

Financial Regulations

These Financial Regulations provide the scheme of administration and accounting for staff of the Corporation. They apply to all staff. Failure to comply with these regulations and instructions and procedures will be regarded as a serious breach of discipline

Approved: Corporation Board July 2023

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FINANCIAL REGULATIONS

Revision Index

The first Financial Regulations for the City of Bristol College were approved by the Shadow Board on 27 June 1996 and adapted by the new Governing Body when the new College was formed.

Full revisions were made in 1999, 2003 and 2009

Revisions relating to individual regulations may be made from time to time and will be distributed to all recognised holders of the Financial Regulations.

Version 1.0 - June 1996 - superseded February 1999

Version 2.0 - Introduced February 1999 - superseded November 2003

Version 3.0 - Approved November 2003 - effective from 1 January 2004

Version 4.0 - Approved December 2008 – effective from 1 January 2009

Version 5.0 - Approved October 2013 - effective from October 2013

Version 6.0 - Approved July 2018 – effective from August 2018

Version 7.0 – Approved October 2019 – effective from November 2019

Version 8.0 – Approved October 2020 – effective from November 2020

Version 9.0 – Approved July 2021 – effective from August 2021

Version 10.0 – Approved July 2022 – effective from August 2022

Version 11.0 – Approved July 2023 – effective from August 2023
August 2023

1.

2. RESPONSIBILITY

2.1. Responsibilities under the Instrument and Articles of Government (Financial Matters)

2.1.1 The following are extracted from the Annex to the (a) 77 (b) 10 (c) 10 (d) 10 (e) 10 (f) 10 (g) 10 (h) 10 (i) 10 (j) 10 (k) 10 (l) 10 (m) 10 (n) 10 (o) 10 (p) 10 (q) 10 (r) 10 (s) 10 (t) 10 (u) 10 (v) 10 (w) 10 (x) 10 (y) 10 (z) 10 (aa) 10 (ab) 10 (ac) 10 (ad) 10 (ae) 10 (af) 10 (ag) 10 (ah) 10 (ai) 10 (aj) 10 (ak) 10 (al) 10 (am) 10 (an) 10 (ao) 10 (ap) 10 (aq) 10 (ar) 10 (as) 10 (at) 10 (au) 10 (av) 10 (aw) 10 (ax) 10 (ay) 10 (az) 10 (ba) 10 (bb) 10 (bc) 10 (bd) 10 (be) 10 (bf) 10 (bg) 10 (bh) 10 (bi) 10 (bj) 10 (bk) 10 (bl) 10 (bm) 10 (bn) 10 (bo) 10 (bp) 10 (bq) 10 (br) 10 (bs) 10 (bt) 10 (bu) 10 (bv) 10 (bw) 10 (bx) 10 (by) 10 (bz) 10 (ca) 10 (cb) 10 (cc) 10 (cd) 10 (ce) 10 (cf) 10 (cg) 10 (ch) 10 (ci) 10 (cj) 10 (ck) 10 (cl) 10 (cm) 10 (cn) 10 (co) 10 (cp) 10 (cq) 10 (cr) 10 (cs) 10 (ct) 10 (cu) 10 (cv) 10 (cw) 10 (cx) 10 (cy) 10 (cz) 10 (da) 10 (db) 10 (dc) 10 (dd) 10 (de) 10 (df) 10 (dg) 10 (dh) 10 (di) 10 (dj) 10 (dk) 10 (dl) 10 (dm) 10 (dn) 10 (do) 10 (dp) 10 (dq) 10 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| 22(1) | The Corporation shall – |
| (a) | Keep proper accounts and proper records in relation to the accounts; and |
| (b) | Prepare a statement of accounts for each financial year of the Corporation. |

