

MORLEY COLLEGE LONDON

Financial Regulations

POLICY OWNER: CO833 T93(DC uEMC /P <</MCID 40 >>BDC EMC /P <<P <97W)-35.83i236

Morley College London

FINANCIAL REGULATIONS

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1. BACKGROUND

1.1 The College is a Company limited by guarantee (company number 2829836) and a registered charity no. 1023523. Its structure of governance is laid down in its Articles of Association (the Articles). The College is an Institute for Adult Learning (formally a Specialist Designated Institute (SDI)) under the 1992 Further and Higher Education Act). The College's activities do not fall within the scope of Corporation Tax.

1.2 The Governing Body of the College ha(E)11 3/s (p)10p(er)7 (ov)14 and S A4hee o((i)6

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3.3 AUDIT REQUIREMENTS

3.3.1 As part of its engagement letters with the internal and external auditors, the Board agrees that auditors are authorised to:

1. Access College premises at reasonable times;
2. Access all assets, records, documents and correspondence relating to any financial and other transactions of the College;
3. Require and receive such explanations as are necessary concerning any matter under examination;
4. Require any employee of the College to account for cash, stores or any other College property under his/her control; and
5. Access records belonging to third parties, such as contractors when required.

3.3.2 Fraud Procedure (internal)

Minor fraud

Minor cases of fraud (involving sums less than £500 or procedural irregularity such as unauthorised expense claims) will normally be dealt with under the College's Disciplinary Procedure. The Chair of the Governing Body and the Chair of the Audit Committee will be informed by the Principal of any case under investigation.

Major or significant fraud (deliberate and material)

Major fraud is where the sums involved exceed £500 and/or the particulars of the fraud are novel, unusual or complex, or there is likely to be great public interest because of the nature of the fraud or the people involved. If at any time, any case of fraud, theft or financial irregularity, or bribery, or corruption, is discovered or is suspected to exist, which involves or could involve the College's financial affairs, the budget holder or member of staff concerned shall at once (and before proceeding with any further investigation) notify the Chief Finance Officer and the Principal.

The Principal will consult the Chair of the Governing Body and the Audit Committee Chair to discuss the appropriate course of action, which could be to:

1. To request the Chief Finance Officer to undertake an investigation; and/or
2. To request the Audit Committee to authorise an investigation by the Internal auditors; and/or
3. To inform the police.

The Chief Finance Officer may at any stage of an investigation, in consultation with the Principal and in the light of legal advice as appropriate, report the case to the police for investigation. Criminal proceedings shall be instituted in every case where the Chief Finance Officer, the Principal and the police consider that there appear to be sufficient grounds for prosecution.

Whether or not criminal proceedings are instituted, the Principal in consultation with the SLT and the Chair of the Governing Body and in the light of legal advice obtained in that respect, decide whether or not to commence a civil suit.

The Chief Finance Officer will notify the Audit Committee and the Internal Auditors that an investigation is taking place. Upon completion of any investigation, the Chief Finance Officer will send a written report to the Principal, Audit Committee and the Internal Auditors, detailing the nature and extent of the incident leading to the need for an investigation, the detailed findings, conclusions and actions taken. At the request of the Audit Committee the Internal Auditors will normally consider the changes made to the College's control systems and then report to the Audit Committee, Principal and Chief Finance Officer giving an opinion on the condition of any revised system controls. The Governing Body will be kept informed of the outcome of such investigations in confidential session.

Any allegation involving the Principal, or Chief Finance Officer will be referred directly to the Chair of the Governing Body and the Audit Committee for a decision on appropriate actions to be taken. The Governing Body will be kept informed of any such investigations in confidential session.

Any case in which the College is considered to be the victim of an external fraud will be referred to the Police for further investigation.

3.4 EXTERNAL AUDIT

3.4.1 Appointment of external auditors

External auditors will be appointed for an initial term of three years with an

Governing Body authorises the same rights of access as external and internal auditors.

3.7 FINANCIAL CONTROL RESPONSIBILITIES

3.7.1 The Principal

The Principal is the College's designated accounting officer and is responsible for the financial administration of the College's affairs.

3.7.2 The Chief Finance Officer

Day to day financial administration is delegated by the Principal to the Chief Finance Officer who is responsible to the Principal for:

1. Preparing annual capital and revenue budgets and financial plans including cash flow forecasts;
2. Preparing financial statements, management information, monitoring and control of expenditure against budgets and all financial operations;
3. Preparing the College's annual report and other financial statements and any other financial reports, which the College is required to submit to other authorities;
4. Ensuring that the College maintains satisfactory risk management systems and effective systems of internal controls.
5. Providing evidenced based professional advice on all matters relating to financial policies and procedures.

