



# FINANCIAL REGULATIONS

## C FINANCIAL MANAGEMENT AND CONTROL

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### 10 Financial Planning

10.1 The Director of Finance is responsible for preparing annually a rolling three-year financial plan for approval by the Governing Body on the recommendation of the Finance, Planning & Resources Committee and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans, curriculum planning and estates strategy approved by the Governing Body.

#### Budget objectives

10.2 The Governing Body will, from time to time, set budget objectives for the College. These will help the Director of Finance in preparing his or her more detailed financial plans for the College.

#### Resource allocation

10.3 Resources are allocated annually by the Governing Body on the recommendation of the Finance, Planning & Resources Committee, and on the basis of the above objectives. Senior Management Team members are responsible for the economic, effective and efficient use of resources allocated to them.

#### Budget preparation

10.4 The Vice-Principal Corporate Services is responsible for preparing each year a capital programme for consideration by the Finance, Planning & Resources Committee before submission to the Governing Body.

<b>Title:</b> Financial Regulations Part C: Financial Mgt &Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

10.5 The Director of Finance is responsible for preparing each year an annual revenue budget, a cash flow forecast for the year and a projected year-end Balance Sheet for consideration by the Finance, Planning & Resources Committee before submission to the Governing Body.

10.6 During the year, the Director of Finance is responsible for submitting revised budgets to the Finance, Planning & Resources Committee for consideration before submission to the Governing Body for approval.

### **Capital programmes**

10.7 The capital programme includes all expenditure on land and buildings and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the College's Financial Statements. Expenditure of this type can only be considered as part of the capital programme approved by the Governing Body.

10.8 The Vice-Principal Corporate Services will establish protocols for the inclusion of capital projects in the capital programme for approval by the Governing Body. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet.

10.9 The Vice-Principal Corporate Services will also establish procedures for the approval of variations to major capital programmes, including the notification of large variations to the funding body, as laid down in funding body guidelines.

10.10 The Director of Finance is responsible for providing regular statements concerning all major capital expenditure programmes Finance, Planning & Resources Committee for monitoring purposes.

10.11 Following completion of a major capital project, a post-project evaluation or final report should be submitted to the Finance, Planning & Resources Committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines.

### **Overseas activity**

10.12 In planning and undertaking overseas activity, the College must have due regard to the relevant guidelines issued by the funding body.

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

## Other major developments

10.13 Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time must initially be presented for approval to the Finance, Planning & Resources Committee.

10.14 The Vice-Principal Corporate Services will establish protocols for these major developments to enable them to be considered for approval by the Governing Body. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet. They are shown in more detail in Financial procedures.

## 11 Financial Control

### Budgetary control

11.1 The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible to their Senior Management Team member for the income and expenditure appropriate to their budget.

11.2 Potentially significant departures from agreed budgetary targets must be reported immediately to the Director of Finance by the Senior Management Team member concerned and, if necessary, corrective action taken.

### Financial information

11.3 Budget holders are assisted in their duties by management information provided by the Director of Finance and by online reports available to them. The types of management information available to the different levels of management are described in the detailed Financial procedures, together with the timing at which they can be expected.

11.4 The Director of Finance is responsible for supplying budgetary reports on all aspects of the College's finances to the Finance, Planning & Resources Committee on a basis determined by the Finance, Planning & Resources Committee but subject to any specific requirements of the funding body. These reports are presented to the Governing Body, which has overall responsibility for the College's finances.

### Changes to the approved budget

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

11.5 Changes proposed to the approved budget will be first considered by the Principal or the Vice-Principal Corporate Services. If such changes indicate that an operational deficit would occur, they must be submitted to the Finance, Planning & Resources Committee for approval.

### **Virement**

11.6 Where a budget holder is responsible for more than one budget, virement is permitted between accounts of the same category on approval by the relevant Senior Management Team member.

11.7 Virement between different categories of budget are not permitted without the approval of the Director of Finance.

### **Treatment of year-end balances**

11.8 At financial year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year unless the Vice-Principal Corporate Services has approved a specific scheme for carrying forward all or part of unspent amounts. Specific departmental consumables and equipment account balances may be carried forward with the approval of the Vice-Principal Corporate Services.

## **12 Accounting Arrangements**

### **Financial year**

12.1 The College's financial year will run from 1 August until 31 July the following year.

### **Basis of accounting**

12.2 Consolidated Financial Statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

### **Format of the Financial Statements**

12.3 The Financial Statements are prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education, subject to any specific requirements of the funding body.

