



**College of  
West Anglia**

# **Financial Regulations**

**Approved by Corporation  
6 December 2023**

<b>CONTENTS</b>	<b>Page</b>
<b>A GENERAL</b>	<b>3</b>
Terminology	3
Status of the Regulations	3
Distribution	3
<b>B FINANCIAL REGULATIONS</b>	<b>5</b>
Status	5
Responsibilities	5
Financial Management, Budgets and Targets	6
Accounting	6
Value For Money	8
Income	10
Expenditure	10
Contracts	14
Assets and Liabilities	16
Subsidiary Companies and Trusts	18
<b>C INTERNAL CONTROL AND RISK MANAGEMENT</b>	<b>20</b>
Third Party Relationships	21
Probity	22
<b>D AUDIT</b>	<b>25</b>
Appointment of Auditors	25
Role of Audit	25
Auditors' Rights	26
Audit Independence	26
Conduct, Planning and Reporting of Internal Audit Work	26
<b>E Summary of relevant contractual requirements of the ESFA</b>	<b>28</b>
<b>Appendix 1 Memorandum of Understanding CWA Developments Ltd</b>	<b>33</b>
<b>Appendix 2 Memorandum of Understanding CWA Enterprises Ltd</b>	<b>35</b>

## A GENERAL

### Terminology

1. The terms used in this document have the following meanings:

ESFA	The Education and Skills Funding Agency
Funding Body	The government departments or agencies that provide funding to the College.
Corporation	The Corporation of the College, comprising members appointed under the College's charter and the relevant statutory instruments to be responsible for its affairs
Finance and General Purposes Committee	The committee of the Corporation charged with monitoring the financial affairs of the College
Head of Governance	The person appointed by the Corporation to act as independent Head of Governance responsible for advising the Corporation with regard to the operation of its powers; procedural matters; conduct of its business and governance practice.
Designated Senior post holders	The Principal, Vice Principal Corporate Services, Vice Principal Curriculum & Quality.
Senior Management Team	The Principal, designated senior post holders, Assistant Principal Funding, Performance and Projects and the Assistant Principal Student Services.
Vice Principal Corporate Services	The senior postholder responsible to the Principal for the College's financial management
Manager	Any member of the College's staff who has responsibility for managing part of the College's affairs or budget, including (but not limited to) heads of department, heads of faculty and members of the senior management team

### Status of the Regulations

2. These Regulations are subordinate to the College's Instrument and Articles of Government, to applicable legislation or regulations, to HM Treasury's "Managing Public Money" and to any restrictions contained in the College's Financial Memoranda with the ESFA.
3. The regulations apply to the College's subsidiary companies as well as to the College itself.

**Distribution**

4. A controlled copy of these Regulations shall be posted on the College intranet and distributed to:
  - a. All members of the Corporation
  - b. The Head of Governance
  - c. All members of the Senior Management Team

## **B FINANCIAL REGULATIONS**

### **Purpose**

1. These regulations contain the policies laid down by the Corporation to govern the College's financial and contractual activities.
2. These regulations apply to the College and to any subsidiary companies and other subsidiary undertakings of the College. Wherever the term "College" is used in these regulations, this applies equally to the College's subsidiary companies and other subsidiary undertakings.

### **Financial procedures**

3. The Regulations shall be supplemented by Financial Procedures issued by the Vice Principal Corporate Services.

### **Compliance with the Regulations**

4. Compliance with both the Financial Regulations and the Financial Procedures is compulsory for all staff connected with the College. Non-compliance may result in disciplinary action under the College's disciplinary policy.
5. All managers are responsible for ensuring that all activities under their control comply with these regulations and any other relevant financial procedures.
6. Any waivers of these regulations shall be reported to the Audit Committee.

### **Review**

7. The Finance and General Purposes Committee is responsible for keeping these Regulations under review and advising the Corporation of any necessary changes.

## **Responsibilities**

### **Responsibilities in financial matters**

8. The Corporation is responsible for, and cannot delegate its responsibility for, the following financial matters:
  - a. Ensuring the solvency of the College
  - b. Safeguarding the College's assets
  - c. Approving an annual budget before the start of each financial year.
9. In addition, the Corporation has overall responsibility, but can delegate responsibility for:
  - a. Ensuring that the funds provided by the funding body are used in accordance with the terms and conditions specified by that body including those in the Financial Memorandum
  - b. Ensuring that systems of internal control and risk management are effective
  - c. Ensuring that the College complies with the Post-16 Audit Code of Practice
  - d. Approving the College's Strategic Plan
  - e. Appointing the internal audit service and external auditor.
10. The Principal is the College's designated Accounting Officer and is responsible for the College's financial affairs, including ensuring that:
  - a. The College has appropriate arrangements for sound financial management, achieving value for money, keeping proper accounting records and reporting

- the College's financial position and performance as appropriate
- b. The College has adequate systems of internal control and risk management
  - c. (The uses to which the funding body's payments to the College are put are consistent with the purposes for which they have been given
  - d. A budget is prepared for approval by the Corporation
  - e. The College is financially viable and any transaction that could jeopardise its financial viability is reported to the Corporation
  - f. All transactions of the College achieve value for money for public funds
  - g. The College complies with funding contracts and all other terms and conditions of funding and advising the Corporation in writing if at any time, in his or her opinion, any action or policy under consideration by the Corporation is incompatible with the Financial Memorandum.
11. The Vice Principal Corporate Services is responsible for day-to-day financial administration including:
- a. Maintaining adequate financial systems and records
  - b. Preparing budgets and financial management information
  - c. Preparing the College's annual accounts
  - d. Preparing and reporting any financial information required by the funding body
  - e. Ensuring that any income due from funding bodies is claimed and received
  - f. Advising the College's Corporation and committees, the Principal and other managers on financial matters including the College's financial viability and any transactions that in his or her opinion could jeopardise its financial viability
  - g. Advising the Principal on how to secure value for money in the College's transactions
  - h. Managing the College's tax affairs.
12. All managers are responsible for:
- a. Running the departments and/or activities which they manage so as to meet the budgets and financial targets assigned to them
  - b. Maintaining adequate financial systems and records for those activities in accordance with these Financial Regulations, the more detailed requirements in the Financial Procedures and the requirements of the Vice Principal Corporate Services
  - c. Reporting serious risks and incidents to the appropriate SMT member or the Head of Governance.

## **Financial management, budgets and targets**

### **Financial targets**

13. The College's affairs shall be run so as to achieve as far as possible the financial objectives approved by the Corporation and set out in its strategic plan.
14. These financial objectives shall be consistent with the overall objectives of:
- a. Ensuring the solvency of the College

- b. Safeguarding the College's assets.

### **Budgets and budgetary control**

15. The Vice Principal Corporate Services shall prepare a budget for the College for each financial year covering revenue income and expenditure, capital expenditure and related capital grant income, cash flow and a year-end balance sheet. The budget will be aligned to the College's strategic ambitions. The Corporation, advised by the Finance and General Purposes Committee, shall approve the budget.
16. It is the responsibility of all managers to manage the activities for which they are responsible so as to meet the budgets and financial targets assigned to them.
17. Subject to any restrictions imposed by the Vice Principal Corporate Services, managers may transfer ('vire') budget amounts between budget lines under their control provided that:
  - a. They notify the Head of Finance so that the budget can be adjusted accordingly and
  - b. The change does not prejudice the achievement of any overriding objectives of the College.
18. The Senior Management Team may approve other changes to the budget, for example to build in new activities, provided that the changes neither adversely affect the budgeted revenue surplus or deficit nor increase the budgeted capital expenditure (net of capital grant income). The Senior Management Team may also transfer expenditure budgets from revenue to capital. Changes that adversely affect the College's surplus or deficit or increase capital expenditure except by a transfer from revenue expenditure must be approved by the Corporation.
19. Budget holders have no authority to carry forward balances on their budgets at the end of the year.
20. Unspent amounts against budgets for capital expenditure projects that by their nature extend over more than one budget year shall be carried forward until the projects are completed. The Principal may approve the carrying forward of other capital budgets for specific projects.
21. The Vice Principal Corporate Services shall monitor the College's financial performance against the budget and submit revised budgets as necessary during the year. The Corporation, advised by the Finance and General Purposes Committee, shall approve the revised budget.
22. As soon as managers become aware of any significant departures from agreed budgetary targets, they must report these to the Principal and the Vice Principal Corporate Services.