2.2 Responsibilities as defined by the Education and Skills Funding Agency

3. BUDGETS, BUDGETARY CONTROL AND FINANCIAL REPORTING

3.1. Overall arrangements

- 5.3.1 Draft budgets will be prepared by the Executive Director of Finance and Funding in accordance with strategic financial objectives determined by the Corporation on the basis of plans agreed by the Principal and aligned to the Curriculum Plan. Budgets will be submitted to the Board for approval before the start of the relevant financial year.
- 5.3.2 The approved total Corporation estimates will be allocated to budget managers on the basis of instructions from the Principal.
- 5.3.3 The Executive Director of Finance and Funding shall devise and maintain a system of budgetary control to ensure reporting of, and investigation into, variances of budget and provide budgetary information to enable the Principal and other budget managers to carry out their budgetary responsibilities.
- 5.3.4 The Principal may delegate responsibility for a budget or part budget to permit the performance of defined activities. The terms of delegation shall include clear definition of individual responsibilities for control of expenditure, and

3.3. Budgetary performance reporting

- 3.3.1 The Finance Business Partners (FBPs) are responsible for preparing on a monthly basis budgetary reports on all aspects of the College's finances. These reports should include an income and expenditure account, a balance sheet and a twelve-month rolling cash flow forecast. Where appropriate, variances and a forecast out-turn should also be included.
- 3.3.2 Reporting should include any subsidiary companies/joint ventures, and provide sufficient analysis of any trading activities and capital projects. There should be adequate written commentary on variances and other developments.
- 3.3.3 These reports will be produced within 10 working days of the month-end for consideration by the Principal and the Strategic Leadership Team.
- 3.3.4 Meetings of the Business Services Committee will consider these reports on at least a termly basis and they will then be presented to the Corporation. The frequency of these reports to Governors will be increased in the event of significant financial issues or risks arising.

4. **INCOME**

4.1. Overall arrangements

- 4.1.1 The Executive Director of Finance and Funding shall be responsible for designing and maintaining systems for the proper, complete and timely recording, accounting for and collection of all monies due and shall take appropriate recovery action on all outstanding debts. Income not recovered shall be dealt with in accordance with the section on Losses.

5. EXPENDITURE

5.1. Authorisation of expenditure

5.1.1 Introduction

- (a) Expenditure can be incurred by various means including: creating a contract using a College Purchase Order via the Electronic Order system, the use of a purchase card, raising a pay claim, raising a cheque request and the use of petty cash.
- (b) All and any expenditure must be checked that it is within an authorised budget limit before authorisation is given to incur the cost.
- (c) In specific circum

<p>£5,000-£50,000</p> <p>Buildings and Facilities Management & ICLT</p>	<p>At least three written quotations will be sought unless the goods or services are to be purchased from a monopoly supplier in which case written evidence must be provided to the Executive Director of Finance and Funding.</p>
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<p>Over £50,000</p>	<p>At least three competitive tenders to be sought in accordance with the College tender procedures. The Tender must be carried out using an appropriate system and opened using a formal opening ceremony. The tenders will be awarded based on the 'Most Economically Advantageous Tender' but must be authorised by the Principal should the winning bid NOT be the cheapest.</p>
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Project will normally include a contingency that has been identified in the approval mechanism.

5.3.4 Project Boards

For significant capital projects a 'Project Board' will be established, including a member of the Finance Department, to assist the Authorised Officer/Project Manager.

5.3.5 Purchase Order/Tenders

A Requisition must be raised and duly authorised for the value of the awarded tender. Invoices may be matched and processed for payment on the finance system or signed off by the Authorised Officer, irrespective of value, as long as expenditure is contained within the accepted tender price.

5.3.6 Variations

All variations to a capital project are subject to the provisions set out in the contract and must be formally approved as set out below. Where the cost of a variation requires the use of some or all of the general contingency for the project the limits for approval of such variations are as follows:

- a) Senior Post Holder (other than the Principal) - Within the value of any general contingency provided up to a limit of £50,000.
- b) Principal - Within the value of any general contingency.

