

Financial Procedures

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1. INTRODUCTION

- 1.1. This manual sets out a common set of financial procedures and controls for financial management across the Chichester College Group (the Group).
- 1.2. The objectives of this manual are to provide the Group with a sound basis upon which it may conduct its internal financial arrangements, to ensure the prudent and effective financial management and to be an integral part of the internal control arrangements.
- 1.3. It provides guidance and instructions for staff employed by the Group who have responsibility for the management of resources or the control of income and expenditure.
- 1.4. This manual should be used in conjunction with Group financial regulations, standing orders, schedule of authorisations and any instructions issued in relation to the operations of the Group computerised financial systems.
- 1.5. Failure to comply with any terms set out in this manual may result in disciplinary action being instigated against the relevant member(s) of staff.
- 1.6. The manual relates to procedures effective from 1 May 2018. They may be revised as circumstances require and will be reviewed on a regular basis.
- 1.7. Procedures and controls will apply to all College sites and subsidiary companies as appropriate, unless specifically amended in writing by the Chief Financial Officer with the approval of the Chief Executive.
- 1.8. The Group internal audit function, acting in conjunction with the Audit and Finance and General Purposes Committees, shall from time to time check that these procedures remain relevant, effective, are in accordance with best accounting practice and that they are being observed.

2. PURCHASING AND PAYMENTS

2.1. GENERAL

- Goods and services purchased by the Group shall be obtained expeditiously and economically.
- Purchasing should adhere to the procurement thresholds and procedures outlined in the Appendix F - Schedule of Authorisations. Any proposed variation should be authorised in advance by the Chief Financial Officer.
- The Chief Financial Officer shall ensure that procedures and controls within the Financial Procedures relating to purchasing are followed at all times.

2.2. PURCHASE ORDERS

Each budget holder will ensure that all purchase orders placed are covered by a sufficient unspent and uncommitted amount within their annual expenditure budget.

All orders shall be placed using the computerised purchase order system and must be authorised in accordance with the schedule of authorisations.

Orders raised relating to the specialist areas such as IT, Estates & Marketing, may require additional authorisations by specialist department area budget holders to ensure effective procurement.

Orders placed for capital expenditure can only be raised by the Project Manager or Estates Administrator and authorised by the Chief Financial Officer as budget holder for capital.

2.3. AUTHORISATION OF INVOICES FOR PAYMENT

All invoices shall be passed directly to the Finance Department who will:

- Research and prepare for input
- Register the invoice for electronic authorisation
- Match invoice to purchase order
- Ensure invoice has been goods receipted and quantities agree

- 2.4. Where the invoice exceeds the order value by the tolerance level set within the finance system, the system will automatically redistribute the invoice to the budget holder for additional authorisation.
- 2.5. Where the invoice value differs from the order value by less than the tolerance level set within the finance system, the invoice will be processed and cleared for payment
- 2.6. Any carriage charges made by the supplier when calculating an overspend will be treated in the same manner as in 2.8 above.
- 2.7. In exceptional cases (and where it is not practical to raise an order such as for utilities, exams etc), invoices may be entered onto the purchase ledger without an order. Each month, the Head of Financial Services will provide a report that to enable follow up with budget holders as to why orders are not being completed.
- 2.8. **PAYMENT OF INVOICES**
- On a weekly basis, the Finance Department shall:
- print out a provisional suggested payments list
 - obtain authorisation for final BACS payment list from the Chief Financial Officer or the Head of Financial Reporting
 - enter any cheque numbers in the Purchase Ledger cheque log if cheque is the method of payment.
 - pass cheques with remittance advice to the Chief Financial Officer or the Head of Financial Reporting for signature and obtaining second signature in accordance with schedule of authorisations.
- 2.9. All cheque signatories will be required to make random tests of cheque payments by requesting sight of the relevant invoices.
- 2.10. The individual cheques with remittance advice shall then be returned to the Finance Department for posting to suppliers;
- 2.11. On a regular basis the Finance Department shall carry out the following:
- reconcile the purchase ledger control account in the nominal ledger to the aged creditor report
 - reconcile the suspense account in the purchase ledger
 - reconcile all supplier statements received
- These exercises shall be reviewed by the Head of Financial Services.

2.12. RETURNED GOODS

When goods are returned following an earlier acceptance and approval of the delivery note, budget managers will arrange for replacement goods or a credit note whichever is the appropriate, and advise the Finance Department.

2.13. Disputed invoices should still be registered on the finance system but should not be authorised by the budget holder until the dispute is settled.

2.14. If the relevant invoice has been received and authorised but remains unpaid, the budget holder will notify the Finance department who will:

- amend the computer details to put payment on hold until a credit note is received and processed;
- if the relevant invoice has already been paid and a credit note from the supplier subsequently received;
- deduct the credit from the next payment to the supplier.

2.15. All credit notes shall be passed to the Finance Department who will input the details onto the computerised finance system.

2.16. On a monthly basis the Head of Financial Services will review negative balances on the purchase ledger and instruct the Purchase Ledger Supervisor to take action to obtain reimbursement. Where balances are considered to be irrecoverable the Head of Financial Services will pass details to the Chief Financial Officer for write off consideration.

2.17. SUNDRY

Any requests for amendments/additions to standing data on the Purchase Ledger must be made using the standard form and passed to the Purchase Ledger Supervisor for approval and processing.

2.18. Once approved the Finance Department shall update the standing data file on the computerised finance system and initial the change of supplier form as evidence.

2.19. On an ad-hoc spot-check basis, the Head of Financial Services shall obtain a print out of all amendments to standing data for review and approval.

2.20. On a regular basis, the Finance Department, in consultation with all other users, will review the supplier database with the intention of closing or parking suppliers where no activity has taken place in the preceding 18 months. No closing of supplier accounts will take place without the authorisation of the Head of Financial Services.

2.21. VAT

The Head of Financial Reporting shall prepare the quarterly VAT return within the statutory limits set by HMRC and then pass to the Chief Financial Officer for checking and approval before despatch.

2.22. Checks shall include:

- a review of the VAT control accounts;
- a comparison of levels of input and output tax to taxable income and purchases
- a comparison of the level of VAT payable/recoverable to previous periods and knowledge of the Group's current activities.

2.23. The Chief Financial Officer will be responsible for:

- the provision of all statutory returns to the Customs and Excise
- Reporting the results of the VAT inspections carried out by Customs and Excise on the Group and its subsidiaries to the next following meeting of the Audit Committee.

2.24. CLAIMS AND EXPENSES

Claims for expenses incurred by staff of the Group in carrying out official duties shall be made on a standard claim form and approved by the budget holder.. The current rates of reimbursement are shown at Appendix D.

2.25. It should be noted that an individual cannot authorise a document which generates a payment to themselves. In all cases authorisation must be at a higher budget holder level with the exception of payments to the Chief Executive which must be approved for payment by the Chief Financial Officer and authorised by the Chairman of the Governing Body at the next meeting.

2.26. All claims must be substantiated with receipts, which should comply with VAT requirements wherever applicable. The Group reserves the right to withhold reimbursement of any claim not supported by a valid receipt.

- 2.27 Expenses claims should be submitted on a timely basis to ensure commitments can be monitored by the Group. Claims submitted for expenditure incurred over 6 months ago will need additional review and sign off by the Chief Financial Officer.
- 2.28. Members of staff using their personal vehicle whilst travelling on Group business must have the appropriate insurance cover, details of which must be lodged with the Finance Department prior to undertaking a journey.
- 2.29. Mileage expenses will only be paid for the excess of normal travel to and from work.
- 2.30. Temporary travel advances will be made available as required, subject to:
- the prior approval of the budget holder and Chief Financial Officer
 - the subsequent presentation of valid receipts to support expenditure claimed, with due allowance for any applicable allowances
 - The return of unused funds to the Cash Office immediately on return to the Group.
- 2.31. Authorised claims shall be passed to the Finance Department for:
- verification of mileage rate claimed and that appropriate, current insurance details are held
 - verification of subsistence rates claimed
 - verification of other expenses claimed. The Finance Department will request further information from the claimant when necessary
 - account code
 - authorisation by the Management Accountant with the Chief Financial Officer authorising the expense summary prior to payment
 - payment by BACS, unless agreed otherwise
 - recording in sufficient detail to form the basis of the annual P11D returns or equivalent submitted to the HMRC for relevant members of staff

2.32. CHEQUE AND BACS REQUESTS

On occasion it may not be appropriate to make a payment through the full Purchase Ledger system. If a cheque or BACS payment is required for a cash-with-order or for miscellaneous payments to a one-off supplier, then a cheque or BACS requisition form is required.