### **Accounting**

#### **Accounting policies**

23. The College shall prepare consolidated accounts in accordance with UK law, applicable accounting standards and the requirements of the funding body.

#### **Financial year end**

24. The College's financial year-end shall be 31 July.

### **Accounting records and returns**

25. The Vice Principal Corporate Services is responsible for:
- a. Maintaining financial records in a form that complies with legislation and is acceptable to the relevant funding bodies or authorities
  - b. Preparing and dispatching financial returns required either by legislation, by the funding bodies or authorities within the required timescales.

### **Financial forecasts for external bodies**

26. The Vice Principal Corporate Services shall prepare any financial forecasts required by funding bodies. The Corporation, advised by the Finance and General Purposes Committee, shall approve these forecasts.

### **Financial information for the Corporation**

27. The Vice Principal Corporate Services shall prepare and submit to the Corporation and/or the Finance and General Purposes Committee such forecasts and other financial information as they request, or as he considers necessary to aid their understanding of the College's financial position. These shall be presented at least termly to the Corporation and monthly (except in the first month of the year) to the Finance and General Purposes Committee, and shall include:
- a. Income and Expenditure statements against budget
  - b. Statements of capital expenditure against budget
  - c. Summarised balance sheets
  - d. Summarised cash-flow statements
  - e. Financial performance indicators
  - f. Financial health rating prepared in line with funding body requirements.
28. The Vice Principal Corporate Services is responsible for ensuring that the financial information prepared for the Corporation is complete and accurate, and for alerting senior management and the Corporation to any known, significant inaccuracies or suspected irregularities therein.

### **Value for Money ("VfM")**

29. The College has a duty to deliver VfM in its use of the public funding it receives and to maximise the benefits to learners that it delivers from that funding.
30. All staff are responsible for ensuring that the College obtains VfM from all of its activities. SMT and managers are responsible for taking a lead in obtaining VfM, and SMT for monitoring whether the College is achieving VfM.
31. VfM is defined as a balance between:
- Economy: minimising cost
  - Efficiency: maximising productivity and minimising the effort involved in doing things
  - Effectiveness: ensuring the maximum benefit in terms of delivery of the College's strategies and objectives.
32. VfM is not just buying things at the cheapest price, although that is often one aspect of it. In addition to cost, VfM might include looking at such things as fitness for purpose, convenience, delivery, reliability, durability, performance, technology, staff workload, impact on efficiency, maintenance, support, running costs,



obsolescence, and disposal issues. VfM is in effect an assessment of the costs and benefits (financial and non-financial) across the whole life of a product or activity.

33. In employment matters, securing VfM might include looking at long and short term needs, qualifications, skills, experience, flexibility to cope with change, resilience to loss of key staff, market remuneration levels. VfM is one consideration to be weighed alongside others such as the College's commitment to equality and diversity, its responsibilities as a fair employer, the priority it gives to staff development and legal/contractual obligations.
34. VfM shall be delivered in the College as follows:
  - SMT shall integrate VfM principles into management strategies, planning processes and shall keep under review whether the staffing arrangements in all areas represent VfM
  - SMT shall keep under review whether the College's staffing and physical infrastructure gives it the resources and the flexibility to strike the right long-term balance between effectiveness, efficiency and economy
  - All managers shall integrate VfM principles into the processes within their areas of responsibility and ensure that their staff are trained and aware of what they need to do to secure VfM in their areas
  - All managers and staff shall pursue VfM as an objective in all activities.
  - This will include:
    - Striving to achieve maximum benefit for minimum cost / effort
    - Ensuring that the College delivers high quality for the public funding that it receives (including optimising student success and progression)
    - Only entering into purchases and contracts that offer acceptable quality at competitive price, based on appropriate research and by following College procurement rules
    - Utilising resources (staff and non-staff) fully and efficiently
    - Comparing the respective benefits of different forms of employment (e.g. permanent, temporary / hourly paid, trainees / apprentices)
    - Constantly seeking to improve the efficiency and effectiveness of College processes
    - Researching and adopting good practice from other organisations
    - Striving to achieve an acceptable level of control for the minimum bureaucracy and effort
35. SMT and the Audit Committee (through the Internal Audit Service) shall commission VfM reviews where appropriate.
36. SMT shall review the College's cost base, its efficiency and the effectiveness of delivery of its objectives against other organisations e.g., through benchmarking, and reporting the results to the Corporation and/or sub-committees.

## **Income**

### **Claiming and recording of income**

37. The Vice Principal Corporate Services is responsible for ensuring that appropriate procedures and systems are in place to:
  - a. Submit claims for all grants or tax refunds due to the College by the due date
  - b. Invoice promptly all income due from commercial clients
  - c. Collect all fees due from students in accordance with the College's fees policy and
  - d. Promptly bank all money received.
38. Individual managers are responsible for notifying the Vice Principal Corporate Services of all sources of income and establishing and maintaining the systems and records needed to collect income due in their areas promptly.

### **Approval of the College's Charges**

39. The Senior Management Team shall set the charges to be made by the College in accordance with the policies and framework laid down by the Finance and General Purposes Committee.

### **Credit Control**

40. The Vice Principal Corporate Services is responsible for establishing suitable credit control processes for monitoring and collecting outstanding debt.
41. To enforce the collection of outstanding student debts, SMT may authorise sanctions including the non-inclusion of names in pass lists and the withholding of tutor support from students who fail to pay their debts to the College.

## **Expenditure**

### **Approval of purchase requisitions (capital and revenue)**

42. Authority is delegated to management to approve the purchase of goods and services (other than the purchase or long-term lease of land or buildings) as follows:
  - a. For operation reasons, some programme managers/supervisors have been formally given delegated authority to approve expenditure to a limit of up to £2,000
  - b. Budget holding managers: up to £50,000 in their areas of responsibility
  - c. Individual senior managers (Heads of Faculty, Heads of Department): up to £50,000 in their areas of responsibility
  - d. Senior Management Team members (acting individually): up to £100,000.
  - e. The Principal: up to £250,000
  - f. Senior Management Team (acting collectively): up to £500,000
  - g. Contracts or purchases of more than £500,000 shall require the approval of the Finance and General Purposes Committee.
43. Budget holding managers may delegate the authority to approve purchase orders to other individuals.
44. Managers are responsible for ensuring that all purchases (made in whatever way), against their budgets:

- a. Do not exceed the relevant budgets
  - b. Are an appropriate use of College resources in line with the College's strategies and plans
  - c. Represent good value for money
  - d. Where appropriate have been tendered or competitive quotes have been obtained in line with the requirements of these regulations and other approved procedures of the College.
  - e. Are made in compliance with the probity requirements in section F of these regulations and in particular do not involve conflicts of interest, bribes or other inducements.
45. Purchases must comply with the requirements of the Public Contracts Regulations 2015 to publish information about opportunities and awards, over certain value thresholds, on the Government's Contracts Finder. From January 2023 the thresholds that apply for public funding are set out in Procurement Policy Note PPN 01/23.
46. The Board is required to authorise any departures from the normal procurement process where the value of the contract is £75,000 or above. Where expenditure is less than £75,000 the Principal or Vice Principal Corporate Services must approve any departures from the normal procurement process. All departures from the normal procurement process for expenditure over £50,000 will be reported to the Finance and General Purposes Committee and the Audit Committee by the Vice Principal Corporate Services.
47. Where a single requirement for goods or services is fulfilled by several separate purchases, these shall be aggregated to calculate the levels above which tendering is required. Where goods or services are purchased by instalments or on a lease or rental basis, the value of all committed instalments or rental payments shall be included.

