



# **FINANCIAL REGULATIONS**

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# Contents

- Purpose of Financial Regulations ..... 3
- 1. Delegation..... 3
- 2. Budget..... 4
- 3. Salaries, Wages, Pensions and HMRC. .... 4
- 4. Taxation ..... 5
- 5. Cash..... 5
- 6. Banking ..... 6
- 7. Cashflow ..... 6
- 8. Treasury Management ..... 6
- 9. Student and trainee records ..... 7
- 10. Income..... 7
- 11. Sales Ledger ..... 8
- 12. Partners..... 8
- 13. Procurement ..... 8
- 14. Payment of Invoices and other payment types ..... 9
- 15. Purchasing cards, credit and debit cards ..... 10
- 16. Leasing..... 10
- 17. Fraud and irregularity..... 10
- 18. Internal and External Audit..... 10
- 19. Capital Expenditure ..... 11
- 20. Disposals ..... 11
- 21. Land and Buildings ..... 11
- 22. Stock ..... 11
- 23. Risk ..... 11
- Appendix 1 – goods and services not requiring purchase orders..... 13
- Appendix 2 – purchases for which seeking quotations/tenders could be inappropriate ..... 14
- Appendix 3 – Bribery Policy..... 15
- Appendix 4 – Post holders..... 16
- Appendix 5 - Creditor Payment Policy ..... 17
- Appendix 6 – Code of practice for staff with significant financial responsibilities ..... 18
- Appendix 7 – Staff Expenses ..... 19
- Appendix 8 – Anti Fraud and Corruption Policy ..... 21
- Index ..... 25

## **Financial Regulations**

### **Purpose of Financial Regulations**

These financial regulations supplement but do not replace the corporation's instruments and articles. They supplement but do not replace the requirements of the college's financial memorandum.

Financial regulations are corporation instructions to its staff on how they want their financial affairs run. Compliance with the financial regulations is compulsory for all staff, a member of staff who fails to comply with the financial regulations may be subject to disciplinary action.

#### **1. Delegation**

The Principal (or formally in the case of a holder of a senior post the corporation – although in practice this is likely to be the Principal) shall nominate one of the college's staff to be responsible for:

- (i) The college's books of account;
- (ii) The management of the finance team;
- (iii) Tracking progress against the budget; and
- (iv) The solvency of the college.

For the purposes of these financial regulations this person holds role A.

The Principal may nominate members of the college's staff to be responsible to the principal for parts of the college budget – for example the income and expenditure of a direct delivery team. Such persons hold role B (Appendix 4).

The Principal (or formally in the case of a holder of a senior post the corporation – although in practice this is likely to be the Principal) shall nominate one of the college's staff to be responsible for:

- (i) Maintaining personnel records;
- (ii) The management of the human resources team;
- (iii) Tracking the number of staff employed against the college's plans for staffing; and
- (iv) Paying staff and maintaining appropriate pension and HMRC records.

For the purposes of these financial regulations this person holds role C. The holders of roles A and C shall work closely together.

The Principal (or formally in the case of a holder of a senior post the corporation – although in practice this is likely to be the Principal) shall nominate one of the college's staff to be responsible for:

- (i) Maintaining student and trainee records;
- (ii) The management of the Management Information Systems team;
- (iii) Tracking the levels of student and trainee activity against targets provided by the funding bodies; and
- (iv) Making appropriate returns to the funding bodies and the Data Service.

For the purposes of these financial regulations this person holds role D. The holders of roles A and D shall work closely together.

The management of the college's partnership network, shall be the responsibility of the holder of role E.

## **2. Budget**

Before the start of each year the Principal shall propose to the corporation a budget covering income, expenditure, cash flow, capital expenditure and the balance sheet for the following year. Before the start of each year the corporation shall either adopt the Principal's proposed budget or inform the Principal what improvements to the proposal are required in order to ensure they will adopt it.

Each month members of the corporation shall receive from the holder of role A a report tracking the progress of the college against its budget.

In the spring term of each year (and at such other times as it sees fit) the corporation shall determine whether or not it wishes to revise the college's budget.

The Principal may distribute the budget to the holders of role B in such a way that the sum of the parts does not equal the budget as whole if and only if an audit trail of this action is maintained and the corporation is informed of this.

If the Principal concludes that a critical budget event has taken place they shall inform the corporation. Each of the following are critical budget events:

- (a) Making a loss in a year when the corporation had instructed that a surplus be made;
- (b) Exceeding the college's overdraft limit or forecasting that the college's overdraft limit would be exceeded;
- (c) Undershooting the corporation's target for a surplus by £200,000 or more; and
- (d) Undershooting the corporation's year end cash holding target by £200,000 or more.

Except in emergencies, eg a group of students stranded abroad, no holder of role B is authorised to incur expenditure or forgo income which would result in them not achieving their part of the budget.

If any holder of role B concludes that they will not deliver their budget they shall inform the Principal and the holder of role A.

The holder of role A shall ensure that procedures are maintained for:

- (a) Drawing up budgets; and
- (b) Monitoring budgets.

## **3. Salaries, Wages, Pensions and HMRC.**

The holder of role C is responsible to the principal for maintaining a scheme of conditions of service and pay rates within such guidance as the corporation shall issue.