5.3.7 Overspend

The Principal must approve any variation that is likely to overspend the approved value of the project including any general contingency provided for. This power may be delegated if appropriate. If the projected overspend is likely to impact significantly on the overall budget of the College, the Principal will seek approval from the Corporation.

5.3.8 Capital expenditure from Revenue Budgets

During the budget setting process items may be identified that would be treated as capital in nature. If they are approved they will be assigned a specific budget code. When they are purchased they must be appropriately coded on the requisition through the EPO system and will be subject to the usual purchasing procedures.

compliance with the requirements of the College's insurers when not in use, and will be subject to periodic checks by the Executive Director of Finance and Funding, head of department or another person nominated by him or her, or internal audit.

5.3.4 At the end of the financial year a certificate of the balances held is to be completed by the member of staff responsible for the float and counter signed by the appropriate authorised manager.

5.3.5 No unauthorised cash balances or floats are to be kept at sites or in Departments and any known instances are to be reported immediately to the Finance Manager for investigation.

6. ACCOUNTS AND FINANCE

6.1. Banking Arrangements

6.1.1 The Executive Director of Finance and Funding shall be responsible for the operation of all matters in relation to the bank account of the College. No one other than the Executive Director of Finance and Funding shall either open or close any bank account in the name of the College or any of its subsidiary undertakings.

6.1.2 Bank accounts may only be opened with the authorisation of the Corporation with the exception set out in 6.1.3 below. All bank accounts shall be in the name of the College or one of its subsidiary undertakings.

6.1.3 From time to time learner activities take place, which may require a bank account to be opened for this specific purpose. In such cases authorisation must be obtained from the Executive Director of Finance and Funding and reported to the Corporation. The Finance Manager shall be responsible for monitoring the account and ensuring that it is closed when no longer required.

6.1.4 The Executive Director of Finance and Funding is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

6.1.5 The following roles within the organisation shall be authorised signatories on the bank mandate:

- i. CEO & Acting Principal
- ii. Executive Director of Finance and Funding
- iii. Finance Manager
- iv. Finance team leader
- v. Management Accountant
- vi. Finance business partners
- vii. External Income Officer

6.1.6

6.5.8 Any hire purchase or leasing arrangement shall be subject to the competitive process set out in 5.2. For the purposes of the competitive process the value of the transaction shall be calculated as being the total amount payable to the supplier over the life of the lease.

6.6. Acquisition and Disposal of Assets (including Leasing Land and Buildings)

Transactions involving land and buildings

6.6.1 The Corporation shall keep its holdings of land or buildings under review with the objective of rationalising and disposing of those which are no longer needed. The detailed requirements of the Education and Skills Funding Agency concerning acquisition and disposal of land and buildings are set out in the Financial Memorandum.

6.6.2 The ESFA requires the College to properly manage and develop its property with regard to good practice in the further education sector and ensure that it maintains premises which are properly equipped in order to deliver the education and training for which it is funded by the Chief Executive of the Education and Skills Funding Agency

6.6.3 Where the College proposes to dispose of, or lease or rent land and/or buildings which have been acquired, developed, and/or refurbished or modernised with assistance from capital grants from the Education and Skills Funding Agency and predecessor bodies, the agency should be notified in writing of such intended transactions.

Asset disposals

6.6.4 All asset disposals must be made in line with the Asset Disposals Policy. Before any Corporation Assets are disposed of, whether or not consideration is received, a list of the items must be circulated to all Budget Managers in order to ascertain whether the items could be used elsewhere within the Corporation. Consideration must be given to the Corporation's legal liabilities when disposing of equipment.

6.6.5 The approval of the Executive Director of Finance and Funding is to be obtained where disposal is to be made to a member of staff. An appropriate market value must be obtained for the asset at the date of disposal to ensure that no benefit in kind is given to the employee.

6.6.6 For disposals of assets where the estimated sale value is expected to be in excess of £5,000 refer to the section in these financial regulations for contracting and purchasing in relation to the number of quotes or tenders that should be sought.