#### **Purchase Orders**

48. All purchases shall be ordered using the P2P system order form incorporating the College's conditions of contract except:
- a. For genuine emergencies
  - b. On-going bills from utility suppliers (electricity, water, gas, telephones, rates, employer engagement and similar) under a contract approved under the provisions elsewhere in these regulations
  - c. Renewals of annual licences (e.g. performing rights, software)
  - d. Inset-related expenditure
49. Where a separate contract is used, the manager responsible shall ensure that it is approved as required elsewhere in these Regulations.

#### **College Credit Cards**

50. The Vice Principal Corporate Services may approve the issue of College credit cards and other cards of a similar nature, such as Government Procurement Cards, to College employees and may also revoke such approval.
51. College credit cards shall be used for valid business purchases only. All expenditure using them shall be accounted for. Their misuse or failure to account for expenditure shall be grounds for disciplinary action. Department Managers shall be responsible for setting in place systems to monitor the use of College

credit cards against their budgets and account for expenses charged through them.

### **Taxation**

52. The Vice Principal Corporate Services is responsible for managing the College's taxation affairs, advising managers and staff on taxation issues, and issuing any necessary instructions. He shall report to the Finance and General Purposes Committee on significant taxation issues.

### **Reimbursement of Expenses**

53. Staff shall be reimbursed for any expenses incurred in performance of their College duties (including travel and subsistence costs, necessary business entertaining and small items of expenditure on consumables) in line with the Travel and Subsistence Policy and provided that:
- a. They were necessarily or appropriately incurred on College business
  - b. Value for money is obtained
  - c. The most efficient, practical options have been used for travel and accommodation
  - d. The expenses have been authorised by the employee's line manager or more senior person.
54. Senior managers and Corporation members' expenses shall be authorised as follows:
- a. For the Principal: by the Chair or, in his/her absence, the Vice Chairs
  - b. For other members of the Senior Management Team: by the Principal or, in his absence (the Vice Principal Corporate Services) (in which case the Vice Principal Corporate Services' expenses shall be authorised by the Chair or Vice Chair)
  - c. For the Chair: by the Principal
  - d. For the Vice Chair(s) and all other members of the Corporation: by the Principal
  - e. The expenses of the Chair, Principal, Vice Chair and governors, together with the expenses incurred by designated senior post holders shall be report to the Audit Committee annually for the retrospective review.
55. Staff shall not benefit personally from travel on College business or from the use of College cars. For instance, promotional offers by travel organisations must be used for the benefit of the College.

### **Advances**

56. Where it is necessary, the Principal or Vice Principal Corporate Services and the responsible department head may jointly approve advances to staff who are going to incur expenditure on the College's behalf. The Vice Principal Corporate Services shall approve the procedures for accounting for such advances.

### **Use of private cars on College business**

57. Staff are encouraged to use their own vehicles where this is the most efficient, practical option, and shall be reimbursed at rates set in the Financial Procedures for using their own vehicles on College business.
58. Staff and governors using their own vehicles must maintain appropriate insurance

cover for business use and shall be reimbursed for the cost of this by the inclusion of an appropriate amount in the reimbursement rates.

59. Business mileage expense claims for staff and governors will be subject to production, on an annual basis, of an original and valid insurance certificate and driving licence and a copy of an original MOT certificate (if applicable).

### **Senior Pay Controls**

60. In setting senior pay, Governors will consider the requirements of HM Treasury's "Senior Pay Controls" which are currently being revised to cover Further Education establishments. In outline, and awaiting detailed FE guidance, this will apply to posts where the total remuneration is at or above the defined threshold of £150,000 (or the pro-rata equivalent for part-time staff), or where performance related pay ('bonus') arrangements exceed a threshold of £17,500.

### **Other Payments to Staff**

61. The relevant Head of Department and either the Principal or the Vice Principal Corporate Services shall approve any payments to staff other than their normal remuneration and those dealt with above. The Vice Principal Corporate Services shall establish systems to record the amounts paid, the reasons and the staff members involved.
62. Advice on the legitimacy of proposed severance payments to Senior Postholders shall be taken from the External Auditor. The Corporation must approve severance pay for all Senior Postholders. The Chair of Governors must approve severance pay for employees whose gross salary exceeds £60,000.

### **Special Severance Payments**

63. Special severance payments are payments that are discretionary and additional to those arising from statutory and contractual redundancy or severance terms. In cases where non contractual/non statutory severance payments are £50,000 or more, approval must be sought from the Department for Education (DfE).
64. In addition, DfE approval will be obtained before making a special staff severance payment where:
- a. an exit package which includes a special severance payment is at, or above, £100,000, and/or
  - b. the employee earns over £150,000.
65. Regardless of the above, any special severance payment which is novel, contentious or repercussive, of whatever value, will be referred to DfE for approval.

### **Compensation Payments**

66. Compensation payments provide redress for loss or injury, for example personal injuries, traffic accidents or damage to property. DfE approval will be obtained for compensation payments where the non-statutory/non-contractual element is £50,000 or above.

### **Ex Gratia Payments**

67. Ex gratia payments go beyond statutory or contractual cover, or administrative rules. This could include payments to meet hardship caused by official failure or delay, and to avoid legal action due to errors on the part of the College. Ex gratia transactions must always be referred to DfE for prior approval, whatever the amount.

## **Novel, Contentious and Repercussive Transactions**

68. Novel transactions are those of which the College has no experience or are outside of its range of normal business. Contentious transactions are those that might cause criticism of the Corporation by Parliament, the public or the media. Repercussive transactions are those likely to cause pressure on other colleges or other parts of the public sector to take a similar approach and hence have wider financial implications. Transactions by colleges or their subsidiaries that may be considered novel, contentious and/or repercussive will be referred to DfE for prior approval.
69. Internally, these types of transactions require specific approvals as follows:
- a. The Principal: up to £250,000
  - b. The Senior Management Team (acting collectively): up to £500,000
  - c. Transactions with a value of £500,000 or more shall require the approval of the Finance and General Purposes Committee
70. Individuals will not both initiate and be involved in the approval of unusual transactions.

## **Contracts**

### **Approval of contracts other than those for the purchase, sale or long-term lease of land or buildings**

71. This section applies to all agreements that are legally binding on the College except for:
- a. Learning Agreements with students
  - b. Contracts covered elsewhere in these regulations (purchase orders, contracts for the purchase, sale or long-term lease of land or buildings and contracts for the disposal of other College assets).
72. Authority is delegated to management to enter into contracts on the College's behalf, as follows:
- a. Budget holding managers: up to £25,000 in their areas of responsibility
  - b. Individual senior managers: up to £100,000 in their areas of responsibility
  - c. The Principal: up to £250,000
  - d. The Senior Management Team (acting collectively): up to £500,000
  - e. Contracts with a value of £500,000 or more shall require the approval of the Finance and General Purposes Committee.
73. The value of a contract shall be the best monetary estimate of the income or expenditure associated with a contract, whichever is the greater.
74. Managers entering into contracts are responsible for reviewing the contracts and the proposed activities and satisfying themselves before signing that:
- a. They comply with these Regulations, the College's Instrument and Articles of Government and any legal restrictions on the College's powers
  - b. They are consistent with the College's agreed strategies and plans
  - c. They represent value for money and are an efficient and effective use of
  - d. the College's resources

- e. They are entered into in compliance with the probity requirements in section F of these regulations and in particular do not involve conflicts of interest, bribes or other inducements
  - f. Appropriate management arrangements will be in place for carrying out the College's obligations under the contract and maintaining any necessary systems and records
  - g. The Senior Management Team is aware of any significant risks being taken on by the College and, as a result, appropriate measures are planned to manage them and they are appropriately recorded in the College's risk management systems
  - h. A due diligence review has been carried out on the other party when appropriate (e.g. for agency or subcontracting arrangements)
  - i. The contract is appropriately worded to have the right legal effect (seeking professional legal advice if appropriate) and, when contracting with agents or subcontractors, prohibits bribes
  - j. The wording of the contract has been reviewed and approved by either the Finance & Procurement Officer, the Head of Finance or Vice Principal Corporate Services, and other managers have been consulted as appropriate
  - k. A signed original of the contract is held in the College's contracts register, currently maintained in the Finance department.
75. The Principal shall report to the Finance and General Purposes Committee all contracts over £100,000 in value signed on the College's behalf (other than routine variations to funding agreements), any other contracts that he or she considers significant to the College and any single payments in excess of £1,000,000.