The holder of role C is responsible to the Principal for maintaining an audit trail regarding the appointment of staff and any subsequent changes to their remuneration or conditions of service.

The holder of role C is responsible to the Principal for determining who is an employee of the college and for the pay, pensions, NI and PAYE of the college's employees. Employees shall be paid monthly. The payroll systems shall allow for the costs of staff to be charged to activities for which there is a budget. The holder of role C is responsible for maintaining appropriate records of these matters.

Travel and subsistence claims will be paid through payroll.

Each month the holder of role A shall review that month's payroll.

The Principal may authorise any pay award for staff which meets all three of the following conditions:

- (a) the pay award is a national pay award;
- (b) the cost of the pay award has been provided for within the adopted budget; and
- (c) authorising the pay award will not trigger a critical budget event.

Any pay award which does not meet all three of these conditions shall require the specific approval of the corporation.

The holder of role C is responsible for ensuring that procedures are maintained for:

- (a) appointing staff;
- (b) staff resignations, dismissals, secondments and transfers;
- (c) changes in remuneration and conditions of service;
- (d) operating the payroll system – including pensions, NI and PAYE.

No one other than the holder of role C shall run a payroll.

#### **4. Taxation**

The holder of role A is responsible for the VAT position of the college, including in particular the keeping of appropriate records and payments of tax to HMRC.

The holder of role A is responsible for the corporation tax position of the college.

The holder of role A shall support the holder of role C with regard to national insurance and PAYE.

The holder of role A shall be responsible for the record keeping and payment of any other tax that the government shall levy on the college.

The holder of role A is responsible for ensuring that procedures are maintained for VAT.

#### **5. Cash**

The holding and use of cash within the college is discouraged.

Payment of sums due to the college by card, BACS, CHAPS and Direct Debit is preferred to payment by cash. Cash should only be accepted at points within the college which have been designated by the holder of role A. College receipts will always be issued for cash received. Sums received by such points will be paid across to the finance team at least daily.

BACS, CHAPS and cards are preferred to cash for the payment of sums owed by the college. The holder of role A may designate some individuals to hold petty cash. Occasionally temporary imprests may be issued for other purposes eg educational visits. Holders of petty cash and temporary imprests should only issue cash against a receipt.

Cash may not be exchanged for cheques or IOUs.

Cash received must be kept separate from cash held for petty cash or imprest purposes and expenditure should not be met from cash received.

The holder of role A is responsible for issuing procedures for petty cash.

## **6. Banking**

The corporation shall appoint the college's bankers and bank accounts may only be opened with this banker (or these bankers).

All bank accounts must be in the college's name, reconciled monthly and approved by the holder of role A.

No employee other than the holder of role A may open a bank account including the name of the college.

The cheque signature mandate shall require two signatures for each cheque.

All on-line bank payments shall require the consent of two designated employees, one of which a signatory on the mandate – save for movement of funds between college bank accounts.

The holder of role A is responsible for procedures regarding managing bank accounts.

## **7. Cashflow**

The finance team shall assess the funds available to the college on each working day and place their findings on a server available to the college's executive.

The holder of role A shall ensure that the college maintains a rolling cashflow forecast which covers at least the next 12 months. This cashflow forecast shall be included in the monthly report on the college's progress against its budget.

Forecasting that the college's overdraft limit will be exceeded triggers a critical budget event.

## **8. Treasury Management**

The corporation shall approve and maintain a Treasury Management Policy.

After the corporation has approved its budget the holder of role A shall prepare and present for the corporation's approval an Annual Treasury Strategy. The Annual Treasury Strategy shall consider the college's borrowings and need for borrowings and the opportunities for the investment of temporarily surplus funds. The holder of role A shall report on the conformity of the college to the Annual Treasury Strategy.

The college may only borrow or enter into finance leases where this has the prior approval of the corporation. All finance leases must have the signature of at least one of: the principal; the holder of role A.

For the avoidance of doubt when the corporation agrees an overdraft limit it authorises its employees to use this facility up to the overdraft limit.

## **9. Student and trainee records**

The holder of role D shall maintain student and trainee records for the college and make such returns regarding these records as the relevant funding bodies require.

The leaders of all direct delivery teams shall assist by providing records of the courses they intend to run, the intended attendance pattern for those courses, actual attendance of students and trainees, notification of students and trainees who are no longer following a course and where relevant evidence of the qualifications gained by students and trainees.

For courses other than full cost courses it is a joint responsibility of both the holder of role D and the leader of the relevant direct delivery team that suitable records are kept and suitable procedures undertaken to ensure that funds for the course can be claimed from the relevant funding body.

The holder of role D is responsible for issuing procedures regarding the maintenance of student and trainee records.

## **10. Income**

The college's income consists of general income allocated to the college by the funding bodies; income earned by delivering particular educational or training activities; tuition fees and educational contracts; specific grants for particular purposes and sundry income.

Payments in respect of general income shall be received and brought to account by the finance team.

The holder of role D shall make the specific returns required for income generated by delivering particular educational or training activities and notify the finance team of the receipts expected. Payments in respect of this income stream shall be received and brought to account by the finance team.

Invoices in respect of tuition fees and educational contracts shall be raised by the finance team. Charges for tuition fees will be raised in accordance with the policy set by the corporation.