<b>Title:</b> Financial Regulations Part C: Financial Mgt &Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

## Capitalisation and depreciation

- 12.4 New land and buildings will be recorded in the Balance Sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal instalments over their estimated remaining useful life. Land will not be depreciated.
- 12.5 Expenditure incurred on repair or refurbishment of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.
- 12.6 Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the Balance Sheet where the acquisition cost per item is £1,000 or more. A group of items (e.g. a suite of computers) with a combined value greater than £1,000 will not be capitalized if the individual items are not greater than £1,000. Capitalised assets other than land and buildings will be depreciated over a period of years commensurate with their anticipated useful life.

## Accounting records

- 12.7 The Director of Finance is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.
- 12.8 The College is required by law to retain prime documents for six years. These include:
- official purchase orders
  - paid invoices
  - accounts raised
  - bank statements
  - copies of receipts
  - paid cheques
  - payroll records, including part-time lecturers' contracts.
- 12.9 The Director of Finance will make appropriate arrangements for the retention of electronic records.
- 12.10 Senior Management Team members should ensure that retention arrangements comply with any specific requirements of relevant funding organisations (e.g. regional development

<b>Title:</b> Financial Regulations Part C: Financial Mgt &Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

agencies).

12.11 Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the relevant funding organisation.

### **Public access**

12.12 The College is subject to the Freedom of Information Act 2000 and members of the public may request copies of College documents. Requests for information must be referred to the College's Freedom of Information Officer.

### **Taxation**

12.13 The Director of Finance is responsible for advising Senior Management Team members, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. Therefore the Director of Finance will issue instructions to faculties and divisions on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

12.14 The Director of Finance is responsible for maintaining the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

## **13 Audit Requirements**

### **General**

13.1 Financial Statements Auditors and Internal Auditors shall have authority to:

- access College premises at reasonable times
- access all assets, records, documents and correspondence relating to any financial and other transactions of the College
- require and receive such explanations as are necessary concerning any matter under examination
- require any employee of the College to account for cash, stores or any other College property under his or her control
- access records belonging to third parties, such as contractors, when required.

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

13.2 The Director of Finance is responsible for drawing up a timetable for final accounts purposes and will advise staff and the Financial Statements Auditors accordingly.

13.3 Following consideration by the Finance, Planning & Resources Committee and the Audit Committee, the Financial Statements must be submitted to the Governing Body for approval and forwarded to the College's funding body.

### **Financial Statements audit**

13.4 The appointment of Financial Statements Auditors will take place annually and is the responsibility of the Governing Body. The Governing Body will be advised by the Audit Committee.

13.5 The primary role of the Financial Statements Auditors is to report on and carry out examination of the Financial Statements and underlying records and control systems as are necessary to reach their opinion on the Financial Statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the funding body's Audit Code of Practice and the Auditing Practices Board's Statements of Auditing Standards.

### **Internal audit**

13.6 The Internal Auditor is appointed by the Governing Body on the recommendation of the Audit Committee.

13.7 The Director of Finance is responsible for liaising with the Internal Auditors to achieve an appropriate focus for activities in light of the assessed risks within the College.

13.8 The College's Financial Memorandum with the funding body requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the funding body's Audit Code of Practice. The main responsibility of internal audit is to provide the Governing Body, the Principal and senior management with assurances on the adequacy of the internal control system.

13.9 The Internal Audit service remains independent in its planning and operation but has direct access to the Governing Body, Principal and Chair of the Audit Committee. The Internal Auditor will also comply with the Auditing Practices Board's auditing guideline Guidance for Internal Auditors.

### **Financial irregularities, including fraud and corruption**

<b>Title:</b> Financial Regulations Part C: Financial Mgt &Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

13.10 It is the duty of all members of staff, management and the Governing Body to notify the Director of Finance or the Clerk to the Corporation immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

13.11 The Financial Irregularity Policy sets out full details of the College's approach to dealing with financial irregularity.

### **Value for money**

13.12 It is a requirement of the financial memorandum that the Governing Body of the College is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the funding body, the National Audit Office, the Public Accounts Committee or other relevant bodies.

13.13 Internal audit is to have regard to value for money in its programme of work. This will be used to enable the Audit Committee to refer to value for money in its annual report.

