

# **FINANCIAL REGULATIONS**

**(INCORPORATING THE POLICY AND ASSOCIATED GUIDELINES ON FRAUD AND IRREGULARITY, AND ANTI-BRIBERY POLICY & PROCEDURES)**

|                              |   |
|------------------------------|---|
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| SLT Lead                     | Deputy Principal, Finance and Resources |
| Available                    | Website                                 |

# THE CORPORATION OF WALTHAM FOREST COLLEGE FINANCIAL REGULATIONS

## **1. GENERAL**

### **1.1 Financial Arrangements**

- 1.1.1 The financial affairs of the Corporation of Waltham Forest College, hereafter referred to as "the College", shall be conducted in accordance with these Financial Regulations and in line with the Financial Handbook which is due to be drafted in autumn 2023 and published in August 2024 [Further education reclassification: government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/further-education-reclassification-gov-uk)
- 1.1.2 Subject to these Regulations, Articles of Government and the Financial Memorandum issued by the Education and Skills Funding Agency (as amended from time to time) and its successor bodies, the Corporation shall be responsible for approving all financial arrangements, including systems of accounting, operating in the College. The Principal & Chief Executive shall from time to time make such recommendations to the Corporation regarding the financial arrangements of the College as considered necessary.
- 1.1.3 Subsidiary Companies of the Corporation are bound by these Financial Regulations and the associated Financial Procedures.
- 1.1.4 ESFA means the Education and Skills Funding Agency and shall be interpreted as meaning any successor bodies for the purposes of these Financial Regulations.

### **1.2 Consideration of Financial Implications**

- 1.2.1 The Corporation, when considering proposals for changing the policies, practices, procedures or methods of working of the College, will take account of any financial implications. Any material proposals involving increased expenditure or a reduction of income on any revenue account shall include an estimate of the initial cost of the proposal, any annual liability and any loss of income arising out of it, together with other relevant financial information.
- 1.2.2 The Articles of Government provide for the Principal & Chief Executive of the College to be responsible for the management of the budget and resources within the estimates approved by the Corporation. Where the term Principal & Chief Executive is used in this document it shall imply the Principal & Chief Executive and, as appropriate, any other member of the College staff so designated by the Principal & Chief Executive subject to compliance with the Articles of Government.
- 1.2.3 The Corporation has determined to have a Finance and Resource Committee which reports into the Corporation. Ultimately the Corporation is responsible for addressing all financial related issues.
- 1.2.4 The Corporation is required to establish an Audit and Risk Committee. The terms of reference of the Audit and Risk Committee will be the subject of regular review by the Corporation having regard to the recommendations of the ESFA.
- 1.2.5 The Principal & Chief Executive will be invited to attend meetings of the Corporation and meetings of the Audit and Risk Committee and Finance and Resource Committee to give advice or report on financial matters affecting the affairs of the Corporation. The Instrument and Articles of Government and the standing orders of the Audit and Risk Committee provide for the Principal & Chief Executive to withdraw from meetings of the Corporation and the Audit and Risk Committee as and when appropriate.
- 1.2.6 The Deputy Principal, Finance and Resources shall, after consultation with the Principal & Chief Executive, report to the Audit and Risk Committee any material non-compliance with the Financial Regulations approved by the Corporation. Similarly, any material non-compliance with the Financial Regulations on the part of the Deputy Principal, Finance and Resources will be reported to the Audit

and Risk Committee by the Principal & Chief Executive. Appropriate issues will be made known to the Corporation given the responsibilities of the Corporation relating to the solvency of the College.

### **13 Pecuniary Interests**

- 1.3.1 In accordance with the Instrument of Government, members of the Corporation must declare an interest and refrain from voting and, if appropriate, withdraw from the meeting in relation to any matter before the Corporation (or a committee of the Corporation) requiring a decision from which they, or members of their family, may make a financial gain or in any other way have a financial interest.
- 1.3.2 Any person who has benefited, or may benefit, financially as an employee of the Corporation, other than by way of remuneration or allowances properly payable by the Corporation, shall notify the Principal & Chief Executive.
- 1.3.3 A member of the Corporation who receives a gift as a result of their membership of the Corporation shall inform the Director of Governance to the Corporation.
- 1.3.4 The Corporation has introduced a Register of Interests for members of the Corporation. This is maintained by the Director of Governance. In addition, the College has a Register of Interests for managers and other appropriate staff which is maintained on behalf of the Principal & Chief Executive by Finance Department. The registers are updated on an on-going basis and, preferably, annually.
- 1.3.5 Consideration will need to be given to the pros and cons of the acceptance of the gift including the possible return of the gift if the receipt could be misunderstood and place a person in a difficult position - be it now or in the future – with regard to their perceived impartiality. If there is any doubt a gift should not be accepted.
- 1.3.6 Members of the Corporation and members of staff of the College (and in this respect this includes any agency workers engaged from time to time by the College) need to ensure that their actions and inactions as members of the Corporation or members of staff are in the best interest of the College and any potential conflict of interest with other people and/or organisations are declared.

### **14 Contracts**

- 1.4.1 The Corporation may enter into contracts and agreements provided that they are in accord with the provisions included in these Financial Regulations, the Instrument and Articles of Government, and the Financial Memorandum of the ESFA (as amended from time to time).

### **15 Separation of Duties**

- 1.5.1 The duty of providing information, calculating, checking and recording sums due to or from the College must be separated as completely as possible from the duty of collecting or paying those sums. Any person charged with the duty of examining and checking accounts of cash transactions must not be engaged in any of those transactions.

### **16 Separation of Other Funds**

- 1.6.1 Accounts and receipts of transactions from the Corporation's General College Budget must be kept entirely separate from any other funds administered by the College. All accounts held by the College on behalf of its students, or any other College related activities, are to be administered by the Deputy Principal, Finance and Resources.

### **17 Security**

- 1.7.1 The Principal & Chief Executive shall make arrangements for the security of all establishments, property and assets falling within the scope of these Financial Regulations. Maximum limits for cash holdings shall be set by the Deputy Principal, Finance and Resources. Keys to safes and similar

secure receptacles shall be safeguarded by in-house arrangements co-ordinated by the Deputy Principal, Finance and Resources.

1.7.2. Any employee who is a party to confidential information, in whatever form, shall not disclose that information to any other person unless legally obliged to do so, except where duly authorised, in writing, by the Principal & Chief Executive or designated representative.

1.7.3 The Corporation and all employees shall have regard to the provisions of General Data Protection Regulations (GDPR) when dealing with information held on/or obtained from computer and other systems.

1.7.4 Erasable ink pens, or any corrective erasure method (including corrective fluid), must not be used in connection with any transaction or purpose which is referred to in these Financial Regulations.

## **2. ACCOUNTS AND AUDIT**

21 The Corporation shall -

- 1) keep proper accounts and proper records in relation to the accounts; and
- 2) prepare in respect of each financial year of the Corporation a statement of accounts for the Corporation and its subsidiaries.

22 The statements of accounts shall -

- 1) give a true and fair account of the state of the Corporation's affairs and those of its subsidiaries at the end of the financial year and of the Corporation's income and expenditure in the financial year, and
- 2) comply with any directions given by the ESFA as to the information contained in it, the manner in which the information is to be presented, the methods and principles according to which it is to be prepared and the time and manner of publication.

- The accounts (including any statement prepared under this clause) shall be audited by persons appointed in respect of each financial year by the Corporation.
- Auditors shall be appointed, and other audit work conducted, in accordance with statutory obligations and the requirements of the ESFA.
- For Waltham Forest College the term 'financial year' means that period and each successive period of twelve months commencing on 1 August and ending on the following 31 July.

## **3. BUDGETS AND BUDGETARY CONTROL**

### **3.1 Revenue Budget Preparation**

3.1.1 The Principal & Chief Executive shall submit to the Corporation, by the end of July, a draft revenue budget and projected cash flow for the coming financial year, together with advice on inflation forecasts and such other financial information and assumptions as considered appropriate.

3.1.2 A calendar of activities for budget setting will be produced by the Deputy Principal, Finance and Resources and submitted to the Principal & Chief Executive annually.

3.1.3 Following approval of the budget under general headings by the Corporation (usually at the July meeting), the Deputy Principal, Finance and Resources will allocate the budget to cost centres in line with operating (business) plans approved by or on behalf of the Principal & Chief Executive. These arrangements will be covered by the budget setting process which will be updated annually. Budgets will be allocated in advance of the commencement of the academic year subject to ongoing review by the Principal & Chief Executive on the advice of the Deputy Principal, Finance and Resources.

## **32 Budgetary Control**

- 3.2.1 The budget holders shall exercise proper and effective budgetary control of expenditure and income and shall not commit any expenditure unless it is provided for in the approved revenue budget.
- 3.2.2 Where it appears that any revenue estimate is likely to be overspent or income underachieved, before authorising the expenditure to be incurred, the budget holder must comply with the following:
- 1) identify a compensatory reduction in another budget heading (or an increase in income);
  - 2) ensure that any overspend involving on-going salaries can be met from an identified compensatory saving in another budget heading (or an increase in income);
  - 3) make known the issue to the Deputy Principal, Finance and Resources and their own line manager so that the reasons are understood, and account can be taken of any impact – be it intentional or unintentional – on funding and learner targets as well as the College mission.
- 3.2.3 The inclusion of any item in the revenue budget shall confer authority to incur expenditure, subject to compliance with these Financial Regulations and the approved cashflow forecast. Budget allocations will be reviewed during the course of each financial year and, where appropriate allocations may be withdrawn or reduced by the Principal & Chief Executive who will normally consult the members of the Executive Team (individually or collectively).
- 3.2.4 Full detailed accounts for the Corporation recording actual expenditure against budget together with cashflow statements are to be submitted to the Corporation on a monthly basis. Any adverse variances or trends are to be separately highlighted with details of corrective action put in hand or recommended.

## **33 Carrying Forward Financial Provision**

- 3.3.1 Amounts representing unspent provisions from income recorded in the year may be carried forward from one financial year to the next subject to this being made known to and agreed by the Deputy Principal, Finance and Resources as part of the end of year reconciliations and accruals process.
- 3.3.2 The Deputy Principal, Finance and Resources will brief all budget holders of the year end protocols including the arrangements for accruing unspent funds in the current year where this is thought to be appropriate.
- 3.3.3 The Corporation may not normally enter into commitments above the current budget level which would give rise to additional expenditure in a subsequent financial year. Subject to these Financial Regulations, however, where a future budgetary provision is anticipated in order to undertake a project or other initiative, the prior approval of the Corporation is required. Generally, any such approved expenditure will be set against future budgets.

## **34 Year-End Liabilities**

- 3.4.1 After the end of each financial year, a schedule will be prepared of outstanding creditors by the Deputy Principal, Finance and Resources for the Financial Statements auditors, relating to that year (i.e. where delivery of supplies, work or services have been completed by 31st July), showing the amounts due (estimated where necessary) and the specific accounts to be charged. When such items of expenditure are subsequently approved for payment, they must be identified against the year-end liability set up.

## **35 Capital Expenditure**

- 3.5.1 Capital expenditure on major capital buildings works and equipment purchases shall be strictly controlled and authorised by or on behalf of the Corporation.
- 3.5.2 The Principal & Chief Executive will prepare and submit to the Corporation plans including an investment and option appraisal, where appropriate, for consideration before a final decision is

taken with regard to major capital works.