Where specific grants are received the finance team shall collate the information required to demonstrate that the terms of the grant have been met. Where specific grants will only be paid to the college against an invoice the finance team will raise the invoice.

The finance team shall be responsible for the collection of sundry income, including raising invoices for sundry income where appropriate.

Donations may take the form of specific grants where the donor attaches specific conditions to their gift or sundry income where no specific conditions have been attached.

No one other than the finance team shall raise an invoice.

Any member of staff who believes the college has earnings that will require an invoice to recover shall promptly notify the finance team of the requirement to raise an invoice.

The holder of role A is responsible for maintaining procedures regarding income. Subject to the College's Financial Conduct Authority status the College can accept payment by direct debit.

If refunds are required the College shall minimise opportunities for money laundering by ensuring the refund is made to the original payer and follow the method by which the money was received.

## 11. Sales Ledger

The finance team shall maintain the college's sales ledger and take action to recover debt. The level of outstanding debt shall be reviewed by the holder of role A each month.

## 12. Partners

The holder of role E shall be responsible for the procedures for selecting and removing members of the partnership and for ensuring their work meets government requirements and is of sufficient quality.

The decision to appoint or remove any partner shall be documented and all partners shall sign up to appropriate contract documentation.

## 13. Procurement

Harlow College will abide by European Union regulations.

Whilst individual procurement decisions are taken by many employees throughout the year the college has to be aware of the total procurement opportunity with regard to its annual levels of expenditure on particular categories of product or service. The value of the purchase should be determined based on the anticipated length of the contract or where annual expenditure is expected to recur with the same supplier up to four years.

All goods and services purchased by the college other than:

- a) Those listed in appendix 1;
- b) Those secured by a procurement card; and
- c) Those secured by petty cash.

must be the subject of a prior purchase order.

All contracts with a value estimated to be greater than £25,000 must follow the value for money outlined below. This requirement does not just apply to contracts between £25,000 and the Public Procurement threshold (£213,477 **inclusive of VAT** from 1 January 2022); it also applies to notices published in the Find a Tender Services (FTS). When procuring contracts above the Public Procurement threshold Public Contracts Regulations must be followed before you can award the contract, unless you are using an existing compliant framework agreement.

Purchase orders can only be issued by the finance team.

Purchase orders will only be raised where there is an authorised requisition that shall certify that:

- a) The goods and services are needed by the college;
- b) Value for money has been obtained; and
- c) There is a budget available to meet the cost of the purchase.

Value for money can be obtained by:

- a) Making use of consortium purchasing arrangements or compliant framework agreements;
- b) A formal tendering procedure;
- c) Seeking competitive quotations; and
- d) The use of (documented) judgement of the member of staff concerned.

Except for the types of goods and services listed in appendix 2, where these types of purchases are likely to exceed the EU threshold EU regulations must be followed.

The estimated contract value shall be as follows:

- (a) In the case of fixed-term public contracts, where that term is less than or equal to twelve months, the total estimated value for the term of the contract or, where the term of the contract is greater than twelve months, the total value including the residual value
- (b) In the case of public contracts without a fixed term, or public contracts the term of which cannot be defined, the monthly value multiplied by 48.

The holder of role A shall advise on formal tender procedures.

Employees making requisitions for goods and services in excess of £25,000 shall provide evidence of the procurement process carried out.

The finance team may seek evidence for the application of value for money criterion before issuing a purchase order.

#### **14. Payment of Invoices and other payment types**

All invoices shall be received and registered by the finance team and paid in line with the Creditor Payment Policy (Appendix 5).

Invoices shall be sent to the relevant teams for them to certify that the goods and services have been received and were of satisfactory quality. [Exceptionally where the standard contractual terms for the particular product type (eg the hire of conference venues) require it invoices may be paid in advance of the receipt of goods and services.]

Where the finance team has a valid invoice which is matched to a purchase order and where the relevant team has certified that the goods and services have been received the team may process the invoice for payment.

Only in exceptional circumstances may invoices be paid whose value exceeds that of the relevant purchase order. Special authorisation is required for these payments.

Where goods and services of a nature other than those listed in appendices 1 and 2 have been received without a purchase order being received then the receiving team shall investigate the circumstances and record the reasons, the person responsible and any disciplinary action that has been taken.

Payments for goods and services of the nature set out in appendices 1 and 2 may be initiated by the college. In these cases the principal or a holder of role B shall certify that there is a budget which covers the cost and another member of staff shall certify that the goods and services have been received.

Payment will normally be by BACS (or in exceptional circumstances by CHAPS if BACS not suitable) each week. In exceptional circumstances cheques can be prepared. The College can also permit payment by direct debit, subject to being authorised by a bank signatory and the invoice processed in line with the procedure for processing invoices.

## **15. Purchasing cards, credit and debit cards**

The operation and control of purchasing cards, credit and debit cards are the responsibility of role A. Credit and Debit cards are only issued to those that are signatories on the bank mandate. Purchasing cards can be issued to staff and authorised by a signatory on the bank mandate. Holders of cards must use them only for the purpose for which they have been issued (valid business expenses only) and within the authorised purchase limits. Cards must not be loaned to another person nor should they be used for personal or private purchases. The same process for the approval of expenditure in the procurement section and payment section should be followed. Approval from the relevant budget holder is required and they should ensure that there is sufficient budget to meet the costs. There should be segregation/rotation of duties with those holding, using, reviewing and reconciling cards.