6.6.7 For detailed definition of assets and the 'de minimis' level imposed by these regulations, staff should refer to the Financial Procedures.

6.6.8 Where land, buildings and significant assets funded or part-funded by Exchequer funding are disposed of, the College will obtain the appropriate consent from the Education and Skills Funding Agency, or other grant awarding body, to retain or repay funds.

6.6.9 Under Managing Public Money rules, the College is required to ringfence the proceeds of asset sales for reinvestment in capital assets.

6.7. Internal and External Audit

6.7.1 The external auditors, internal audit, National Audit Office auditors, ESFA auditors and any other appropriately authorised auditors have authority to:

- a) access the College premises at reasonable times;

- 8.1.4 All monies received shall be kept secure and safeguarded and paid over intact daily to the Cashier in the Finance Office. All custody of cash holdings must comply with the requirements of the College's insurers. The Finance Manager shall prescribe the system for the storing and transporting of cash and other securities.
- 8.1.5 Any unused cheques and other orders shall be subject to the same precautions as are applied to cash.
- 8.1.6 Any material loss or shortfall of cash, cheques or other negotiable instruments, shall be reported to the Executive Director of Finance and Funding who will notify the Principal without delay. (See section 8.4 for reporting losses).

8.2. Security of Assets

- 8.2.1 It will be the responsibility of each Budget Manager to ensure that proper security is maintained at all times for all buildings, furniture, equipment, stocks, stores etc., under their control.
- 8.2.2 The Finance Manager will ensure that suitable safe facilities are available for holding valuable items, that financial limits are set as appropriate and will undertake periodic checks to ensure they are not breached.
- 8.2.3 Whilst each employee has a responsibility for the security of the property of the Corporation, it is the responsibility of Budget Managers to apply routine security practice in relation to Corporation property held in their departments or functions. Corporation property shall not be removed without the express

8.3. Stocks

8.3.1 The Finance Manager shall be responsible for ensuring that Budget Managers maintain the custody and physical control of the Corporation's stocks. Stocks must not be carried in excess of reasonable requirements. Stock records shall be maintained in a form that meets the approval of both internal and external auditors.

8.3.2 Any significant variation arising from any stock taking shall be reported immediately to the Finance Manager, who will bring any significant differences to the attention of the Executive Director of Finance and Funding or the Principal as appropriate. In any one year the following officers shall be empowered to approve the write-off of deficiencies or other necessary adjustments to stock records:

(a) Not exceeding £1,000 – Finance Manager

(b) £1,000 - £5,000 – Executive Director of Finance and Funding or the Principal

8.5. Bad Debts

- 8.5.1 The Executive Director of Finance and Funding is responsible for ensuring that debtors are monitored and that a bi-annual report is presented to the Business Services Committee.
- 8.5.2 Significant bad debts relating to income properly due to the Corporation must be brought to the attention of the Principal as soon as possible.
- 8.5.3 The Finance Manager is authorised to approve the write-off of individual bad debts up to the value of £1,000. The Executive Director of Finance and Funding is authorised to approve the write-off of individual bad debts up to the value of £5,000. The Principal is authorised to write-off amounts between £5,000 and £45,000. Bad debts above this value must be reported to the Business Services Committee for appropriate action.
- 8.5.4 Write offs in excess of £45,000 or 1% of College Turnover individual, or 5% of annual income cumulatively (subject to a £250k ceiling) must be approved by the DfE.

8.6. Compensation payments

- 8.6.1 Compensation payments provide redress for loss or injury, for example personal injuries, accidents or damage to property. Compensation payments must be approved by the Principal and the decision must be based upon a careful appraisal, including legal advice where relevant, and ensure value for money.
- 8.6.2 The College has delegated authority to m

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10.4.2 Companies will be operated as wholly owned subsidiaries with Boards of Directors drawn from the College Board and/or the SLT as appropriate.