**Approval of contracts for the purchase, sale or long-term lease of land and buildings**

76. The purchase, sale or long-term (defined as over 2 years) lease of land or buildings shall only be undertaken with the approval of the Corporation.
77. Purchases or disposals of land and/or buildings to a third party are also subject to the restrictions from time to time imposed by any of the funding bodies. Currently those require the consent where the assets were acquired with Exchequer funds.
78. Title deeds or long-term leases for land and / or buildings shall be deposited with the College's solicitors.

**Use of the College Seal**

79. When a deed or document requires the College's seal, it must be sealed by the Head of Governance or, in his or her absence, the Vice Principal Corporate Services or, in the absence of both, the Head of Finance or any of the Personal Assistants to the Principal or other Senior Managers. The application of the seal must be authenticated by the signature of two members of the Corporation, at least one of whom must be the Chair, Vice Chair or Principal.
80. All uses of the College's seal must be recorded in a register maintained by the Head of Governance.

## **Assets and Liabilities**

### **Capital Assets**

81. Where the College holds assets, the managers responsible must ensure that they are held securely and well controlled.
82. The Vice Principal Corporate Services shall maintain a central register of capital assets.

### **Valuable and desirable items not classified as capital assets**

83. Managers shall maintain inventories of items held in their areas which are considered to be valuable and desirable.
84. Checks will be undertaken annually to ensure that the items recorded on the inventory are still in the possession of the College.

### **Disposal of assets**

85. The disposal or write-off of fully or partly depreciated assets with an original cost or gross carrying value at the point of disposal in excess of £500,000 requires the approval of the Corporation on the recommendation of Finance and General Purposes Committee.
86. The levels of authority for writing-off fully or partly depreciated assets with an original cost or gross carrying value at the point of disposal below £500,000 are as follows:

<b>Limit</b>	<b>Authorising Officer/Committee</b>
Up to £3,000	Head of Finance
Up to £20,000	Vice Principal Corporate Services
Up to £60,000	Principal
Up to £500,000	Finance and General Purposes Committee
Over £500,000	Corporation

87. The proceeds from such disposals will be ringfenced for reinvestment in other capital assets.

### **Stocks**

88. Where the College holds stocks or stores, the managers responsible must ensure that:
  - a. They are held securely and well controlled
  - b. Appropriate records and accounting systems are in operation to meet statutory or operational needs.
  - c. For stocks with significant value, regular inspections and stock-checks are carried out, including year-end stock-checks for those items requiring valuation in the College's accounts.
  - d. The accounting records and systems and the procedures for stock-checking must have the approval of the Vice Principal Corporate Services.
89. Managers responsible for stocks of a hazardous nature must ensure that these are subject to appropriate safeguards and security checks, which must have the approval of the appropriate senior manager.



### **Debt Write-Off**

90. The levels of authority for writing-off debts deemed uneconomic to pursue or otherwise irrecoverable are:

<b>Limit</b>	<b>Authorising Officer/Committee</b>
Up to £1,000	Head of Finance
Up to £5,000	Vice Principal Corporate Services
Up to £10,000	Principal
Over £10,000	Finance and General Purposes Committee

91. DfE consent for write-offs will be obtained where the individual loss/write-off exceeds 1% of annual income or £45k individually (whichever is smaller), or 5% of annual income cumulatively (subject to a £250k cumulative ceiling).

### **Treasury Management**

92. The Finance and General Purposes Committee shall set the policies for cash management and for managing investments and borrowings. It is responsible for monitoring the implementation of such policies and for reviewing them regularly. The College has a Treasury Management Policy which should be considered in making borrowing and investment decisions.
93. The College's policy is to generate a reasonable return on its surplus cash whilst investing only in UK investments that are considered to be low risk. Investments, (classified as "investment Grade") should only be made with UK. All borrowing shall be in the name of the College or its subsidiary undertakings.
94. The Principal and the Vice Principal Corporate Services (acting jointly) are authorised to maintain and use loan or overdraft facilities up to £1.5 million. The Finance and General Purposes Committee's approval shall be required for all borrowing in excess of £1.5 million and the Finance and General Purposes Committee may approve in advance borrowing up to a defined borrowing limit or a range of limits profiled over time.
95. Department for Education approval will be obtained for any new borrowing or amendments to existing facility agreements.
96. The draw-down of any borrowing shall be approved by two of the College's approved cheque signatories, one of whom must be the Principal or the Vice Principal Corporate Services.
97. The Vice Principal Corporate Services shall be responsible for:
- a. Maintaining sufficient cash in the College's accounts to fund day to day activities
  - b. Investing surplus funds in one of the following:
    - Deposits with major banks
    - Money market deposits guaranteed by major banks
    - Government stocks
    - Other investments guaranteed by major banks or the Government
98. Keeping the College's investment policy under review in the light of market conditions.
99. Executive decisions concerning borrowing, investment or financing shall (within the

parameters of the policy set above and by the Finance and General Purposes Committee) be delegated to the Vice Principal Corporate Services who shall report to the Finance and General Purposes Committee on the activities of the treasury management operation.

100. The College will maintain cash flow forecasts over a period of two years and will publish these with the management accounts. Where the forecasts indicates that cash balances may fall to a level that is insufficient to support 30 days of activity the matter will be reported to the Finance and General Purposes Committee so that action to address the shortfall can be taken.

### **Indemnities, Guarantees and Letters of Comfort**

101. The college should not enter into liabilities without explicit parliamentary authority, other than those arising in the normal course of business. Many commercial contracts will, in the normal course of business, include indemnity clauses; these are not restricted and DfE consent will not be required for these.
102. The Chair and Vice Chair of the Finance and General Purposes Committee shall be advised in advance of any guarantees, letters of comfort or indemnities to be given by the College, which shall then:
- a. Require the prior approval of the Vice Principal Corporate Services and the Principal, or, if they benefit either of these two postholders, the prior approval of the Finance and General Purposes Committee
  - b. Be reported to the Finance and General Purposes Committee by the Head of Governance
  - c. Be referred to the DfE for approval where necessary

### **Intellectual Property**

103. Any designs, inventions or discoveries made by staff in the course of their College duties shall be the property of the College. Managers are responsible for notifying the Vice Principal Corporate Services, who is responsible for ensuring that any registrations or patents are established in the College's name.
104. Any design, inventions or discoveries made by a student, during their programme of study, shall be their own property and therefore they are free to use it as they see fit. If the design, invention or discovery has been made as part of a project that the College is responsible for or if the property has been funded by the College then this shall be the property of the College.

## **Subsidiary Companies and Trusts**

### **Companies and Investments**

105. The College may establish companies to carry out services or business on its behalf.
106. Subsidiary companies are subject to HM Treasury's Managing Public Money-based controls included in these regulations. Therefore, if the purpose of any subsidiary could be deemed to be novel, contentious or repercussive then the acquisition or establishment of such a subsidiary will require prior DfE approval.
107. The Finance and General Purposes Committee shall approve the establishment of such companies and the procedures for forming them and monitoring their financial performance and shall recommend to Corporation the appointment of directors to companies in which the College is a majority shareholder. The College may invest in other organisations for the purpose of furthering its educational aims provided that such investments are risk-assessed and approved in advance by the

Finance and General Purposes Committee.