The holder of role A shall be responsible for procedures regarding the payment of invoices and other payment types.

## **16. Leasing**

Leasing equipment is subject to the same procurement procedures (including the order requisition process) that would apply to the acquisition of any piece of capital equipment, such as computers, scientific equipment, business related equipment, etc. In order to be considered for leasing, the goods should have a value of at least £25,000 and the option of leasing initially approved by the appropriate Post Holder B in the Finance team.

The College will normally encourage the outright purchase of equipment as opposed to lease, lease-purchase, rental, or rental-purchase agreements. In most situations, the outright purchase will prove to be the most economical if calculated over the useful life of the product.

The primary reason to lease rather than buy an item is because the needed item is so expensive that its direct purchase is either not possible or that other financing mechanisms are unavailable or more expensive than leasing. The lease should not be more than the useful economic life of the equipment.

Leases are legally binding contracts that financially obligate the College. The negotiation of lease contracts rests with the Finance team and it will require final approval from Post Holder A.

## **17. Fraud and irregularity**

Any member of staff who is concerned that a fraud or irregularity has taken place shall inform:

- a) The holder of role A, unless they consider the holder of this role is involved, in which case they shall inform the
- b) Principal, unless they consider the Principal is involved, in which case they shall inform the
- c) Chair of the audit committee.

who will follow the guidelines given in the Fraud Policy.

## **18. Internal and External Audit**

All staff are required to assist internal and external auditors.

## **19. Capital Expenditure**

The budget approved by the corporation shall make provision for capital expenditure. Capital items may be purchased using the funds made available.

All capital items will be allocated to a team for safe-keeping, should be recorded in the fixed assets register maintained by the finance team and their presence should be verified at least once a year.

The holder of role A is responsible for procedures regarding the fixed assets ledger.

## **20. Disposals**

At the end of its useful life equipment shall either be certified as having no value or shall be disposed of competitively (which may involve the use of e-commerce sites such as e-bay). Members of staff may purchase redundant equipment but only after a suitable price has been determined by a competitive method.

With the approval of the Principal the college may donate equipment for which it has no need to another educational charity.

Team leaders who have disposed of capital items should inform the finance team so that the fixed assets register can be updated.

## **21. Land and Buildings**

The purchase, lease, rent or other disposal of land and buildings can only be undertaken with the consent of the governing body.

Save that the Principal may rent or lease buildings to provide temporary teaching accommodation.

The Principal may grant temporary licences to occupy college buildings either to raise revenue or for the purposes of educational charities.

Where the corporation has authorised a capital building project the Principal shall nominate an employee to hold particular responsibility for delivering the project on time, within budget and to an appropriate standard.

## **22. Stock**

Where stock is recorded in the balance sheet it shall be subject to year end check and valuation according to procedures issued by the holder of role A.

## **23. Risk**

The corporation shall maintain a risk policy.

The holder of role A shall be responsible for such insurances as are required by law and to mitigate residual risk.

### **Guidelines to all staff**

The Principal and the holders of roles A, B, C, D and E have the specific responsibilities set out in financial regulations.

All members of staff have responsibilities to:

- (a) report any concerns they have regarding fraud and irregularity;
- (b) not to incur expenditure for which there is no budget;
- (c) not to accept cash unless specifically authorised to do so;
- (d) to safeguard the college's capital equipment and other items of value they have been entrusted with;
- (e) assist with the maintenance of accurate student and trainee records;
- (f) assist internal and external auditors with their enquiries;
- (g) record the receipt of any goods and services provided to them;
- (h) advise the finance team of any opportunities to raise invoices for goods and services the college has provided;
- (i) not to suggest to any customer that the charges for services they have received may be reduced or waived;
- (j) not to suggest to any supplier that they should provide goods or services outside the procurement system or that they will be paid on any particular schedule or day.

## **Appendix 1 – goods and services not requiring purchase orders**

- a) Interest [The payment of interest requires the prior consent of the corporation – see Treasury Management]
- b) Water and sewage etc charges
- c) National Non-domestic rates
- d) Electricity [which is the subject of a specific procurement arrangement]
- e) Gas [which is the subject of a specific procurement arrangement]
- f) Student recruitment incentives
- g) Hardship payments to students or to third parties providing goods and services to them (e.g. nurseries).
- h) Expense claim forms where the activity is a normal part of the employee carrying out their normal duties (e.g. mileage to attend a remote centre to deliver training) or the actual related activity (e.g. attendance at a conference) has been approved in advance.

## **Appendix 2 – purchases for which seeking quotations/tenders could be inappropriate**

- a) Awarding bodies;
- b) Membership fees e.g. Association of Colleges;
- c) Renewal of annual maintenance/support fees where the original contract was subject to a procurement procedure;
- d) Goods/Services where there is only one direct supplier of a certain type of Goods/Service.

