Greenhead College Corporation

Financial Management Policy

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"This policy has been impact assessed to ensure it complies with all aspects of Diversity and Inclusion. Members are reassured that this policy is compliant with current equality legislation".

<Hyperlink to Impact Assessment>

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1. Introduction

1.1. The purpose of this policy is to ensure that Greenhead College maintains effective systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).

1.2. The College must comply with the principles of financial control outlined in the College Financial Handbook (CFH) published by the Department of Education (DfE). This policy expands on that and provides detailed information on the College's accounting procedures and systems.

1.3. This policy should be read in conjunction with the following College policies;

- Disposal Policy
- Anti-Fraud, Corruption and Bribery Policy
- Whistle Blowing Policy
- Treasury Management Policy
- Reserves Policy
- Gifts and Hospitality Policy
- Finance procedures manual
- Code of Conduct

1.4. This policy will be regularly reviewed (at least annually), and any changes must be approved by the Corporation.

1.5. This policy should be read by all staff involved in financial transactions.

1.6. Instances of non-compliance with this policy will be reviewed by the Director for Finance and Funding (DFF) and if considered serious, will be reported to the Corporation.

2. Financial Responsibilities

2.1 The key financial responsibilities within the College are outlined in the College's Scheme of Delegation. The main areas of responsibility are outlined below:

The Corporation
The Board of Governors has overall responsibility for the administration of the College's finances. The Board is responsible for managing the financial affairs of the College to ensure that the College's funds are used in accordance with charity law, company law, the funding agreement, and the CFH. The Governors are held to account by the Secretary of State, although the Board delegates certain powers to the Accounting Officer.

Finance & Estates Committee Functions
The functions of the Finance & Estate Committee are performed by members of the Board of Governors, meeting at least 4 times per year. The responsibilities of the committee are detailed in written terms of reference which have been authorised by the Board of Governors.

Audit and Risk Committee Functions
The functions of the Audit and Risk Committee are performed by members of the Board of Governors, meeting at least 4 times per year.

To support them in this role, the Board has commissioned a programme of internal assurance testing to be carried out by auditors. The Board receives internal assurance reports after audit testing throughout the year.

The responsibilities of the committee are detailed in written terms of reference which have been authorised by the Board of Governors. Staff employed by the College may remain in attendance when audit matters are discussed but will not participate.

The Accounting Officer
The College have appointed the Principal as the Accounting Officer. The Accounting Officer has personal responsibility (that cannot be delegated) for assuring the Board that there is compliance with the CFH, the Funding Agreement and all relevant aspects of company and charitable law.

The Director of Finance and Funding
The main responsibilities of the Director of Finance and Funding are:

- the establishment and operation of a suitable accounting system
- the management of the College's financial position at a strategic and operational level within the framework for financial control determined by the Board of Governors.
- implementation and operation of rigorous and robust audits and control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the College
- ensuring the timely submission of external returns to the DFE, HMRC and other stakeholders as required
- oversight and narrative of monthly and annual management accounts
- the preparation of the annual budget and the management of budgetary control
- ensuring effective Treasury management and review of monthly reconciliations for investments, banking and cash
- approve staff travel
- check monthly banking, payroll and pensions reconciliations
- ensure Fixed Asset register and Deferred Asset registers tie into month end accounts
- checking payment runs including backing documentation for spend over £1,000

The Director of Human Resources
The main responsibilities of the Director of Human Resources are:

- the oversight of payroll processes and HR, including transactional processing
- the oversight of the College's financial position in relation to the staffing structure
- ensuring staffing percentage costs are in line with benchmarked expectations

The Director of Estates, Operations and IT
The main responsibilities of the Director of Estates, Operations and IT are:

- oversight of the College estate including the capital development and asset management plans
- oversight of operational service contracts such as catering

Finance and Payroll Manager
The main responsibilities of the Finance and Payroll Manager are:

- the initial production of monthly management accounts – from trial balance
- the oversight of contracts registers
- the management of budget virements
- input of transactional data
- bank reconciliations
- sales invoice preparation and documentation
- monitoring and reporting departmental budgets
- input and prepare payroll data
- statutory returns
- ensure debtors and creditors ledgers agree to accounts
- asset register preparation
- preparing adequate documents to ensure suitable College insurance is in place
- cash count spot checks
- statutory returns inc. Charity Annual Returns

Business Support Officer
The main responsibilities of the Business Support Officer are:

- providing day to day support to the Finance Manager
- cash validation, petty cash reimbursements and cash transactions input
- collect and record all incoming monies
- day to day banking
- purchase order and invoicing processing
- completing catering reconciliations
- Wisepay administrations and student account reconciliation
- administration of College trips
- liaise with the Director of Estates and Operations regarding insurance levels
- raising monthly invoices

Clerk to the Corporation
The main responsibilities of the Clerk to the Corporation are:

- allocate the register of business interest forms to Budget Holder for Governance

Other Staff
Other members of staff will have some financial responsibilities and some budgets are delegated to the College Leadership Team/budget holders. All staff are responsible for the security of College property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the College's financial procedures.

