

FINANCIAL REGULATIONS

B CORPORATE GOVERNANCE

4 The Governing Body

4.1 The Governing Body is responsible for the effectiveness of the College's management and administration. Its financial responsibilities include:

- ensuring the solvency of the College and the safeguarding of the College's assets
- appointing, grading, suspending, dismissing and determining the pay and conditions of service of the Principal and other senior post-holders
- setting a framework for pay and conditions of service of all other staff
- ensuring that the financial, planning and other management controls, including controls against fraud and theft, applied by the College are appropriate and sufficient to safeguard public funds
- approving the appointment of external auditors and an internal audit service
- securing the efficient, economical and effective management of all the College's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the College is not put at risk
- ensuring that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
- planning and conducting its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure
- approving an annual budget before the start of each financial year
- determining tuition fees
- ensuring that the College complies with the funding body's Audit Code of Practice
- approving the College's Strategic Plan
- approving the College's annual Financial Statements

5 Designated Officer

- 5.1 The Principal is the College's designated officer and is responsible for ensuring the financial administration of the College's affairs in accordance with the financial memorandum with the funding body. As the designated officer, the Principal may be required to justify any of the College's financial matters to the Public Accounts Committee at the House of Commons.

In particular, the Articles of Government charge the Principal with responsibility:

“...for preparing annual estimates of income and expenditure, for consideration and approval by the Governing Body, and for the management of budget and resources, within the estimates approved by the Governing Body.”

The Principal shall demonstrate his or her oversight of financial matters by signing the Balance Sheet and the “Statement of Corporate Governance and Internal Control” within the annual Financial Statements, and the relevant form within the three-year financial forecasts submitted to the funding body.

6 Committee Structure

- 6.1 The Governing Body has ultimate responsibility for the College's finances, but delegates specific powers and processes to the committees detailed below. These committees are accountable to the Governing Body.

6.2 Finance and Personnel Committee

Is responsible for monitoring the College's financial position and financial control systems. The committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the Governing Body. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the financial duties of the Governing Body and make recommendations accordingly. The committee will also ensure that the Governing Body has adequate information to enable it to discharge its financial responsibilities.

6.3 **Strategic Planning Committee**

Is responsible for consideration of the College's medium-term plans and strategic plans. The committee must ensure that all the financial implications of such plans are taken into account before they are submitted to the Governing Body for approval.

6.4 **Property Committee**

Is responsible for considering the College's capital programme before it can be recommended to the Governing Body for approval. Similarly, it considers and makes recommendations to the Governing Body on the allocation of resources between academic and non-academic areas.

6.5 **Audit Committee**

Colleges are required by their Financial Memorandum with the funding body and by the funding body's Audit Code of Practice to appoint an Audit Committee. The committee is independent, advisory and reports to the Governing Body. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. The committee must also ensure that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The audit requirements of the College are set out in the funding body's Audit Code of Practice.

6.6 **Remuneration Committee**

Consideration of senior post-holder's pay and conditions is the responsibility of the Remuneration Committee. It has the power to make recommendations to the Governing Body on their remuneration, including pay and other benefits, as well as contractual arrangements.

7 Other Senior Managers with Financial Responsibility

7.1 The Vice-Principal (Planning and Resources)

The responsibilities of the Vice-Principal (Planning and Resources) include the following financial activities:

- developing, implementing and monitoring strategic and operational plans that will enable the College to adequately resource the effective and efficient delivery of the curriculum
- ensuring that the administrative divisions of the College contribute effectively to a coherent planning cycle that delivers the objectives of the College's Development Plan.
- extending the range of College partnerships and alliances to ensure that the institution responds to opportunities and developments in a cost-effective and professional manner.
- preparing a capital programme for consideration by the Property Committee and the Finance and Personnel Committee before submission to the Governing Body.