### **Other auditors**

13.14 The College may, from time to time, be subject to audit or investigation by external bodies such as the funding body, National Audit Office, European Court of Auditors, HM Customs and Excise and the Inland Revenue. They have the same rights of access as Financial Statement and Internal Auditors.

## **14 Treasury Management**

### **Treasury management policy**

14.1 The Finance, Planning & Resources Committee is responsible for approving a treasury management policy statement setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with funding body rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Finance, Planning & Resources Committee has a responsibility to ensure implementation, monitoring and review of such policies.

14.2 All executive decisions concerning borrowing, investment or financing (within policy

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

parameters) shall be delegated to the Director of Finance and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the College and shall conform to any relevant funding body requirements.

14.3 The Director of Finance will regularly report to the Finance, Planning & Resources Committee on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

### **Appointment of bankers and other professional advisers**

14.4 The Governing Body is responsible for the appointment of the College's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Finance, Planning & Resources Committee.

14.5 Bank mandates must be approved by the Governing Body.

### **Banking arrangements**

14.6 The Director of Finance is responsible, on behalf of the Finance, Planning & Resources Committee, for liaising with the College's bankers in relation to the College's bank accounts and for ensuring compliance with the bank mandates approved by the Governing Body.

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

## **15 Income**

### **General**

15.1 The Director of Finance is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Director of Finance.

15.2 Levels of charges for services rendered, goods supplied and rents and lettings are determined by procedures approved by the Principal.

15.3 The Director of Finance is responsible for the prompt collection, security and banking of all income received.

<b>Title:</b> Financial Regulations Part C: Financial Mgt &Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

15.4 The Director of Finance is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the College's accounts.

15.5 The Director of Finance is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

### **Maximisation of income**

15.6 All staff have a responsibility to ensure that revenue to the College is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. In particular, this requires the prompt notification to the Director of Finance of sums due so that collection can be initiated.

### **Receipt of cash, cheques and other negotiable instruments**

15.7 All monies received within faculties or divisions from whatever source must be recorded by them on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments.

15.8 All monies received must be paid to the finance division promptly, and in accordance with a timetable prescribed by the Director of Finance and set out in financial procedures. The custody and transit of all monies received must comply with the requirements of the College's insurers.

15.9 All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous expenses or be paid into the petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the College.

### **Receipts by credit or debit card**

15.10 the College may only receive payments by debit or credit card using procedures approved by the Director of Finance.

### **Internet receipts**

15.11 any member of staff wishing to arrange for payment to be made to the College by the internet should seek guidance from the Director of Finance at an early stage.

### **Collection of debts**

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

15.12 The Director of Finance should ensure that:

- debtors invoices are raised promptly on official invoices, in respect of all income due to the College
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account
- any credits granted are valid, properly authorised and completely recorded
- VAT is correctly charged where appropriate, and accounted for
- monies received are posted to the correct debtors account
- swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the financial procedures
- outstanding debts are monitored and reports prepared for management.

15.13 Only the Director of Finance can implement credit arrangements and indicate the periods in which different types of invoice must be paid. These arrangements and any subsequent changes must be approved by the Finance, Planning & Resources Committee.

15.14 Requests to write off any debt in excess of £50 must be referred by the Director of Finance to the Finance, Planning & Resources Committee for consideration. Debts below this level may be written off with the permission of the Principal.

### **Student fees**

15.15 The procedures for collecting tuition must be approved by the Director of Finance. He or she is responsible for ensuring that all student fees due to the College are received.

15.16 Any student who has not paid an account for fees or any other item owing to the College shall be prevented from re-enrolling at the College and from using any of the College's facilities unless appropriate arrangements have been made.

### **Student loans**

15.17 Appropriate records will be maintained to support all transactions involving student loans.

### **Emergency/hardship loans for staff**

15.18 The College's scheme for emergency/hardship loans must be approved by the Governing Body. This will include the maximum assistance that can be given in any individual case.

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

Under no circumstances should payments be made other than in accordance with the approved scheme.

15.19 The Director of Human Resources is responsible for ensuring the adequacy of the systems in place for:

- approving loans in accordance with the scheme
- paying loans approved by the Principal
- recovering loans that have been paid.

