expenditure may arise if certain events happen) and may require DfE approval.

12.3.2 An indemnity is a contractual agreement of one party (indemnifier) to accept the risk of damage or loss suffered by another party and to compensate the other party (indemnity holder), due to the actions of the indemnifier or any other party.

12.3.3 A letter of comfort, however vague, gives rise to moral and sometimes legal obligations.

NEWHAM COLLEGE LONDON

12.3.4 A guarantee is another type of contingent liability. Typically, it is a commitment provided by a guarantor to take responsibility for the debt or performance obligations of another party in the case of that party defaulting on its obligations.

12.3.5 Colleges have delegated authority to enter into indemnities, letters of comfort and guarantees up to certain individual and cumulative limits.

12.3.6 Indemnities arising in the normal course of business do not require DfE approval. This is likely to address most commercial contracts entered into by the College.

12.3.7 DfE consent is required in advance for indemnities not arising in the normal course of business, for letters of comfort and for guarantees where:

12.3.7..1 its value exceeds 1% of annual income or £45k individually, whichever is smaller; or

12.3.7..2 The case takes the college's cumulative total of such contingent liabilities for the academic year beyond 5% of annual income or £250k, whichever is smaller

12.3.8 The Principal and CEO shall apply to the DfE on the [DfE college approvals form](#) , to request permission for any item beyond their delegated limits.

12.4 Sub-contracting arrangements

12.4.1 The College may enter into sub-contracting arrangements to deliver services. All appointments should be subject to a tendering/quoting process and comply with any funding agency requirements.

12.4.2 Any decision to sub-contract is subject to approval of a business case. All sub-contractors should undergo the College's due diligence processes and have approval from the Executive team.

12.5 Novel, Contentious or Repercussive Transactions

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

12.5.2 If the College plans to enter into any such transactions, then the Principal & CEO must seek approval in advance from Department for Education. If supported, DfE will refer to HM Treasury for final consent. Any potential transactions which may meet the above definitions must be referred to the CFOO or Principal & CEO, so that appropriate approval may be sought prior to entering into the transaction.

12.5.3 There is no delegated financial threshold in relation to novel, contentious or repercussive financial arrangements; all such transactions require prior approval,

NEWHAM COLLEGE LONDON

regardless of value. Further, the College must assess these matters objectively: if a transaction could reasonably be regarded as novel, contentious or repercussive, then it must be treated as such.

12.6 Ex-Gratia Payments, Compensation Payments and other Special Payments

12.6.1 Certain transactions by the College may fall outside its usual planned range of activity and may exceed statutory and contractual obligations. These are known as special payments and include:

12.6.1.1 Staff severance payments which go beyond statutory or contractual entitlement (see section 9.8)

12.6.1.2 Compensation payments which go beyond statutory or contractual entitlement

12.6.1.3 Ex-gratia, extra-contractual, extra-statutory and extra-regulatory payments

12.6.2 Compensation payments provide redress for loss or injury, for example personal injuries, traffic accidents or damage to property. If the college is considering a compensation payment, it must base its decision on a careful appraisal, including legal advice where relevant, and ensure value for money.

12.6.3 The College has delegated authority to approve individual compensation payments, provided any non-statutory/non-contractual element is under £50,000. Where the college is considering a non-statutory/non-contractual payment of £50,000 or more, the Principal and CEO must obtain the DfE's prior approval using the [ESFA contact form](#).

12.6.4 The College does not have any delegated authority for approval of the following types of special payment, which must always be referred, with a business case, by the Principal and CEO to DfE for prior approval:

12.6.4.1 Ex-gratia payments, which are transactions going beyond statutory or contractual cover, or administrative rules. Managing Public Money gives examples including payments to meet hardship caused by official failure or delay, and to avoid legal action due to official inadequacy.

12.6.4.2 Extra-contractual payments are those which, though not legally due under contract, appear to place an obligation on the College which the courts might uphold. Typically, these arise from the College's action or inaction in relation to a contract. Payments may be extra-contractual, even where there is some doubt about the organisation's liability to pay, e.g. where the contract provides for arbitration, but a settlement is reached without it. (A payment made as a result of an arbitration award is contractual.)