- 2.33. Cheque or BACS requisition forms should not be raised to clear invoices recorded in the Purchase Ledger unless authorised by the Finance Department.
- 2.34. The cheque or BACS requisition form must indicate clearly the amount, plus VAT if applicable, together with the full details of the payee. Details of the goods or services to be paid for with original supporting documents must be attached to prove that this is a valid claim for a cheque or BACS payment.
- 2.35. The cheque or BACS requisition must be approved by the budget holder who should check that the budget code has sufficient funds available.
- 2.36. The original cheque or BACS requisition and supporting documentation should then be passed to the Finance department who will:
- verify the accuracy and completeness of the requisition i.e. supplier name, account code, authorisation
 - check that supporting documentation is adequate and return the requisition to the Department if details are insufficient
 - pass the requisition to the Chief Financial Officer (or Head of Financial Reporting in their absence) for authorisation who will then pass the cheque requisition to the Cash Office or the BACS requisition to the Finance department.
- 2.37. On receipt of the cheque requisition the cash office will:
- produce the cheque
 - pass to the Chief Financial Officer or any other authorised signatory for signature, obtain a second signature (if necessary) and return to Cash Office
 - distribute as per instruction on the requisition e.g. post or return to Directorate.
- 2.38. On receipt of the BACS requisition the Head of Financial Services will:
- Create the BACS file
 - Arrange for the BACS file to be passed for payment by the smart card holders using the BACS software
 - Complete a log of BACS payments
 - File the duly authorised payments in sequential order
 - Record BACS payment information on a daily record sheet for entry onto the system by the Cash Office.

2.39. CHEQUE LOGS

The Purchase Ledger Supervisor will maintain a log of all blank computer cheques received by the Group

2.40. The Purchase Ledger Supervisor will issue blank computer cheques to the Cash Office and record the numbers in the cheque log. The Cash Office will sign for receipt of the computer cheques.

2.41. When a batch of cheques is processed by the Purchase ledger or the Cash office then the numbers must be entered in the respective cheques used records. For the cash office the cheque numbers are recorded on the cheque requisition and logged on the system.

2.42. The log and Batch Book must also record all cheques spoiled, which must be filed in cheque number sequential order. The Cash Office will keep a separate file of all spoiled cheques.

2.43. For purchase ledger, cheque details will correspond with the system generated cheques produced listing.

2.44. The Cash Office will hold manual cheques in the Cash Office safe and keep a log of the cheques used. Spoilt manual cheques will be kept in a folder in the Cash Office.

3. PAYROLL**3.1. GENERAL**

The payroll is administered in-house. This service is supervised by the Chief Financial Officer.

3.2. Access to the Human Resources, Payroll and payment records is restricted to staff members directly involved in the administration of these functions. Computer systems will have enabled effective security password systems to access.

3.3. The Chief Financial Officer shall ensure that all procedures and controls described in this manual, and in the Group's financial regulations, so far as they relate to the payroll activity are followed at all times.

3.4. STANDING DATA

- New appointments, promotions, regrading etc for all staff will be authorised by the Chief Financial Officer or Chief Operating Officer and a copy of the relevant documentation retained in the Human Resources Unit for audit purposes.
- Human Resources Unit will prepare the appropriate payroll input document electronically, including the account code, to be authorised by Finance.
- Amendments to employee tax code standing data will be amended by Finance while employee name, address etc will be amended by the staff member and verified by Human Resources Unit.
- Part-time teaching work schedules must be authorised by the budget holder who must ensure that the Associate Lecturer is properly appointed in accordance with College procedures. Contracts of employment will be issued by Human Resources in accordance with separate procedures relating to appointments.

3.5. Part-time work schedules, for a maximum period of one term, will be entered on the payroll software by Directorate administrative staff. Finance will monitor details.

3.6. For regular amendments to the payroll, such as overtime, and casual hourly claims, details shall be entered on a Doc 33 form, or equivalent online process, authorised by the budget holder and passed to the Finance Department. The summary reports of all Doc 33 and equivalent claims shall be approved by the Chief Financial Officer.

3.7. The exceptions report produced each month by payroll shall be checked by the Payroll Co-ordinator in detail back to the original written instructions by the Finance Department and Human Resources Unit, reviewed and signed by the Chief Financial Officer as approved.

3.8. PAYMENT PROCESSING

The complete monthly payroll printout before payment date shall be checked for accuracy by the Chief Financial Officer and signed as approved at the bottom of the 'gross figure' column. Checks shall include:

- total payroll costs against expectations and previous monthly levels;

- payroll deductions for PAYE, NI, pension etc against expected and previous monthly levels.
- 3.9. Payment is made by BACs. The payment will be authorised on the payroll summary in accordance with established bank authorisations.
- 3.10. The Chief Financial Officer will authorise, and the Chief Executive or other Senior Post Holder member of the Group Leadership Team will countersign the payroll summary each month prior to payment.
- 3.11. Payroll will release staff payslips for viewing via the HR Self-Service system.
- 3.12. Journals reflecting the monthly payroll costs shall be prepared by the Finance Department for posting.
- 3.13. Control accounts for the following shall be reconciled on a monthly basis by Payroll and reviewed by the Management Accountant:
- pay control
 - PAYE and NI
 - pension contribution
 - any other deductions
- 3.14. The Finance Department will be responsible for the timely payment of all payroll deductions, to include college contributions where appropriate, to all relevant authorities.
- 3.15. The Chief Financial Officer will be responsible for the provision of all annual statutory returns to the HM Revenue & Customs, to staff in connection with the self-assessment regulations and, all annual returns to the pension providers.
- 3.16. **LECTURERS**
- All lecturer appointments must be employees of the College paid by Payroll (unless through an agency).
- 3.17. Assessors and consultants will only be paid on invoice if they can prove self-employed status.
- 3.18. For the avoidance of doubt, where budget holders have requested purchase ledger

supplier status for a person or company providing teaching or non-teaching services to the Group, an IR35 check shall be undertaken between the budget holder and a member of the Finance department (see Appendix E - IR35)

4. INCOME

4.1. GENERAL

The Group has many types of income, and therefore the systems of financial procedure and control will vary depending on how and where each type of income is generated.

4.2. The types of income currently generated by the Group will fall into the following categories:

- tuition (enrolment) fees
- grants and funds
- exam fees
- cash takings through cash tills (beauty therapy, training restaurant(s), shops and the refectory (incl. Costa, Subway etc)
- cash takings by members of staff (e.g. trips or events)
- income arising from First Steps business activities
- income arising from letting (halls of residence, flats etc)
- income arising from Sports Complex business activities
- income arising from franchise courses
- income arising from self-financing, conferencing and commercial
- miscellaneous income e.g. photocopying, library fines etc.

4.3. The Chief Financial Officer shall ensure that all procedures and controls described in this manual and in the Group's financial regulations, so far as they relate to the income activities are followed at all times.

4.4. TUITION (ENROLMENT) FEE INCOME

- Information and Funding teams control all student records including input to the enrolment system and maintaining details of sponsorships.

- The Cash Office is responsible for ensuring that processed receipts are banked on a daily basis, by reconciliation of the tuition fees collection sheets, including evening receipts during part-time enrolment, which must be taken to the Cash office night safe and that credit card returns are promptly submitted to the provider of this service.
- The Finance Department shall import the student records to the finance system which are necessary to generate student record invoices and credit notes.
- All invoices and credit notes shall be system-generated and sequentially numbered.

4.5. GRANT AND FUND INCOME

As part of the annual budgeting procedures, the Chief Financial Officer shall ensure that all available grant and fund income has been included within the budget as appropriate.

- 4.6. On a monthly basis the Head of Financial Reporting shall review the grant and fund income received, including a comparison with budget, to ensure all expected income is accounted for.

4.7. EXAM FEE INCOME

The Examinations Co-ordinator is responsible for providing Student records and funding teams with details of all students registered for the exams, the agreed scale of charges for each exam type and the funding source set out in the registration details. The Finance Department shall raise the relevant sales invoices.

4.8. CASH TAKINGS THROUGH TILLS

The following procedures cover monies taken through tills.

4.9. PROCESSING OF CASH RECEIPTS

On a daily basis, cash takings together with the Receipts banking summary form and supporting till receipts shall be passed to the Cash Office who shall carry out the following:

- review the daily till receipt for any corrections made and agree to the banking sheet. Adjustments > £25 shall be followed up and explanations documented.