2.2 Register of Interests and Related Parties (Companies, Trusts and Other Organisations)

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all Governors, College Leadership Team and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the College MAY purchase goods or services. Close family relationships within the College are also declared as per the College Financial Handbook

requirements. The register is open to public inspection and published on the website.

The existence of a register of business interests does not, of course, detract from the duties of Governors and staff to declare interests whenever they are relevant to matters being discussed at committee and is a standard item on every agenda. Where an interest has been declared, Governors and staff should not attend that part of any meeting.
The following are examples of types of interests which should be declared;

Financial interests

- Remunerated employment, office, profession or other activity.
- Directorship of a company.
- Shareholdings of a company.
- Partnership in a business or professional partnership.
- Consultancies (whether or not remunerated).
- Trusteeship of a trust where a governor or his/her partner or spouse or a member of his/her family may be a beneficiary
- Gifts or hospitality offered by outside bodies and arising from the person's position as governor or staff member.
- Involvement of a governor or member of staff's family in any of the above when it involves the College.

Personal interests

- Membership of another public body including:
    - local authority
    - health authority
    - NHS trust
    - school or college governing body
    - training and enterprise council

- Unremunerated posts, honorary positions and other positions that might give rise to a conflict of interest or trust.
- Membership of closed organisations

Related Party transactions will only be entered into within the restrictions of the College Financial Handbook and will be subject to approval of the Board.

2.3 **Gifts and Hospitality**

All personal gifts and hospitality, other than those with a token value below £20 from a student or parent, or otherwise £50, received by Governors and staff should be declared and recorded. This minimises the risk of staff and Governors being compromised by expectations of reciprocal benefits.

The Director of Finance and Funding, Principal or Vice Principals should be consulted before any such gifts or offers of hospitality are accepted. Where one of these staff members is involved, they must consult one of the other nominated staff members.

In line with the Gifts and Hospitality policy, a register of all acceptances and refusals is maintained by the Clerk to the Corporation.

2.4 **Governance Information**

Key information regarding the governance structure will be kept up to date on the DfE 'Get Information About Schools' system, the UK Register of Learning Providers (UKRLP) and on the College website. This is the responsibility of the Principal.

3. Accounting System

Key responsibilities of the Finance team
Establish and maintain the accounting system
Determine the financial control procedures
Determine user access rights
Complete control account and reconciliation procedures
Process transactions in line with agreed procedures and authorisation limits
Keep user access accounts secure and not share log-ins

3.1 All the financial transactions of the College must be recorded on the finance system, Sage Line 50. This system is operated by the Director of Finance and Funding, Finance Manager and Business Support Officer and consists of

- General Ledger, including Journal transactions
- Purchase Ledger
- Sales Ledger
- Cash Book
- Management accounts and reporting

3.2 **System Access**

Access to Sage Line 50 is determined by the Director of Finance and Funding. The Director of Finance and Funding and the Finance and Payroll Manager have access to amend the system, set up any controls and determine appropriate levels of access for users of the system.

User access to Sage Line 50 is controlled through secure user accounts and passwords. It is the responsibility of all system users to keep their password secure. Access to the system is password protected with password changes automatically implemented on a regular basis.

A multiuser licence is operated across the College. System access must ensure that there is adequate separation of duties in the process and that users may not initiate and approve transactions.

Approved users will be the Director of Finance and Funding, the Finance and Payroll Manager and members of the finance team. Budget holders also have access to their budget report, however, this is extracted a provided by the Finance and Payroll Manager. Only the Director of Finance and Funding and the Finance and Payroll Manager can alter nominal codes, system settings or approval workflows.

Budget holders approve transactions via Docuware. In addition, the Chair of the Corporation, Chair of the Finance and Estates, Chair of Audit and Risk Committees, the Principal and CLT members will be able to authorise orders and invoices via Docuware as per the College Scheme of Delegation.

Monthly management accounts will be prepared on an accruals basis and will be completed and reviewed by the end of the following month.

Month end control accounts will be reconciled at the end of each month and signed off by the Director of Finance and Funding as appropriate.

Sage Line 50 is supported by Business Continuity and Disaster Recovery policy.

Auditors, both Internal and Financial Statement/Regularity Auditors have the right of access to all the College's finance, payroll, student records and management systems.

3.3 **Back-up Procedures and Business Continuity**

It is the College's responsibility to maintain adequate system back-up and disaster recovery procedures and so the Finance team and IT team conduct weekly backups of Sage Line 50 and Sage Payroll.