## 16 Other Income-Generating Activity

### Private consultancies and other paid work

16.1 Unless otherwise stated in a member of staff's contract:

- outside consultancies or other paid work taking place within the individual's contracted time and commitment to the College, may not be accepted without the consent of the relevant Senior Management Team member (and in the case of a Senior Management Team member, the Principal)
- applications for permission to undertake work as a purely private activity must be submitted to the relevant Senior Management Team member or Principal, as appropriate, and include the following information:
  - the name of the member(s) of staff concerned
  - the title of the project and a brief description of the work involved
  - the proposed start date and duration of the work
  - full details of any College resources required (for the calculation of the full economic cost)
  - an undertaking that the work will not interfere with the teaching and normal College duties of the member(s) of staff concerned.

### Short courses, externally funded projects and services rendered

16.2 As part of the College's Development Plan, faculties are encouraged to respond quickly and effectively to such opportunities (including programmes and services tailored to employers needs) and to submit proposals for authorisation.

16.3 The term 'services rendered' includes testing and analysis of materials, components,

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

processes and other laboratory services or the use of existing facilities in order to gain additional information.

16.4 Staff developing such proposals must use the standard College procedures and costing mechanisms. Proposals must be approved by the relevant Director of Faculty and the Vice-Principal Corporate Services.

#### **Off-site collaborative provision (franchising)**

16.5 Any contract or arrangement whereby the College provides education to students away from College premises, or with the assistance of persons other than the College's own staff or with independent contractors (partner organisations), must be subject to the following procedure.

16.6 There shall be a contract signed by the Principal and on behalf of any partner organisation that shall comply at least with the funding body model contract (as amended from time to time) in place before any provision is made. Contracts for significant changes in franchising activity shall be approved in advance by the Governing Body.

16.7 The impact of the contract(s) shall be subject to scrutiny by the Director of Finance, the Vice-Principal Corporate Services, the College's Legal Advisor and by the Finance, Planning & Resources Committee or the Governing Body. The format for regular reports shall be as stated in funding body guidance. They shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the College's Financial Forecast.

16.8 Where the partnership would represent a significant departure from the College's strategic plan, the Governing Body shall approve the departure, and the Principal shall seek the views of and inform the funding body.

#### **European Union (EU) and other matched funding**

16.9 Any such project requires the approval of the Principal prior to any commitment being entered into. Such approval shall be dependent upon the relevant Director of Faculty being able to demonstrate that eligible matching funds, where such is required, are available and that the project is financially viable by the application of the College's costing and pricing policy.

16.10 Individual applications for funds in excess of £100K shall be the subject of a report by the Principal to the Governing Body which will set out, amongst other things, the potential risks generated by the project.

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

16.11 If the College sub-contracts such work to external providers, the relevant Director of Faculty shall ensure that:

- this is on the basis of a written contract that allows for full audit access to detailed records
- appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality
- payments are only made against detailed invoices.

### **Profitability and recovery of overheads**

16.12 All other income-generating activities must be self-financing or surplus-generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the Director of Faculty and the Vice-Principal Corporate Services.

16.13 Other income-generating activities organised by members of staff must be costed and agreed with the Director of Finance before any commitments are made. Provision must be made for charging both direct and indirect costs in accordance with the College's costing and pricing policy, in particular for the recovery of overheads.

### **Deficits**

16.14 Any unplanned deficits incurred on other income-generating activities will be charged to faculty funds.

### **Additional contributions to faculties**

16.15 Distribution of profits on other income-generating activity between central funds of the College and individual faculties will be in accordance with the policy approved by the Finance, Planning & Resources Committee.

### **Additional payments to staff**

16.16 Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Vice-Principal Corporate Services and the Principal.

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

## 17 Intellectual Property Rights and Patents

### General

17.1 Certain activities undertaken within the College including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property.

### Patents

17.2 The Finance, Planning & Resources Committee is responsible for establishing procedures to deal with any patents accruing to the College from inventions and discoveries made by staff in the course of their work or research.

### Intellectual property rights

17.3 In the event of the College deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the College and contained in the College's detailed Financial procedures.

## 18 Expenditure

### General

18.1 The Director of Finance is responsible for making payments to suppliers of goods and services to the College.

### Scheme of delegation/financial authorities

18.2 Each member of the Senior Management Team is responsible for purchases within his or her area. Purchasing authority may be delegated to named individuals within the area. In exercising this delegated authority, budget holders are required to observe the purchasing policies and Financial procedures.

18.3 The Director of Finance shall maintain a register of Authorised Signatories and each member of the Senior Management Team must supply him or her with specimen signatures of those authorised to certify invoices for payment.