- Log the till receipt number to ensure completeness and follow up in discrepancy in the sequence numbers
- check that monies received agree to the banking sheet. Differences > £25 or recurring discrepancies shall be reported to the Head of Financial Services who must take follow up action.

4.10. The daily takings shall be banked. The daily till receipt shall be filed by cash book reference.

4.11. CASH TAKINGS BY MEMBERS OF STAFF

Each budget holder shall notify the Head of Financial Services of trips and events organised and the expenditure and income expected by completion of a Trip Costing Sheet. The Head of Financial Services will initiate the appropriate account codes as necessary.

4.12. Any cash taken by staff shall be passed to the appropriate Directorate Office Administrator. On the day of receipt, the Directorate Office Administrator will prepare the banking slip, together with summarised details using the appropriate form and pass all documents to the Cash Office for banking.

4.13. The Cash Office shall bank amounts received and prepare for posting to the nominal ledger.

4.14. INCOME ARISING FROM FIRST STEPS BUSINESS

4.14.1. INVOICE PREPARATION

A deposit, calculated to be the equivalent of a normal month's usage, is taken in advance of joining the Nursery. Nursery fees are then invoiced monthly in arrears.

4.14.2. Once a month and by reference to the agreed scale of charges for the nursery facilities the Nursery Manager shall raise the month's sales invoices. All invoices shall be sequentially numbered.

4.14.3. The Nursery Manager shall produce a data file of the current month's activity for import into the ABW Finance system.

4.14.4. The invoices will be imported into the Finance System and checked against the Nursery System for accuracy by the Sales Ledger team.

4.14.5. The Nursery will send invoices to customers. The Sales Ledger team will carry out credit control procedures as appropriate.

4.15. PROCESSING OF CASH RECEIPTS

On a daily basis, the Nursery Manager shall empty the post boxes on site at the nurseries. All cheques shall be passed to the Cash Office for recording in the cheque inward book.

4.16. Amounts received by post shall be passed to the Cash Office.

4.17. The Cash Office will record receipt of all nursery related monies, bank the money and forward details to the sales ledger team for posting onto ABW.

4.18. PROCESSING OF BACS RECEIPTS

- All new nursery accounts are required to have a Direct Debit facility in place
- No less than 14 days after the invoice date a direct debit file will be prepared by the Sales Ledger team and forwarded to the Head of Financial Services for submission to BACS. On notification of processing by the bank, individual amounts will be entered on to the sales ledger accounts.

4.19. INCOME FROM HALLS & LETTINGS ACTIVITIES

4.19.1. INVOICE PREPARATION

By reference to the agreed scale of charges for:

- Halls of Residence
- Flats

Members of the Accommodation team shall enter details of all lettings directly onto the KX Accommodation system.

4.19.2. The KX system raises the invoices directly.

4.19.3. PROCESSING OF CASH RECEIPTS

Cash received direct by the Accommodation administration shall be receipted and passed to the Cash Office for banking.

4.20. INCOME ARISING FROM SPORTS COMPLEX ACTIVITIES**4.20.1. INVOICE PREPARATION**

The scale of charges shall be set by the Sports Centre Manager and approved by the Manager Director Commercial

4.20.2. Pitch fees are invoiced monthly in arrears or paid for at time of use.

- During the first week of each month, the Sports Facilities Technician shall pass to the Finance Department, on the appropriate form, details of the previous month's activity.
- By reference to the agreed scale of charges and the above summarised information, the Finance Department shall raise the month's sales invoices. All invoices shall be sequentially numbered.

4.20.3. Sports Hall and fitness suite income is on a membership basis and paid by one off annual fee, direct debit or at the time of use.**4.20.4. PROCESSING OF CASH RECEIPTS**

On a daily basis, the Sports Centre Staff will collect monies from customers paying at time of use. All monies, together with the Receipts banking summary form, shall be passed to the Cash Office.

4.20.5. The daily takings shall be banked. The daily receipts banking summary shall be filed by cash book reference.**4.20.6. Amounts received by post shall be passed to the Cash Office who will record the receipts and notify the sales ledger team for recording on the customer's account.****4.21. INCOME ARISING FROM FRANCHISE COURSES**

The Management Accountant shall ensure that all invoices are raised on a timely basis, utilising course fee and attendance information received from the relevant Directorates.

4.22. INCOME ARISING FROM SELF-FINANCING, CONFERENCING AND COMMERCIAL COURSES

Departmental administrators will raise the necessary sales orders which shall be checked by the sales ledger team.

4.23. OTHER PROCEDURES

The following procedures apply to all types of income, however and wherever they arise.

4.23.1. CREDIT CONTROL PROCEDURES

The sales ledger team will carry out credit control procedures in accordance with agreed internal procedures

On a monthly basis, the Sales Ledger team will review all debtor balances and identify all overdue accounts for further action.

4.23.2. A review of debtors will be held by the Chief Financial Officer and the Head of Financial Services on a monthly basis

4.23.3. Overdue accounts shall be followed up in accordance with agreed internal procedures

4.23.4. BAD DEBTS - PROVISION LEVELS

On a monthly basis, the Head of Financial Reporting shall consider the adequacy of the bad debt provision by reference to the aged debt profile and recent customer payments history.

4.23.5. The Head of Financial Reporting shall report in the management accounts the levels of bad debts provision.

4.23.6. BAD DEBTS - WRITE OFFS

On a monthly basis the Sales Ledger team will identify any debtor balances to be considered for write off and give details to the Head of Financial Services for consideration.

4.23.7. The Head of Financial Services and the Chief Financial Officer shall review and approve amounts for write-off in accordance with the schedule of Authorisations and authorise the journals for posting to the nominal ledger and sales ledger on the following basis:

- The bad debt will be charged back to the directorate/operation as a direct cost.

- All debt recovery costs incurred which have been duly authorised will be borne by the debtor unless the costs cannot be recovered when they will be borne by the Group centrally.
- The Chief Financial Officer will provide a summary report of all bad debts written off annually to the Finance & General Purpose Committee

4.23.8. **STANDING DATA**

New customer accounts and amendments to existing customer accounts can only be actioned by the Finance Department using the authorised documentation. Accounts on the student ledger are automatically set up via the import from the student records system.

4.23.9. **CREDIT NOTES**

All credit notes (other than Student ledger, which are raised by Data Services) shall be raised on the finance ABW system by the Department Administrator. Authorisation follows the finance system hierarchy.

5. **NOMINAL LEDGER**

- 5.1. Standing data refers to details of a more permanent nature which are referred to frequently such as account numbers, cost centres etc.
- 5.2. All amendments to standing data will be actioned by the Head of Financial Reporting based on the reporting requirements of the college, and be reviewed by the Chief Financial Officer.
- 5.3. Amendment to classification codes as follows
 - 5.3.1. Funds (F???) subprojects will be actioned by the Head of Financial Reporting following the approval of the Chief Financial Officer.
 - 5.3.2. Non-EBS course subprojects (S???) will be actioned by the Head of Financial Reporting following receipt of a course profile approved by the Chief Financial Officer.

- 5.3.3. Miscellaneous (D??), (T??), (P???) or (O??) will be actioned by the Head of Financial Reporting upon receiving a request authorised by the appropriate budget holder.
- 5.4. Budget information will be created/amended following approval by the Chief Financial Officer.
- 5.5. Adjustments within an area of a budget holders responsibility will be actioned by the member of the Finance department with budget holder support responsibilities following review and discussion of impact with the Head of Financial Reporting. Changes resulting in an impact to the overall Group budget must be authorised by the Chief Financial Officer.
- 5.5.1. **Transaction processing**
Internal journals will be raised on the Finance ABW system by Departmental Administrators and checked by either the Head of Financial Reporting, Head of Financial Services, Group Finance Officer, Management Accountant, Assistant Accountant or Finance Business Partner before review and approval by relevant budget holders.
- 5.5.2. **Monitoring**
On a monthly basis, the person responsible in the Finance Department shall reconcile the following key control accounts:
- all bank accounts;
 - purchase ledger control account;
 - sales ledger control accounts;
 - payroll control accounts;
 - inter-company accounts
 - all suspense accounts
 - The Finance department shall review all of the above monthly reconciliations.
 - The Head of Financial Reporting shall reconcile the VAT control accounts for the Group and all trading subsidiaries.

- 5.6. On a monthly basis (beginning with the October period), the Head of Financial Reporting and Chief Financial Officer shall:
- review the trial balance
 - prepare management reports in accordance with the agreed format
- 5.7 The Head of Financial Reporting or the Assistant Accountant, the systems administrators, will determine all passwords and access authority levels to the financial system modules.
- 5.8 Changes to existing access authority levels (e.g. user groups) can only be made with the approval of the Chief Financial Officer.
- 5.9. The Head of Financial Reporting is responsible for financial system security and will review all arrangements on a regular basis.