- 3.5.3 Items costing less than £1,000 will not normally be capitalised and will therefore be written back to revenue, except where the expenditure is an integral part of an approved capital project costing in excess of £1,000. In the latter exceptional circumstances, items costing less than £1,000 will be capitalised. Items costing £500 or more will be subject to inventory control under item 9 of these Regulations.

### **3.6 Authorisation of Requisitions and Orders**

3.6.1 The authorisation levels will be reviewed from time to time by the Corporation. The current authorisation levels are as follows:

- 1) Items costing up to £14,999 (inclusive of VAT) will be considered and authorised by the Deputy Principal, Finance and Resources, having confirmed that there are sufficient funds available in the budget for the current year, and the priorities for capital expenditure have been determined by the Principal & Chief Executive in the context of the business plans put forward for the Curriculum and the support services
- 2) Items costing between £15,000 and £149,999 (inclusive of VAT) will be considered and authorised by the Principal & Chief Executive, who may delegate this to the Deputy Principal, Finance and Resources where there are sufficient funds available in the budget allocation. In their absence and where the authorisation cannot be deferred for business critical reasons, the Deputy Principal, Finance and Resources can authorise.
- 3) Items costing £150,000 and above (inclusive of VAT) will be considered and authorised by the Corporation.
- 4) Multi-year contracts, the cost of which are £150,000 and above each year need only be approved once by the Corporation at the time of the original letting of the contract.

## **4. ACCOUNTING ARRANGEMENTS AND SYSTEMS**

4.1 The Deputy Principal, Finance and Resources shall be responsible for ensuring that sound accounting and financial records are kept. All systems of accounting, including cost accounts, maintained by the College shall be structured to enable management accounts and annual accounts to be produced in accordance with statutory obligations and the requirements of the ESFA as determined from time to time.

4.2 No voucher or other document relating to the financial transactions of the Corporation shall be destroyed except in accordance with arrangements approved by the Corporation. Responsibilities relating to the retention of financial documents are set out in Section 9 of the Financial Regulations of the Corporation.

## **5. PURCHASING ARRANGEMENTS**

### **5.1 Best Value**

5.1.1 The Principal & Chief Executive, including designated representatives, will ensure that they consider best value alongside the quest for better services. The best value concept requires the following four key issues to be addressed when making arrangements for the purchase of supplies, goods, equipment and services:

- to **challenge** why the service is provided
- to **consult** with users on their needs and views of the service
- to **compare** performance against others
- to **compete** with others to demonstrate the best method of provision

5.1.2 In order to further ensure that best value is secured, that goods or service being procured are of a suitable quality and that value for money is being achieved, the following good practice should be followed, particularly for, but not limited to, purchases above £25,000:

- A formal review of the goods that can be supplied
- Requesting and obtaining references/credit checks for suppliers

- On site or virtual meetings or presentations from suppliers

### 5.1.3 **Contracts Finder**

Contracts Finder is the Government's one stop shop for suppliers to find new procurement opportunities across the public sector. The Public Contracts Regulations 2015 require most public sector bodies to use Contracts Finder when advertising their new opportunities **over £12K**, and publish contract award information, so that all suppliers have more direct access to public sector work.

## **52 Orders for Supplies, Works and Services**

5.2.1 The Deputy Principal, Finance and Resources is responsible for the issue of all purchase orders emanating from the College and prepared by budget holders for supply of goods, work contracted or services to be rendered. Orders shall be placed only if the financial commitment arising from them can be met from the approved revenue budget or income generated from an approved commercial course or project. Where a contract for annual supplies has been let, orders for such supplies shall be issued only under the terms of the contract.

5.2.2 All orders shall be issued on consecutively numbered purchase orders allocated and controlled within the integrated computerised System. Each order must be approved in accordance with authorities as defined within the Financial Regulations of the Corporation (Appendix A).

5.2.3 Official orders shall be prepared at the time when the supplies, works or services are actually ordered. Verbal orders, which must only be issued as a matter of exceptional urgency and approved by the Deputy Principal, Finance and Resources and/or Principal & Chief Executive, shall include reference to an official order number, and in such cases official orders must be submitted as confirmation without delay.

5.2.4 The circumstances surrounding the actions and inactions of a member of staff who disregards the arrangements for raising purchase orders will be reviewed by or on behalf of the Principal & Chief Executive and this could lead to disciplinary action. A decision to remove the budget or related responsibilities of a member of staff will be made known to the Corporation.

5.2.5 Second-hand goods may only be purchased in exceptional circumstances. Such purchases are to be approved by the Deputy Principal, Finance and Resources.

5.2.6 Signatories of orders must pay particular attention to the justification for any purchases of second-hand goods.

5.2.7 Official orders must be issued for all supplies, work and services required by the College, with the exception of:

- 1) public utility services (e.g. gas, water, electricity and telephones) and other statutory fees, payments under an agreement and subscriptions to organisations and bodies approved by the Principal & Chief Executive;
- 2) cash purchases properly expended from cash imprest accounts.
- 3) "franchise" payments to partners and sub-contractors in line with a signed contract
- 4) Service Level Agreements in line with signed Contract

5.2.8 The authorised officers of the College must ensure that the supplies, work or services received are checked against copy orders as to quantity, quality and compliance with specification, as soon as practicable. Suppliers shall be notified immediately of discrepancies.

5.2.9 The following minimum procurement requirements pertain depending on the value of the goods and services being ordered (inclusive of VAT)

|                                  |                     |
|----------------------------------|---------------------|
| Orders of value less than £1,000 | single verbal quote |
|----------------------------------|---------------------|

|   |   |
|---|---|
| Orders of value between £1,000 and £4,000   | one written quote   |
| Orders of value between £4,001 and £12,000  | two written quotes  |
| Orders of value between £12,001 and £49,999 | <b>Advertise on the UK government's Contracts Finder (over £12,001</b><br>where three written quotes are required |
| Orders of valued £50,000 or more            | Formal Tender   |

5.2.10 In exceptional circumstances (for example, due to the specialised nature of the work to be undertaken or for reasons of business urgency) the Deputy Principal Finance and Resources or Principal & Chief Executive may authorise that fewer quotes are obtained on receipt of a written justification from the Deputy Principal, Finance and Resources.

A request to waive the above must be done in writing to the Deputy Principal Finance and Resources with reasons as to why the above could not be followed or strictly adhered to. A [Waiver form](#) must be completed and submitted with the request. An annual report of such transactions will be presented to the Audit and Scrutiny Committee.

5.2.11 Following a quotation exercise a Business Interest Declaration should be completed, confirming that the supplier offers best value for the College and there is no conflict of interest.

5.2.12 All new contracts should be logged centrally on the contracts register.

### 53 Procurement Regulations

The Principal & Chief Executive, including designated representatives, will comply with the provisions of the UK Government Procurement Agreement (GPA) when making arrangements for the purchase of supplies, goods, equipment and services. Any contract spend exceeding the current WTO GPA threshold, legally needs to be posted on Find a Tender (FTS), which replaced OJEU/TED as of 1<sup>st</sup> January 2021. The Procurement thresholds for the UK are shown in the table below;

Note\*: the UK Tendering Thresholds for the purposes of the Public Contracts Regulations 2015 (PCR 2015), have been updated from Jan 2022 and replace the OJEU Thresholds since the UK left the EU. These values are **inclusive of VAT**;

In compliance with and in line to the principles of the Public Contracting Regulations 2015 the value of the requirement should be calculated to include the anticipated procurements over the contracting period (4 years). Splitting of orders to circumvent any limits specified will not be permitted.

| Supplies and services (sub-central contracting authorities) | Works Contracts | Special and other specific services |
|---|-----------------|-------------------------------------|
| £138,760  | £5,336,937      | £663,540                            |

## 6. TENDERS FOR THE SUPPLY OF GOODS AND SERVICES

### 6.1 INVITING AND CONSIDERING TENDERS

6.1.1 The Corporation has agreed that any procurements estimated to cost £50,000 or more (inclusive of VAT) will be subject to tender.

6.1.2 Tenders can be prepared through Purchasing Consortia only if the specification of the goods or supplies offered is the same as that originally detailed by the College.

### 6.2 ENGINEERING AND BUILDING WORKS

6.2.1 The Deputy Principal, Finance and Resources will establish that there is budgetary provision to meet the projected costs of the proposed building or other works before tenders are invited.

6.2.2 The Head of Estates (or designated officer) will prepare a detailed specification of the proposed works. The specification will be reviewed by the designated project manager and the Deputy



Principal, Finance and Resources before it is made available to potential contractors. The head of Estates shall maintain and review, annually, a Schedule of Approved Contractors in consultation with the Deputy Principal, Finance and Resources.

- 6.2.3 Only those firms included on Purchasing Consortia or similar will be invited to tender.
- 6.2.4 At least three tenders will normally be invited (see paragraph 6.2.6).
- 6.2.5 The schedule of approved contractors will be maintained by the Deputy Principal, Finance and Resources or designated member of staff who should arrange for it to be reviewed annually.
- 6.2.6 The Deputy Principal, Finance and Resources, or designate, will forward the approved specification to appropriate firms included on the Schedule of Approved Contractors or approved purchasing consortia.
- 6.2.7 On the same day as the approved specification is dispatched the Deputy Principal, Finance and Resources or designate will prepare a summary document detailing the names of the firms invited to tender and the closing date and time for the receipt of tender bids.
- 6.2.8 All invitations to tender on a competitive basis shall state that no tenders will be accepted unless submitted in either;
1. a plain, sealed package bearing the word 'Tender' followed by the title of the tender to which it relates and the latest date and time for the receipt of such a tender
- OR;
2. by email with the subject Tender and the title of the tender to which it relates.
- 6.2.9 It is normal practice of the College to ask for tenders to be submitted so that they are received by the Personal Assistant/s to the Principal & Chief Executive or the designated lead by midday on a specified date. This should normally allow for tenders to be opened during the afternoon in accordance with the arrangements outlined below.
- 6.2.10 All tenders will be addressed to the Personal Assistant/s to the Principal & Chief Executive or the designated lead.
- 6.2.11 The Personal Assistant/s or designated lead will maintain a register so as to identify:
- \* the works tendered
  - \* the date and time of the opening of the bids
  - \* the designation of those present
  - \* the names of the contractors submitting a tender and the amount quoted.
- 6.2.12 The register (as outlined in Paragraph 6.2.11) will be signed by all those present and filed in the office of the Principal & Chief Executive for future reference. It is expected that when tenders are opened the Personal Assistant/s to the Principal & Chief Executive and, if at all practicable, the Deputy Principal, Finance and Resources will be present together with an "independent" members of staff who will act as witnesses to the opening process.
- 6.2.13 The first page of the tender documents together with those pages stating the costs involved are to be signed by those present at the opening so as to prevent subsequent substitution.
- 6.2.14 The tender documentation will be handed to the Deputy Principal, Finance and Resources for evaluation together with a copy of the register (as outlined in Paragraph 6.2.11).
- 6.2.15 Following evaluation, the Deputy Principal, Finance and Resources will discuss key elements of the tenders received from the preferred contractors with the Project Manager (where applicable) and relevant Head of Department. At this stage it may be appropriate to enter into post tender discussions with one or more tenderers with regard to proposed costs and/or the specification. This would involve the Deputy Principal, Finance and Resources and, if appropriate, the Project Manager although the composition of the College group may be varied on behalf of the Principal & Chief Executive if this is thought to be in the best interests of the College.