The Director of Estates, Operations and IT together with the College Leadership Team will manage the College's Business Continuity Plan in the event of loss of accounting facilities or financial data. This should be included in the regular assessment made of the major risks to which the College is exposed.

3.4 **Journal Processing**

All nominal journal entries must be documented appropriately. The Director of Finance and Funding will review a sample of journals monthly.

3.5 **Reconciliations**

The Director of Finance and Funding is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- sales and purchase ledger
- payroll control account
- balance sheet accounts
- all suspense accounts
- credit cards
- bank balance per the nominal ledger to the bank statement

The Finance and Payroll Manager will review and reconcile the sales and purchase ledger, outstanding orders and petty cash and credit card. All monthly reconciliations will be prepared by Finance and Payroll Manager and reviewed, in a timely manner, by the Director of Finance and Funding and signed as evidence of that review.

4. Financial Planning

Key responsibilities of the College Leadership Team (via the Director of Finance and Funding)
Determine the overall financial strategy for the College
Oversight of the College Finances
Oversight of compliance with funding agreement and statutory responsibilities

Key responsibilities of the Finance Team
Production of management accounts
Production of annual financial statements
Budget management
Maintenance of accounting records in line with the procedures in this policy

4.1 **Operational and Strategic Plan**

The Operational Plan is prepared as part of an annual planning process and supports the achievement of the overall Strategic Plan. The Strategic Plan indicates how the College's educational and other objectives are going to be achieved over the next three to five years. The Operational Plan details how this will take effect within the expected level of resources.

The Strategic and Operational Plans provide the framework for the annual budget and three-year forecast. The budget is a detailed statement of the expected resources available to the College and the planned use of those resources for the following year. The planning process and the budgetary process are described in more detail below. This document is updated monthly with any known changes and shared with Governors. The College maintains reserves of at least 1 months' salary, as documented in the Treasury Management Policy and the Reserves Policy.

4.2 **Annual Budget**

Under the DfE the College Financial Year runs from 1st August to 31st July.

The Director of Finance and Funding is responsible for preparing and obtaining approval for the annual budget and three-year forecast. The budget must be approved by the Corporation.

The Director of Finance and Funding is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that DfE requirements regarding budget returns can be met.

The annual budget will reflect the best estimate of the resources available to the College for the forthcoming year (and subsequent two years) and how those resources are to be

utilised. There should be a clear link between the Strategic Plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of funding depending upon the number of funded places from the DfE.
- an assessment of the staffing requirements necessary for the coming academic and financial year. This is based on actual students returning, estimated students enrolling and their subject choices.
- review of other income sources available to the College to assess likely level of receipts.
- review of past performance against budgets to promote an understanding of the College's cost base.
- identification of potential efficiency savings.
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g., pay increases, inflation, and other anticipated changes.

When actual notification of funds is received from the DfE, then a final budget is prepared for approval by the Corporation. This budget should be approved at the final Corporation meeting of the academic year, having been firstly agreed by the Finance and Estates Committee.

A two year financial forecast has to be submitted to the DfE by 31 July.

A financial statement is prepared after the year end which is audited by the external auditors and returned electronically to the DfE by December 31.

The financial record, based on the financial statement is also sent to the DfE by December 31.

4.3 **Balancing the Budget**

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where efficiencies can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance across the College (with the exception of contributions to capital). If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need, or to support the College Capital Plan. The funding agreement allows for revenue reserves be carried forward without time limit.

4.4 **Reserves**

The College will determine the appropriate level of reserves that will be prudent to hold, and this will be considered as part of the annual and longer-term budget setting. This is detailed within the Treasury Management Policy and the Reserves Policy and is reviewed annually.

4.5 **Finalising the Budget**

Sensitivity analysis on the budget and forecasts are completed and once the different options and scenarios have been considered, a draft budget is prepared by the Director of

Finance and Funding and approved by the Principal and Accounting Officer, Finance and Estates Committee and then the Board. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

4.6 **Budget holders**

It is the responsibility of budget holders to take all reasonable steps to not exceed budget allocations. The Finance Team will not allow orders or invoices to be processed where budgets have been exhausted.

4.7 **Monitoring and Review**

The Director of Finance and Funding will prepare a report to the Governors on a monthly basis detailing the monthly and year to date position of the College as a whole, highlighting any movements. This should include KPIs and the College's Financial Health Score.

Quarterly departmental level reports will be prepared by the Finance and Payroll Manager and reviewed by the Director of Finance and Funding. The reports will detail actual expenditure against budget at a summary level for the Budget Holders. Any potential overspend against the budget must in the first instance be discussed with the Director of Finance and Funding and then approved by the Principal.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated, and action taken where appropriate. If a budget overspend is forecast, it may be appropriate to vire money from another budget or from the contingency.

The College will report any emerging financial risks to the Corporation promptly.