6. BUDGET

6.1. General

- 6.1.1. The purpose of the procedures set out in this section is to control expenditure, prioritise available resources and detail financial accountability.
- 6.1.2. The Chief Financial Officer on behalf of the Chief Executive, shall ensure that all procedures and controls described in this manual and in the Group's financial regulations, so far as they relate to the budgeting activities are followed at all times.

6.2. Preparation

- 6.2.1. An operating budget shall be prepared within the context of the Group three year financial plan and through full consultation with the Chief Executive and the Group Leadership Team.
- 6.2.2. The Chief Financial Officer shall prepare the detailed budget for the Group for the forthcoming financial year. This document shall clearly state the accounting basis and assumptions underlying the detailed budget.
- 6.2.3. The Chief Financial Officer shall present the draft budget to the Finance and General Purposes Committee for consideration before final approval

by the members of the Corporation in sufficient time to meet the timetable advised by the Education and Skills Funding Agency.

- 6.2.4. Once the Corporation has approved the budget, the Chief Executive is authorised to incur expenditure in accordance with the detailed budget. For trust and other designated funds, the Chief Executive is authorised to incur expenditure in accordance with the conditions laid down by the benefactors.

6.3. Monitoring and Reporting

- 6.3.1. Budget holders are responsible for the day to day management of budgets and shall therefore have responsibility for:

- authorising expenditure against budget
- monitoring expenditure levels (both actual and committed) against budget allocations
- taking corrective action if overspending seems likely;
- reporting as soon as possible to the Chief Financial Officer if it is foreseen that the budget will be overspent and no corrective action is possible.

- 6.3.2. The Head of Financial Reporting shall prepare month end management accounts within 10 working days of the completion of the month end procedures.

The monthly management accounts shall include:

- comparison of actual performance against budget, phased as appropriate
- the mid-year reforecast of estimated out-turn for the year prepared with the January management accounts
- rolling cash flow projections
- balance sheet
- commentary.

- 6.3.3. On a regular basis, each budget holder shall review with their designated Finance contact the reasons for significant variances against budget,

any proposed corrective action necessary and any permanent adverse variances against budget. Reviews shall include (but not be limited to):

- monthly income levels achieved for the month against those budgeted and those achieved in previous periods;
- actual gross margins achieved for the month against those budgeted and those achieved in previous periods where applicable.
- Fixed and variable pay budgets to actual
- Non-pay budgets to actual
- Forecast year end positions

6.3.4. On a monthly basis the Chief Financial Officer will review the monthly management accounts with the Chief Executive and when approved, present to the Group Leadership Team and Senior Management Teams of respective Colleges where appropriate. Accounts are then distributed to budget holders, governors and banks as appropriate.

6.3.5. On a termly basis, the Chief Financial Officer shall report to the Finance and General Purposes Committee covering:

- actual income and expenditure in comparison to the budget, periodic reforecast where appropriate and previous year;
- the reasons for significant variances against budget;
- any proposed corrective action.

6.3.6. If as a result of the above termly review it becomes clear that the original budget is no longer realistic, and in advance of the mid-year re-forecast, a separate exercise shall be undertaken. The results of this exercise shall be reviewed by the Finance and General Purposes Committee and reported to the next meeting of the members of the Corporation.

6.3.7. The Chief Financial Officer and Clerk to the Governing Body will be jointly responsible for the provision of all statutory returns to Funding Bodies, Companies House etc on a timely basis.

7. PETTY CASH

- 7.1. The main College petty cash float shall be held by the Cash Office during working hours. During non-working hours, all monies shall be held in the safe. The float limit at Chichester, Brinsbury and Crawley will be agreed periodically by the Head of Financial Services.
- 7.2. Petty cash floats held elsewhere in the Group will be authorised by the Head of Financial Services (up to £500) or by the Chief Financial Officer (> £500).
- 7.3. All petty cash shall be maintained on an Imprest system.
- 7.4. Petty cash claims shall be made on the standard claim form authorised by a budget holder and passed to the Cash Office. All petty cash claims must have a valid general ledger account code.
- 7.5. No income received on behalf of the Group shall be paid into the petty cash float.
- 7.6. The Cash Office shall record all petty cash transactions on an imprest summary sheet for reimbursement purposes, and a reconciliation with cash in hand.
- 7.7. A reimbursement will be drawn from the cash book module using the summary sheet as a cash book journal
- 7.8. Spot float verification counts will be conducted by the Cashier and/or the Assistant Cashier on a regular basis.
- 7.9. No personal cheques will be encashed.

8. BANKING

- 8.1. The Chief Executive will authorise and the Chief Financial Officer will make all arrangements to open and close bank accounts and arrange appropriate borrowing and overdraft facilities subject to the prior approval of the Corporation and in accordance with the funding bodies with whom the Group holds a Financial Memorandum.
- 8.2. All bank signatories will be in accordance with the Schedule of Authorisations as approved by the Corporation.
- 8.3. All monies i.e. cash, postal orders and cheques passed to the Finance Department shall be entered into the cash book and banked with the cash collection organisation at the next collection date.

- 8.4. On a daily basis, full bank reconciliations shall be carried out for all Group bank accounts by the Finance Department within 24 hours. Subsidiary company bank accounts will be reconciled on a fortnightly basis. The month end bank reconciliations will be reviewed by the Head of Financial Reporting as part of the month end close down procedures.
- 8.5. The Head of Financial Reporting shall compare the actual cash position to that projected in the cash flow forecast and revise the cash flow forecasts and investment of surplus funds as necessary.
- 8.6. The Purchase Ledger Supervisor will be responsible for recording the receipt of all new cheque books and computerised cheque forms, securely storing and maintaining a strict control over issues.

9. MAIL OPENING

- 9.1. All business post received at the Group shall be sorted by the post room staff in a central location, who will also sort into Directorate/Unit post boxes. All invoices and cheques should be placed in the Finance box.
- 9.2. A hard-backed cheque and cash register book shall be kept by the Finance Department. All mail containing monies shall be entered in this book by the Finance Department. Receipt of cheque books shall be logged in a separate cheque book log. All monies removed from this register book shall be signed for by a Directorate/Department representative. This money must be returned to the Cash Office on the same day.
- 9.3. It is an essential element of internal control that these procedures are strictly observed. On no account must any monies or financial documentation be removed from the central location other than by this procedure.
- 9.4. Non-specific/named post addressed to the College should be placed in the Finance post box.

10. CAPITAL EXPENDITURE

- 10.1. Capital expenditure is defined as being expenditure when:
- the useful life of the item purchased is expected to exceed one financial year

- the cost of the individual item, inclusive of VAT, equals or exceeds £1,000
 - in respect of an entirely new facility or project (excluding refurbishment and replacements), low value items (i.e. desks, chairs etc) can be grouped to satisfy the value threshold.
- 10.2. Requests to spend Group funds on capital expenditure must be made through the Chief Financial Officer via the Capital Bids Process. The Group will also run periodic Investment Panels where managers can apply for capital investment for projects and to meet other capital requirements.
- 10.3. Expenditure will be allocated a capital group account code and will thereby be recorded as a fixed asset on the Group Balance Sheet and not treated as revenue expenditure.
- 10.4. All purchase orders for capital expenditure must comply fully with the procedures detailed in Section 2 and will only be raised by the Project Manager or Estates Administrator for approval by the Chief Financial Officer.
- 10.5. The capitalisation of expenditure brings further financial actions and control responsibilities:
- 10.5.1. **Additions**
- All items must be:
- given a unique serial number, linked to an asset identification number and location code for subsequent identification purposes
 - recorded in an asset register, maintained by the Finance Department, if the cost of the individual item, inclusive of VAT, equals or exceeds £1,000
 - A sample will be physically verified every financial year
- 10.5.2. **Depreciation**
- Every item will be depreciated over its useful life so as to charge periods of financial accounting with the value utilised during the period.

10.5.3. Depreciation will be calculated on a straight line basis. The following depreciation rates will apply:

Building	: over 50 years
Building Improvements	: over 10 years or less, depending upon the age of the building
Computers	: over 3 years
Other Office Equipment	: over 4 years
Furniture/Fittings	: over 5 years
Motor Vehicles	: over 4 years
Plant/Machinery	: over 10 years

In the year of purchase depreciation will be calculated on a pro-rata basis

10.5.4. Disposals

Disposal or scrapping/write-off of capitalised items must first be approved by the Chief Financial Officer.