## **Appendix 3 – Bribery Policy**

### **Introduction**

The College has a zero-tolerance for bribery and corruption. The College's reputation with the community it serves and other stakeholders is underpinned by ethical behaviour, financial probity and honesty. The College aims to limit its exposure to bribery by:

- Setting out a clear anti-bribery policy, which is proportionate to the risks that the College is exposed to;
- Embedding awareness and understanding of the College's anti-bribery policy amongst all staff, "associated persons" (any person performing services for or on behalf of the College), and external persons/organisations with whom the College has commercial relations;
- Training staff as appropriate so that they can recognise and avoid the use of bribery by themselves and others;
- Encouraging staff to be vigilant and to report any suspicion of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately;
- Rigorously investigating instances of alleged bribery in accordance with the College disciplinary procedure; and assisting the Police and other appropriate authorities in any resultant prosecution;
- Taking firm and vigorous action against any individual(s) involved in bribery.

### **The Policy**

This policy applies to all employees and anyone acting for, or on behalf of, the College ("associated persons"), including governors, other volunteers, temporary workers, consultants and contractors. All employees and associated persons are responsible for maintaining the highest standards of business conduct and are expected to behave honestly and with integrity. Any breach of this policy will constitute a serious disciplinary offence, which may lead to dismissal and may become a criminal matter for the individual.

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

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

This policy is not intended to prohibit appropriate corporate entertainment and/or hospitality undertaken in connection with the College's business activities, provided the activity is customary under the circumstances, is proportionate, and is properly recorded/disclosed to the College in accordance with its procedures. Nor is this policy intended to prohibit the provision of modest rewards to people introducing the college to potential adult students – when this is not an improper exercise of their function. Employees and associated persons are requested to remain vigilant in preventing, detecting and reporting bribery. Employees and associated persons are expected to report any concerns regarding any suspected bribery in accordance with the College's whistleblowing policy.

## Appendix 4 – Post holders

The post holders are linked to the Organisation Chart. The Organisation Chart is linked to costs centres.

Post Holder(s)	Post Title(s)	Maximum authorisation level within the delegated budget.
Principal	Principal	No maximum limit (within Procurement law)
A	Deputy/Vice-Principal (Finance)	No maximum limit (within Procurement law)
B	Budget Holder	
B.1	(B.1) Executive e.g. Principal, Deputy Principal, Vice-Principal, Assistant Principal, Executive Director.	£25,000 within their cost centre
B.2	(B.2) Manager e.g. Head of Academy, Head of Department, Assistant Academy Manager, Heads of Division, Manager, Team Manager.	£5,000 within their cost centre
C	Deputy/Vice-Principal (HR)	£75,000 (within Procurement law) within the role as Post Holder C and within their cost centre(s)
D	Deputy/Vice-Principal (Finance)	No maximum limit (within Procurement law)
E	Deputy/Vice-Principal	
E.1	Deputy/Vice-Principal Partners	£75,000 (within Procurement law) within the role as Post Holder E and within their cost centre(s)
E.2	Deputy/Vice-Principal Campus & Facilities	

Exceptions:

- Contingency budget can only be authorised by the Principal and Post Holder A.
- Capital Spend can only be authorised by the Principal, Post Holder A and Post Holder E.2.
- Non-cash accounting entries/journals and finance reconciliations (e.g. depreciation) can be authorised by the appropriate Post Holder B in the Finance team

## **Appendix 5 - Creditor Payment Policy**

Invoices which have been certified for payment will be paid promptly. Promptly having the meaning of according to any payment terms agreed with the supplier or within 30 days of receipt of the invoice.

Save that the holder of financial regulations role A, or the Principal or the corporation may declare that there is a period of cash flow stringency and ration payments.

### **Creditor Payment Procedure**

Where the finance team has a valid invoice which is matched to a purchase order and where the relevant team has certified that the goods and services have been received the team may process the invoice for payment.

Invoices are **not** due for payment before they have been received by the finance team. In general invoices which do not quote a purchase order are **not** due for payment and should be returned to the supplier by the finance team.

Once an invoice has been registered and circulated for authorisation it will either be:

- (a) Promptly certified by the relevant team – in which case the invoice should be paid promptly;  
or
- (b) Found fault with by the relevant team – in which case the finance team should inform the supplier that the college disputes the invoice; or
- (c) Not promptly certified by the relevant team – in which case the relevant team should be chased by the finance team.

The finance team have a performance indicator to monitor how well the college is meeting this policy.

## **Appendix 6 – Code of practice for staff with significant financial responsibilities**

Staff will observe the following standards in the course of exercising their responsibilities: -

- a. They will not use their position or any confidential commercial information they receive for personal gain.
- b. They will maintain a high standard of integrity in their business relationships.
- c. They will not engage in any improper business practices.

Relationships with suppliers may be developed on a long term basis in the interests of ensuring the most effective and financially beneficial outcome for the College, but should not be such as to distort the operation of fair competition and must comply with all relevant areas of financial regulations.

Business gifts, other than items with a nominal value of less than £20 may not be accepted.

Modest hospitality in the course of a business relationship may be accepted, provided that acceptance cannot be construed by any party as influencing a business decision. All such hospitality should be recorded in the register of interests held by the Principalship to whom notification should be sent within 3 days of the event. Any member of staff in doubt about the acceptability of an offer of hospitality should consult his/her line manager who may require to seek guidance from the Principalship.

Any offers of inducement from suppliers must be reported to the line manager of the person receiving the offer, who will in turn notify the Principalship. Such offers may result in the supplier being excluded from any future trade with the College.