4.8 **Budget Virements**

Virements of up to £5,000 between budget headings may be approved by the Finance and Payroll Manager.

Virements up to £25,000 between budget headings may be approved by the Director of Finance and Funding.

Virements between £25,000 and £50,000 budget headings may be approved by the Principal.

Virements over £50,000 or impacting on reserves must be approved by the Principal (with strategic oversight form the Finance and Estates Committee).

4.9 **Write-offs**

Debt write-offs may be approved for a variety of reasons. The most common reasons include:

- Insufficient legal proof of the debt or liability for the charge
- The likely expense of legal actions exceeds the likely recovery
- The debtor cannot be traced
- The debtor is unable to pay
- The debt represents the outstanding balance after a final dividend has been paid in cases of bankruptcy or insolvency

Any debt write-off will need to be approved by Corporation (via the Finance and Estates

Committee), except for debts below £1,000 which can be approved by the Principal. A written record of reasons for write off must be maintained.

The Corporation may perform the following financial transactions up to the limits set out below:

- writing off debts and losses (including any uncollected fines)
- entering into guarantees, indemnities, or letters of comfort (excluding those relating to borrowing by the College)

The limits set out in the College Financial Handbook are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- Cumulatively, 5% of total annual income or £250k (whichever is smaller) in any one financial year per category of transaction.

Beyond these limits the College must seek and obtain explicit and prior approval of the DfE to the transaction.

4.10 **Novel, contentious, and repercussive transactions**

- The DfE defines novel payments as those in which the College has no experience or are outside the range of normal business activity for the College. Contentious payments are defined as those which might give rise to criticism of the College by the public or the media. Repercussive transactions are those which are likely to cause pressure on other College to take a similar approach and hence have wider financial implications.
- Novel, contentious, or repercussive payments must always be referred to the DfE for explicit prior authorisation. If there is any doubt about the propriety of a payment the College must ask the DfE in advance.

5. Payroll

Key responsibilities of the Finance and Payroll Manager
Process all amendments communicated from the HR department.
Ensure all starters and leavers are processed in a timely manner.
Ensure that balances agree with Sage Line 50.

Key responsibilities of the CLT
Appoint all College posts in line with HR policies.

Key responsibilities of the Director of Human Resources and Support Staff Lead
Maintain accurate HR files and records.
Notify payroll amendments to the Finance and Payroll Manager.
Support in the appointment of all College posts in line with HR policies.

Key responsibilities of the Director of Finance and Funding
Ensure payroll control accounts are reconciled and updated in Sage Line 50.

Key responsibilities of the Principal
Check and authorise monthly payroll reports from the Finance and Payroll Manager.

5.1 **Staff Appointments**

The College Leadership Team have authority to appoint staff within the authorised staffing structure and budget for the College, subject to the limitations of the Scheme of Delegation.

Governors must appoint the Principal and Vice Principals.

The College Human Resources (HR) team maintain personnel files for all relevant members of staff. Contracts of employment are also held by the HR team.

5.2 **Payroll Administration**

All members of staff are paid monthly, on 24th of the month, by BACS transfer.

The College payroll processing is administered through the Finance and Payroll Manager. The Finance and Payroll Manager will also determine monthly payroll timetables for key processing dates, and these will be shared with relevant staff.

The College HR team is responsible for updating the HR/Payroll system in terms of sickness and other absences during the month. New appointments, variations to contract or terminations are completed on a monthly basis and authorised by the Principal before they are passed to the HR team for processing.

Payments will only be made to a personal bank account.

Claims for overtime and additional hours are submitted to the HR team and approved by the appropriate line manager and a member of the HR team.

The Finance and Payroll Manager processes the payroll, based on the information collated by the HR team, and the reports are reviewed by the Director of Finance and Funding; all transactions are checked for reasonableness and detailed spot checks are also completed. The Principal (or the Director of Human Resources and Support Staff lead in the Principals absence) completes a second check on the payroll and completes a 5% variance check.

In the event of a holiday, this can be done by email to HR after sign off by the appropriate line manager. Any amendments are notified to payroll by the HR team, in preparation for the following payroll run.

The Finance and Payroll Manager makes all payroll payments via BACS to employees (net pay) and external bodies for statutory and non-statutory deductions made and payments are deducted straight from the College bank account. The Finance and Payroll Manager will then make other third-party payments.

After the payroll has been processed, the nominal ledger will be updated by the College finance team. Postings will be made both to the payroll control account and to appropriate cost centres. The Finance and Payroll Manager should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

5.3 **Mileage Claims**

Claims for mileage are entered via the Microsoft form for expenses, by the employee, and approved by the budget holder, approved line manager or Principal before payment. These should be submitted on a monthly basis.

NB if employees use their own vehicle for College business, they will be required to provide appropriate documentation to ensure that the vehicle:

- is insured for business purposes
- has a current MOT certificate (where applicable)

- the employee has a clean driving licence

The College is responsible for maintaining a record of the checks carried out to verify these requirements.