- 6.2.16 The Deputy Principal, Finance and Resources and the Project Manager (where applicable) will make a recommendation in writing to the Principal and in some cases CEO of the corporation as to which tender should be accepted detailing the value of the preferred tender (inclusive of VAT). At this stage the Deputy Principal, Finance and Resources will have regard to the budget allocation to fund the project and, if appropriate, make a recommendation to the Principal & Chief Executive.
- 6.2.17 The decision to appoint is made in consultation with the Principal and in some cases with the corporation.
- 6.2.18 If the value of the preferred tender is in excess of the budget provision, a report prepared by the Deputy Principal, Finance and Resources will be presented to the Principal & Chief Executive so as to consider the budget implications. Until the Principal & Chief Executive has considered the financial implications and reached a decision no action will be taken as to the acceptance of the preferred tender.
- 6.2.19 When considering tenders for work to be undertaken on behalf of the College it is normally expected that the lowest quote will be accepted. However, it is recognised that there will be occasions when there are good and sufficient reasons to accept a tender for a higher amount. Such reasons will be explained in the written recommendation submitted to the Deputy Principal, Finance and Resources.
- 6.2.20 If only one tender is received the Head of Estates will arrange for a re-tender. Only in exceptional circumstances will contracts be placed where only one tender has been received and this will be explained in the written recommendation submitted by the Head of Estates to the Deputy Principal, Finance and Resources.
- 6.2.21 In exceptional circumstances (for example, due to the specialised nature of the work to be undertaken or for reasons of business urgency) it may not be possible to invite more than one firm to submit a tender. However, all stages of the Financial Regulations will be complied with. In addition, the approval of the Principal & Chief Executive will be required to invite a tender from one firm.
- 6.2.22 Every contract for building and engineering works will be embodied in a formal contract document to be signed and dated by the Contractor and the Head of Estates or the Deputy Principal, Finance and Resources. The document will reflect any change in the terms and conditions of contract agreed following receipt of tenders. The signed contract will be accompanied by an order raised in accordance with the arrangements detailed in Section 5 above.
- 6.2.23 The Deputy Principal, Finance and Resources will keep a project file, and this will include information on works progress/delays, financial aspects, payments, site meeting dates etc. All site meetings will be minuted as brief notes and circulated to those parties interested. It is essential that the accuracy of the notes is accepted by all parties. The notes of the Head of Estates will be taken as an accurate record unless challenged within seven calendar days of receipt by contracted parties.
- 6.2.24 Variations from the original specifications and expenditure of provisional, or contingency sums must be covered with a Variation Order, a copy of which will be kept with any supporting information in the project file after it has been signed and dated by the Principal & Chief Executive or any other designated officer.
- 6.2.25 The Deputy Principal, Finance and Resources will present to the Principal & Chief Executive on a regular basis (usually monthly), a statement detailing the financial implications of approved works so that there is a clear understanding of actual, committed and projected expenditure and regular updates on the progress of works including the expected completion dates.

### **6.3 PURCHASE OF SUPPLIES AND SERVICES**

- 6.3.1 The Deputy Principal, Finance and Resources will establish that there is budgetary provision to meet the projected costs of the proposed contract for supplies before tenders are invited.

- 6.3.2 A detailed specification of the contracted supplies will be prepared by the relevant manager. The specification will be reviewed by the responsible managers before it is made available to potential contractors.
- 6.3.3 Only those firms included on the current Schedule of Approved Suppliers, within the computerized Finance System, will be invited to ~~tender~~.
- 6.3.4 At least three tenders will normally be invited (see paragraph 6.3.6).
- 6.3.5 The Schedule of Approved Suppliers will be maintained by the Deputy Principal, Finance and Resources or designate who should arrange for it to be reviewed on an annual basis in September of each year.
- 6.3.6 The relevant manager will forward the approved specification to appropriate firms included on the Schedule of Approved Suppliers. For the sake of equity all envelopes will be dispatched at the same time by first class post or emailed at the same time.
- 6.3.7 On the same day as the approved specification is dispatched, the relevant manager will prepare a summary document detailing the names of the firms invited to tender and the closing date and time for the receipt of tenders. Copies will be passed to the Personal Assistant/s to the Principal & Chief Executive and to the Deputy Principal, Finance and Resources.
- 6.3.8 All invitations to tender on a competitive basis shall state that no tenders will be accepted unless submitted in either;
1. a plain, sealed package bearing the word 'Tender' followed by the title of the tender to which it relates and the latest date and time for the receipt of such a tender
- OR;
2. by email with the subject "Tender" followed by the title of the tender to which it relates.
- 6.3.9 It is normal practice of the College to ask for tenders to be submitted so that they are received by the Personal Assistant/s to the Principal & Chief Executive by midday on a specified date. This should normally allow for tenders to be opened during the afternoon in accordance with the arrangements outlined below.
- 6.3.10 All tenders will be addressed to the Personal Assistant/s to the Principal & Chief Executive.
- 6.3.11 The Personal Assistant/s to the Principal & Chief Executive will maintain a register so as to identify:
- \* the supplies or services tendered
  - \* the date and time of the opening of the sealed envelopes
  - \* the designation of those present
  - \* the names of the contractors submitting a tender and the amount quoted.
- 6.3.12 The register (as outlined in Paragraph 6.3.11) will be signed by all those present and filed in the office of the Principal & Chief Executive for future reference. It is expected that when tenders are opened the Personal Assistant/s to the Principal & Chief Executive and if at all practicable, the Deputy Principal, Finance and Resources will be present together with at least two independent members of staff.
- 6.3.13 The first page of the tender documents together with those pages stating the costs involved are to be signed by those present at the opening so as to prevent subsequent substitution.
- 6.3.14 The tender documentation will be handed to the relevant manager for evaluation together with a copy of the register (as outlined in Paragraph 6.3.11).
- 6.3.15 Following evaluation, the relevant manager will discuss key elements of the tenders received from the preferred suppliers with the Deputy Principal, Finance and Resources.
- 6.3.16 At this stage it may be appropriate to enter into post tender discussions with one or more suppliers with regard to proposed costs and/or the specification. This would involve the Deputy Principal,

Finance and Resources and other appropriate members of staff.

- 6.3.17 The relevant manager will make a recommendation in writing to the Deputy Principal, Finance and Resources as to which tender should be accepted detailing the value of the preferred supplier (inclusive of VAT).
- 6.3.18 The decision of the Deputy Principal, Finance and Resources will be notified in writing to the relevant manager. This notification will also be copied to the Principal & Chief Executive for her/his information.
- 6.3.19 If the tender of the preferred supplier is in excess of the budget provision a report prepared by the Deputy Principal, Finance and Resources will be presented to the Principal & Chief Executive so as to consider the budget implications. Until the Principal & Chief Executive has considered the financial implications and reached a decision no action will be taken as to the acceptance of the preferred supplier.
- 6.3.20 When considering tenders for supplies to be made on behalf of the College it is expected that the lowest quote will be accepted. However, it is recognised that there will be occasions when there are good and sufficient reasons to accept a tender for a higher amount. Such reasons will be explained in the written recommendation submitted to the Deputy Principal, Finance and Resources.
- 6.3.21 If only one tender is received the relevant manager will arrange for a re-tender. Only in exceptional circumstances will an order be placed where only one tender has been received and this will be explained in the written recommendation submitted by the relevant manager to the Deputy Principal, Finance and Resources.
- 6.3.22 In exceptional circumstances (for example, due to the specialised nature of the supplies required or for reasons of business urgency) it may not be possible to invite more than one firm to submit a tender. However, all stages of the Financial Regulations will be complied with. In addition, the approval of the Principal & Chief Executive will be required to invite a tender from one firm.
- 6.3.23 Every contract for supplies covered by these financial regulations will be embodied in a formal contract document to be signed and dated by the supplier and the Deputy Principal, Corporate Resource. The document will reflect any change in the terms and conditions of contract agreed following receipt of tenders. The signed contract will be accompanied by an order raised in accordance with the arrangements detailed in Section 5 above.
- 6.3.24 The Deputy Principal, Finance and Resources will keep a contract file, and this will include information on supply progress/delays, financial aspects, payments, site meeting dates etc. All meetings will be minuted as brief notes and circulated to those parties interested. It is essential that the accuracy of the notes is accepted by all parties.
- 6.3.25 Variations from the original specifications and expenditure must be covered with a Variation Order, a copy of which will be kept with any supporting information in the contract file after it has been signed and dated by the Deputy Principal, Finance and Resources or any other designated senior manager.
- 6.3.26 The Deputy Principal, Finance and Resources or designate will present to the Principal & Chief Executive, regular statements detailing the financial implications of approved supplies so that there is a clear understanding of actual, committed and projected expenditure.
- 6.3.27 At the completion of all supplies covered by the tender arrangements, the Deputy Principal, Finance and Resources will prepare a brief report for presentation to the Principal & Chief Executive outlining the experience gained, the role of the supplier and the lessons for future contracts.

## **64 POST TENDER**

- 6.4.1 Following a tender any subsequent contract should be logged on the central contracts register.

- 6.4.2 A Business Interest Declaration should be completed, confirming that the supplier offers best value for the College and there is no conflict of interest. Where the contract is for multiple years an Annual Business Interest form should be completed in each year the contract is utilised

## **7. PAYMENTS ROUTINES**

### **7.1 Accounts for Payment (Invoices, Bills, Credit Notes, Vouchers, etc.)**

- 7.1.1 The Deputy Principal, Finance and Resources shall pay all amounts to which the College is legally committed including those covered by cash imprests. Accounts submitted to the Deputy Principal, Finance and Resources for payment must be certified in accordance with the Financial Regulations of the Corporation.
- 7.1.2 So far as is practicable, accounts for payment must bear the certification of the officer responsible for ensuring the receipt of the particular goods or services, in addition to the signature of the authorised officer.
- 7.1.3 Accounts (invoices, bills etc.) for supplies, work and services must be prepared by creditors and not by any member of the College staff. This should be evidenced by pre-printed invoices, with VAT numbers, where appropriate. Accounts shall not be accepted if the details are not written in ink or indelible pencil or typewritten or recorded by another acceptable permanent method. Statements of accounts shall not be submitted for payment unless supported by the original invoices appropriately certified. Invoices that are subject to Value Added Tax must not be amended in any circumstances and the supplier must be requested to submit a supplementary VAT invoice whenever an amendment is required.

### **7.2 Certification of Invoices**

- 7.2.1 Certification of an invoice or bill means that it is properly payable and correct in all respects and in particular:
- 1) A valid purchase order has been raised, where applicable referencing a contract
  - 2) as regards supplies, that these have been received and that there is no apparent defect or shortage;
  - 3) as regards work contracted or services rendered, that this has been completed satisfactorily;
  - 4) that the invoice has been completely checked and the amount to be paid is correct;
  - 5) that the expenditure falls within an approved estimate and that the items have been coded as chargeable to that estimate budget;
  - 6) that the College finance system has been updated;
  - 7) that the rate and amount of any discount due is correctly stated;
  - 8) that no item in the invoice has been previously certified for payment;
  - 9) that is clearly an approved interim payment against a major project.