7.2 Director of Finance

The Director of Finance is responsible for day-to-day financial administration:

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- preparing the College's annual accounts and other Financial Statements and accounts which the College is required to submit to other authorities
- ensuring that the College maintains satisfactory financial systems
- providing professional advice on all matters relating to financial policies and procedures
- liaising with external auditors in order to meet audit requirements

7.3 **Director of Operational Support**

The responsibilities of the Director of Operational Support include the following financial activities:

- managing and controlling the College's Risk Management Strategy
- managing and maintaining the College's insurance cover
- liaising with internal auditors in order to achieve efficient processes
- assessing the financial and risk implications of 3rd party contracts

7.4 **Director of Personnel**

The responsibilities of the Director of Personnel include the following financial activities:

- managing the payroll
- administering Emergency/Hardship Loans

7.5 **Director of Information Services**

The responsibilities of the Director of Information Services include the following financial activities:

- ensuring the accuracy and completeness of student data submitted to funding bodies

7.6 **Director of Welfare Services**

The responsibilities of the Director of Welfare Services include the following financial activities:

- managing the allocation of Learner Support Funds
- managing the allocation of Welfare Support Funds

7.7 Management Board

Management Board members are responsible for financial management within the areas or activities they control. They are advised by the Director of Finance in executing their financial duties. The Director of Finance will also supervise and approve the financial systems operating within their areas, including the form in which accounts and financial records are kept.

Management Board members are responsible for establishing and maintaining clear lines of responsibility within their areas for all financial matters. Where resources are devolved to budget holders, they are accountable to their Management Board member for their own budget.

Management Board members shall provide the Director of Finance with such information as may be required to enable:

- compilation of the College's Financial Statements
- implementation of financial planning
- implementation of audit and financial reviews, projects and studies.

7.8 All members of staff

All members of staff should be aware and have a general responsibility for the security of the College's property, for avoiding loss and for due economy in the use of resources.

They should ensure that they are aware of the College's financial authority limits and the values of purchases for which quotations and tenders are required (see Financial Procedures).

They shall make available any relevant records or information to the Director of Finance in connection with the implementation of the College's financial policies, these financial regulations and the system of financial control.

They shall provide the Director of Finance with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Governing Body.

They shall immediately notify the Director of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the College. The Director of Finance, together with the Director of Operational Support, shall take such steps they considers necessary by way of investigation and report.

8 Risk Management

- 8.1 The College acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health.
- 8.2 The Governing Body has overall responsibility for ensuring that there is a risk management strategy and a common approach to the management of risk throughout the College through the development, implementation and embedment within the organization of a formal, structured risk management process.
- 8.3 In line with this policy, the Governing Body requires that the risk management strategy and supporting procedures include:
- the College-wide criteria management of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis
 - a decision on the level of risk to be covered by insurance
 - detailed regular review at faculty and division level to identify significant risks associated with the achievement of key objectives and other relevant areas
 - development of risk management and contingency plans for all significant risks, to include a designated individual who will be responsible and accountable for managing the risk in question
 - regular reporting to the Governing Body of significant risks
 - an annual review of the implementation of risk management arrangements

The strategy and procedures are required to be capable of independent verification.

- 8.4 Management Board members must ensure that any agreements negotiated within their areas with external bodies cover any legal liabilities to which the College may be exposed. Draft agreement should be submitted to the Director of Operational Support before being finalised.
- 8.5 The Director of Operational Support is responsible for the management and control of the College's risk management strategy.

9 Whistleblowing

- 9.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 9.2 Normally, any concern about a workplace matter at the College should be raised with the relevant member of staff's immediate line manager or their Management Board member. However, the College recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.
- 9.3 A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, for example the Director of Personnel. If the member of staff does not wish to raise the matter with this person, or with the Principal or the Chair of the Governing Body, it may be raised with the Chair of the Audit Committee.
- 9.4 The full procedure for whistleblowing is set out in the College's whistleblowing policy, which is available through the Personnel Division.

10 Code of Conduct

- 10.1 The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. In addition, the College expects that staff at all levels will observe its code of conduct, contained in its detailed financial procedures, which covers:
- probity and propriety
 - selflessness, objectivity and honesty
 - relationships.

10.2 Additionally, members of the Governing Body, senior management or those involved in procurement are required to disclose interests in the College's register of interests maintained by the Clerk to the Governors. They are also responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the Financial Procedures.

10.3 In particular, no person shall be a signatory to a College contract where he or she also has an interest in the activities of the other party.

10.4 **Receiving gifts or hospitality**

It is an offence under the Prevention of Corruption Act 1906 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the College would be likely to provide in return.

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant Management Board member or the Director of Finance. Guidance on acceptable hospitality is contained in the detailed financial procedures. For the protection of those involved, the Director of Finance will maintain a register of gifts and hospitality received where the value is in excess of £50. Members of staff in receipt of such gifts or hospitality are obliged to notify the Director of Finance promptly.