Mileage claims by the College Leadership Team should be approved by the Principal. Claims by the Principal will be approved by Chair of Governors, or the Vice Chair in their absence.

5.4 **Staff Severance Payments**

Non-contractual payments at the end of employment would only be paid if the College has concluded that the payment represented the best value for money compared to other options. The business case for such payments would be fully documented and the guidance issued by the DfE will be followed. Where the College is considering a staff severance payment including a non-statutory or non-contractual element of £50,000 or more (gross, before income tax or other deductions), or when the proposed special staff severance payment is equivalent to 3 months' salary or more (gross, before income tax or other deductions), DfE's approval must be obtained before making any binding offer to staff. DfE may refer such transactions to HM Treasury, so colleges should allow sufficient time for proposals to be considered. If agreed by HM Treasury such payment should be signed off by the Principal and the Corporation.

Colleges should demonstrate value for money by applying the same scrutiny to a payment under £50,000 (or under 3 months' salary) as those over these limits and have a justified business case. Settlements must not be accepted unless they satisfy the conditions in College Financial Handbook. Payments under £50,000 can be signed off by the Principal. All severance payments will undergo a value-for-money assessment and legal compliance checks prior to approval.

The calculation of payments will be verified by the Director of Finance and Funding to ensure compliance with the DfE guidelines.

6. Purchasing

Key responsibilities of the College (Finance Team)
Manage all quotation and tendering procedures over £5,000.
Manage the supplier database
Process transactions in line with agreed procedures and authorisation limits and the financial standards in this policy
Comply with competitive purchasing requirements

The College wants to achieve the best value for money from all its purchases. A large proportion of purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

- **Probity**: it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the College
- **Accountability**: the College is publicly accountable for its expenditure and the conduct of its affairs
- **Fairness:** that all those dealt with by the College are dealt with on a fair and equitable basis

6.1 **Routine Purchasing**

Budget holders will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget are available for all budget holders.

6.2 **Leasing**

The College does not enter into any form of finance lease as a means of purchasing goods, as this is a form of borrowing. The College is not permitted to borrow. Operating leases are permitted. The College does occasionally enter into operating leases for the rental of equipment. All agreements are carefully reviewed and considered and approved by the Director of Finance and Funding and Principal (up to £50k) and Finance and Estates Committee (over £50k).

6.3 **Authorisation Limits**

The following authorisation limits are in place for all orders and invoices

College financial authorisation limits			
Up to £5,000	Up to £50,000	Up to £100,000	Over £100,000
Finance and Payroll Manager, Budget Holders, College Leadership Team	Director of Finance and Funding or Principal	Principal	At least 2 members of the Governing Body

6.4 **Procurement Process**

Purchases across the College must be processed in accordance with the following financial standards:

- Official orders (POs) must be created for all purchases other than utility payments, purchasing card transactions, emergency repairs and those purchases controlled by a contract or agreement such as insurance etc.
- All orders must be made, or confirmed, in writing using the official order form on Sharepoint. Purchase requisition must be sought from the budget holder before a PO is raised.
- Approved orders, authorised as per the above authorisation limits, when recorded in the order form on Sharepoint, will be allocated an order number. Order numbers should be used in any correspondence with suppliers.
- Incoming deliveries will be despatched to departments accordingly and the goods will be checked against the goods received note. Any discrepancies should be recorded and discussed with the supplier without delay.
- If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance team should be notified.

Invoices will be considered as per the above limits and will then be passed to the Finance team for processing. The Finance team will send invoices, via Docuware, to the relevant budget holder for authorisation. Once authorisation has been received, the invoice will be

passed for payment. Payment will be made by the Finance team within the supplier's payment terms.

Invoices and any goods receipts notes will be uploaded attached to the invoice within Docuware.

On account purchases may be made by the Premises Manager with approved suppliers and will be subject to prior approval by the Director of Estates and Operations.

NB Alcohol should not be purchased using College funds in accordance with the College Financial Handbook.

6.5 **Payments**

A BACS report will be produced in the Sage system listing all individual invoices to be paid by BACS. The Finance and Payroll Manager will review the listing and will complete spot checks back to source documentation and raise any queries with the individual budget holder. The Director of Finance and Funding will undertake spot checks of this report.

The process and controls regarding payments are detailed in section 8 of this policy.

6.6 **VAT**

The College is not VAT registered, therefore all income and expenditure is considered gross.

6.7 **Supplier Master-file**

Due diligence must be taken on new suppliers before trading begins.

Changes to supplier bank account details are carefully controlled, as the College is aware that this is an area that is vulnerable to fraud. Supplier details will not be amended until the changes have been verified as being valid.