Financial procedures must be followed to ensure correct accounting treatment and authorised removal from the asset register.

The profit or loss determined by the Finance Department on the disposal of an asset originally purchased by an operating unit will be allocated to the unit.

10.5.5. Inventories

Directorates will maintain an inventory of all equipment, which has an individual value of between £500 and £1,000, located in the areas in which they are permanently located and either using regularly for curriculum delivery or are generally accepted to be responsible.

The inventory will record:

- date of purchase
- supplier
- description
- value
- location
- indication when last physically verified disposal details.

10.5.6. Verification

Inventories will be verified on an annual basis by the budget holder in the area. Material items on the fixed assets register will be physically verified based on selected samples on an annual basis, led by the Head of Financial Reporting. See Appendix G for Inventory List template.

11. TREASURY MANAGEMENT

11.1. The Chief Financial Officer shall ensure that:

11.2. the cashflow is organised to the best advantage of the Group without prejudice to the Group's reputation and any legal requirements of supplier contracts

11.3. the procedure and controls described in the Group's Financial Regulations relating to the investment policy and overdrafts is followed at all times.

11.4. Investment of surplus funds or overdrafts shall be in accordance with Financial Regulations and additionally, term deposits shall be restricted to the list of institutions following.

11.5. The Chief Financial Officer will prepare a summary of the current status of all investments held for the Chief Executive to report to every meeting of the Finance and General Purposes Committee and the Corporation.

11.6. List of Approved Financial Institutions for Term Deposits

11.6.1. The following are approved financial institutions in accordance with Financial Regulations

11.7. Banks & Building Societies

Barclays Lloyds

TSB HSBC

Royal Bank of Scotland (National Westminster)

Santander

Nationwide

12. CREDIT AND PROCUREMENT CARDS

12.1. The Group will maintain a credit and procurement card arrangement with a major provider to facilitate low value high transactional items, day to day spending and

- travel and subsistence (the latter primarily in relation to overseas trips).
- 12.2. The Chief Financial Officer will authorise the issue of credit and procurement cards (cards) to staff and the Assistant Accountant will make the necessary arrangements with the card provider and maintain a record of cards issued (Card Users Register). The Assistant Accountant will set up the card holder on the finance system.
 - 12.3. Amendments to the monthly and transactions limits will be approved by the Head of Financial Reporting (up to £5,000) or by the Chief Financial Officer (> £5,000). The Card Users Register will be updated accordingly.
 - 12.4. Group cards can only be used in respect of Group business expenses; on no account can the card be used for private purposes. Further details are provided in the Purchasing and Credit Card agreements signed by the Chief Financial Officer and the Card Holder.
 - 12.5. All expenditure charged to a card must be supported by valid documentation such as an invoice or VAT receipt. The card slip is not a valid invoice for compliance with this requirement. All records and statements must be maintained by the card holder for six years.
 - 12.6. All card transactions will be uploaded onto the finance system to be checked by the card holder and authorised in accordance with the hierarchy on the finance system.

13. ASSISTED STAFF DEVELOPMENT SCHEME

- 13.1. The Group provides an assisted staff development scheme for staff on established posts with a minimum of 1 year of continuous service.
- 13.2. Notes for guidance on the scheme and application forms are available from Payroll.
- 13.3. Applications must be certified by the Head of Human Resources and passed to the Chief Financial Officer for verification and approved by a member of the Group Leadership Team.
- 13.4. Once approved payment will be made via BACS and all documents will be held in Payroll who will arrange the monthly deductions from salary.

13.5. The Chief Financial Officer is responsible for ensuring the total of loans outstanding does not exceed the funding level approved by the Corporation. (See also 13.5, 14.5)

14. REMOVAL AND RESETTLEMENT ALLOWANCE

14.1. Where agreed by the Group Leadership Team, the Group will provide assistance to new employees moving into the area to take up a full-time, permanent position.

14.2. The maximum allowance is £500 per employee, increased only through authorisation by the Chief Executive. A separate scheme operates for senior post holders.

14.3. Details of the scheme are held by the Human Resources Unit.

14.4. The Human Resources Unit will authorise and arrange for payment of an agreed claim by use of a staff expense claim form.

APPENDIX A - FINANCIAL REGULATIONS

1. Introduction

1.1 Paragraph 21 of the Instrument of Government sets out the general financial responsibilities of the Corporation in relation to the keeping of accounts and the audit of those accounts as follows:

- (1) The Corporation shall:
 - (a) keep proper accounts and proper records in relation to the accounts; and
 - (b) prepare in respect of each financial year of the Corporation a statement of accounts.
- (2) The statement shall:
 - (a) give a true and fair account of the statement of the Corporation's affairs at the end of the financial year and of the Corporation's income and expenditure in the financial year; and
 - (b) comply with any directions given by the appropriate funding bodies with whom the Group holds a Financial Memorandum as to the information to be 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.
- (3) The accounts (including any statement prepared under this clause) shall be audited by persons appointed in respect of each financial year by the Corporation.
- (4) Such auditors shall be appointed, and other audit work conducted, in accordance with any requirement of the appropriate funding bodies with whom the Group holds a Financial Memorandum.
- (5) In this clause in relation to the Corporation:
'the first financial year' means the period commencing with the date on which the Corporation is established and ending with the second 31 July following that date; and 'financial year' means that period and each successive period of twelve months".

- 1.2 Article 3(1)(c) sets out the specific responsibility of the Corporation to approve the annual estimates of income and expenditure.
- 1.3 Article 3(2)(e) sets out the responsibility of the Principal for preparing those annual estimates and for the management of the budget and resources, within the estimates approved by the Corporation.
- 1.4 The financial regulations set out below seek to establish a regulating framework for the control of all aspects of financial management and related matters within the Group.

2. General

- 2.1 The Chief Executive is responsible for the administration of the Corporation's financial affairs. The Chief Executive acts as the financial adviser to the Corporation, to Committees of the Corporation, and is charged with ensuring the solvency of the Corporation.
- 2.2 The Chief Financial Officer on behalf of the Chief Executive is required to exercise a current supervision over all financial matters.
- 2.3 All budget holders are to provide the Chief Financial Officer with the information that they may require for the purpose of ensuring compliance with these regulations and shall allow him access to the documents and records appertaining in any way to the finances of the Group.
- 2.4. All members of staff are to comply with requirements that the Chief Financial Officer, on behalf of the Chief Executive, may make regarding the form and method of keeping financial records or the operation of financial procedures.
- 2.5 All budget holders must inform the Chief Financial Officer of any matter or proposal which is likely to have significant financial consequences which cannot be met from within the level of the budget held by them or which falls outside the scope of that budget. The Chief Financial Officer will advise the Chief Executive without delay.

3. Budget Preparation

- 3.1 Before the start of each financial year the Chief Financial Officer must prepare estimates of income, expenditure, assets and liabilities, on behalf of the Chief

Executive, for the consideration and approval of the Corporation and for sharing with the Education & Skills Funding Agency (ESFA).

- 3.2 In pursuit of longer term objectives, accrued recurrent expenditure may be forecast to exceed accrued recurrent income in any financial year but only with the prior approval of the Corporation and subject to the terms of the financial memorandum entered into with the ESFA relating to the elimination of any such deficit.

4. Control of the Budget

- 4.1 The Chief Financial Officer, on behalf of the Chief Executive, shall make arrangements for the control of the budget and resources and ensure that the total net expenditure does not exceed the Group's budget.
- 4.2 The Corporation shall keep under review the progress of committed capital expenditure against each budget estimate and make transfers between estimates considered to be necessary to secure more effective deployment of resources or otherwise to cover increases in committed expenditure.
- 4.3 Additional expenditure which could not reasonably have been foreseen will be met as far as possible by the transfer of funds from other estimate headings within the budget. The Corporation may grant supplementary funding from the Corporation's general reserves.
- 4.4 Any proposal to incur any expenditure or liability on new or significantly changed policies must be reported to the Corporation by the Chief Executive and must draw attention to the likely cost in the current and future financial years.

The Corporation should not approve any new commitments into subsequent financial years without being satisfied that the costs can be met from within the existing or predicted level of resources.

5. Authority to incur Expenditure

- 5.1 The Corporation shall delegate to the Chief Executive authority to incur revenue expenditure within the Group's approved budget and may distinguish between revenue expenditure of a continuing nature on policies already agreed and, expenditure of a non-routine nature and capital expenditure, for which they may require that their approval must be sought to individual items.