Any member of staff whose personal interests may impinge on his or her impartiality in exercising his/her responsibilities should declare those interests in the register. If the nature of those interests could be perceived by other parties to be detrimental to the College's reputation, the member of staff may be required to exclude themselves from involvement in the decision being taken. Decisions in such cases will be referred to the Principalship who maintains the register.

In the event that the circumstances outlined above apply to the Vice/Deputy Principal, his/her role will be undertaken by the Principal.

The Principalship will maintain a register of interests for all staff with significant financial responsibilities.

## **Appendix 7 – Staff Expenses**

The College's purchasing and payments procedures are in place to enable the majority of supplies to be procured without the need for staff to incur personal expense. However, there may be occasions such as travel where staff are entitled to reimbursement. Before undertaking any personal expenditure (including on credit/procurement cards) claimants must seek the prior approval of the relevant Line Manager.

Staff claims for personal expenditure in the performance of duties must be made using a Staff Expense Form (approved by their line manager / budget holder). Non personal expenditure should be procured as indicated in the body of the Financial Regulations. Staff expense forms and receipts to support all expenses claimed should be emailed to payroll via the "expenses" email address by their line manager within three months of the expenditure. The College will not reimburse any items not supported with a fully itemised receipt. Payment will be in sterling and normally made on the next available pay date with your monthly salary payment.

All items which include VAT should be shown separately on the expense claim form and the VAT element clearly identified – the relevant supporting documentation must be attached to the claim. Effort should always be made to obtain a VAT receipt, enabling the college to reclaim the VAT element where possible.

Cash advances may be approved (via payroll) in exceptional circumstances for staff who are going to incur significant expenditure on behalf of the College. Under no circumstance should a second advance be approved when an earlier advance is still outstanding. Upon completion of the travel, within one month the employee should submit documentation (via an expense claim form) to demonstrate how the advance was disbursed and account for any unspent balance.

For mileage as a general rule the mileage to be claimed will be the journey by the most reasonable route, starting from and finishing at the College. Any deviation from the most reasonable route, must be clearly detailed on the claim form together with the reasons for such deviation.

Staff may claim the mileage from work to the business destination (and the return journey) less their normal home to work (return) mileage, except if they are required to go out again having returned home after a normal day of work, in which case you may claim the actual return mileage their home.

Staff are required to confirm that they have taken out personal car insurance with an appropriate extension to cover use in connection with College business by sending a copy of the relevant section of the policy to HR (Payroll).

Reasonable parking fees, motorway and other toll/congestion charges will be reimbursed when it has been necessary as a result of undertaking travel on official business. Any fines are the responsibility of the individual and will not be reimbursed as the College has a statutory responsibility not to use funding body income for fines.

Public transport will normally be used for all journeys where it is practicable and cheaper and/or the staff does not have access to a vehicle. Transport (e.g. rail, bus, ferry or aeroplane) required for business journeys where possible and financial advantageous should be booked in advance and should be standard/economy not first class. Taxi fares will be reimbursed if other transport is unavailable, or the cost is less than the other means of transport or if required for health and safety reasons (e.g. after 9pm). Where a journey starts and finishes at the college you should claim the actual fare incurred in travelling to and from the place of duty. If the member of staff travels directly from home to place of duty and then proceeds to base, the fares to be claimed are the lower of: Home to duty to base or base to duty to base. The same principle applies where a journey is made from base to a place of duty and then directly home. Where a journey in the course of duty starts from and finishes at the member of staff's home or because he/she is required to go out again having returned home after a normal days work. He/she may claim the actual fares incurred. If the journey is to the normal place of work the mileage will be taxable.

Basic (unless upgraded to accommodate a larger number of staff) car hire charges will be reimbursed and the fuel incurred when required to travel on business journeys. However, employees are discouraged from hiring cars for business journeys unless other transport is unavailable or the cost is less than the cost of a taxi or there are other means of transport. No tax or NIC liability will arise provided that the hired car is used only for business journeys.

For subsistence staff have the responsibility to ensure that the cost to the college is kept to a minimum without unduly reducing the efficiency with which they carry out their duties and all claims must be consistent with an individual's conditions of service.

Subsistence may be claimed with receipts in accordance with the standard rates and will be payable to members of staff who are prevented by their official duties from taking a meal at their home (or where they normally take their meals) and thereby incur additional expenditure. You may be required by the college to certify that additional expenditure has been incurred, i.e. expenditure greater than which you would have incurred for your normal meal. Where a member of staff in the course of his/her official duty has to stay overnight he/she is entitled to claim the cost of an evening meal, bed and breakfast, and receipts must be attached to the claim form. The college will reimburse any reasonable expenditure in respect of the above. The College will not reimburse the cost of alcoholic drinks, except where it is been pre agreed and with a meal as part of a formal invited event. Tips and gratuities given at your discretion will not be reimbursed; however, service charges automatically included in the overall cost of a meal and included on the receipt will be reimbursed.

Should a non-member of staff participate in any element of a business trip/journey then the cost must be split equally.

Standard mileage and subsistence rates are based on HMRC rates and are available from HR.

### **Other expenses**

Business calls made from a personal telephone by staff may be reimbursed subject to an itemised telephone bill being submitted with the Staff Expense Form. The College will not bear the cost of any part of the rental nor of any private calls.