Each new or amended supplier bank account/payment details will be documented on a template form (see appendix 1) which will document the evidence received and the method of verifying this information. The form will be checked by the Finance team and passed to the Director of Finance and Funding, together with supporting documentation for authorisation prior to the first payment run. The Director of Finance and Funding will also annually complete a supplier audit to cross-check a sample of the manual records.

6.8 **Competitive Purchasing Requirements and Limits**

(The value of purchases is calculated as the value, including VAT, for the full duration of the contract including any extensions or options).

<u>Orders up to £4,999</u>

In purchasing all goods and services, budget holders should ensure that they review the use of existing resources and consider the cost, quality, reliability, and availability. Fixed prices should be obtained for all purchases before orders are placed. Value for money should be demonstrated.

<u>Orders over £5,000 but less than £50,000</u>

Three written quotations should be obtained for all orders between £5,000 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be attached to the order placed and available for audit purposes. Telephone quotes are acceptable if these are documented and evidenced and confirmation of quotes has been received before a purchase decision is made. If appropriate, government or local

procurement frameworks (Buying for Schools, CPC, YPO) can be used as an alternative to obtaining quotes.

If competitive quotes cannot be sought, a report will be taken for approval of the purchase, documenting the reasons why and how value for money has been otherwise assured.

Orders over £50,000 but less than £100,000
All goods/services ordered with a value between £50,000 and £100,000, or for a series of contracts which in totals are between £50,000 and £100,000, must be subject to formal tendering procedures, detailed below, and will be approved by the Principal. If appropriate, government or local procurement frameworks (Buying for Schools, CPC, YPO) can be used as an alternative to obtaining quotes.

Orders over £100,000 but less than PCR 2015 Thresholds
All goods/services ordered with a value over £100,000, or for a series of contracts which in total exceed £100,000 must be subject to formal tendering procedures, detailed below, and will be managed by the Director if Finance and Funding. These will need to be approved by the Corporation and the Principal. If appropriate, government or local procurement frameworks (Buying for Schools, CPC, YPO) can be used as an alternative to obtaining quotes.

6.9 **Procurement Thresholds**
Purchases over PCR 2015 Regulation limits may fall under Government procurement rules which requires advertising on the 'Find a Tender' framework. When the College is likely to award such contracts, further guidance should be sought.

The Procurement Policy explains the process for managing tenders.

7. Income

Key responsibilities of the College
Determine the financial control procedures Determine accounting treatment Process and reconcile income transactions To receive and bank income in line with agreed procedures and meet the financial standards in this policy.

The main sources of income for the College are funding from the DfE and local authorities. The receipt of these sums is monitored by the Director of Finance and Funding.

Bids for capital and other additional funding are subject to the approval of the Principal up to £25,000 and significant bids will be highlighted in advance with the Corporation(e.g., CIF funding).

The College also obtains income from:
- Letting of College premises and facilities to outside organisations
- Local Authorities for SEND
- Catering (contract dependant)
- Campus fees
- other ad-hoc changes that comply with the College's Fees and Charges Policy

7.1 **Lettings & Hire of Facilities**

The College has a policy to deal with income from lettings. This policy ensures that: -

- Adequate records are maintained of all bookings made
- Payment should be made in advance wherever possible
- Sales Ledger accounts are raised on a timely basis by the Finance and Payroll Manager
- Debts will be monitored and promptly chased up
- Approval to write off debts must be obtained from the Corporation
- All hirers have adequate insurance in line with the Term and Conditions of letting.

7.2 **Local Authority income**

Where monies are due from Local Authorities in respect of SEND payments, College will ensure that: -

- Adequate records are maintained backing up the claims made
- Invoices are raised in line with Local Authority expectation i.e. annually/termly
- Sales Ledger accounts are raised through Sage
- Debts will be monitored and promptly chased up
- Approval to write off debts must be in line with the Scheme of Delegation

7.3 **Catering**

On site catering is dealt with by our third-party catering provider. Where College is entitled to a profit share, it will be ensured that: -

- Adequate records are maintained backing up the claim to the profit share
- Invoices are raised in a timely manner
- Sales Ledger accounts are raised through Sage
- Debts will be monitored and promptly chased up
- Approval to write off debts must be in line with the Scheme of Delegation

7.4 **Campus fees**

A voluntary campus fee is advertised each year to new students to cover printer credits, Step Into Week, College facilities etc. This is advertised for payment on Wisepay (Cashless system). Where payment is made, it will be ensured that: -

- It is accounted for in the relevant nominal in Sage
- Cash is reconciled
- Cross references are made to check whether any students who have paid have sucessful Bursary applications. In such cases a prompt refund should be made.