<b>Title:</b> Financial Regulations Part C: Financial Mgt &Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

- 18.4 The Director of Finance must be notified immediately of any changes to the authorities to commit expenditure.
- 18.5 Members of the Senior Management Team and delegated budget holders are not authorised to commit the College to expenditure without first ensuring that sufficient funds have been authorised to meet the purchase cost.
- 18.6 The member of staff (or budget holder) authorising the invoice for payment must be different from the member of staff responsible for signing the purchase order form.
- 18.7 The level of required authority for placing purchase orders is detailed in the Financial procedures.

**Procurement**

- 18.8 The College requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice.

**Purchase orders**

- 18.9 Ordering of goods and services shall be in accordance with the College's detailed Financial procedures.
- 18.10 Official College orders must be placed for the purchase of all goods or services, except those made using purchasing cards, company credit cards or petty cash. In exceptional circumstances, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.

**Purchasing cards**

- 18.11 The operation and control of the College's purchasing cards is the responsibility of the Director of Finance.
- 18.12 Holders of purchasing cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs. The Director of Finance shall determine what

<b>Title:</b> Financial Regulations Part C: Financial Mgt &Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

information is required on purchases made with purchasing cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained and cardholders must provide that information.

18.13 Details of the operation of the scheme are set out in the financial procedures.

### **Tenders and quotations**

18.14 Directors and delegated budget holders must comply with the College's tendering procedures contained in the College's Financial procedures. These may be subject to special rules imposed by funding bodies.

18.15 Only partnership arrangements for the supply of goods or services specifically approved by the Finance, Planning & Resources Committee or the Governing Body will fall outside these arrangements for tenders and quotations.

### **Post-tender negotiations**

18.16 Post-tender negotiations (i.e. after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms can be entered into, provided:

- it would not put other tenderers at a disadvantage
- it would not affect their confidence and trust in the College's tendering process.

18.17 In each case, a Statement of Justification should be approved by the Principal prior to the event, showing:

- background to the procurement
- reasons for proposing post-tender negotiations
- demonstration of the improved value for money.

18.18 All post-tender negotiations should be reported to the Finance, Planning & Resources Committee.

### **Contracts**

18.19 Building contracts are the responsibility of the Finance, Planning & Resources Committee and are administered by the College's Director of Facilities Management.

18.20 Proposals will normally be initiated by the Director of Facilities Management in respect of

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

planned replacements, general improvement schemes, space planning or in response to requests from faculties and divisions.

18.21 Consultants may be appointed if the project, as determined by Finance, Planning & Resources Committee, is too large or too specialised for Facilities Management Division resources. Appointments shall be subject to tendering and other procedures where appropriate.

18.22 Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Director of Finance as appropriate for Finance, Planning & Resources Committee consideration. Investment appraisals should comply with appropriate funding body guidance.

18.23 Following consideration by the Finance, Planning & Resources Committee, and approval by the Governing Body, submissions should be forwarded to the funding body where appropriate. If the required agreement is secured from the funding body, funding body procedural rules should be followed. Funding body guidance on best practice should be followed even when funding body approval is not required.

18.24 The achievement of value for money will be an objective in the letting of all contracts. Conditions of contract for the purchase of goods will be followed as described in the College's detailed financial procedures.

## **EU regulations**

18.25 The Principal is responsible for ensuring the College complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

18.26 The Director of Finance will advise the Principal and the Senior Management Team on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

18.27 It is the responsibility of Senior Management Team members to ensure that their staff comply with EU regulations by notifying the Principal of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as the Official Journal of the European Community (OJEC).

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

18.28 The Principal is also required to submit to the funding body annually details on expenditure which exceeds the threshold. Senior Management Team members must provide the Principal with copies of the relevant documentation falling into this category.

### **Receipt of goods**

18.29 Goods shall be received at designated receipt and distribution points. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

18.30 All goods received into stores shall be entered onto the appropriate copy of the Purchase Order or electronic receipting system on the day of receipt. The copy Purchase Order should then be signed by the person ordering the goods when they are delivered from stores.

18.31 The person ordering the goods is responsible for checking that they are acceptable and for notifying the supplier of any problems.

### **Payment of invoices**

18.32 Procedures for making all payments shall be in a form specified by the Director of Finance.

18.33 The Director of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by computer-printed cheques or BACS transfer. In exceptional circumstances the Director of Finance will require cheques to be manually prepared to cover urgent payments.