N.B. All discounts, credits, receipts or goods supplied arising out of purchases by the Corporation are to accrue to the Corporation and it is the duty of any person to pursue them, obtain and declare them.

- 7.2.2 Invoices for payment shall be approved and sent to the Deputy Principal, Finance and Resources or designate as soon as possible, and in any case in sufficient time to enable any discounts or other rebates to be obtained. The Deputy Principal, Finance and Resources shall make suitable arrangements to ensure payments are made in accordance with agreed contract terms.

7.2.3 The Deputy Principal, Finance and Resources, and designated representatives, shall check that invoices and payment vouchers have been properly certified and shall examine such documents to the extent considered necessary to ensure compliance with contracts, accepted tenders, and the resolutions and regulations of the Corporation.

### **73 Cash Refunds**

7.3.1 Documents that authorise the making of a cash refund must be certified by the authorised officers and a receipt obtained from the person to whom the refund is made. The authorised officer must ensure that the original payment has been made.

### **74 Frequency of Claims for Expenses**

7.4.1 All claims for payment of travelling and incidental expenses will be submitted to the Deputy Principal, Finance and Resources, duly certified, in an approved form, made up to the last working day of each month and to be received within five working days of the following month. Claims above £20 will be paid with salary by bank transfer. Claims for car allowances shall be submitted to the Director of Human Resources and Organisational Development, duly certified, in an approved form, and made up to the last day of the month for inclusion in the following months payroll. Claims for expenses and allowances incurred more than 3 months previous to the date submitted may not be reimbursed.

### **75 Remuneration, Pensions and Gratuities**

7.5.1 The Director of Human Resources and Organisational Development and Organizational Development is responsible for the payroll routines for College employees including calculation of all remuneration, pensions and gratuities, deductions for income tax, superannuation, National Insurance and other deductions from salary as determined from time to time.

7.5.2 Time sheets must be prepared for sessional employees showing such information as the Head of Human Resources requires. Time sheets shall be certified by the appropriate designated officer(s).

7.5.3 Payment by Bank Transfer or otherwise, of all salaries, wages, pensions, compensation or other emoluments to employees or former employees shall be made by, or in accordance with arrangements made by the Deputy Principal, Finance and Resources.

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

7.6.1 Any transactions that may be considered novel, contentious and/or repressive must be referred to DfE for prior approval.

### **77 Compensation Payments**

7.7.1 Any individual payments where non-statutory/non-contractual element is <£50,000 can be approved through the current college approval process.

7.7.2 Any value >£50,000 consent must be sought from the DfE.

### **78 Ex Gratia, Extra Contractual, Extra Statutory or Extra Regulatory Payments**

7.8.1 All such payments must be referred to the DfE for approval.

### **79 Special Severance Payments**

7.9.1 Any individual payments where non-statutory/non-contractual element is <£50,000 or under 3 months salary (gross) whichever is the lower, subject to (a) the exit package including a special staff severance payments being <£100,000 in total and (b) employee earns <£150,000 in total can be approved through the current college approval process.

7.9.2 Any individual payments where non-statutory/non-contractual element is (a) the exit package

including a special staff severance payment being >£100,000 in total and (b) employee earns >£150,000 in total consent must be approved by DfE.

## **8. BANK AND CASH IMPRESTS**

### **8.1 Control of Bank Accounts. Investments, etc.**

- 8.1.1 The choice of the College bankers will be subject to the approval of the Corporation on receipt of a recommendation from the Principal & Chief Executive (or, if appropriate, the Deputy Principal, Finance and Resources acting on behalf of the Principal & Chief Executive).
- 8.1.2 The Deputy Principal, Finance and Resources or a designated representative is solely authorised to make arrangements with the College bankers in accordance with the approved instructions of the Corporation. The Corporation is empowered to borrow money within the limitations laid down by ESFA.
- 8.1.3 The Deputy Principal, Finance and Resources shall be the Corporation's sole Registrar of Investments (stocks, bonds and mortgages). All securities, other than title deeds and excepting private and trust funds, the property of or in the name of the Corporation or its nominees shall be held in the custody of the Deputy Principal, Finance and Resources. Investments will be carried out in accordance with the policy determined by The Corporation.
- 8.1.4 The Deputy Principal, Finance and Resources, acting with the specific authority of the Principal & Chief Executive, is responsible for the opening and closing of bank accounts required for the control and monitoring of College finances. This to include transfers of balances to ensure maximum benefit is gained from the use of surplus funds. All actions under this clause will be recorded in writing and presented to the Principal & Chief Executive without delay.
- 8.1.5 The Principal & Chief Executive is authorised to approve the issuing of College credit cards to staff with appropriate control and limits on spend as recommended by the Deputy Principal, Finance and Resources.

### **8.2 Corporation Bank Account**

- 8.2.1 The College will operate a bank account for all authorised expenditure incurred and income received on behalf of the Corporation.
- 8.2.2 No cheques may be drawn for cash other than for petty cash reimbursements unless approved and signed by two authorised signatories.
- 8.2.3 The bank account is to be continually monitored against the cash flow forecast of the Corporation. The Deputy Principal, Finance and Resources or designate must, on a monthly basis, complete a reconciliation of the bank account balance with the Corporation's cash book records, ensuring that all necessary adjustments are promptly carried out.
- 8.2.4 Bank accounts must not be allowed to become overdrawn unless previously authorised and appropriate arrangements set up. Blank cheques must not be signed in any circumstances.
- 8.2.5 Cheques and BACs may only be signed by the authorised signatories as approved by the Corporation and in accordance with the agreed bank mandate.
- 8.2.6 All funds held in separate bank accounts for College activities are to be administered by the Deputy Principal, Finance and Resources.
- 8.2.7 Procedures relating the use of electronic signatures must first be approved by the Corporation.

### **8.3 Petty Cash Imprest Accounts**

- 8.3.1 The Deputy Principal, Finance and Resources may operate a fixed imprest for the purpose of making cash payments. The imprest will not normally be larger than is required to meet expenses

likely to be incurred during a period of four consecutive weeks. A maximum level of £3,000 is set for total imprests required by the College and for insurance purposes.

8.3.2 Payments made from the imprest account are to be limited to minor items for which there is proper authority and provision in budget expenditure headings.

8.3.3 Where appropriate, the Deputy Principal, Finance and Resources or designate may approve cash advances to authorised officers for them to make local payments. Any such amounts shall be properly accounted for with appropriate receipts. Where these are held as a permanent float, they shall be treated as a sub-imprest of the main petty cash account.

8.3.4 The cash book and vouchers relating to each account shall be subject to examination by the Deputy Principal, Finance and Resources.

## **84 Control of Bank and Petty Cash Accounts**

8.4.1 Cashiers controlling petty cash accounts shall, so far as is reasonably practicable, obtain proper vouchers for all payments, using forms approved by the Deputy Principal, Finance and Resources. These vouchers must contain adequate information as to the purpose of the payments and be supported where appropriate by receipts and be approved by an authorised signatory.

8.4.2 Cashiers responsible for cash accounts must ensure the safe custody of cash, produce on demand to the Deputy Principal, Finance and Resources cash balance and vouchers to the total of the account and, when required by the Deputy Principal, Finance and Resources, certify the amount of cash in hand.

## **85 New Loans and amendments to existing borrowing**

8.5.1 Colleges can agree amendments which are not within the scope of Managing Public Money (MPM) Examples include but not limited to: (a) providing periodic standard written representations to lenders (b) changes to financial and non-financial covenants and (c) changes to standard clauses following underlying legislation changes.

8.5.2 Consent must be sought from the DfE for amendments which may be within scope of the MPM. Examples include but are not limited to: (a) changes relating to the term of the loan (b) repayment profile change (c) interest rate change outside of the existing agreement terms including any movement between the variable and a fixed interest rate and (d) providing additional security.

8.5.3 Any new borrowing requires the prior written approval of the DfE.

## **9. CONTROL OF ASSETS**

### **9.1 Land and Buildings**

9.1.1 Proposals for the sale of any part of the Corporation's property portfolio must be carried out in accordance with the guidelines laid down in the Financial Memorandum of the ESFA.

### **9.2 Sale or Disposal of Stock. etc.**

9.2.1 Equipment, furniture and materials which are determined to be obsolete or surplus to requirements may be sold or disposed of within the following parameters:

- items with a value of less than £15,000 will be authorised by the Principal & Chief Executive (or their designated representative)
- items with a value of £15,000 or more will be authorised by the Principal & Chief Executive (or their designated representative) subject to the approval of the Chair (or in their absence the Vice Chair) of the Corporation.

9.2.2 The Deputy Principal, Finance and Resources in consultation with the Principal & Chief Executive will determine if it is in the best interests of the College to dispose of items by means of a public



tender.

- 9.2.3 College employees will not be eligible to purchase items of obsolete or surplus College property unless  
(1) the value is determined to be nil or minimal by the Deputy Principal, Finance and Resources or (2) the purchase results from an open public tender.

### **9.3 Stock and Stores**

- 9.3.1 The Deputy Principal, Finance and Resources shall be responsible for the regular review of security arrangements relating to stores premises, and for the stores in the College. The Deputy Principal, Finance and Resources or designate shall arrange, so far as is practicable and appropriate, for stock and stores to be marked effectively as belonging to the Corporation.
- 9.3.2 The Deputy Principal, Finance and Resources or designate shall ensure that stock and stores are not held in excess of reasonable requirements, due regard being paid to the desirability of limiting the amount of working capital required for stores.
- 9.3.3 All records and accounts in connection with stock and stores shall be in a form approved by the Deputy Principal, Finance and Resources or designate.
- 9.3.4 An Annual Certificate of Stock held at 31st July is to be prepared by the Deputy Principal, Finance and Resources or designate as an integral part of the financial year end procedures.

### **9.4 Inventories**

- 9.4.1 The Deputy Principal, Finance and Resources is responsible for the custody and the physical control of all items by maintaining adequate inventories for the College and shall arrange for at least an annual check.
- 9.4.2 Furniture, equipment, plant and technical equipment owned by the Corporation, so far as reasonable, should be effectively marked as being Corporation property, and must not be removed from premises without the authority of the appropriate member of the SLT who shall arrange for a formal record to be maintained indicating the location of the property so removed and which will be signed by the person or persons having temporary custody of the property. Where any inventory item is not owned by the Corporation the inventory entry must specify the name and address of the owner.
- 9.4.3 Inventories shall be in a form set down by the Deputy Principal, Finance and Resources who shall issue instructions for their completion.
- 9.4.4 Any material deficiencies in inventories shall be reported to the Principal & Chief Executive by the Deputy Principal, Finance and Resources who shall arrange for a report to be presented to the Corporation.