5.2 The Chief Executive may delegate authority to a member of the Chief Executive's staff to incur expenditure and shall keep a record of all such delegation. Notwithstanding this delegation the Chief Executive remains responsible to the Corporation for all orders emanating from the Chief Executive's establishment and for ensuring that they comply with any Standing Orders that it may make relating to Contracts.

5.3 No order shall be issued for works, goods, or services the cost of which is not covered by a budget estimate approved by the Corporation.

5.4 Orders shall be issued for all works, goods, or services and any Standing Orders relating to Contracts must be observed.

6. Accounting

6.1 The accounting procedures used by the Corporation will reflect best professional practice and any departures from these must be declared and be acceptable to the Chief Executive, Chief Financial Officer and the Corporation's appointed auditors.

6.2 The accounts maintained by the Chief Financial Officer are the Corporation's statutory accounts and the amount of the Group's expenditure and income for a financial year shall be determined solely by reference to the statutory accounts.

7. Audit

7.1 For the purpose of audit the internal and external auditors appointed by the Corporation may make visits to the Group and have unrestricted access at all reasonable times to all documents and records appertaining in any way to the finances of the Group or which form records of account maintained by staff as part of or arising from their official duties.

7.2 The Auditors are entitled to interview staff individually and obtain such information and explanations as they consider necessary to form an opinion on the matters under examination.

7.3 The Chief Financial Officer, or any member of staff nominated by them, shall have access to all cash, stores, equipment or any other property in the ownership or custody of the Group and may make such checks and tests as is considered to be

reasonable.

8. Fraud Irregularities

- 8.1 Fraud is defined as being any action taken by insiders or outsiders aimed at causing financial or other harm to the Group.
- 8.2 All members of staff are required to comply with the Anti-Fraud/Anti-Corruption Policy.
- 8.3 All members of staff at the Group have the duty and responsibility to bring to the notice of the Chief Executive any suspected fraud or irregularity concerning cash, stores equipment or any other property of the Group.
- 8.4 Internal and external auditors discovering evidence of financial irregularities or put on suspicion of fraudulent activity during the course of their audit work shall notify the Chief Executive.
- 8.5 The Chief Executive shall notify the Chairman of the Governing Body and the Chairman of the Audit Committee, who will jointly determine any steps necessary by way of investigation and report.

9. Banking Arrangements

- 9.1 The Corporation will approve the banking arrangements of the Group and the authorised signatories thereon.
- 9.2 The Chief Executive will determine and duly authorise signatories to all bank accounts in accordance with bank mandate requirements and to ensure effective control procedures.
- 9.3 The Chief Financial Officer will be responsible for the proper and effective operation of all bank accounts.
- 9.4 The Chief Financial Officer is to make safe and efficient arrangements for the control of access to blank cheques, the preparation and signing of cheques and the frequent reconciliation of cash books with bank statements.

10. Imprests

- 10.1 The Chief Executive may make imprest advances to persons for the purpose of

defraying certain expenses. These persons shall acknowledge receipt of the imprest advance and subsequently keep a record of their receipts and payments in the form prescribed by the Chief Financial Officer.

10.2 If a bank account is necessary for an imprest holder then the Chief Financial Officer will make the necessary arrangements, in accordance with Section 9 above.

11. Salaries and Wages

11.1 Human Resources shall arrange for the Chief Financial Officer to be notified as early as possible for each appointment, dismissal, resignation, retirement, change to contracted hours and transfer of employees.

11.2 The arrangements for the payment of all salaries and wages payable by the Group shall be supervised by the Chief Financial Officer.

11.3 The Chief Financial Officer shall be responsible for complying with statutory requirements relating to pay and national insurance to the HMRC and to make appropriate payments to the relevant superannuation schemes.

12. Invoices and Claims

12.1 The Chief Financial Officer is responsible for ensuring that

- (a) Purchase orders are correctly raised, authorised and recorded for every supply of goods or services.
- (b) A proper VAT invoice addressed to the Group is rendered by the supplier
- (c) All authorised invoices and claims are properly recorded in the Group purchase ledger in accordance with approved Accounting Procedures.

12.2 Invoices rendered by a supplier shall not be made out by or have additional terms added by the Group. If incorrect, they should be returned to the supplier for cancellation and replacement by a corrected invoice.

12.3 The Chief Financial Officer is responsible for arranging payment of amounts owing to the supplier.

12.4 Certification of invoices and claims, including those for travelling and subsistence expenses made by the Group's staff, must be made by autograph signature of an

authorised person. A list of persons authorised to certify invoices and claims shall be maintained by the Head of Financial Reporting.

12.5 The duties of ordering and receiving goods and certifying the relative invoices for payment must not be performed by one and the same person and in no case shall an invoice be finally certified by a person who retains personal possession of the property.

12.6 The Corporation may examine, so far as they consider to be necessary, lists of invoices and claims passed for payment and are entitled to make any enquiries or to seek such information and explanations as they believe to be necessary.

12.7 The Chief Financial Officer shall prescribe a date within 10 working days of the end of each financial year by which time the Chief Financial Officer shall receive details of all commitments relating to the preceding financial year.

13. Income

13.1 The Chief Financial Officer shall be responsible for determining the payment arrangements with all customers.

13.2 The Chief Financial Officer shall ensure that all income due to the Group is invoiced where appropriate and recorded in the Group sales ledger in accordance with approved Accounting Procedures.

13.3 The Chief Financial Officer shall ensure that all income due to the Group is collected in accordance with the previously agreed terms of payment.

13.4 The Chief Financial Officer shall ensure that all monies received by the Group are properly recorded and promptly banked.

13.5 Members of staff responsible for the collection of monies shall maintain a record of their receipts and banking in the form and manner required by the Chief Financial Officer. Maximum limits for monies held on the premises shall not exceed those set by the Chief Financial Officer, taking account of the requirements of the Corporation's insurers.

13.6 The Chief Financial Officer shall prescribe a date within 30 working days of the end of each financial year by which time the Chief Financial Officer shall receive

details of all income due to the Group in that year.

- 13.7 No invoice correctly raised by the Group shall be discharged other than by payment in full or unless an alternative arrangement has been agreed by the Chief Financial Officer. Write offs, credit notes and fee refund authorisations are to be applied as per the Schedule of Authorisations in Appendix F.
- 13.8 All receipts forms, receipt books, tickets and other documents acknowledging the receipt of income shall be ordered by, controlled by and remain in the custody of the Head of Financial Reporting or the Head of Financial Services until issued to meet the needs of the Group. Issues of such documents shall be acknowledged by the signature of the person receiving them.
- 13.9 A receipt must be given for all monies received by the Group and an official receipt form is to be used for this purpose.
- 13.10 Monies received by any person on behalf of the Group shall not be used to cash postal orders or cheques.

14. Stocks and Stores

- 14.1 The Head of Financial Reporting will be responsible for ensuring that stocks and stores do not exceed its reasonable requirements and for all matters relating to their security and control.
- 14.2 The form of stocks and stores records and the frequency of any stock checks shall be as determined by the Head of Financial Reporting. Any significant surplus or deficiency in stock or stores is to be reported to the Corporation.

15. Inventories

- 15.1 Budget holders are responsible for ensuring that accurate and up to date inventories of equipment are maintained in accordance with the capitalisation policy and guidelines laid down by the Chief Financial Officer.
- 15.2 The Chief Financial Officer is responsible for the calculation of the depreciation charge on assets in accordance with the policy determined by the Corporation.

16. Disposal of Obsolete Equipment and Stocks

- 16.1 The Chief Financial Officer must be informed in writing of any stocks, stores or equipment which are identified as unserviceable or obsolete.

- 16.2 All available information must be provided, to include a full description, quantity, Group reference number, cost and resale/scrap potential.
- 16.3 No action is to be taken until approval is given in writing by the Chief Financial Officer.
- Any items with an original value of £5,000 or more will only be disposed of with the agreement of the Chief Executive.
- 16.4 Physical disposal off campus must be arranged with the Facilities Management to ensure Health and Safety requirements are met at all times.
- 16.5 Copies of the documentation must be passed to the Finance Department to ensure the correct accountancy treatment, to include the raising of the appropriate invoice in the event of a sale and the allocation of any surplus as per Financial Procedures
- 16.6 Where applicable Directorate inventory records must be updated to reflect any disposal and the Director should countersign and date the entry.
- 16.7 The Chief Financial Officer will report disposals of a significant value and any income received to the Finance and General Purposes Committee on a termly basis.