12.6.4.3 Extra-statutory and extra-regulatory payments are within the broad intention of the statute or regulation, respectively, but go beyond a strict interpretation of its terms.

12.6.5 If the College is in doubt about a proposed transaction and/or the transaction may be regarded as novel/contentious/repercussive, the Principal and CEO or CFOO should seek DfE advice.

12.7 Write-offs and Losses

NEWHAM COLLEGE LONDON

- 12.7.1 Write-offs and losses are another area where, under Managing Public Money, additional controls now apply to colleges. The College has delegated authority to write off amounts up to the following individual and cumulative limits, above which DfE consent to a write-off is required:
- 12.7.1..1 The write-off exceeds 1% of annual income or £45k individually (whichever is smaller), or
 - 12.7.1..2 The write-off takes the College's cumulative total write-off for the academic year beyond 5% of its annual income or £250k (whichever is smaller)
- 12.7.2 Additionally, irrespective of the amount of money involved, the College must consult the DfE if they identify losses and write-offs which may involve important questions of principle; raise doubts about the effectiveness of existing systems; contain lessons which might be of wider interest; are novel, contentious or repercussive; might create a precedent for other colleges in similar circumstances; or arise because of obscure or ambiguous instructions issued centrally.
- 12.7.3 Prior to any write-off, regardless of whether it is above or below the College's delegated authority, the EDoF or CFOO will be responsible for ensuring a thorough investigation has been undertaken, involving external parties (e.g. legal advice, Internal Auditors, JISC for losses due to cyber fraud) as appropriate, to fully appraise the facts. This will include:
- 12.7.3..1 The circumstances – nature of the case, amount involved and circumstances in which it arose
 - 12.7.3..2 Reasons – the rationale for the proposed write-off including any legal advice
 - 12.7.3..3 Cost effectiveness of further action – decisions not to pursue recovery should be exceptional; the option of abating future payments to the recipient should always be recovered
 - 12.7.3..4 Good or bad faith – in the case of an overpayment, whether the recipient accepted the money in good or bad faith, consistency of approach and timing (where recipients of overpayments have acted in good faith, this alone is not a sufficient defence to not result in recovery of public funds)
 - 12.7.3..5 Fraud, suspected or proven - if there is evidence of fraudulent intent, the College will consider legal and/or disciplinary action, taking legal advice where appropriate. A criminal conviction in such a case will not eliminate the public debt which had resulted, and so recovery of the debt will also be pursued by any available means.
 - 12.7.3..6 Internal controls – whether the investigation has shown any defects in the College's system of controls and, if so, what corrective actions will be taken.
- 12.7.4 A loss or write-off will be accepted only when it is clear that all reasonable action has been taken to effect recovery and there is no feasible alternative. The EDoF or CFOO will prepare a business case for any proposed write-off which, together with the findings of the investigation, will be reviewed at A&RC and/or by the Executive, depending on the size and nature of the loss.

NEWHAM COLLEGE LONDON

12.7.5 Any losses requiring a DfE consent to write-off must first be reviewed and agreed at A&RC, after which the Principal and CEO shall apply to the DfE on the [DfE college approvals form](#) , to request permission for any item beyond their delegated limits.

12.7.6 The EDoF will maintain an up-to-date record of losses, including

12.7.6..1 The nature, gross amount and cause of each loss, and

12.7.6..2 The action taken, total recoveries and date of write-off, where applicable.

12.8 Companies, Joint Ventures and Consortium Arrangements

12.8.1 Following reclassification, colleges remain free to conduct commercial operations, including through subsidiary companies, and continue to be able to set up companies without DfE approval (unless the purpose of the subsidiary is novel, contentious or repercussive).

12.8.2 In certain circumstances it may be advantageous to the institution to establish a company, joint venture or consortium arrangement to undertake services on behalf of the institution. Any member of staff considering the use of such arrangements should first seek the advice of the Principal and CEO and CFOO who should have due regard to guidance issued by funding bodies and will seek professional advice as appropriate.

12.8.3 The Corporation is responsible for approving the establishment of all companies, joint venture or consortia; and to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the College.

12.8.4 Where the College is a major shareholder in a company, that company's financial year shall be consistent with that of the College.