## **10. INCOME**

- 10.1 The Principal & Chief Executive, on behalf of the Corporation, will determine the tuition and other associated fees payable to the Corporation in advance of the commencement of each academic year
- 10.2 All arrangements for the collection, custody, control, banking, and accounting for all cash, cheques, postal orders etc. received in the College together with the system of accounting for all sums due to it, shall be subject to the approval of the Deputy Principal, Finance and Resources. The form of income records shall also be approved by the Deputy Principal, Finance and Resources.
- 10.3 The College shall issue accounts to approved debtors as soon as possible after the authorised charge has been established.
- 10.4 The Deputy Principal, Finance and Resources shall take all reasonable and practicable measures

for recovery of debts due to the College. Debtor management is to be subject to credit control disciplines and, in circumstances in which legal action for recovery is necessary and desirable in the interests of the Corporation, the matter shall be referred to a solicitor for appropriate action.

- 105 All monies received by any person on behalf of the College shall be immediately recorded by the issue of an official receipt, or by such other method as may be prescribed by the Deputy Principal, Finance and Resources.
- 106 Each person who receives money on behalf of the College shall keep an accurate and chronological record of all receipts, and deposits with the Deputy Principal, Finance and Resources and/or with the Corporation's bankers, and such other records as may be required by the Deputy Principal, Finance and Resources.
- 107 All cheques, postal orders, money orders and bankers' drafts received in connection with amounts due to the College shall be crossed straightaway for credit to the Corporation's bank account. Monies received on behalf of the College shall not be used for the purpose of cashing cheques belonging to employees of the Corporation or any other persons.
- 108 All monies received by a person on behalf of the College shall be paid in promptly, and without deduction, to the Deputy Principal, Finance and Resources or to the Corporation's bankers, in accordance with arrangements made from time to time by the Deputy Principal, Finance and Resources.
- 109 All official receipt forms constituting or incorporating an acknowledgement for the receipt of money shall be controlled by the Deputy Principal, Finance and Resources.

## **11. COMMERCIAL ACTIVITIES**

- 11.1 The College raises additional income by undertaking commercial activities, particularly the provision of short courses. Commercial activities, which are to have regard to Education Acts, and the Articles of Government, are not to conflict with the charitable status of the Corporation and are structured to generate a surplus after all costs are taken into account. The policy relating to the utilisation of any such surplus will be determined by the Principal & Chief Executive.
- 11.2 Each proposal to provide a commercial activity will be made in a standard format in accordance with the Financial Regulations. The proposal will specify the following:
- the duration of the course or activity
  - the expected number of students
  - the name of any funding organisation or how income is to be achieved
  - the estimated net profit
- 11.3 There must be no deficits arising from commercial activities unless specifically approved by the Principal and Chief Executive (or delegated to the Deputy Principal, Finance and Resources) who will record the justification for subsequent review as appropriate.
- 11.4 Proposals to undertake non-course based commercial activities, such as research or consultancy work, shall similarly estimate all costs likely to be incurred, but take account of current market rates in the relevant field in recommending charges. Such proposals shall be subject to the same approval procedure as in 11.2.
- 11.5 The Deputy Principal, Finance and Resources shall ensure that all costs incurred by the College in undertaking commercial activities are separately identified and recorded. The arrangements shall be subject to the approval of the Deputy Principal, Finance and Resources. The Deputy Principal, Finance and Resources shall also ensure that all income due is accounted for in accordance with Section 10 of these Regulations and shall monitor the achievement of the estimated net profit.
- 11.6 The Principal & Chief Executive shall present an Annual Report and Financial Statements to the Corporation detailing the trading activities of any College subsidiary.

## **12. FINANCIAL STATEMENTS AUDITORS (EXTERNAL AUDIT)**

- 121 In accordance with the requirements of the ESFA, external auditors are to be appointed each year and the firm appointed will report to the Corporation through the Audit and Risk Committee on the accountability for the disbursement of public funds.
- 122 The Financial Statements auditors will report to the Corporation:
- 1) on the annual financial statements commenting whether they show a true and fair view taking into account, where relevant, statutory disclosure requirements, Statements of Standard Accounting Practice and other accounting practices recommended by the Accountancy Standards Board (or its predecessor the Accounting Practices Committee) and the requirements of the ESFA;
  - 2) that in all material respects monies expended out of funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and, if relevant, managed in compliance with relevant legislation such as Trustees Investment Act 2000;
  - 3) that in all material respects monies expended out of funds provided by the ESFA have been applied in accordance with the Financial Memorandum between the ESFA and the College and any other terms and conditions attached to them;
  - 4) that proper accounting records have been kept.
- 123 The Financial Statements auditors will report by way of a management letter to the Corporation through the Audit and Risk Committee. A copy of the final management letter and any other reports of audit findings incorporating the Colleges management response will be sent to the ESFA by the College. The management letter shall include any significant matters arising out of the audit which might lead to material errors or impact on future audits, or where, for example, economies could be made, or resources used more efficiently. It shall also recommend improvements, particularly in the following areas:
- 1) weaknesses in the structure of accounting systems and internal control;
  - 2) deficiencies in the operation of accounting systems and internal control including internal audit;
  - 3) inappropriate accounting policies and practices;
  - 4) non-compliance with legislation, accounting standards, and other regulations; and
  - 5) matters raised in previous management letters where remedial action remains incomplete.
- 124 Serious weaknesses or an accounting breakdown shall be reported to the Principal & Chief Executive, the Chair of the Corporation, the Chair of the Audit and Risk Committee and the ESFA by the Financial Statements auditors without delay.
- 125 Ensuring the establishment and maintenance of an adequate system of internal control is the responsibility of the Corporation with whom rests also the responsibility for ensuring compliance with statutory and other regulations. This will include those in relation to taxation, and for the prevention and detection of irregularities including fraud. The Financial Statements auditors will plan and conduct their audit so that external audit will have a reasonable expectation of detecting material mis- statements in the accounts resulting from irregularities, including fraud, or breach of regulations. However, the external auditors are not required to investigate specifically for irregularities and fraud and their audit should not therefore be relied on to disclose them.
- 126 The external auditors have unrestricted access to internal audit files and working papers and will have regular meetings with internal audit staff.
- 127 The Corporation is responsible for ensuring that:
- 1) a system of controls, financial and otherwise, is established and maintained in order to carry on the operations of the College in an orderly and efficient manner, ensure adherence to

management policies, safeguard the assets and secure, as far as possible, the completeness and accuracy of the records; and

- 2) financial statements are prepared that:
  - i. comply with the College's Articles of Government, all statutory requirements, the Financial Memorandum between the ESFA and the College and any other regulations relevant to the constitution and activities of the College.
  - ii. show a true and fair view of the College's financial position and of the income and expenditure for the year taking into account where relevant; statutory disclosure requirements, Statements of Standard Accounting Practice and other accounting practices recommended by the Accounting Standards Board (or its predecessor the Accounting Practices Committee) and requirements of the ESFA.

### **13. INTERNAL AUDIT**

13.1 The College will appoint independent internal auditors each year and the firm appointed will report to the Corporation through the Audit and Risk Committee on the economy, efficiency and effectiveness of the management and control arrangements of the College.

13.2 The Corporation shall provide the necessary facilities to enable the internal audit to be carried out, and in particular the Head of Internal Audit (or representative) shall have authority to:

- 1) have access at all reasonable times to any College premises or land;
- 2) have access to all records, documents and correspondence relating to any financial or other transaction of the College;
- 3) require and receive such information and explanations as considered necessary for the purpose of the audit or investigation;
- 4) obtain from any employee of the Corporation the production of cash, income, stores or any other property of the College in their custody or control.

The above facilities are subject to the proviso that the persons exercising them on behalf of the Head of Internal Audit should not knowingly inspect or call for inspection in any case where they have a pecuniary interest, direct or indirect.

13.3 Whenever any suspected irregularity arises concerning cash, income, stores, or other property, or in the exercise of the function of the College, it shall be notified straightaway to the Head of Internal Audit who shall take such steps as he considers necessary by way of investigation and report. The Head of Internal Audit shall consult the Principal & Chief Executive (or, if this is not appropriate, the Chair of the Corporation) and, if appropriate, the Deputy Principal, Finance and Resources before initiating any such appropriate action. It is the responsibility of all employees to notify the Principal & Chief Executive and/or the Head of Internal Audit/Deputy Principal, Finance and Resources/Deputy Principal, Finance and Resources if he/she is aware of any suspected financial irregularity in the exercise of the functions of the College.

13.4 The Head of Internal Audit shall be notified of all sources of funds which come under the control of the Corporation or any officer acting in an executive capacity. The arrangements made for audit and for the proper accountability for such funds shall be approved by the Audit and Risk Committee.

### **14 ADDITIONAL WORK CARRIED OUT BY THE APPOINTED AUDITORS**

14.1 The external and internal auditors have been engaged for specific periods to carry out reviews in the best interest of Waltham Forest College, and have regard at all times to the Council's Code of Practice and other recognised arrangements. The auditors will not normally be engaged to undertake any other work relating to the College unless there are exceptional reasons which will require the specific approval of the Audit and Risk Committee following consideration of a report by

the Principal & Chief Executive.

## **15 FRAUD AND IRREGULARITIES**

151 Any instances of fraud or irregularities which have been identified or suspected are to be pursued in accordance with the Policy and Associated Guidelines on Fraud and Irregularities set down in Appendix B to these Financial Regulations. These guidelines will be reviewed annually.

152 The College will have an Anti-Bribery Policy & Procedure in place to ensure compliance with the Bribery Act 2010. This policy shall be reviewed annually. The Policy is attached at Appendix C.

## **16 INSURANCES**

161 The Deputy Principal, Finance and Resources shall arrange all appropriate insurance policies to be put in place, monitored and maintained up to date. These policies include the following:

Statutory:               Employers Liability  
                                Public/Products  
                                Liability Motor  
                                Vehicles

Others:                    Non-Pool  
                                Terrorism  
                                Buildings and  
                                Contents  
                                Business Interruption - Commercial  
                                All Risks Material Damage -  
                                Commercial All Risks  
                                \*Professional  
                                Indemnity Loss of  
                                Money  
                                Fidelity  
                                Guarantee  
                                Libel and  
                                Slander  
                                Computer Breakdown and Engineering (including inspection  
                                services) Group Personal Accident and Travel  
                                Cyber Security

\* covers members of the Corporation whilst undertaking activities on behalf of the College

162 The Deputy Principal, Finance and Resources must be informed immediately in writing by the appropriate Director or Head of any changes in circumstances in their area of remit which may affect the Corporation's insurance risks such as:

- 1) the acquisition of assets whether by ownership, hiring or loan;
- 2) any College staffing matter affecting the Corporation's position as an employer;
- 3) undertaking any activity which involves a hazard or legal responsibility to a third party.

163 The Deputy Principal, Finance and Resources shall maintain a register of all Corporation insurances and the property or risks covered and shall periodically supply the Corporation with particulars of all insurances affecting the College. The Corporation must satisfy itself that all risks for which insurances should be taken out are adequately covered.

164 The Deputy Principal, Finance and Resources must be informed immediately:

- 1) of any loss or potential loss to the Corporation;
- 2) of any claim or potential claim against the Corporation;

- 3) of any event which might give rise to a claim against the Corporation;
- 4) of any possible or proposed prosecution by the Police of any person(s) accused of causing any loss or damage to the Corporation's property.

The Deputy Principal, Finance and Resources will advise the Principal & Chief Executive when the financial implications of any item raised under this clause have been computed.