18.34 Budget holders are responsible for ensuring that expenditure within their faculty or division does not exceed funds available.

18.35 Suppliers should be instructed by the budget holder to submit invoices for goods or services direct to the Finance Division. Invoices will be passed to the relevant faculty or division as soon as they have been recorded.

18.36 Care must be taken by the Finance Division to ensure that discounts receivable are obtained.

18.37 Payments will only be made by the Director of Finance against invoices that have been certified for payment by the appropriate Director or budget holder.

18.38 Certification of an invoice or receipting of an electronic order will ensure that:

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- where appropriate, it is matched to the order
- invoice details (quantity, price discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- where appropriate, an entry has been made on a stores record or departmental inventory
- an appropriate cost centre is quoted

### **Staff reimbursement**

18.39 The College's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement.

18.40 Where such purchases by staff are planned, the Director of Finance and the relevant member of the Senior Management Team may jointly approve cash advances to staff that are going to incur expenditure on the College's behalf. Upon completion of the travel or project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

### **College credit cards**

18.41 The Principal may approve the issuing of College credit cards to senior staff. Such credit cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. The Director of Finance will be responsible for setting in place a system to monitor the use of College credit cards and account for expenses charged through them.

### **Petty cash**

18.42 The establishment of petty cash accounts will be kept to a minimum.

18.43 The Director of Finance shall make available to faculties or divisions such imprests as he or

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

18.44 Requisitions for reimbursements must be sent to the Finance Division, together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.

18.45 The member of staff granted a float is personally responsible for its safe-keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the College's insurers when not in use and will be subject to periodic checks by the Director of Finance or another person nominated by him or her.

18.46 Standard College petty cash books are supplied by the Director of Finance and must be used for recording all imprest accounts.

18.47 At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by the Director of Faculty or Director of Division.

#### **Other payments**

18.48 Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Director of Finance, supported by detailed claims approved by the Director of Faculty.

18.49 Individual payments under 'outward collaborative provision' contracts shall be authorised by the Director of Finance. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved under a scheme set out by the Finance, Planning & Resources Committee.

#### **Late payment rules**

18.50 The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

- small businesses can charge interest on overdue invoices
- interest is chargeable on sales made after 1 November 1998
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

England

- the Act also applies to overseas organisations
- the College can be sued for non-payment.

18.51 In view of the penalties in this Act, the Governing Body requires that invoices must be passed for payment as soon as they are received and approved.

### **Project advances**

18.52 The Director of Finance and the relevant Director may jointly approve cash advances for projects carried out away from the College where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or an institute credit card.

18.53 Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to a project or individual is outstanding.

### **Giving hospitality**

18.54 Staff entertaining guests from partner institutions or outside bodies should consider using the College's catering facilities if the meeting or event is held on College premises.

18.55 The limits concerning acceptable expenditure for entertaining guests are set out in the College's detailed Financial procedures.

## **19 Pay Expenditure**

### **Remuneration policy**

19.1 All College staff will be appointed to the salary scales approved by the Governing Body and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources Division.

19.2 The Governing Body will determine what other benefits, such as cars, medical and life insurance, are to be available, the basis of their provision (contributory or not) and the staff to

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

whom they are to be available.

19.3 Salaries and other benefits for senior post-holders will be determined by the Remuneration Committee set up by the Governing Body.

### **Appointment of staff**

19.4 All contracts of service shall be concluded in accordance with the College's approved personnel practices and procedures and all offers of employment with the College shall be made in writing by the Director of Human Resources. Budget holders shall ensure that the Director of Finance and the Director of Human Resources are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

### **Salaries and wages**

19.5 The Director of Human Resources is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Director of Human Resources.

19.6 The Director of Human Resources will be responsible for keeping the Director of Finance informed of all matters relating to personnel for budget monitoring purposes. In particular these include:

- appointments, resignations, dismissals, supervisions, secondments and transfers
- absences from duty for sickness or other reason, apart from approved leave
- changes in remuneration other than normal increments and pay awards
- information necessary to maintain records of service for superannuation, income tax and national insurance.

19.7 The Director of Human Resources is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

19.8 The Director of Human Resources shall be responsible for keeping all records relating to payroll including those of a statutory nature.

19.9 All payments must be made in accordance with the College's detailed payroll financial

<b>Title:</b> Financial Regulations Part C: Financial Mgt &Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

procedures and comply with Inland Revenue regulations.