108. The Memoranda of Understanding for the College's subsidiary companies are included as Appendices 1 and 2.

**Trust Funds**

109. The Finance and General Purposes Committee is responsible for ensuring that College trust funds are operated within any relevant legislation and in accordance with the specific requirements of each trust.
110. The Vice Principal Corporate Services is responsible for maintaining appropriate records of the affairs of each trust fund and advising the Finance and General Purposes Committee on the control and investment of fund balances.

## **C INTERNAL CONTROL AND RISK MANAGEMENT**

### **General Policy**

1. The Principal is responsible for:
  - a. Developing and implementing a strategy to identify, assess and control the risks facing the College
  - b. Reporting periodically to the Corporation on major, risk-bearing activities or contracts and the measures or controls implemented to manage the risks
  - c. Monitoring the activities undertaken by the College to identify any significant emerging risks
  - d. Reporting without delay to the Chair of the Audit Committee and the Chair of the Corporation if new risks are identified that threaten the financial stability or operational viability of the College or its ability to achieve its strategic objectives.
2. The Senior Management Team is responsible for managing the risk strategy and monitoring its effectiveness through the use of a risk register and other similar tools. The Audit Committee will, on behalf of the Board, regularly review and monitor risk.
3. All College managers are responsible for:
  - a. Identifying any risks inherent in the projects or activities which they manage
  - b. Implementing appropriate measures and controls to manage these risks
  - c. Ensuring that their staff are sufficiently informed and trained to be able manage risks in their areas
  - d. Reporting significant risks to the Principal, the appropriate senior manager or if appropriate the Head of Governance
  - e. Participating collectively in periodic reviews to identify the main risks faced by the College as a whole and assess the adequacy of the measures or controls implemented to manage them.
4. All Corporation committees are responsible for overseeing internal controls and the management of risks in their areas of responsibility.
5. The Audit Committee is responsible for:
  - a. Advising the Corporation on the adequacy and effectiveness of the College's audit arrangements, its framework of governance, risk management and control, and its processes for securing economy, efficiency and effectiveness
  - b. Reporting in its Annual Report to the Principal and the Corporation on the above

### **Insurance**

6. The Vice Principal Corporate Services is responsible for effecting insurance cover in accordance with the approved risk management strategy and dealing with claims.
7. All staff are responsible for notifying the Vice Principal Corporate Services immediately of any event which may give rise to an insurance claim.
8. Insurance arrangements for further education establishments is currently under

active consideration by HM Treasury. consideration should be given to the most recent guidance before insurance cover is procured or renewed.

### **Security**

9. The Principal is responsible for the security of the College, its physical assets and its IT systems and for ensuring that the College has appropriate contingency plans.
10. The Principal shall ensure that the College complies with UK General Data Protection Regulations and nominate a Data Protection Officer who shall monitor the College's compliance.
11. All Senior Managers and Managers are responsible for maintaining proper security at all times for cash, systems, buildings, assets, stores etc under their control, consulting, as necessary, with the Vice Principal Corporate Services.
12. All staff are required to comply with the security procedures in force, including those for IT systems. Conscious breaches of security shall be a disciplinary offence.

### **Third Party Relationships**

#### **Banking Arrangements**

13. The Finance and General Purposes Committee shall appoint the College's bankers.
14. All bank accounts shall be in the name of the College or one of its subsidiaries. The opening and closing of bank accounts must be approved by both the Principal and the Vice Principal Corporate Services
15. The Vice Principal Corporate Services is responsible for:
  - a. Liaising with the College's bankers
  - b. Drawing up cheques and preparing other payments
16. The Senior Management Team shall approve those staff who shall be identified as authorised to sign cheques or approve other forms of payments. Payments over an amount set by the Vice Principal Corporate Services (currently £10,000) shall require the advance approval or, in the case of cheques, signature of two authorised signatories. Payments over £1 million to a single payee shall require the advance approval or, in the case of cheques, signature of two members of the Senior Management Team. The Head of Finance shall report any payments over £1 million to the next available meeting of the Finance and General Purposes Committee.
17. The Vice Principal Corporate Services is responsible for ensuring that all bank accounts are reconciled regularly and unusual items or differences investigated appropriately.

#### **Student Union**

18. The student union is a constituent part of the College and is accountable to the Corporation.
19. Subject to any constraints imposed by any regulatory body, the Corporation shall determine the level of grant, if any, to be paid annually to the student union.
20. The student union is responsible for running its own affairs, maintaining its own bank account and financial records and preparing its own annual accounts.
21. The student union accounts will be audited by the College's Finance department or

a firm of auditors approved by the College and will be presented to the Corporation.

22. In accordance with an agreement between the College and the student union, the College's internal audit service shall have access to records, assets and personnel within the student union in the same way as other areas of the College.

## **Probity**

### **Code of Conduct**

23. The College expects that all staff will act in accordance with the following principles in all College business:
- a. They will work objectively and diligently for the objectives of the College
  - b. They will act openly and honestly
  - c. They will act with the utmost probity and propriety, remembering that the College is entrusted with public money for the purposes of further education
  - d. They will comply with the seven principles of public life published in 1996 in the Second Report of the Committee on Standards in Public Life (the Nolan Committee): selflessness; integrity; objectivity; accountability; openness; honesty; and, leadership.

### **Use of Public Funds**

24. The Principal is responsible for ensuring that the College uses the funds it receives from public bodies in accordance with the purpose(s) for which it received them and that the College's transactions represent value for money in the use of public funds. The Vice Principal Corporate Services shall maintain systems to enable the proper use of public funds to be established.

### **Disclosure of Interests**

25. The Head of Governance shall maintain a register of interests. All members of the Corporation and Senior Managers are required to declare their interests to the Head of Governance for entry into the register.

### **Bribes, inducements, gifts and hospitality**

26. The making or accepting of bribes or any other inducements, financial or non-financial, in respect of any transactions carried out on behalf of the College or any of its subsidiaries by any staff is a criminal offence under the Bribery Act 2010 and is forbidden. All employees should be aware that fraud and bribery will normally, dependent upon the circumstances of the case, be regarded as gross
27. misconduct, thus warranting internal disciplinary proceedings which may include dismissal, without previous warnings. Such action may be in addition to the possibility of criminal prosecution.
28. Staff and Corporation members must also avoid placing themselves in a position where they might be perceived either to be influenced by the receipt of gifts or hospitality or to be attempting to influence others through gifts or hospitality. In practical terms, this means that the giving and receiving of gifts and hospitality is restricted:
- a. Gifts must be of low value (below £40) and must not be in the form of cash or vouchers
  - b. Hospitality should not be on a scale that might be perceived as lavish. The following are examples of acceptable hospitality:

- Light refreshments
  - Modest working meals
  - At functions or events where it is clear that the hospitality is corporate and not personal (for example, conferences and training courses)
- c. The nature of gifts or hospitality should not cause embarrassment to the College or individuals if made public
- d. Care should be taken that gifts or hospitality cannot be interpreted as being given with the intention of influencing a business decision improperly. In particular, gifts or hospitality close to purchasing decisions or agreements should be minimised or avoided where possible.
29. The above restrictions apply to associated individuals (e.g. spouses, children, close relatives, business partners) and to any organisations owned by staff or governors.
- The College is responsible in law for the actions of its agents or subcontractors. Staff should:
- a. Undertake due diligence reviews before entering into relationships with agents or subcontractors
  - b. Ensure that agency or subcontracting agreements prohibit bribery
30. Where gifts or hospitality have to be refused, this should be done courteously but firmly, referring if appropriate to the College's rules. If necessary, staff or governors should pay their own share of costs and, where eligible, claim these through expenses in the normal way.
31. Where there is any doubt over the appropriateness of gifts or hospitality, Corporation members should seek approval from the Chair or Vice-Chairs of the Corporation and staff should seek approval from the Principal, any member of the Senior Management Team or the Head of Finance. Retrospective approval may be sought in exceptional circumstances.
32. The Head of Governance will maintain a register of gifts and hospitality (above £40 in value). Governors and Senior Managers will be asked to complete an annual declaration regarding any gifts or hospitality received. Where gifts have been refused, these should also be recorded by the Head of Governance.