165 Where the Corporation maintains insurance cover on behalf of its members or employees, the Deputy Principal, Finance and Resources must be notified immediately:

- 1) of any loss or injury to a member of the Corporation or employee so covered;
- 2) of any claim against a member of the Corporation or employee so covered;
- 3) of any event within their knowledge which might give rise to a claim against a member of the Corporation or employee covered.

166 The Deputy Principal, Finance and Resources or designate must keep suitable records to ensure that inspections of engineering plant under College control, normally inspected by the Corporation's insurers, are carried out in accordance with statutory obligations. In the event of any failure by the Corporation's insurers to carry out an inspection within the prescribed period, the Deputy Principal, Finance and Resources or designate shall be notified immediately.

167 No indemnity shall be given by the Corporation unless its terms have been approved by the Corporation's Solicitor and notification has been given to the Corporation's insurers.

## 17. REFERENCE

17.1 Any doubt as to the interpretation of these Regulations shall in the first instance be referred to the Deputy Principal, Finance and Resources or, if appropriate, the Director of Governance. The Deputy Principal, Finance and Resources will consult, as and when appropriate, the Principal & Chief Executive and other managers as appropriate on material issues relating to the Financial Regulations.

## 18. UPDATING OF THE FINANCIAL REGULATIONS

18.1 This version of the Financial Regulations was updated and approved by the Corporation on 28 September 2020.

18.2 The Financial Regulations will be subject to annual review.

## APPENDIX A

### THE CORPORATION OF WALTHAM FOREST COLLEGE FINANCIAL REGULATIONS

#### SPECIFIED AUTHORITIES

##### 1. BANK SIGNATORIES

1.1 Bank mandate covering bank signatories to include the following Officers:

- \* Principal & Chief Executive
- \* Deputy Principal, Finance and Resources
- \* Deputy Principal, Curriculum and Quality
- \* Director of Finance
- \* Directors of Curriculum

1.2 Authorisation of payments;

- \* one authorised signatory for amounts to £2,500 (excluding cheques drawn for cash - see 8.2.2).
- \* two authorised signatories for amounts above £2,500.
- \* two authorised signatories for amounts of £15,000 and above, one of whom must be the Principal & Chief Executive, the Deputy Principal, Finance and Resources or Deputy Principal, Curriculum and Quality

Authorised signatories are not permitted to sign blank cheques.

1.3 Variations to the bank mandate must be approved by the Principal & Chief Executive.

##### 2. AUTHORISATION OF PROCUREMENTS AND PAYMENTS

2.1 The Deputy Principal, Finance and Resources or the Director of Finance will maintain and keep updated a schedule of authorised signatories for the purpose of approving procurements subject to the disciplines of 2.2 below:

2.2 Purchase order authorisation levels are as follows:

| Procurement/Requirement Value         | College Authorisation arrangements  |
|---------------------------------------|---|
| Less than £999 (inclusive of VAT)     | Designated budget manager subject to confirmation by the Management Accountant or Financial Accountant that there are sufficient funds available in the allocation.   |
| £1,000 - £14,999 (inclusive of VAT)   | Designated Director on receipt of a request from the designated budget manager and subject to confirmation that there are sufficient funds available in the allocation.   |
| £15,000 - £24,999 (inclusive of VAT)  | Principal & Chief Executive, or Deputy Principal subject to confirmation by the Deputy Principal, Finance and Resources (or designated representative) that there are sufficient funds available in the allocation. |
| £25,000 - £149,999 (inclusive of VAT) | Principal & Chief Executive, or Deputy Principal subject to confirmation by the Deputy Principal, Finance and Resources (or designated representative) that there are sufficient funds available in the allocation. |

|                                       |   |
|---------------------------------------|---|
| £150,000 and above (inclusive of VAT) | Corporation on receipt of: <ul style="list-style-type: none"><li>- a recommendation from the Principal &amp; Chief Executive (or, in the absence of the Principal &amp; Chief Executive, the Deputy Principal, Finance and Resources)</li><li>- a report detailing the reasons for the proposed expenditure including a financial appraisal</li><li>- confirmation by the Deputy Principal, Finance and Resources (or designated representative) that there are sufficient funds available in the budget.</li></ul> |
|---------------------------------------|---|



- 2.3 Variations to the authorised list of signatories must be approved by the Principal & Chief Executive and/or the Deputy Principal Finance and Resources for a limited time to cover absence due to sickness or annual leave.

### **3. BUDGETARY CONTROL**

- 3.1 Budget Holders are responsible for ensuring their expenditure profile is in line with the budget. Any exceptional requests around front loading annual expenditure are to be separately authorised by the Deputy Principal, Finance and Resources.
- 3.2 The Deputy Principal, Finance and Resources shall be responsible for the production of monthly reports to the Principal & Chief Executive and Corporation.

### **4. CASHFLOW AND AUTHORISATION OF PAYMENTS**

- 4.1 The Deputy Principal, Finance and Resources is responsible for general cashflow management and resultant judgement in scheduling payments.
- 4.2 The Deputy Principal, Finance and Resources (or if appropriate, the Head of Finance) is responsible for the authorisation of payment of accounts.
- 4.3 The Deputy Principal, Finance and Resources has the responsibility to ensure that arrangements have been made with College bankers to cover all treasury aspects of the accounting function.

### **5. BAD AND DOUBTFUL DEBTORS**

- 5.1 In accordance with the Financial Regulations and Credit Control procedures bad debts are to be written off only after all stages of collection have been exhausted.
- 5.2 Individual debts up to £4,999 can be written off subject to the approval of the Director of Finance
- 5.3 >£5,001 and < £10,000 Deputy Principal Finance & Resources.
- 5.4 >£10,001 and < £25,000 Principal & Chief Executive
- 5.5 Amounts over £25,001 and above are to be referred to the Corporation.
- 5.6 Any individual write off that exceeds £45,000 or 1% of the annual income (whichever is smaller) will need to be approved by the DFE.
- 5.7 Cumulative write-offs within the academic year which exceed £250,000 or 5% of the annual income (whichever is smaller) will need to be approved by the DFE.

**APPENDIX B**  
**THE CORPORATION OF WALTHAM**  
**FOREST COLLEGE FINANCIAL**  
**REGULATIONS**  
**ANTI-FRAUD POLICY**

**Introduction**

1. The College requires all staff at all times to act honestly and with integrity to safeguard all resources for which The Corporation is responsible. Fraud is an ever-present threat to resources. All members of College staff must therefore remain alert to the risk that fraud or irregularity could occur in their area of responsibility.
2. The purpose of this policy is to set out:
  - \* The College's policy statement
  - \* The College's counter-fraud strategy
  - \* The College's fraud response plan
3. In implementing the counter-fraud strategy and fraud response plan the College will ensure that:
  - \* An 'anti-fraud' culture is promoted in the College
  - \* Adequate systems are in place to prevent and detect fraud
  - \* Managers and staff are clear on their roles and responsibilities in relation to fraud
  - \* Consistent and fair policies and procedures are followed in the event of suspected fraud
  - \* Transparent and open reporting of fraud takes place

**Policy Statement**

4. The College will maintain robust control mechanisms to both prevent and detect fraud and theft. All members of staff have a responsibility to protect the assets and reputation of the College and are expected to be alert to the potential for fraud and theft. Mechanisms are in place for staff to report suspected frauds to management and in confidence.
5. This policy sets out the College's counter-fraud strategy with procedures for the prevention and detection of fraud and the fraud response plan for when incidences of fraud are suspected.
6. The objectives of the counter fraud strategy and fraud response plan is to encourage staff to be aware of fraud, bring suspected fraud to notice, provide a response plan for investigating and reporting fraud and ensure that alleged and proven fraud are dealt with in a consistent and timely manner.
7. Fraud is defined under the Fraud Act 2006 came into force on the 15th January 2007, when fraud was given a legal definition. The act introduces provision for a general offence of fraud which is broken into three sections:
  - \* Fraud by false representation
  - \* Fraud by failing to disclose information
  - \* Fraud by abuse of position
8. Fraud by False Representation - Representation must be made dishonestly, with the intention of making a gain or causing a loss or risk of loss to another. A representation is defined as false if it is untrue or misleading and the person making it knows that it is, or might be, untrue or misleading. Representation can be stated by words or communicated by conduct, i.e. written, spoken or by electronic means.
9. Fraud by Failing to Disclose Information - Fraud by failing to disclose information indicates that fraud has been committed if individuals fail to declare information which they have a legal duty to disclose; if individuals act dishonestly and intend to make a gain for themselves, cause loss to another or expose another to a risk of loss.

10. Fraud by Abuse of Position - Fraud by abuse of position requires a person who is in a privileged position to act dishonestly by abusing the position held and by doing so, fails to disclose to another person, information which they are legally required to disclose. The dishonest act must be with the intention of making a gain for themselves or another. Alternatively, it may be with the intention of causing a loss or risk of loss to another. The offence may be committed by omitting to make a declaration as well as by an act.
11. The introduction of the Fraud Act 2006 does not prevent the prosecution of offences under the various Theft Acts and Forgery and Counterfeiting Act, e.g. theft, counterfeiting and falsification of documents.
12. Fraud can be committed by persons outside as well as inside the College. In the College context fraud or irregularity could include:
  - \* pilfering of stock
  - \* unauthorised purchasing of goods and services using College funds
  - \* over-purchasing of goods and services above requirements
  - \* improper use of computers, laptops, mobile phones, telephone/fax facilities
  - \* unauthorised and improper use of College equipment (including computers, laptop, mobile phones and telephones)
  - \* theft of cash or equipment
  - \* misappropriation of College equipment for personal use
  - \* improper manipulation of computer programs or data collusion with others for illicit gain
  - \* falsification of claims for travel and subsistence or other allowances
  - \* improper/inaccurate claims for overtime or time off in lieu
  - \* failure to disclose material facts.
13. External attempts at fraud or irregularity could include:
  - \* offers of bribes/inducements
  - \* submission of false invoices
  - \* demands for payment of unsolicited goods
  - \* contractor frauds involving overcharging, sub-standard work, bid rigging and/or collusion in competition for services
  - \* fraudulent claims for College funds

## **Counter Fraud Strategy**

### **Overview and Responsibilities**

14. It is the responsibility of all the SLT and managers to promote and foster an 'anti-fraud' culture and to promote fraud awareness among all staff.
15. All staff must adhere to College procedures and not be inhibited to challenge matters which do not appear to be correct.

### **Staff Recruitment and Training**

16. The first defense in preventing fraud and theft is through the recruitment of staff, using best practice policies, and managers being seen to implement and comply with controls. The emphasis throughout is on a culture that values ethical behaviour and financial probity and has a zero-tolerance towards fraud and theft.
17. The recruitment of suitable staff is the College's first defense in preventing fraud. The College's recruitment policies include checks on career history, criminal records, communication with referees/past employers and verification of educational and professional qualifications to ensure recruitment of appropriate staff.
18. Staff awareness of policies and procedures is fundamental to the effective operation of systems. The College will comply with best practice, including:
  - \* Publication of the College policy on fraud, corruption and impropriety in formats that are accessible to all staff;
  - \* instruction in and discussion of control and probity issues as part of staff induction;
  - \* formal staff training on operational procedures;

- \* desktop instructions for specific tasks; and
- \* regular staff notices regarding changes to Financial Regulations and financial procedures and fraud awareness raising in relation to new risks.