## **Appendix 8 – Anti Fraud and Corruption Policy**

### **1. INTRODUCTION**

- 1.1** Harlow College is committed to dealing rigorously with any instances of fraud or corruption which take place within its operations. The College will ensure robust procedures are in place to reduce the risk of fraud or corruption taking place within any of its operations.

### **2. DEFINITION OF FRAUD, CORRUPTION AND THEFT**

- 2.1** The College understands fraud and corruption to mean:

- Fraud: Intentional distortion of financial or other statements or records which are carried out to conceal the misappropriation of assets or otherwise for gain
- Corruption: The offering, promising, giving, soliciting or acceptance of inducements, rewards or bribes which might influence the actions taken by the College
- Theft: Acting dishonestly to take or appropriate property, money or other assets belonging to or which are the responsibility of the College with the intention of permanently or temporarily depriving the College the use of it.

Should the act not fit the above criteria it may be more appropriate to refer to the Whistleblowing Policy:

Whistleblowing is when a report is made about suspected wrongdoing or dangers at work (or breach of the of the financial regulations), which is in the public interest. This is referred to as making a disclosure in the public interest. A whistleblower is someone who raises a genuine concern about wrongdoing or malpractice or danger so that problems can be identified and resolved quickly.

- 2.2** The College differentiates between acts which are intentional and dishonest and those acts which are innocent but inappropriate and could also lead to the College suffering loss. The College also recognises that there are intentional actions which would not necessarily be categorised as criminal but which would be considered grossly unprofessional e.g. the incurring of higher than necessary expenditure on behalf of the college for travel, hospitality, accommodation, gifts etc.
- 2.3** The College understands that fraudulent or corrupt activity could potentially involve College employees at any level, College Governors, agents or contractors with the College.
- 2.4** The College needs to remain vigilant to any unlawful activities which are external to the college but involve potential serious loss to the college e.g. Deception to obtain money, credit, goods, services, or confidential information, commercial advantage etc.

### **3. RAISING CONCERNS ABOUT FRAUD OR CORRUPTION**

- 3.1** The Financial Regulations set out the process for staff members to report suspected fraudulent or corrupt practice either within the College or by anyone who has dealings with the College. In brief, staff should in the first instance report the concern to their line manager as soon as possible.
- 3.2** In the event the staff member does not feel it appropriate to raise the concern with their line manager, the matter should be raised in accordance with the Financial Regulations:
- a) The member of Principalship responsible for Finance, unless they consider the holder of this role is involved, in which case they shall inform the

- b) The Principal, unless they consider the Principal is involved, in which case they shall inform the
- c) The Chair of the Audit Committee.

**3.3** All concerns raised by staff will be treated seriously and with appropriate discretion. All concerns will be investigated thoroughly and in line with the provisions of the relevant College policy.

## **4 NON STAFF**

**4.1** Members of the public, customers, suppliers, contractors and other organisations that the College deals with are also able to report concerns regarding fraud and corruption through either the College manager with whom they work or through a Deputy Principal or through the options outlined in 3.1 and 3.2.

## **5 CONTROL FRAMEWORK**

### **5.1 Internal Audit**

Internal Audit provides the College with external assurance and overview to report into the Audit Committee on the adequacy, efficiency and effectiveness of the College's risk management, governance and control processes. If internal audit suspects or discovers irregularity or fraud they should immediately inform the college senior manager responsible for internal audit, the Principal and Chair of the Audit Committee.

### **5.2 External Audit**

The external auditors would consider the susceptibility of the College to fraud, taking account of the business and control environment established and maintained by management. However, the principal responsibility for the prevention and detection of fraud rests with management with the oversight of those charged with governance, who should not rely on external audit to discharge those functions. The external auditors would report, any suspected or discovered fraud which comes to their attention, even if the potential effect on the financial statements is immaterial, unless there is a legal or regulatory requirement to report direct to a third party. Fraud that may not be material to the financial statements may be material in a propriety context. The external auditors would report to the ESFA relevant matters in respect of fraud as required.

### **5.3 Audit Committee**

The Audit Committee is responsible for overseeing the Corporation's policies on and processes around fraud, irregularity, impropriety and whistleblowing. Furthermore it is responsible for ensuring: the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity; that investigation outcomes are reported to the Audit Committee; that the external auditor and internal auditor has been informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow-up action has been planned/actioned; that all significant cases of fraud or suspected fraud, theft, bribery, corruption, irregularity, major weakness or breakdown in the accounting or other control framework are reported to ESFA as soon as possible; and risks around fraud have been identified and controls put in place to mitigate them.

Should the Audit Committee have concerns over irregularities or fraud they should contact the internal auditor and fully report their concerns

### **5.4 Reporting irregularity.**

Any irregularity identified should be reported to the Principal, who, where appropriate, will share the information with the Head of Governance, the Chair of the Corporation and the Chair of the Audit Committee as soon as possible.

If the Principal is suspected of irregularity, this should be reported to the Head of Governance who will share the information with the Chair of the Corporation and, where appropriate, with the Chair of the Audit Committee as soon as possible.