### **Irregularities and Fraud**

33. The College shall investigate any suspected fraud or irregularity within its operations and, if proven, take legal and/or disciplinary action against the perpetrator(s).
34. The Vice Principal Corporate Services is responsible for ensuring that the financial systems incorporate appropriate checks and controls to minimise the risk of fraud or irregularities.
35. If a member of staff, a manager, a member of the Corporation, the external auditors or the Internal Audit Service discover any evidence of irregularity, fraud, corruption or any impropriety, they shall report it immediately to (as appropriate) either, the Vice Principal Corporate Services, the Head of Governance or the Head of HR, who shall immediately take such steps as are necessary to:
- a. Prevent the covering up of evidence
  - b. Prevent any further losses to the College

- c. Instigate an investigation, including where appropriate a police investigation.
36. Once it is established that there are reasonable grounds to suspect any irregularity, fraud, corruption or impropriety, the following people shall be informed as soon as possible:
- a. The Principal
  - b. The Vice Principal Corporate Services
  - c. The Chair of the Corporation
  - d. The Chair of the Audit Committee
  - e. The Head of the Internal Audit service
  - f. The Client Manager at the College's external auditors
37. Where the Audit Committee feels that there is evidence of irregularity, fraud, corruption or any impropriety:
- a. It shall commission a special investigation
  - b. The Chair of the Committee shall notify the Chair of the Corporation, who shall raise the matter at the next meeting of the Corporation. Where the matter is considered significant, the Governors shall consider holding a special meeting.
38. The Principal, the Head of Internal Audit and the external auditors must report to any specified regulatory body, without delay any of the following of which they become aware:
- a. Serious weaknesses which may result in significant fraud or irregularities
  - b. Frauds over £10,000 or novel, unusual or complex frauds or frauds in which there is likely to be great public interest because of their nature or the people involved
  - c. Major accounting and other control breakdowns.
39. The Principal must advise the Corporation in writing if he considers that any action or policy under consideration by it is:
- a. Either incompatible with the requirements of the funding body or
  - b. Would infringe the requirements of probity or regularity.

### **Whistleblowing**

40. Staff who have concerns about serious malpractice (including financial irregularities, dangerous working conditions, criminal activities, serious abuse or fraud) are encouraged to raise their concerns with the Head of Governance or the Vice Principal Corporate Services. If this is not possible, for any reason, the concern should be raised with the Head of HR. The College will maintain a policy to support the raising of such concerns and will not victimise nor harass nor tolerate the victimisation or harassment of any individual doing so.



## **D AUDIT**

### **Appointment of Auditors**

#### **Auditors**

1. The College shall appoint:
  - a. An Internal Audit Service (“IAS”)
  - b. An External Auditor and
  - c. Such other auditors as the Audit Committee shall consider necessary which may for example include an auditor of the controls over the College’s funding systems.

#### **Appointment of the Internal Audit Service (IAS)**

2. The Internal Audit Service shall be appointed by the Corporation on the recommendation of the Audit Committee for a term of up to 7 years, subject to satisfactory performance as determined by annual review by the Audit Committee.
3. The Head of the Internal Audit Service shall rotate at least every 7 years.
4. The College shall:
  - a. Devote sufficient resources to the Internal Audit Service, acting on the advice of the Audit Committee and the Head of the Internal Audit Service
  - b. Report any disagreement over resources to the head of External Audit.
5. The organisation acting as the College’s External Auditor shall not provide the Internal Audit Service.

#### **Appointment of the External Auditor**

6. The External Auditor shall be appointed on the recommendation of the Audit Committee following a competitive tender and the appointment shall be subject to annual review and reappointment.

#### **Removal or Resignation of Auditors**

7. Where the IAS or External Auditor cease to hold office they must provide a statement of circumstances to the governing body. The College must comply with any externally-imposed requirements to copy this to Funding Bodies.

### **Role of Audit**

#### **Role of Internal Audit**

8. The role of the Internal Audit Service shall be:
  - a. To provide an internal audit service to the whole College, the governing body and all levels of management
  - b. To provide assurance to the governing body and Principal on the adequacy and effectiveness of the College’s risk management, control and governance processes by evaluating and reporting to it the effectiveness of the controls for which it is responsible
  - c. To operate within formal terms of reference agreed by the governing body on the recommendation of the Audit Committee.

#### **Role of the External Auditor**

9. The role of the External Auditor shall be to:

- a. Audit and express an opinion on the Group and College financial statements in accordance with applicable law and International Standards on Auditing.
  - b. Report on whether proper accounting records have been kept and whether the financial statements agree with the accounting records.
  - c. Report on the regularity of transactions.
10. The College shall comply with any externally imposed requirements on the distribution of the financial statements audit management letter.

## **Auditors' Rights**

### **Access to the Audit Committee**

11. The IAS and External Auditor shall have the right of unrestricted access to:
  - a. Any documents, assets, records, personnel, and premises, and be authorised to obtain such information and explanation as considered necessary for their work.
  - b. The Chair of the Audit Committee and to ask the Chair to convene a meeting if necessary.
12. The Head of the Internal Audit Service shall have direct access to the Principal and to the governing body, normally through the Chair of Audit Committee.
13. The regulatory/funding body shall have unrestricted access to all records (including internal audit working papers), information and assets, which it considers necessary to fulfil its responsibilities.

## **Audit Independence**

### **Prohibition of Audit Staff from undertaking other duties**

14. Staff undertaking the internal or external audit of the College's activities shall not have any other executive, management or operational responsibilities within or on behalf of the College.

### **Use of auditors for other work**

15. The Governing body must approve any additional services by the IAS, External Auditor and/or other assurance providers on single projects above £20,000 in any 12-month period.
16. The governing body and Internal Audit Service must both ensure that additional services do not compromise the audit service providers' objectivity, independence or ability to achieve audit plans.
17. Audit Committee must be informed of all additional work undertaken by the Internal Audit Service, whatever the value.

## **Conduct, Planning and Reporting of Internal Audit Work**

### **Standards of Operation**

18. The Internal Audit Service shall work in accordance with recognised professional standards.

### **Scope of work**

19. The Internal Audit Service shall agree a scope of work with the Audit Committee each year. The work may encompass:
- a. Governance and risk management processes;
  - b. All College activities including those of subsidiary companies and joint ventures or those carried out through collaboration with other organisations, including franchised learning provision
  - c. The College's responsibilities towards its funding bodies and all other public bodies
  - d. Planning systems including long term planning, forecasting, monitoring, management information and financial planning and budgeting
  - e. All significant College systems and processes
  - f. All College departments and personnel and any contractors who provide services that are included within the scope of the audit
  - g. Learner information systems and funding claims
  - h. Controls to minimise the risk of irregularities and fraud.

### **Planning and Reporting**

20. Internal audit shall produce:
- a. Strategic and annual plans, which shall be approved by the Corporation on the advice of the Audit Committee
  - b. A written report at the close of each audit assignment.

### **Reporting of Irregularities and Fraud**

21. The Head of the Internal Audit Service shall issue written procedures to auditors on the action to be taken if they suspect or discover fraud or irregularity and shall arrange to be informed by the College as soon as possible of all suspected or discovered fraud whether internal or external. The procedures shall be consistent with the policy on reporting fraud and irregularity stated earlier in these Regulations.

## **E Summary of relevant contractual requirements of the ESFA**

1. The College's funding contract with the ESFA includes, in Schedule 7, a number of governance requirements that are relevant to these Financial Regulations. Schedule 7 is reproduced below.