19. It is important that the College policy on fraud prevention and investigation is fully communicated to all staff.

### **Internal Controls**

20. The prevention and detection of fraud and theft is made possible by having strong internal controls consistently applied. This includes both financial and non-financial controls – such as monitoring of annual leave and use of College assets. Routine checks and monitoring by management to ensure that procedures are being followed are therefore essential, especially in those areas where risk of fraud and theft is greatest.
21. All line managers are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that the controls operate effectively. The responsibility for the prevention and detection of fraud therefore rests, primarily, with managers. A visible monitoring of controls should have both a prevent and detect impact on the prevalence and identification of fraud.
22. There is a need for all managers to assess the types of risk involved with operations for which they are responsible, to design and implement internal control systems to mitigate identified risks, to review and test the control systems on a systematic and regular basis and to ensure that control regimes are being complied with. All managers should ensure that controls have been documented and communicated in their areas. Managers should maintain adequate written documentation to ensure that the application of controls is evidenced and can be monitored and audited. For example, review of schedules should be evidenced by signature and date.
23. The College Deputy Principal, Finance and Resources and the College Internal Auditors are able to offer advice and assistance on control issues. However, in establishing effective Internal Controls, managers should be aware of the following good practice concepts:
- \* regular rotation of staff in “control critical” functions
  - \* wherever possible, segregation of duties so that control of all aspects of a key function does not reside with one person
  - \* avoidance of processing backlogs
  - \* considering the control implications whenever a new system is being introduced
  - \* ensuring documentation of the evidence of controls being implemented is made

24. The management and financial systems of the College have been designed to incorporate appropriate controls for preventing fraud. These controls include, inter alia:
- \* supervisory checks
  - \* management checks
  - \* appropriate organisational structures
  - \* complete, accurate and up to date records
  - \* physical security of assets/stocks
  - \* segregation of duties
  - \* clearly defined written responsibilities
  - \* clearly defined lines of reporting
  - \* regulations and associated procedure guides
  - \* adherence to Financial Regulations and other procedural documents
  - \* audit investigations/reviews

## Fraud Response Plan

### Purpose

25. The response plan provides a documented framework for managers and staff to follow if fraud or theft is suspected or reported. It seeks to ensure that in the event of fraud or theft timely and effective action is taken to prevent further losses, identify fraudsters, safeguard evidence, minimise adverse effects on the organisation and learn lessons.

### Reporting fraud & theft

26. It is recognised that the reporting of fraud may be a traumatic experience. Those reporting frauds are assured that information will be treated in the strictest confidence. Anonymity will be preserved if requested and where it is reasonably practical to do so.
27. If a member of staff suspects that an action or event, perpetrated either by another member of College staff or by a third party, may constitute a potential fraud or irregularity the suspicion should be **immediately** reported to his/her superior/line manager. (If the line manager is implicated in the case then the Deputy Principal, Finance and Resources or the Deputy Principal, Finance and Resources should be informed.)
28. The line manager **must** then discuss the facts of the case with the person raising the issue. If the line manager considers that a fraud or irregularity may have occurred, or is likely to occur, he/she **must** immediately report the matter to either the Deputy Principal, Finance and Resources or the Deputy Principal, Finance and Resources, normally in writing. (Note: If the Deputy Principal or Deputy Principal, Finance and Resources is implicated in the case then the Principal & Chief Executive should be informed). The Deputy Principal, Finance and Resources or Deputy Principal, Finance and Resources will normally act as the Investigating Officer.
29. All cases reported to the Investigating Officer under the terms of paragraph 7-13 above **must** be reported by the Investigating Officer to:
- \* the College Internal Auditors
  - \* the College Audit and Risk Committee, under a standing agenda item at each Committee meeting.
30. If the evidence strongly points to a material fraud having been perpetrated, the College, after consultation with, as appropriate, the Principal & Chief Executive, the Deputy Principal – Corporate Resources, the Deputy Principal, Finance and Resources and the College Internal Auditors may:
- \* inform the Police
  - \* suspend any members of College staff, suspected of involvement, pending further investigation
  - \* recover any College property that has been unofficially removed from College premises.
31. Where 'significant fraud' as defined by the Post-16 audit code of practice is discovered then this should be reported to the ESFA. Significant fraud is usually where one or more of the following factors are involved:
- \* The sums of money are in excess of £10,000;
  - \* There is likely to be public interest because of the nature of the fraud or the people involved;
  - \* The particulars of the fraud are novel or complex;

- \* The fraud is systematic or unusual in nature

32. Significant fraud, actual suspected or attempted, should be reported to Action Fraud to help identify systematic risks potentially affecting whole sectors (for example cybercrime). Action Fraud monitors the cost of fraud across the UK and has been set up to provide a single point of reporting and information for individuals and organisations.

### **Initial Enquiry**

33. The Investigating Officer must establish the facts of the case and decide what further action, if any, is required. This may or may not include:
- \* removing, for safe custody, any books, records or documents relating to the case;
  - \* confiscating any equipment relating to the case (e.g. Personal Computers, laptops and mobile phones);
  - \* Blocking access to the College ICT equipment, work accounts and work email accounts
34. The Investigating Officer will undertake an initial review of evidence to determine if further action is required.
35. Further action may include referral to:
- \* Director of HR: fraudulent activity is a breach of contract and where there are reasonable grounds for suspicion, then suspension of the suspects may be required pending the outcome of the enquiries. The rights of staff on suspension must be acknowledged and staff must be informed of the reason for their suspension. Further disciplinary action may be taken under the HR Disciplinary policy and procedures would follow this policy.
  - \* Internal Audit: Internal auditors
  - \* Metropolitan Police: delays in contacting the Police may prejudice the gathering of evidence and further enquiries

### **Conduct of Investigation**

36. If the Investigating Officer determines that there is sufficient evidence to justify a fuller investigation, they should determine if the investigation should be conducted either internally by the College, led by the Internal Auditors, or referred directly to the Police. It is imperative that the College does not prejudice a criminal investigation, and so a meeting with the Police should take place at an early stage to agree the course of action. In conjunction with the Police it may be agreed that the investigation should be led by the College, should be conducted in tandem, or should be led by the Police.
37. Where the College is leading the investigation then the Investigating Officer should agree with the Principal:
- \* The scope of the investigation
  - \* Who should undertake the investigation
  - \* Reporting procedures and deadlines
38. All details of the investigation must be recorded fully, accurately and in a manner that is accessible. A detailed log of events and contacts should be maintained.

### **Recovery of Losses**

39. It is important that any losses incurred by the College are fully and accurately recorded and that costs are correctly apportioned. In addition to the direct cost of losses attributable to fraud, all costs associated with enquiries should be recorded. These will be required under loss reporting procedures and may also be required by the courts if the decision to prosecute is taken and in determining any assessment of costs or compensation and insurance recoveries.
40. Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment.

### **Staffing Issues**

41. Advice should always be sought from a member of Human Resources prior to conducting any

investigation. Human Resources will advise to ensure that investigations concerning staff are conducted in accordance with the College disciplinary procedure.

### **Reporting during the investigation**

42. The Investigating Officer should provide a confidential report to the Principal, the Chair of the Audit and Risk Committee, and the Internal Auditors at least monthly. The scope of the report should include:
- \* Quantification of losses;
  - \* Progress with recovery action;
  - \* Progress with disciplinary action;
  - \* Progress with criminal action;
  - \* Estimate of resources required to conclude the investigation;
  - \* Actions taken to prevent and detect similar incidents.

### **Concluding an Investigation**

43. At the end of a case, irrespective of the outcome, it is important that the progress of the investigation is reviewed to see what lessons can be learned and to assess the effectiveness of the action taken. Such reviews will help identify any weaknesses in internal control that initially led to the fraud and should highlight any deficiencies in these systems for reporting and investigating, thus enabling more effective future enquiries and precipitating changes to internal procedures designed to prevent reoccurrence.
44. On completion, the Investigating Officer should submit a written report to the Audit and Risk Committee for consideration. The report should cover:
- \* Description of the incident
  - \* Losses incurred
  - \* People involved and means of perpetrating fraud
  - \* Measures taken to prevent recurrence
  - \* Timetabled action for monitoring
  - \* Proposed route for recovering losses
  - \* Proposed route for prosecution of offenders
  - \* Steps to manage risks to organisational reputation

### **Recovery of Losses**

45. Any losses suffered by the College should be fully and accurately recorded, and costs/loss of income correctly apportioned. In addition to the direct cost of losses attributable to fraud, costs associated with the enquiry should be recorded. These will be needed under loss reporting procedures for insurers and potentially by the courts if a decision is taken to prosecute.
46. Where the loss is substantial, there should be consultation with insurers about legal advice for recovering losses through the courts, including, if relevant, freezing the suspect's assets pending conclusion of the investigation.

**WALTHAM FOREST COLLEGE  
ANTI-BRIBERY POLICY & PROCEDURES**

**1. Introduction**

- 1.1 This policy outlines the College's position on preventing and prohibiting bribery, in accordance with the Bribery Act 2010. The College is committed to the highest standards of ethical conduct and integrity in its business activities. The College will not tolerate any form of bribery by, or of, its employees, workers or any person or body acting on its behalf. The Senior Leadership Team is committed to implementing effective measures to prevent, monitor and eliminate bribery.

**2. Scope of this policy**

- 2.1 This policy applies to all employees and officers of the College, and to temporary workers, consultants, Governors, contractors, agents and subsidiaries acting for, or on behalf of, the College ("associated persons"). Every employee and associated person acting for, or on behalf of, the College is responsible for maintaining the highest standards of business conduct. Any breach of this policy is likely to constitute a serious disciplinary, contractual and criminal matter for the individual concerned and may cause serious damage to the reputation and standing of the College.
- 2.2 The College may also face criminal liability for unlawful actions taken by its employees or associated persons under the Bribery Act 2010. All employees and associated persons are required to familiarise themselves and comply with this policy, including any future updates that may be issued from time to time by the College.
- 2.3 References to the Principal & Chief Executive apply to any Senior Leadership posts designated for this purpose by the Principal & Chief Executive.
- 2.4 The Bribery Act 2010 is in force from 1 July 2011. This policy covers:
- the main areas of liability under the Bribery Act 2010
  - the responsibilities of employees and associated persons acting for, or on behalf of, the College
  - the consequences of any breaches of this policy

**3. Bribery Act 2010**

**PROCEDURE**

- 3.1 The College is committed to complying with the Bribery Act 2010 in its business activities. Under the Bribery Act 2010, a bribe is a financial or other type of advantage that is offered or requested with the:
- intention of inducing or rewarding improper performance of a function or activity or
  - knowledge or belief that accepting such a reward would constitute the improper performance of such a function or activity
- 3.2 A relevant function or activity includes public, state or business activities or any activity performed in the course of a person's employment, or on behalf of another College or individual, where the person performing that activity is expected to perform it in good faith, impartially, or in accordance with a position of trust.
- 3.3 A criminal offence will be committed under the Bribery Act 2010 if:
- an employee or associated person acting for, or on behalf of, the College offers, promises, gives, requests, receives or agrees to receive bribes
  - or
  - an employee or associated person acting for, or on behalf of, the College offers, promises or gives a bribe to a foreign public official with the intention of influencing that official in the performance of his/her duties (where local law does not permit or require such influence)



- 3.4 The College does not have the defense that it has adequate procedures in place to prevent bribery by its employees or associated persons.
- 3.5 All employees and associated persons are required to comply with this policy, in accordance with the Bribery Act 2010.