### **Superannuation schemes**

19.10 The Governing Body is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

19.11 The Director of Human Resources is responsible for day-to-day superannuation matters, including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes
- administering the College's pension fund.

19.12 The Director of Human Resources is responsible for administering eligibility to pension arrangements and for informing the Director of Finance when deductions should begin or cease for staff.

### **Travel, subsistence and other allowances**

19.13 All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Director of Finance.

19.14 Claims must be authorised by a more senior member of staff. No-one below the level of Head of School may authorise an expense claim. By authorising an expense claim, the authoriser is confirming that:

- the journeys were authorised
- the expenses were properly and necessarily incurred
- the allowances are properly payable by the College
- consideration has been given to value for money in choosing the mode of transport.

19.15 Arrangements for travel by the Principal or members of the Governing Body shall be approved by the Chair of the Governing Body. Arrangements for travel by the Chair shall be approved by the Finance, Planning & Resources Committee.

### **Overseas travel**

19.16 All arrangements for overseas travel must be approved by the Principal or the Vice-Principal Corporate Services in advance of committing the College to those arrangements or

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

confirmation of any travel bookings. Arrangements for overseas travel by the Principal or members of the Governing Body shall be approved by the Chair of the Governing Body. Arrangements for travel by the Chair shall be approved by the Finance, Planning & Resources Committee.

19.17 Where spouses, partners or other persons unconnected with the College intend to participate in a trip, this must be clearly identified in the approval request. The College must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings.

### **Allowances for members of the Governing Body**

19.18 Claims for members of the Governing Body will be authorised by the Principal. Members will be reimbursed for actual expenses incurred in respect of travelling, subsistence or other out-of-pocket expenses.

### **Severance and other non-recurring payments**

19.19 Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Governing Body through the Finance, Planning & Resources Committee. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose. All such payments shall be authorised by the Voluntary Severance Panel on the recommendation of the Principal. Calculations will be checked by the Director of Human Resources and the Director of Finance. In exceptional circumstances the Chair of the Finance, Planning & Resources Committee, in consultation with the Principal, may give approval for variations to the originally approved amounts. Any such variations must be reported to the next meeting of the Finance, Planning & Resources Committee. Amounts paid should be declared in the Financial Statements.

19.20 All matters referred to an industrial tribunal shall be notified to the Finance, Planning & Resources Committee at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

## **20 Assets**

### **Land, buildings, fixed plant and machinery**

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

20.1 The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Governing Body and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved.

### **Fixed asset register**

20.2 The Director of Finance is responsible for maintaining the College's register of land, buildings, fixed plant and machinery. Senior Management Team members will provide the Director of Finance with any information he or she may need to maintain the register.

### **Inventories**

20.3 Senior Management Team members are responsible for maintaining inventories, in a form prescribed by the Director of Finance, for all plant, equipment, furniture and stores in their faculty or division with a value in excess of £500. The inventory must include items donated or held on trust.

20.4 Inventories must be checked at least annually as described in the College's detailed Financial procedures.

20.5 When transferring equipment, etc between departments, a transfer record must be kept and the inventories amended accordingly.

### **Stocks and stores**

20.6 Senior Management Team members are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their faculty or division. The systems used for stores accounting in departments must have the approval of the Director of Finance.

20.7 Directors are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

20.8 Senior Management Team members whose stocks require valuation in the Balance Sheet must ensure that the stock-taking procedures in place have the approval of the Director of Finance and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the College's detailed Financial procedures.

<b>Title:</b> Financial Regulations Part C: Financial Mgt &Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

## **Safeguarding assets**

20.9 Senior Management Team members are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control. They will consult the Director of Facilities Management in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

20.10 Assets owned by the College shall, so far as is practical, be effectively marked to identify them as College property.

## **Personal use**

20.11 Assets owned or leased by the College shall not be subject to personal use without proper authorisation.

## **Asset disposal**

20.12 Disposal of equipment and furniture must be in accordance with procedures agreed by the Finance, Planning & Resources Committee and contained in the College's detailed Financial procedures.

20.13 Disposal of land and buildings must only take place with the authorisation of the Governing Body. Funding body consent may also be required if exchequer funds were involved in the acquisition of the asset.

## **All other assets**

20.14 Senior Management Team members are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the College, whether tangible (such as stock – see above) or intangible (such as intellectual property – see section 19), including electronic data.