17. Insurances

- 17.1 The Chief Financial Officer is responsible for arranging appropriate insurance cover relating to the Group. All managers must ensure that the Chief Financial Officer is informed of any matters which may necessitate notice to the insurers. The Chief Financial Officer is responsible for negotiating all claims with insurance companies.

18. Security

- 18.1 College Principals and Business Managers are responsible for ensuring that reasonable arrangements are made for the protection of Group premises and equipment against vandalism and unauthorised entry.

19. Data Protection

- 19.1 The Chief Operating Officer shall be responsible for ensuring that all the requirements of current data protection legislation are complied with.

19.2 All members of staff shall comply with such requirements as the Chief Operating Officer shall lay down in respect of computer-based records that are subject to the Current data protection legislation.

20. Investments

20.1 The Corporation will approve in advance the investment arrangements made in respect of all surplus funds.

20.2 Investments must only be made in the name of the Group and its subsidiaries.

20.3 Investments fall into two major groupings, equity and term deposits and are subject to separate arrangements and controls.

20.3.1 Equity

- i) All funds allocated for equity investment, e.g. shares, gilts, bonds and the selection of an investment manager must have the prior approval of the Corporation.
- ii) All investments must comply with the provisions of the Trustee Act 2000 at all times.
- iii) The Chief Financial Officer will report annually on the current status of the investment programme to the Finance and General Purposes Committee and Corporation (where investments are in place).

20.3.2 Term Deposits

- i) The Chief Executive will be responsible for authorising the investment of all surplus funds arising from the operation of Group cashflow requirements upon the treasury management advice given by the Chief Financial Officer.
- ii) The Chief Financial Officer will be responsible for the investment of all surplus funds, subject to the following conditions:
 - a) Any such investment must be restricted to deposits with the list of institutions approved by the Corporation.

- Revisions to the list must have the prior approval of the Finance and General Purposes Committee.
- b) The Chief Executive, together with any two of the Chairman of the Governing Body, the Vice-Chairman of the Governing Body, the Chairman of the Finance and General Purposes Committee or the Chairman of the Audit Committee, can authorise deposits with, or transfers between approved institutions, so as to ensure that the capital investment with an individual institution, other than the current provider of the college banking facility, does not exceed £500,000.
 - c) A recommended investment with an individual financial institution in excess of £1,000,000 must have the prior approval of the Finance and General Purposes Committee.
 - d) Under no circumstances must withdrawals be taken directly from an investment account. Money may only be removed by transfer to another account held in the name of the Group and its subsidiaries and instructions to this effect must be issued to the institution with whom the investment is made.
 - e) In the temporary absence of the Chief Executive, and where timing is of the essence, the Chief Financial Officer will act on the Chief Executive's behalf.
- iii) Deposits will be for terms suited to the Group cashflow requirements and will, in any event, not exceed one year without the prior approval of Corporation.
 - iv) The authorised signatories to all deposit accounts will comply with existing bank mandate requirements where applicable, or be a minimum of 2 signatories, which must include either the Chief Executive or the Chief Financial Officer.
 - v) The Chief Executive will report annually on the current status of the deposits held to the Finance and General Purposes Committee and Corporation.

- vi) The Chief Executive, acting with the Chief Financial Officer, can authorise an overdraft facility of up to £1,000,000.
- vii) Any overdraft over £1m has to be approved by the Governing Body.
- viii) Any overdraft position will be reported to the Governing Body within the monthly Management Accounts.

APPENDIX B - STANDING ORDERS RELATING TO CONTRACTS

The following Standing Orders will apply to all contracts entered into by the Corporation of Chichester College Group (hereinafter referred to as the Corporation).

General

1. All contracts made on behalf of the Corporation shall comply with these Standing Orders unless the prior approval of the Corporation is obtained. Any request for approval of an exception to these Standing Orders should be made in writing to the Clerk to the Corporation.
2. 'Contract' in these Standing Orders means an agreement for the supply of goods or materials or for the execution of works or the supply of appropriate services by or for the Corporation. These Standing Orders do not apply to Contracts of Employment which will be dealt with under separate procedures.
3. In estimating the value of a fixed term contract, or of a contract for an unspecified term in these Standing Orders the estimated value over the whole term of the contract or over the estimated whole term of the contract shall be used.
4. In estimating the value of any contract where the contract is part of a series of contracts of a similar nature in any one financial year, the estimated total value of the series of contracts shall be taken as the value of the contract for the purposes of these Standing Orders.
5. The contract values indicated in this document are deemed to be exclusive of value added tax unless stated otherwise.
6. The Corporation shall, when entering into any contract, comply with any relevant statutory provisions.

Financial Provision

7. Before any quotations or tenders are invited for any contract or before any contract is entered into on behalf of the Corporation, the Chief Financial Officer is to be consulted to ensure appropriate financial provision is available within the budget and to advise on the most appropriate procurement approach.

8. The guidelines set out in Appendix F must be followed with regards to procurement and ordering activities undertaken on behalf of the Group. Any variation must be agreed in advance with the Chief Financial Officer.

Single Quotes & Tenders

9. The Corporation (or its delegated representative) may invite and accept a tender from a single person or organisation:
 - a) having considered a report from the Chief Executive (or their delegated representative) prior to accepting the tender explaining the reasons in writing why the goods, materials or appropriate services can only be supplied or the work can only be executed most satisfactorily by that person, or:
 - b) where any person has a statutory right to carry out the work which the Corporation requires to be executed.

Extension of Existing Contracts

10. The Corporation (or its delegated representative) may permit the extension of an existing contract
 - a) for a period of twelve months or a value of £250,000 whichever is the lesser
 - b) in all other instances, having first considered a report from the Chief Executive (or their delegated representative) prior to such negotiation, which explains the reasons why the goods or materials can only be supplied or the work can only be executed most satisfactorily by the existing contractor and the Corporation agree.

Tendering Procedures

Invitations to Tender

11. Any invitation to tender shall state:
 - i) that the completed tender must be returned to the Chief Financial Officer and delivered in a plain sealed envelope bearing the words "Tender for" followed by the subject to which it relates but shall not bear any name or mark indicating the sender;

- ii) the nature and purpose of the contract for which the tender is invited;
- iii) the last time and date by which tenders must be received;
- iv) that the Corporation reserve the right not to accept any tender;

Return of Tenders

12. Tenders should be returnable to and kept in the custody of the Chief Financial Officer.

Record of Tenders

13. All tenders should be recorded in a book kept by the Chief Executive until the time appointed for their opening, the Chief Financial Officer shall take all necessary steps to ensure that they are kept in a secure place.

Opening of Tenders

14. Tenders of any value should be opened by the Chief Financial Officer or a Senior Postholder member of the Group Leadership Team. If the tender is over £100,000, the Chief Financial Officer and a member of the Executive should open the tenders.

Tenders Received out of Time

15. Any tenders received after the specified time for tendering should be returned promptly to the tenderer by the Chief Financial Officer. The tender may be opened to ascertain the name of the tenderer, but no details of the tender should be disclosed. Exceptionally a late tender may be considered when the Chief Financial Officer is satisfied that there is evidence of posting in time for delivery by the due date in the normal course of post.

Amendment of tenders before acceptance / Post Tender Negotiation

16. i) Where the Chief Executive considers that it is in its best interests in achieving value for money, it may on behalf of the Corporation negotiate:
- a) with the lowest tenderer with a view to reducing the consideration payable if payment is to be made by the Corporation, or

- b) with the highest tenderer with a view to increasing the consideration receivable if payment is to be made to the Corporation
- and may on behalf of the Corporation, accept any revised tender from that tenderer provided that particulars of that tender and a statement of the reasons for revising it shall be recorded on the list of recorded tenders.
- c) with the lowest tenderer where there has been an omission of costing against the specification with the objective of asking the tenderer to include the omission in the tender price, or withdraw.
- ii) In the event of any amendment made under i) above, resulting in an increase or decrease in a tender of more than 10% such an alteration shall be reported to the next meeting of the Corporation.
 - iii) No negotiations with tenderers after the receipt of tenders shall take place except as authorised by this Standing Order.
 - iv) Notwithstanding any other provision of this Standing Order a person tendering should be allowed, after the date fixed for receipt of tenders, on being provided with details of arithmetic errors discovered in his/her tender before acceptance only but not otherwise, either:
 - a) to confirm or withdraw his/her offer before any tender for that contract is accepted; or
 - b) to confirm or amend his/her offer in order to correct those errors, provided that any amendment is duly recorded on the list of recorded tenders and notified to the Corporation.
 - v) Any post tender negotiations carried out on behalf of the Corporation shall be within the spirit and rules as specified in the EU Directives. Negotiations must not alter the competition already undertaken or treat bidders unfairly.