10.4.3 College companies may not do anything outside the scope of the permitted activities of the College itself.

10.4.4 Where the College proposes to acquire ownership of an existing company, a full due diligence study must be undertaken and its results considered by Board prior to the decision to proceed with the acquisition.

10.4.5 ESFA funds must not be used to fund or subsidise private trading ventures, either through direct transfers of cash or indirect funding or subsidy arrangements such as granting a College subsidiary more favourable terms of trade than other customers and providing staff free of charge or at a rate which does not cover the full costs involved.

10.4.6 The directors of companies where the College is the majority shareholder must submit, via the Business Services Committee, an annual report to the Board.

10.5 Overseas Operations

10.5.1 The extent of overseas operations by the College is limited. However, where the College exceptionally enters into overseas operations, it is essential that there are robust arrangements in place to plan, manage and control them.

10.5.2 These arrangements should include:

- a) Developing a strategy for overseas activities that is within its powers. The strategy will, among other things, demonstrate how the number and range of overseas ventures fit with the College's legal powers and educational aims. The strategy should be approved specifically by the Board and informed by an analysis of the financial implications of such activity.
- b) Thorough business planning for all new overseas operations before deciding whether to proceed. In particular, the College will undertake market research to forecast accurately the likely demand for the particular activity being considered. All costs should be included in the cost benefit and/or investment appraisal analysis for changes in key variables.
- c) Demonstrating that it has not used public funds intended for the support of teaching activity within England to finance the development of overseas activities, or to offset any losses which may arise as a result of such overseas activities. In particular, the College's management

should include an appropriate allocation of overheads to overseas activities.

- d) Adequate systems for controlling the College's assets, including those used on overseas activities.
- e) The application of quality assurance arrangements to any overseas activities which are of the same standard as those that exist for other elements of the College's activity.
- f) As an education provider requiring to teach international students the college will maintain a UKBA T4 sponsor licence in order to be listed on the register of Tier 4 sponsors.

10.6 Overseas Travel

10.6.1 All overseas visits funded or sponsored by the College must have clear written objectives, and a copy of these must be logged centrally within the Principal's office.

10.6.2 Such overseas visits should be approved in writing before booking:

Visit by:

10.6.6 Expenses should be reasonable and arrangements made to secure value-for-money.

10.7 Risk Management

10.7.1 The College will operate a robust risk management process including:

- a) Identification and assessment of risks
- b) Management of risks

10.7.2 This process should accord with the Risk Management Policy adopted by the Board.

10.7.3 The Board should receive reports on the most significant risks on a regular basis – at least termly.

10.8 Students' Union

10.8.1 The Board has determined that there shall be a Students' Union and decided that its funding should be managed by the Director of Foundation Learning and Skills.

10.8.2 The Director of Foundation Learning and Skills is to submit a budget plan for the Student Union annually for approval as part of the budget setting process.

10.9 Indemnities, guarantees and letters of comfort

10.9.1 The College should not be entering into liabilities without explicit parliamentary authority, other than those arising in the normal course of business. Commercial contracts which include indemnity clauses are not restricted.

10.9.2 Beyond 10.9.1 above, DfE consent is required in respect of indemnities beyond the normal course of business, guarantees and letters of comfort in excess of:

- x 1% of annual income, or £45k (whichever is smaller); or
- x 5% of annual income cumulatively (subject to a cumulative ceiling of £250k)

hospitality accepted should not be significantly greater than the College would be likely to provide in return.

11.2.3 Members of staff should not give gifts or hospitality to any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to influence the making of a business decision as a consequence of giving such gift or hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the College would be likely to accept in return.

11.2.4 When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from Corporate Services, who will maintain a register of gifts and hospitality received where the estimated value is in excess of £25 for gifts and £75 for hospitality. Members of staff in receipt of such gifts or hospitality are required to notify Corporate Services promptly.

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