7.5 **Other Ad-Hoc Charges**

College has procedures to deal with income that is received via Wisepay (Cashless system) and via cash and cheques (although the latter is discouraged). These procedures must ensure that:

- All cash and cheques must be kept in the safe prior to banking
- Safe key holders are identified, and keys are held securely held
- Banking should take place monthly
- Monies collected must be banked in their entirety in the appropriate bank account or receipted as income into the relevant petty cash. This must be adequately documented as income
- Two members of staff must verify each banking
- Banking must be reconciled to source records of income received
- Income received via Wisepay should be receipted the following working day by the

Finance team

7.6 **Income Reconciliation**

The College Finance team is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank/via Wisepay and the sums posted to the accounting system.

The reconciliations must be prepared promptly, after each banking/receipt.

For direct bank receipts such as DfE core funding payments etc, these should be entered as a journal onto Sage by the Finance team, checked to the funding schedules, and the remittance advices should be filed with the record.

8. Cash Management

Key responsibilities of the Finance team
Determine the financial control procedures
Manage cash deposits and investments in line with the policy
Reconcile bank accounts
Process payments through on-line banking
Monitor the College cash flow
Operate cash and bank procedures in line with this policy

8.1 **Bank Accounts**

The opening of all accounts must be authorised by the Finance and Estates Committee, via the Director of Finance and Funding, who must set out the arrangements covering the operation of accounts, including any transfers between accounts and mandates. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

Multi-factor authentication is required to access College bank accounts.

8.2 **Deposits**

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil and listed on the holding account banking spreadsheet. The details should include:

- the amount of the deposit
- a reference, such as the number of the receipt or the name of the debtor

8.3 **Payments and withdrawals**

Payments and withdrawals should be approved by the Finance and Payroll Manager and actioned by the Business Support Officer. All payments and withdrawals are counter signed by the Director of Finance and Funding. Spot checks are made on amounts over £1,000.

8.4 **On-Line Banking System**

Access to the system is controlled via user accounts, passwords, and smartcards. It is the responsibility of each individual to maintain security of their passwords and cards.

All payments made via online banking must be approved as per the authorisation limits. The Business Support Officer is responsible for uploading the BACS file, once it has been checked and the following staff are approved to authorise payments on the system: -

- Finance and Payroll Manager
- Director of Finance and Funding
- Principal

The payment should be signed off by another of the above members of staff – whomever hasn't been involved in the processing.

8.5 **Bank Reconciliation**

The Director of Finance and Funding must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to Sage Line 50
- adjustments arising are dealt with promptly
- The reconciliation statements will be prepared and signed by central finance staff and reviewed and by the Director of Finance and Funding

8.6 **Petty Cash - approved procedures**

Although College is moving away from the use of cash, there are established procedures to deal with petty cash, where applicable. These procedures must ensure that:

- Petty cash must be locked in a locked secure tin and held in the safe where possible or locked filing cabinet
- receipts supporting payments from petty cash are submitted to the finance office to enable the appropriate nominal code to be charged
- Petty cash is reconciled and reimbursed regularly
- Staff will sign on receipt of funds
- Staff make the Finance team aware of any cash help on site/in departments

Maximum funds held on site is £200.

8.7 **Credit Cards**

The overall limit for the Barclaycard credit card system is £18,000. The following personnel/teams are authorised to hold credit cards;

- Finance
- Premises
- Principal
- Library
- Human Resources

Limits on these cards can be temporarily lifted by £1,000 with the Director of Finance and Funding's approval (for a period of no more than a month) for a one-off payment that can't follow the usual ordering system e.g school visit, online store.

New credit cards must be approved by the Director of Finance and Funding.

College has established procedures to deal with debit and credit cards usage. These

procedures ensure that: -

- Cards are stored safely
- Requests for new cards are made through the Director of Finance and Funding
- Cards are only used for College business
- Cards are held securely by card holders, PINs kept secure not shared etc.
- Supporting documentation is held for all transactions
- Statements must be reconciled by the Finance team and reviewed by the Finance and Payroll Manager/Director of Finance and Funding as part of the month end procedure
- Records of the reconciliation and approval are maintained

8.8 **Cash Flow Forecasts**

The Director of Finance and Funding is responsible for the completion of monthly cash flow forecasts to ensure that the College has sufficient funds available to pay for day-to-day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile income and expenditure to cover potential cash shortages.

8.9 **Investments and Cash Deposits**

Low Risk Investments and deposits must be made only in accordance with written procedures approved by the Finance and Estates Committee (see Treasury Management Policy and the Reserves Policy).

9. Fixed assets

Key responsibilities of the Finance team Determine the financial control procedures Determine accounting treatment Key responsibilities of the Premises and IT departments Maintain adequate security over assets as per the policy Maintain asset register and inventory lists Perform asset checks

See also the Disposal Policy in relation to IT assets and the Financial Procedure Manual for more detailed procedures.

9.1 **Asset register**

All items purchased with a value over the College's capitalisation limit of £1,000 must be entered in the asset register.