Acceptance of Tenders

- 17. i) The Corporation may delegate power to accept tenders to the Chief Executive up to £1,000,000, but a tender other than the lowest received (or highest received if payment is to be received by the

- Corporation) may only be accepted by the full Corporation.
- ii) For tenders for the value of over £1,000,000, acceptance can only be given by the Governing Body.
 - iii) The lowest tender where payment is to be made by the Corporation (or the highest tender where payment is to be received by the Corporation) may be accepted by the Corporation or, the Chief Executive or a committee to whom the Corporation have delegated the power, provided the tender is within the financial provision allowed by the Corporation in their budget for that contract.
 - iv) A tender which exceeds the financial provision which has been made by the Corporation for the relevant contract shall not be accepted until the Corporation has considered a report from the Chief Executive and agreed any necessary financial provision to meet the excess cost of the contract above the original financial provision.
 - v) Delegation limits are defined in the Schedule of Authorisations.

Contract Formation

18. i) The following provisions shall apply to every contract estimated to be £10,000 in value or above.
- The contract shall be in writing and clearly specify:
- a) The goods or materials to be supplied and or the work to be done as the case may be;
 - b) The price or prices to be paid with a statement of discounts or other deductions and as to the value added tax payable and any provision for index related price variations;
 - c) The time or times within which the contract is to be performed.
- ii) Any contract over £50,000 in value shall be in a form approved by the Corporation
 - iii) No clause should be inserted in any contract or document which will discriminate against a contractor in any of the member states of the European Economic Community (EEC).
 - iv) Where an appropriate standard specification or standard code of practice issued by the British Standards Institution or EEC equivalent

is current at the date of tender, the contract shall require all goods and materials used or supplied and/or all workmanship to be at least in accordance with that standard.

- v) The contractor must be required to indemnify the Corporation against:
 - a) Any claim which may be made in respect of employers' liability against the Corporation or the contractor by any workman employed by the contractor or any sub-contractor in the execution of the works, and
 - b) Any claim for bodily injury to or damage to property of third parties, and the contractor shall when required by the Corporation, produce satisfactory evidence that the contractor is insured against any such claim.
- vi) The contract shall contain a clause entitling the Corporation to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor shall have offered or given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for doing forbearing to do or for having done or forborne to do any action in relation to the obtaining or execution of the contract or any other contract with the Corporation or for showing or forbearing to show favour or disfavour to any person in relation to the contract or any other contract with the Corporation or if the like action being done by any person employed by him/her or acting on his/her behalf (whether with or without the knowledge of the contractor) or if in relation to any contract with the Corporation the contractor or any person employed by him/her or acting on his/her behalf shall have committed any offence under the Prevention of Corruption Act 1889 to 1916 or shall have given any fee or reward to a member or office of the Corporation.
- vii) The contract shall contain a clause to the effect that the contractor shall not assign or sub-let the contract or any part thereof without the previous written consent of the Corporation signed by the person designated for this purpose by the Corporation.

- viii) The Corporation may delegate to the Chief Executive power to sign contracts on their behalf (including contracts up to a value of £1,000,000)

Data Protection in Contract Formation

- 19.
 - i) Members of staff preparing contracts for approval and authorised contract signatories must all ensure that no contracts involving the processing of personal data are approved without due consideration of data protection requirements
 - ii) Where a contract involves the processing of personal data, there is a legal obligation for it to contain sufficient guarantees that the activities meet the requirements of data protection and related legislation. Under legislation, “processing” has a very wide scope covering any activity relating to personal data; merely holding or accessing data will count as processing. A simple assurance that the supplier meets requirements is not enough and this must be explicit in the contract.
 - iii) The Group data protection team (dp@chichester.ac.uk) provide advice on contracts that involve the processing of personal data and should be consulted early in the contracting process. Standard data protection terms for inclusion in Group contracts, a checklist to ensure that a supplier contract meets data protection legislation requirements and a stand-alone version suitable for signing as an addendum to a supplier contract are all available from the data protection team.

APPENDIX C - EXPENSE REIMBURSEMENT RATES

The following reimbursement rates are effective from 1st May 2018.

1. Mileage

Per mile:

Cars & Vans (irrespective of engine size)	45p
Motor Cycles	24p
Bicycles	20p
Supplementary staff passenger rate	5p
(flat rate per journey, regardless of number of passengers)	

These rates apply up to 10,000 business miles per annum.

The above rates follow those approved by H M Revenue & Customs and are the maximum that can be claimed to avoid paying tax on the reimbursement.

As a condition of reimbursement you must:

- Hold insurance to cover business use - evidence to be submitted with your first claim and then resubmitted annually on renewal.
- State name of staff member if claiming the supplementary rate.

Mileage guidance:

Chichester Campus to Brinsbury Campus	21 miles
Chichester College to Bersted Nursery	7 miles
Chichester Campus to Crawley Campus	40 miles

The College will not reimburse mileage in respect of home to and from work travel. If your business travel starts or finishes at home you must deduct from your claim the mileage you would normally undertake travelling to or from your usual place of work before submitting it.

If you are a work-based assessor and start your journey from home, you cannot claim mileage for the journey from home to the first assessment or the journey home from the last assessment of the day.

APPENDIX D - CONSTRUCTION INDUSTRY TAX DEDUCTION SCHEME

1. The requirements of the Scheme must be complied with in respect of all relevant contracts issued for qualifying works commencing 1st June, 1994.
2. As a general guide, construction operations covers almost anything that is done to a permanent or temporary building, structure, works or civil engineering or installation including:
 - site preparation
 - alteration
 - dismantling
 - construction
 - repair
 - demolition
3. Details of the documentary requirements of the scheme are held in the Finance Department for reference purposes.
4. INSPECTION

HM Revenue & Customs auditors will, from time to time, inspect the Group records in the same way as they inspect the PAYE records. Records must be kept for at least 3 years and be made available to the auditors.
5. PENALTIES

Serious irregularities in the operation of the scheme can lead to the Group's own certificate being cancelled and, in certain circumstances, prosecution.
6. Delay or failure in submitting returns may lead to penalty proceedings.
7. Continuing delays or failure in submitting returns may lead the Tax Office to refuse renewal of the Group's own certificate.
8. Where things have gone wrong, the Group may need to satisfy the Collection Office that every reasonable care was taken to follow the rules of the scheme and that either:

- the failure to make all or some of the deduction was due to an innocent error,
- In spite of reasonable care, the Group did not believe that the payment came within the rules of the scheme.

APPENDIX E - IR35 PROCESS - CHECK FOR EMPLOYED STATUS

IR35 is tax legislation that is designed to combat tax avoidance by workers supplying their services to clients via an intermediary, such as a limited company, partnership or sole trader but who would be an employee if the intermediary was not used. Such workers are called 'disguised employees' by Her Majesty's Revenue and Customs (HMRC). 1 Mar 2015

Public authorities are responsible for deciding if off-payroll working rules apply in the public sector.

The person providing services through their own intermediary will need to provide information to the public authority to help them make their decision.

If the rules apply, the public authority, agency or other third party who is responsible for paying the worker's intermediary must deduct tax and Class 1 NICs and pay and report them to HM Revenue and Customs (HMRC).

HMRC have provided an online tool to test IR35 status along with self-employment and employment status. Whether an individual can be classed as self-employed has been the subject of many court cases over the years and the outcome of these cases has been incorporated into the online tool.

It is the Group's responsibility to ensure that the IR35 and employment status rules are applied correctly; any mis-statement could lead to the Group incurring penalties, interest charges and back taxes and national insurance contributions. Through delegated authority the Group's responsibilities are passed to the budget holders.

Please note, roles that are recorded on the HR system as staff, whether full or part-time and including Associate Lecturers, cannot be classed as self-employed under any circumstances.

As well as carrying out checks on new suppliers, it may be necessary to review the status of certain suppliers who are already set up on the ledger, as legislation changes could mean the treatment originally applied is now incorrect.

1. **Status of this policy/procedure**
 - 1.1. The policy/procedure was approved by the Finance & General Purposes Committee in June 2018 and supersedes all previous documentation.
 - 1.2. The operation of this policy/procedure will be kept under review by the Chief Financial Officer.
 - 1.3. It may be reviewed and varied from time to time by the Finance & General Purposes Committee.
 - 1.4. This policy/procedure has been impact assessed to ensure that it does not adversely affect staff on the grounds of their disability, gender or race.

Date Approved: June 2018
Approved by: F&GP
Implementation Date: June 2018
Date for Review: January 2020