### **Schedule 7: College governance**

#### **Background**

- a. *As the Accounting Officer, the Chief Executive of Education and Skills Funding Agency is accountable for assuring the use of funds which the Department receives from the Secretary of State and that the use of funds is consistent with the Secretary of State's statutory remit and any conditions imposed by the Secretary of State. The Department is also responsible for the regularity and propriety of expenditure for the use of funds.*
- b. *The Department's Conditions of Funding, including this Agreement, therefore reflect the obligations and responsibilities of the Department for monitoring the use of funds allocated to Colleges. However, the Department's expectation is that, as independent corporate bodies or charitable trusts (subject to their own statutory duties, other obligations and the Department's Conditions of Funding), Colleges will take full control of their own financial affairs.*

#### **Responsibilities of the Governing body**

- c. *The Governing Body of the College has responsibilities for ensuring that the College's funds are used only in accordance with the corporation's powers as set out in the Further and Higher Education Act 1992 and the College's own statutory duties and other obligations.*
- d. *The Governing Body of the College has responsibilities for ensuring that the College's funds are used only in accordance with the College's powers as set out in the Further and Higher Education Act 1992 and/or the College's own statutory duties, articles of association or trust deeds and other obligations.*
- e. *The Governing Body will appoint an accounting officer with an appropriate separation of duties between executive and non-executive roles and responsibilities. The expectation is that the accounting officer will be the Principal or most senior executive leader of the College. The Governing Body will inform the Department in writing of the name and position of the accounting officer, and if the accounting officer is absent from the College for an extended period, as determined by the corporation, the name of the person who will discharge the accounting officer's responsibilities during the absence.*
- f. *The College will inform the Department in writing, as soon as is reasonably practicable, of the vacating or filling of the positions of the Chair of the Governing Body, the Principal, the accounting officer, and the governance professional.*

#### **Charity regulation**

- g. *The Secretary of State for Education is the Principal Regulator for further education and sixth-form college corporations as exempt charities.*
- h. *The Governing Body of the College (save where the College is an institution designated under section 28 of the Further and Higher Education Act 1992) is responsible for ensuring it operates in line with its exempt charitable status.*
- i. *Where the College is a designated institution which is an exempt charity by virtue of its relationship with a higher education institution, the OfS is the Principal*

*Regulator. As such the College will comply with Paragraphs j, k and l below which act in place of Paragraphs g and h.*

- j. The College must comply with all requests from the OfS to enable the OfS to comply with its duties as Principal Regulator.*
- k. The College will provide the OfS with the information it requires under Paragraph 3.4 at the times and in the formats specified. This information will be of sufficient quality to meet the purposes for which it has been requested.*
- l. Failure to comply with any request for information under Paragraph j, at all or in the required timescales, will constitute a breach of agreement.*

#### **Responsibilities of the Accounting Officer**

- m. The Governing Body will require the accounting officer to take personal responsibility, which will not be delegated, to assure them that there is compliance with the Department's Conditions of Funding. The accounting officer may be required to appear before the Parliamentary Committee of Public Accounts on matters relating to the College's use of funds.*
- n. The accounting officer will be responsible for advising the Governing Body in writing if at any time, in their opinion, any action or policy under consideration by the Governing Body is incompatible with the Department's Conditions of Funding. If the accounting officer has evidence that the Governing Body is acting, or intending to act, in breach of the Department's Conditions of Funding, the accounting officer must inform the Department's Chief Executive in writing as soon as is reasonably practicable.*
- o. The College must receive approval from the Secretary of State before making a change to its legal entity name. The process for seeking approval is set out in the college name change guidance, which can be found at: Changing the name of a further education institution - GOV.UK ([www.gov.uk](http://www.gov.uk)).*
- p. The College must obtain the written consent of the Secretary of State before entering into any new arrangements for Borrowing Money and for any amendment to such arrangements from 29 November 2022 and before entering into any amendment to arrangements for Borrowing Money that existed before 29 November 2022. Failure to do so will amount to a breach of this Agreement and the provisions of Section 7 [on termination management] will apply.*

#### **Specific Governance requirements**

- q. Any person who is selected by the Governing Body for appointment as a governance professional must have a qualification relevant to the role or equivalent experience.*
- r. The Governing Body must report in its annual reports on activities undertaken over the year to develop governors and governance professionals.*
- s. The Governing Body must conduct an annual governance self- assessment (except in the year of an external governance review) and must have an external governance review at least once every three years, based on the governance code(s) used by the Governing Body. In accordance with the obligation to supply information to the Secretary of State (see Clause kk Provision of Information), the Governing Body must supply the Department with details of the outcomes of governance reviews, and of progress in meeting review recommendations, when so requested.*

### **Audit Committee**

- t. *The Governing Body must establish an independent and objective audit committee to advise the Governing Body's governance, risk management, internal control and assurance frameworks, in line with the detail set out in the post-16 audit code of practice and any other directions drawn up and published by the Department in consultation with the College. Any mandatory requirements under the post-16 audit code of practice will be a condition of funding under this Agreement.*

### **Payment of funds**

- u. *The Department will normally make payments of recurrent funding to the College in monthly instalments in accordance with a funding profile for the whole year.*
- v. *In addition to its statutory health and safety responsibilities, the College will manage and develop its estate to ensure that it manages resources to provide the best possible learning and teaching environments. The College will use all appropriate statutory and advisory information provided by relevant agencies. The Department will provide on its website reference and signposting information to support Colleges to follow good practices in estate management and development.*

### **Financial reporting**

- w. *The Department shall specify in the Accounts Direction and post-16 audit code of practice its requirements as to the information to be contained in the College's financial statements and how they should be reported. College accounts direction - GOV.UK ([www.gov.uk](http://www.gov.uk)).*
- x. *The college must submit financial plans to the Department as set out in the Financial Planning Handbook. College financial planning handbook and financial plan - GOV.UK ([www.gov.uk](http://www.gov.uk)).*
- y. *The College will provide the Department with copies of its audited financial statements. Colleges are required to make their financial statements available to members of the public on request.*
- z. *The College must notify the Department in writing, within one (1) Working Day, if, at any time, there is a risk to its solvency and viability or any transactions could jeopardise its solvency or financial viability. The Department may require the College, within such time as the Department deems reasonable, to:*
- *provide information to demonstrate to the Department's satisfaction the College's ability to continue to meet the needs of Learners and to discharge its responsibilities in relation to its solvency and safeguarding of assets, and*
  - *provide evidence of financial resources sufficient to enable it to continue to deliver the Provision, and*
  - *put in place a plan, through financial intervention processes, that will secure a recovery to a specified satisfactory financial position, in the view of the Department, and*
  - *carry out actions, as considered appropriate by the Department, including, but not limited to, a strategic options review and/or a financial recovery plan.*
- aa. *Failure to comply with any of the requirements under Paragraph y and z of this Schedule 7 (College Governance) within such time as the Department deems reasonable, may result in the Department taking such actions as it deems appropriate, which may include, but is not limited to, action under Clause 31 [of the*

main contract] (*Withholding, Suspension and Repayment of Funding*).

- bb. *Where, in the Department's view, information obtained in respect of the College, either as a result of an assessment undertaken by the Department in line with the approach set out in the Financial Planning Handbook or audited accounts, indicates that there is, or in the foreseeable future there is likely to be, a risk to the solvency or financial viability of the College, the Department may take such action as it deems appropriate, which may include, but is not limited to, requiring the College to comply with additional conditions of funding imposed under Clause 17 [of the main contract] (Intervention).*
- cc. *The College must comply with any action taken or any additional conditions of funding imposed under Paragraph 8.6 of this Schedule 7 (College Governance).*
- dd. *If the Department assesses that the College has failed to comply with any action taken or additional conditions of funding imposed under Paragraph*
- ee. *8.6 of this Schedule 7 (College Governance) within such time as the Department deems reasonable, the Department may take such actions as it deems appropriate which may include, but is not limited to, under Clause 31 (Withholding, Suspension and Repayment of Funding).*

#### **Contingent liabilities**

- ff. *The College will not give any guarantees or indemnities other than in the normal course of business to the extent that the College has the power to do so under the Further and Higher Education Act 1992, its articles of association or trust deeds.*

#### **College companies**

- gg. *The College is free to participate in companies within the limits of the powers provided by the Further and Higher Education Act 1992 as amended and its articles of association or trust deeds. The Governing Body will ensure that appropriate arrangements are in place for the governance and management of any companies and the College will inform the Department as soon as is reasonably practicable if participation in any company may pose a risk to the solvency of the College.*