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- to manage the effective utilisation of assets and to plan for their replacement
- the external auditors to draw conclusions on the annual accounts and the College's financial system
- to support insurance claims in the event of fire, theft, vandalism, or other disasters

9.2 **Inventory of assets**

In addition, a record of all material (over £100) non-capitalised, attractive, portable assets will be maintained, and security controls operated in order to safeguard the College's property. On receipt of the invoice the item purchased will be allocated a GC security number and the relevant details will be recorded in the register. This will be held by the Network Department.

9.3 **Security of assets**

All fixed assets are to be recorded – *see above on capitalisation limits*. The asset register is to be kept up to date and reviewed regularly. Items used by the College but not owned by the College should be recorded as such. Physical counts against the register are undertaken annually at or about the end of the financial year. This count is to be performed by someone other than the person responsible for the asset register. Differences between counts and the register are investigated promptly and significant differences are reported to the Finance and Estates Commitee. Stores and equipment are secured by means of physical and other security devices. Only authorised personnel may access secure storage areas.

An annual review of insurance is carried out. A comprehensive group of insurances are held and updated after reference to the college insurance brokers.

IT assets must comply with cyber security standards.

An informal retender exercise for insurance brokers is held every three years.

9.4 **Disposals**

All requests for disposal must be submitted to the Director of Finance and Funding for review and then approved by the Principal (up to a cost value of £5,000) or the Finance and Estates Committee (over £5,000. The best possible value must be obtained in the disposal of assets.

Acceptable methods of disposal are detailed in the Disposal Policy.

9.5 **Disposal Limits**

Disposal of land and buildings must be agreed in advance with the Secretary of State.

9.6 **Loan of Assets**

Items of College property must not be removed from the premises without the authority of the Director of Estates, Operation and IT. A record of the loan must be recorded in a loan book and booked back in when it is returned.

9.7 If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the College's auditors.

Appendix 1

This form is to be used if Supplier details need to be updated or if a new supplier needs to be added onto Sage Line 50

Request to Approve New Supplier Form

Please complete this form fully to request that a new Suppliers or Customer be added to Sage Line 50 or to amend a suppliers or customers details.

Do not order works, good or services from them until approved.

Approval may take up to 5 working days

Name of Supplier:	
Address of Supplier incl. Postcode:	
VAT Number:	
Contact Name:	
Telephone Number	
Email Address for Purchase Order (*only Applies to suppliers)*:	
Email Address for Remittance Advice:	
Website:	
Bank Account Name:	
Sort Code:	
Account Number:	
Type of goods provided: (if it is premises related, please clear with Premises Manager who will complete a contractor's checklist to check for accreditation, further insurance etc.– this should be attached to this form)	

If this is a small firm, have you checked that their insurance levels are above £1m?	
If the supplier is working with students, have you checked their DBS?	
Have you checked if IR35 applies? If it does, please attached IR35 form.	
Reason for not using existing approved supplier:	
Is this supplier related/in a relationship with or named on the interest form of a member of staff, Local Governing Board or College? If so, please name the person related or with declared interest and check with Lauren Metcalfe before taking this any further	
Is the supplier a counterparty (i.e., a government funded body?):	
Date information received to warrant change:	
Change Information received i.e., letter from supplier, must be attached to this form and retained for audit purposes.	
To be completed by the central team	
Date Phoned Supplier to confirm details or change:	
Input on system by & Date:	
Authorised by DoFF Date:	
In case of rejection, reason why:	
Staff member informed:	

IR35 Information

The off-payroll working rules can apply if a worker (sometimes known as a contractor) provides their services through their own limited company or another type of intermediary to the client.

An intermediary will usually be the worker's own personal service company, but could also be any of the following:

- a partnership
- a personal service company
- an individual

The rules make sure that workers, who would have been an employee if they were providing their services directly to the client, pay broadly the same Income Tax and National Insurance contributions as employees. These rules are sometimes known as 'IR35'.

The client is the organisation who is or will be receiving the services of a contractor. They may also be known as the engager, hirer or end client. The client will be responsible for determining if the off-payroll working rules apply.

Get help on the off-payroll working rules (IR35) with webinars, guidance and resources from HMRC.

You may be offered schemes that wrongly claim to get around the off-payroll working rules. Find out how to recognise tax avoidance schemes aimed at contractors and agency workers.

Who the rules apply to

You may be affected by these rules if you are:

- a worker who provides their services through their intermediary
- a client who receives services from a worker through their intermediary
- an agency providing workers' services through their intermediary

If the rules apply, Income Tax and employee National Insurance contributions must be deducted from fees and paid to HMRC. In addition, employer National Insurance contributions and Apprenticeship Levy, if applicable, must also be paid to HMRC.

You can use the Check Employment Status for Tax service to help you decide if the off-payroll working rules apply.