## **21 Funds Held on Trust**

### **Gifts, benefactions and donations**

21.1 The Director of Finance is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the College and initiating claims for recovery of tax where appropriate.

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

## **Student welfare and access funds**

21.2 The Director of Student Services, with advice from the Welfare / Safeguarding Manager, will prescribe the format for recording the use of student welfare funds.

21.3 Records of Access Funds will be maintained according to funding body requirements.

## **Trust funds**

21.4 The Director of Finance is responsible for maintaining a record of the requirements for each trust fund and for advising the Finance, Planning & Resources Committee on the control and investment of fund balances.

21.5 The Finance, Planning & Resources Committee is responsible for ensuring that all the College's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

## **Voluntary funds**

21.6 The Director of Finance shall be informed of any fund that is not an official fund of the College which is controlled wholly or in part by a member of staff in relation to their function in the College.

21.7 The accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body. The Director of Finance shall be entitled to verify that this has been done.

## **22 Other**

### **Insurance**

22.1 The Director of Facilities Management is responsible for the College's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the Finance, Planning & Resources Committee on an annual basis.

<b>Title:</b> Financial Regulations Part C: Financial Mgt &Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

- 22.2 The Director of Facilities Management is responsible for effecting insurance cover as determined by the Finance, Planning & Resources Committee. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Director of Facilities Management will keep a register of all insurances effected by the College and the property and risks covered. He or she will also deal with the College's insurers and advisers about specific insurance problems.
- 22.3 Senior Management Team members must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The advice of the Vice-Principal Corporate Services and the College Legal Advisor should be sought to ensure that this is the case. Senior Management Team members must give prompt notification to the Director of Facilities Management of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Senior Management Team members must advise the Director of Facilities Management immediately of any event that may give rise to an insurance claim. The Director of Facilities Management will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the head of department for transmission to the insurers.
- 22.4 The Director of Facilities Management is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed and that remedial action is taken as appropriate.
- 22.5 All staff using their own vehicles on behalf of the College shall maintain appropriate insurance cover for business use.

### **Companies and joint ventures**

- 22.6 In certain circumstances it may be advantageous to the College to establish a company or a joint venture to undertake services on behalf of the College. Any member of staff considering the use of a company or a joint venture should first seek the advice of the Director of Finance and the Clerk to the Corporation, who should have due regard to guidance issued by the funding body.
- 22.7 Under the Learning and Skills Act 2000, a College needs the prior approval of the funding body before a company or a joint venture can be established. The Governing Body is responsible for ensuring that the required procedures are followed. The process involved in forming a company or a joint venture and arrangements for monitoring and reporting on the activities of these undertakings are documented in the College's Financial procedures.

<b>Title:</b> Financial Regulations Part C: Financial Mgt &Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

22.8 It is the responsibility of the Governing Body to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the College. These and other arrangements will be set out in a memorandum of understanding.

22.9 The directors of companies where the College is the majority shareholder must submit, via the Finance, Planning & Resources Committee, regular reports to the Governing Body. They will also submit business plans or budgets as requested to enable the committee to assess the risk to the College. The College's internal and external auditors shall also be appointed to such companies.

22.10 Where the College is the majority shareholder in a company, the funding body requires that the company's financial year must be consistent with that of the College.

### **Security**

22.11 Keys to safes or other similar containers must be kept securely at all times. The loss of such keys must be reported to the Director of Finance immediately.

22.12 An officer shall be responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 1998. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

22.13 The Principal or officer designated by him is responsible for the safekeeping of official and legal documents relating to the College. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

### **Use of the College's seal**

22.14 Where a deed or document requires the College's seal, it must be sealed by the Clerk to the Corporation or, in his or her absence, the Vice-Principal Corporate Services, in the presence of a member of the Governing Body.

22.15 The Clerk to the Corporation is responsible for submitting a report to each meeting of the Governing Body detailing the use of the College's seal since the last meeting.

### **Provision of indemnities**

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012

22.16 Any member of staff asked to give an indemnity, for whatever purpose, should consult the Director of Finance and the College's Legal Advisor before any such indemnity is given.

<b>Title:</b> Financial Regulations Part C: Financial Mgt & Control	<b>Staff Member Responsible:</b> Director of Finance
<b>Version:</b> 2.2 – 8 December 2011	<b>Review Date:</b> December 2012