#### **Investments**

- hh. *The College is able to make investments provided it is within its power to do so, including the legitimate use of any public funds. The College must follow the Charity Commission's guidance and requirements about investments, including the use of trading subsidiaries.*
- ii. *The College must manage its overseas investments in line with the Charity Commission guidance, must seek not put the College's charitable assets under undue risk, and must obtain independent professional advice on key decisions.*

#### **Payments to employees on termination of employment**

- jj. *The Governing Body will demonstrate that payments in respect of termination are regular and secure value for money and avoid spending public funds on settlements where disciplinary action would have been more appropriate. All settlements will be brought to the attention of the College's financial statements auditors. This includes via the regularity self-assessment questionnaire which must be completed with sufficient, relevant and timely information.*

#### **Provision of information**

- kk. *The College will provide the Department on request with a copy of any Asset*

*Deed held in respect of the Premises.*

**Interpretation**

- ii. *The rights, powers and remedies reserved to the Department in the Department Conditions of Funding are in addition to any other statutory rights, powers and remedies that it and/or the Secretary of State may hold now or at any time in the future. In the event that the Department fails to exercise, or delays in exercising, any of its rights, powers and remedies this will not constitute or operate as a waiver of any of them.*



## **APPENDIX 1**

### **Memorandum of Understanding – CWA Development Ltd**

#### **Purpose and Scope of the Memorandum**

The aim of this document is to define the relationship between CWA Development Ltd (the Company) and the College of West Anglia (the College).

The primary purpose of the Company is to provide a premises design and build service.

#### **Terminology**

The Corporation means the Corporation of the College of West Anglia. The F&GP Committee means the Finance and General Purposes sub-committee of the Corporation of the College of West Anglia.

#### **Ownership of the Company**

The Company is a company limited by share and the total shareholding of the Company is owned by the College. The College shall not create or dispose of shares

in the Company without the express permission of the full board of the Corporation. All of the Company's profits will be covenanted back to the College according to the judgement of the company directors.

#### **Representation**

The following arrangements will apply:

- Members of Finance and & General Purposes committee, excluding staff, students and any Co-opted member shall be ex officio Directors of the Company
- The Principal of the College will act as managing director of the Company
- No director may be a member of the audit committee of the College
- A member of the management team of the College shall be appointed as company secretary
- The College Senior Management Team shall appoint a shareholders' representative at the company AGM.

#### **Business Plan**

Each year the company, the College and any subsidiary companies of the College shall jointly produce a three-year strategy and a budget for the next year. The College's senior management team shall decide which of those activities will be carried out by the company. The company will not undertake any activities which fall outside the scope of the joint strategy and business plan without prior authorisation of the Corporation, nor any activities outside the scope allocated to it by the College without prior authorisation from the College's senior management team.

The company shall not, except with specific authorisation of the Corporation:

- Set up any overseas operations or incur expenditure on any significant
- overseas activity
- Employ any staff
- Purchase any fixed assets that have not been included within a consolidated capital budget of the College that has been approved by the

Corporation.

### **Use of College Resources**

The College will make resources available to the Company for use in its commercial activities (including but not limited to):

- Teaching accommodation
- Teaching equipment
- Learning resources
- Teaching staff
- Administrative staff.

### **College Staff Remuneration**

No College staff will be provided with any remuneration from company resources without the prior approval of the Corporation.

### **Reporting Arrangements**

The College's management reporting shall cover as appropriate all aspects of the Company's performance in one report, integrated with the College's own activities. To this end, the Company will provide to the College all necessary information for reporting in the necessary timescales.

### **Financial Control and Audit Arrangements**

The company will operate within the framework provided by the College's financial regulations. So far as possible the Company will follow the College's financial procedures and any differences between the Company's and the College's financial procedures will be documented and approved by the College's F&GP Committee or Corporation.

The company shall appoint the same internal and external auditors as the College. The College's auditors and any auditors appointed by external regulatory bodies shall have the same rights of access to the Company records and activities as they have to the College's.

The Company stationery shall contain the logo of the College.

The company will establish its own bank account and borrowing facilities without requiring the College as guarantor. Borrowings by the Company shall require the same approval by the Corporation or F&GP Committee as would borrowings by the College.

### **Termination**

Any decision to dispose of the College's investment in the company will be ratified by the Corporation and notified to the board of directors of the company.

### **Actions of CWA Development Ltd Requiring Approval by the Corporation**

- The appointment of directors
- The acquisition and disposal of land or buildings.

### **Review**

This memorandum will be reviewed annually, and any changes approved by the Corporation and the Company's board of directors.

## **APPENDIX 2**

### **Memorandum of Understanding – CWA Enterprises Ltd**

#### **Purpose and Scope of the Memorandum**

The aim of this document is to define the relationship between CWA Enterprises Ltd (the Company) and the College of West Anglia (the College).

The primary purpose of the Company is the procurement and maintenance of training facilities and the provision of recreational and training services.

#### **Terminology**

The Corporation means the Corporation of the College of West Anglia. The F&GP Committee means the Finance and General Purposes sub-committee of the Corporation of the College of West Anglia.

#### **Ownership of the Company**

The Company is a company limited by share and the total shareholding of the Company is owned by the College. The College shall not create or dispose of shares in the Company without the express permission of the full board of the Corporation. All of the Company's profits will be covenanted back to the College according to the judgement of the company directors.

#### **Representation**

The following arrangements will apply:

- Members of Finance and & General Purposes committee, excluding staff, students and any Co-opted member shall be ex officio Directors of the Company
- The Principal of the College will act as managing director of the Company
- No director may be a member of the audit committee of the College
- A member of the management team of the College shall be appointed as company secretary
- The College Senior Management Team shall appoint a shareholders' representative at the company AGM.

#### **Business Plan**

Each year the company, the College and any subsidiary companies of the College shall jointly produce a three-year strategy and a budget for the next year. The College's senior management team shall decide which of those activities will be carried out by the company. The company will not undertake any activities which fall outside the scope of the joint strategy and business plan without prior authorisation of the Corporation, nor any activities outside the scope allocated to it by the College without prior authorisation from the College's senior management team.

The company shall not, except with specific authorisation of the Corporation:

- Set up any overseas operations or incur expenditure on any significant overseas activity
- Employ any staff
- Purchase any fixed assets that have not been included within a consolidated capital budget of the College that has been approved by the Corporation.

### **Use of College Resources**

The College will make resources available to the Company for use in its commercial activities (including but not limited to):

- Accommodation
- Equipment
- Learning resources
- Staff

### **College Staff Remuneration**

No College staff will be provided with any remuneration from company resources without the prior approval of the Corporation.

### **Reporting Arrangements**

The College's management reporting shall cover as appropriate all aspects of the Company's performance in one report, integrated with the College's own activities. To this end, the Company will provide to the College all necessary information for reporting in the necessary timescales.

### **Financial Control and Audit Arrangements**

The company will operate within the framework provided by the College's financial regulations. So far as possible the Company will follow the College's financial procedures and any differences between the Company's and the

College's financial procedures will be documented and approved by the College's F&GP Committee or Corporation.

The company shall appoint the same internal and external auditors as the College. The College's auditors and any auditors appointed by external regulatory bodies shall have the same rights of access to the Company records and activities as they have to the College's.

The Company stationery shall contain the logo of the College.

The company will establish its own bank account and borrowing facilities without requiring the College as guarantor. Borrowings by the Company shall require the same approval by the Corporation or F&GP Committee as would borrowings by the College.

### **Termination**

Any decision to dispose of the College's investment in the company will be ratified by the Corporation and notified to the board of directors of the company.

### **Actions of CWA Enterprises Ltd Requiring Approval by the Corporation**

- The appointment of directors
- The acquisition and disposal of land or buildings.

### **Review**

This memorandum will be reviewed annually, and any changes approved by the Corporation and the Company's board of directors.