## **5.5 Public Interest Disclosure**

Should a member of College staff have grounds for concerns about irregularities or fraud they should draw the attention of the College to these by reporting their concerns to the senior manager responsible for internal audit, the Principal or consider if it is appropriate to use the College's Whistleblowing Policy.

## **5.6 Notifying Funding Bodies**

Where external or internal audit identifies serious irregularities, fraud any significant matters in excess of £10,000 (or less than £10,000 if unusual, novel, complex or there may be public interest) these must be reported fully to the relevant authorities without delay usually by a member of the College Principalship or where this would be inappropriate because of the nature of the irregularities, by the Head of Governance, the Chair of the Corporation or the Chair of the Audit Committee.

5.7 The Audit Committee may wish to hold an investigation into the irregularity or fraud but this should not be commissioned until the relevant funding bodies have been informed.

## **6. PROCEDURES FOR DEALING WITH IRREGULARITY, FRAUD OR CORRUPTION**

### **6.1 Involving members of staff**

Where staff are suspected of irregularity, fraud or corruption, the College's staff disciplinary procedure will be applied using the procedures. If appropriate, internal auditors may be invited to take the lead for conducting some or all of the procedures relating to any investigation. In the event that a member(s) of the Principalship are subject to the investigation the internal auditors will assume full responsibility for the investigation.

6.2 In all cases of irregularity, fraud or corruption the investigating officer will take appropriate legal advice and / or advice from the police to ensure that the evidence gathered will meet the legal standards required for any subsequent proceedings.

6.3 Members of the Principalship will be provided with training opportunities to assist them in the prevention and detection of fraud and corrupt practice. In particular the member of the Principalship with particular responsibility for the College finances will be provided with training opportunities covering their specific responsibilities to assist them in investigating irregularities, suspected fraud and corruption.

6.4 Where internal auditors are requested to lead or support an investigation into irregularities, fraud or corruption, they should confirm that the staff who will undertake the investigative work are trained to undertake such work and have been fully briefed on the nature of the investigation.

6.5 Staff who are subject to investigation may be suspended from work if appropriate. If required, care should be taken to ensure that the staff concerned do not have access to any College property, IT systems, databases, information or accounts which would enable evidence or assets relevant to the investigation to be disposed of.

6.6 In all cases the appropriate disciplinary procedure will be followed – (Staff Disciplinary Procedure or Senior Postholders Disciplinary Procedure.)

### **6.7 Where suppliers, contractors, organisations and other individuals are involved**

In instances where suppliers, contractors, organisations and individuals are involved the Audit Committee would notify the internal auditors who may conduct the investigation in close liaison with the appropriate member of the Principalship.

6.8 The internal auditors will be asked to confirm their arrangements for carrying out the investigation and to ensure that staff who will undertake the investigative work are trained to undertake such work and have been fully briefed on the nature of the investigation.

**6.9** Where there is a suspicion that the investigation may reveal criminal activity the Audit Committee may determine to involve the police from the outset.

**6.10** Any outcomes of the investigation including specific recommendations into irregularity, suspected fraud or corruption will be determined by the Audit Committee after the investigation report has been presented to them.

**6.11** Corporation Members

In the event of a member(s) of the Corporation being suspected of irregularity, fraud or corruption, this will be reported as soon as is possible to the Chair of the Corporation.

In the event of the Chair of the Corporation being suspected of irregularity, fraud or corruption, this will be reported as soon as is possible to the Head of Governance.

In all such cases the College's Whistleblowing Policy will be used.

**6.12** Control Framework for Prevention or Reporting of Fraud and Corruption

The main mechanisms for this are contained within:

The Standing Orders of the Corporation  
Corporation Committees' Terms of Reference  
Financial Regulations and Procedures (incorporating Harlow College Bribery Policy)  
External Audit arrangements  
Internal Audit Annual action plan  
Whistleblowing Policy

*Particular attention should also be paid to compliance with or guidance contained within the latest Audit Code of Practice or equivalent.*

## Index

Anti Fraud and Corruption Policy, 20  
Audit, 10  
Banking, 5  
Bribery Policy, 14  
Budget, 3  
Capital Expenditure, 10  
cards, 9  
Cash, 4  
Cashflow, 5  
Code of practice for staff with significant financial responsibilities, 17  
Creditor Payment Policy, 16  
Delegation, 2  
Disposals, 10  
Fraud and irregularity, 9  
goods and services not requiring purchase orders, 12  
Income, 6  
Land and Buildings, 10  
Leasing, 9  
Other expenses, 19  
parking fees,, 18  
Partners, 7  
Payment, 8  
Post holders, 15  
Procurement, 7  
purchases for which seeking quotations/tenders could be inappropriate, 13  
Purpose of Financial Regulations, 2  
Risk, 10  
Salaries, Wages, Pensions and HMRC, 3  
Sales Ledger, 7  
Staff Expenses, 18  
Standard mileage and subsistence rates, 19  
Stock, 10  
Student and trainee records, 6  
subsistence, 19  
Taxation, 4  
Treasury Management, 5

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<b>Complaints:</b> If you wish to submit a complaint about the application of this policy or the procedure of it, please send your request in accordance with the provisions of the Grievance Procedure.
<b>Monitoring:</b> The application of this policy and associated procedure will be monitored by HR Services
<b>Easy reading:</b> To receive this policy/procedure in a different format, please contact HR Services