#### **4. What is prohibited?**

- 4.1 The College prohibits employees or associated persons from offering, promising, giving, soliciting or accepting any bribe. The bribe might be cash, a gift or other inducement to, or from, any person or company, whether a public or government official, official of a state-controlled industry, political party or a private person or company, regardless of whether the employee or associated person is situated in the UK or overseas. The bribe might be made to ensure that a person or company improperly performs duties or functions (for example, by not acting impartially or in good faith or in accordance with their position of trust) to gain any commercial, contractual or regulatory advantage for the College in either obtaining or maintaining College business, or to gain any personal advantage, financial or otherwise, for the individual or anyone connected with the individual.
- 4.2 This prohibition also applies to indirect contributions, payments or gifts made in any manner as an inducement or reward for improper performance, for example through consultants, contractors or sub-contractors, agents or sub-agents, sponsors or sub-sponsors, joint-venture partners, advisors, customers, suppliers or other third parties.

#### **5. Records**

- 5.1 Employees and, where applicable, associated persons, are required to take particular care to ensure that all College records are accurately maintained in relation to any contracts or business activities, including financial invoices and all payment transactions with clients, suppliers and public officials.
- 5.2 Due diligence should be undertaken by employees and associated persons prior to entering into any contract, arrangement or relationship with a potential supplier of services, agent, consultant or representative [in accordance with the College's procurement and risk management procedures.]
- 5.3 Employees and associated persons are required to keep accurate, detailed and up-to-date records of all corporate hospitality, entertainment or gifts accepted or offered.

#### **6. Working overseas**

##### **6.1 Principle**

- 6.1.1 Employees and associated persons conducting business on behalf of the College outside the UK may be at greater risk of being exposed to bribery or unethical business conduct than UK-based employees. Employees and associated persons owe a duty to the College to be extra vigilant when conducting international business.

##### **6.2 Procedure**

- 6.2.1 Employees and associated persons are required to cooperate with the College's risk management procedures and to report suspicions of bribery to the Principal & Chief Executive. While any suspicious circumstances should be reported, employees and associated persons are required particularly to report:

- close family, personal or business ties that a prospective agent, representative or joint-venture partner may have with government or corporate officials, directors or employees  
or
- a history of corruption in the country in which the business is being undertaken or
- requests for cash payments or
- requests for unusual payment arrangements, for example via a third party or

- requests for reimbursements of unsubstantiated or unusual expenses or
- a lack of standard invoices and proper financial practices.

6.2.2 If an employee or associated person is in any doubt as to whether or not a potential act constitutes bribery, the matter should be referred to the Deputy Principal, Finance and Resources.

## **7. Facilitation payments**

### **7.1 Principle**

7.1.1 The College prohibits its employees or associated persons from making or accepting any facilitation payments. These are payments made to government officials for carrying out or speeding up routine procedures. They are more common overseas. Facilitation payments are distinct from an official, publicly available fast-track process. Facilitation payments, or offers of such payments, will constitute a criminal offence by both the individual concerned and the College under the Bribery Act 2010, even where such payments are made or requested overseas. Employees and associated persons are required to act with greater vigilance when dealing with government procedures overseas.

### **7.2 Procedure**

721 Where a public official has requested a payment, employees or associated persons should ask for further details of the purpose and nature of the payment in writing. If the public official refuses to give these, this should be reported immediately to the Principal & Chief Executive.

722 If the public official provides written details, the Principal & Chief Executive will consider the nature of the payment. Local legal advice may be sought by the College.

723 If it is concluded that the payment is a legitimate fee, for example part of a genuine fast-track process, or is permitted locally, the College will authorise the employee to make the payment.

724 Where the Principal & Chief Executive considers that the request is for a facilitation payment, the employee or associated person will be instructed to refuse to make the payment and notify the public official that the employee or associated person is required to report the matter to the College and the UK embassy.

725 The College will seek the assistance of the relevant employee in its investigation and may determine that the matter should be referred to the prosecution authorities.

726 If an employee or associated person has any other concerns about the nature of a request for payment, he/she should report it to the Principal & Chief Executive using the reporting procedure set out in this policy.

## **8. Corporate entertainment, gifts, hospitality and promotional expenditure**

### **8.1 Principle**

8.1.1 The College permits corporate entertainment, gifts, hospitality and promotional expenditure that is undertaken:

- for the purpose of establishing or maintaining good business relationships or
- to improve the image and reputation of the College or
- to present the College's services effectively provided that it is:
- arranged in good faith
- not offered, promised or accepted to secure an advantage for the College or any of its employees or associated persons or to influence the impartiality of the recipient

8.1.2 The College will authorise only reasonable, appropriate and proportionate entertainment and promotional expenditure. This principle applies to employees and associated persons, whether based in the UK or overseas.

## **8.2 Procedure**

- 8.2.1 Employees and, where relevant, associated persons should submit requests for proposed hospitality and promotional expenditure well in advance of proposed dates to the direct line manager and, at the same time, the Deputy Principal, Finance and Resources.
- 8.2.2 Employees are required to set out in writing:
- the objective of the proposed client entertainment or expenditure
  - the identity of those who will be attending
  - the organisation that they represent
  - details and rationale of the proposed activity
- 8.2.3 The College will approve business entertainment proposals only if they demonstrate a clear business objective and are appropriate for the nature of the business relationship. The College will not approve business entertainment where it considers that a conflict of interest may arise or where it could be perceived that undue influence or a particular business benefit was being sought (for example, prior to a tendering exercise).
- 8.2.4 Any gifts, rewards or entertainment received or offered from clients, public officials, suppliers or other business contacts should be reported immediately to the Deputy Principal, Finance and Resources. In certain circumstances, it may not be appropriate to retain such gifts or be provided with the entertainment and employees and associated persons may be asked to return the gifts to the sender or refuse the entertainment, for example, where there could be a real or perceived conflict of interest. As a general rule, small tokens of appreciation, such as flowers or a bottle of wine, may be retained by employees.
- 8.2.5 If an employee or associated person wishes to provide gifts to suppliers, clients or other business contacts, prior written approval from the Deputy Principal, Finance and Resources is required, together with details of the intended recipients, reasons for the gift and business objective. These will be authorised only in limited circumstances and will be subject to a cap of £50 per recipient.
- 8.2.6 Employees and, where applicable, associated persons must supply records and receipts, in accordance with the College's expenses policy.

## **9. Charitable and political donations**

- 9.1 The College considers that charitable giving can form part of its wider commitment and responsibility to the community. The College supports a number of charities that are selected in accordance with objective criteria, following a risk assessment. The College may also support fundraising events involving employees.
- 9.2 The College does not make donations to any political parties. Employees and associated persons are not permitted to make any political donations to organisations on behalf of the College.

## **10. What practices are permitted?**

- 10.1 This procedure does not prohibit:
- normal and appropriate hospitality and entertainment with clients (please see the College's expenses policy)
  - the use of any recognised fast-track process that is publicly available on payment of a fee

Any such practices must be proportionate, reasonable and made in good faith. Clear records must be kept.

## **11. Risk management**

### **11.1 Principle**

- 11.1.1 The College has established detailed risk management procedures to prevent, detect and prohibit bribery. The College will conduct risk assessments for each of its key business activities on a regular basis and, where relevant, will identify employees or officers of the College who are in positions

where they may be exposed to bribery.

## **11.2 Procedure**

1121 The College will identify high-risk areas, for example projects undertaken in high-risk countries, tenders for work and those working on high-value projects. Employees and associated persons are required to complete a bribery risk assessment form with the Deputy Principal, Finance and Resources when commencing a new project.

1122 The College will:

- regularly monitor "at risk" employees and associated persons
- regularly communicate with "at risk" employees and associated persons
- undertake extensive due diligence of third parties and associated persons
- communicate its zero-tolerance approach to bribery to third parties, including actual and prospective customers, suppliers and joint-venture partners

## **12. Reporting suspected bribery**

### **12.1 Principle**

1211 The College depends on its employees and associated persons to ensure that the highest standards of ethical conduct are maintained in all its business dealings. Employees and associated persons are requested to assist the College and to remain vigilant in preventing, detecting and reporting bribery.

1212 Employees and associated persons are encouraged to report any concerns that they may have to the Principal & Chief Executive as soon as possible. Issues that should be reported include:

- any suspected or actual attempts at bribery or
- concerns that other employees or associated persons may be being bribed or
- concerns that other employees or associated persons may be bribing third parties, such as clients or government officials

1213 In the case where there is a suggestion of the Principal & Chief Executive being connected to the bribery concerns the report must go to the Chair of the Corporation or the Director of Governance.

### **12.2 Procedure**

1221 A form is available [on the staff intranet/from the HR department] to allow employees to record any incidents of suspected bribery. Any such reports will be thoroughly and promptly investigated in the strictest confidence by an appropriate person nominated by the Principal & Chief Executive. Employees and associated persons will be required to assist in any investigation into possible or suspected bribery.

1222 Employees or associated persons who report instances of bribery in good faith will be supported by the College. The College will ensure that the individual is not subjected to detrimental treatment as a consequence of his/her report. Any instances of detrimental treatment by a fellow employee because an employee has made a report will be treated as a disciplinary offence. An instruction to cover up wrongdoing is itself a disciplinary offence. If told not to raise or pursue any concern, even by a person in authority such as a manager, employees and associated persons should not agree to remain silent. They should report the matter to the Principal & Chief Executive.

## **13. Action by the College**

13.1 The College will fully investigate any instances of alleged or suspected bribery. Employees suspected of bribery may be suspended from their duties while the investigation is being carried out. The College will invoke its disciplinary procedures where any employee is suspected of bribery, and proven allegations may result in a finding of gross misconduct and immediate dismissal. The College may terminate the contracts of any associated persons, including consultants or other workers who act for, or on behalf of, the College who are found to have breached this policy.

13.2 The College may also report any matter to the relevant authorities, including the Director of Public Prosecutions, Serious Fraud Office, Revenue and Customs Prosecutions Office and the Police. The College will provide all necessary assistance to the relevant authorities in any subsequent prosecution.

#### **14. Review of procedures and training**

14.1 The College will regularly communicate its anti-bribery measures to employees and associated persons. The College will set up training sessions where applicable. The Deputy Principal, Finance and Resources is responsible for the implementation of this policy.

14.2 The Deputy Principal, Finance and Resources will monitor and review the implementation of this policy and related procedures on a regular basis, including reviews of internal financial systems, expenses, corporate hospitality, gifts and entertainment policies.

14.3 Employees and those working for, or on behalf of, the College are encouraged to contact the Deputy Principal, Finance and Resources or the Deputy Principal, Finance and Resources with any suggestions, comments or feedback that they may have on how these procedures may be improved.

14.4 The College reserves the right to amend and update this policy as required. For the avoidance of doubt, this policy does not form part of employees' contracts of employment.