3.7.3 Budget Holders / Other Staff

Budget holders and other staff are responsible to the line manager responsible for day to day financial management of specific cost centres in line with financial guidelines, financial delegations and other advice issued by the Principal, in consultation with the Chief Finance Officer. The Chief Finance Officer will also supervise and approve the financial systems operating within teams and Programme Areas including the form in which accounts and financial records are kept.

Heads of School, Programme Managers and professional service managers are responsible for establishing and maintaining clear lines of responsibility within their School/Programme Area/Team for all financial matters relating to the budgets under their control.

3.8 BUDGETING

3.8.1 Resource Allocation

The annual budget for the forthcoming year is approved in advance of the start of the next financial year by the Governing Body. The draft budget is reviewed in advance of the governing body decision by the FRS Committee.

The Principal delegates to Chief Finance Officer the responsibility for allocating the overall budget to particular cost centres in line with the Governing Body's

agreed strategic priorities. The budget holders are responsible for the economic, effective and efficient use of resources allocated to them.

3.8.2 Preliminary Budget Preparation

The Principal delegates to the Chief Finance Officer responsibility for preparing the annual revenue budget and capital programme. This will be considered by the FRS Committee and its advice will be forwarded to the Board together with the draft budget and capital programme for approval. The budget must include projected financial statements and balance sheets for the current year and the forthcoming two years and include all liabilities.

3.8.3 Detailed Cost Centre Budgets

The Principal approves the detailed cost centre budgets which comprise the whole college budget. The Chief Finance Officer must ensure that such detailed budgets are prepared and communicated to budget holders as soon as possible following the approval by the Governing Body of the whole college budget.

3.8.4 Budget variances

The Principal delegates to the Chief Finance Officer responsibility for ensuring that the actual and projected results for the year are reported to the Governing Body at each Board meeting and also for discussing the projected results and any detailed issues and remedial actions actually undertaken or proposed at the regular FRS Committee meetings.

3.8.5 Capital Programmes

Capital expenditure on land, buildings, furniture and associated costs can only be considered as part of the capital programme with a budget approved by the Board at the same time as the annual budget is considered.

The Principal delegates to the Chief Finance Officer responsibility for providing regular statements concerning capital plans and expenditure to the Board after consultation with the FRS Committee as required.

Proposed capital projects should be supported by:

- (i) A statement which demonstrates the project's consistency with the strategic plan, accommodation and other strategies approved by the Governing Body;
- (ii)

- (iv) Where required to secure grant funding, an investment appraisal in an approved format which complies with ESFA guidance on option and investment appraisal;
- (v) A

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4.3 BANKING ARRANGEMENTS

The Principal delegates to the Chief Finance Officer the responsibility for managing the College's day-to-day banking activities and in particular keeping the banks informed of all relevant and significant events and overseeing the delivery by the bankers of agreed service levels. All blank cheques shall be ordered on the authority of the Chief Finance Officer who shall make proper arrangements for their safe custody.

The Principal has the delegated authority of the Governing Body to open or close a bank account, after consulting with the Governing Body. The Principal may in turn delegate the finalisation of the documentation relating to the opening or closing of a particular bank account to the Chief Finance Officer. All bank accounts must be held in the name of the College or one of its subsidiary

- (i) Debtors invoices are raised promptly in respect of income, other than student tuition fee income (see below), due to the College;
- (ii) Debts are raised only on official College invoices;
- (iii) Swift and effective action is taken to collect overdue debts in accordance with the College's formal procedures (detailed in the financial procedures); and
- (iv) Outstanding debts are monitored and reports are prepared for managers.

- (e) An undertaking that the work will not interfere with the teaching and normal College duties of the member(s) of staff concerned.

The above shall not apply to hourly paid or fractional teaching or support staff who undertake other contracts provided that there are no conflicts of interest, that this work does not take place on the College premises or use College equipment or time, and that it does not interfere with or undermine in any way College work. Where a conflict of interest may be likely to arise the member of staff must first discuss the circumstances with their line manager.

5.2 INTELLECTUAL PROPERTY RIGHTS AND PATENTS

5.2.1 General

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

5.2.2 Patents

The Principal delegates to the Chief Finance Officer the responsibility for establishing procedures to deal with any patents accruing to the College from inventions and discoveries made by staff in the course of their research. The Governing Body should be updated on all relevant patents and the FRS Committee's advice on the appropriateness of the approved procedures in place. The Audit Committee should also be kept up to date on all patents and on any particular material risks.

5.2.3 Intellectual Property Rights

In the event of the College deciding to become involved in the commercial exploitation of inventions and research the Principal will undertake a detailed risk assessment and advise the Governing Body of these risks and all relevant other matters arising. Following consultation with the Governing Body together with advice from the FRS Committee, the Principal will issue guidelines prior to any significant commitments being made. (Significant is defined as more than £50,000 per annum likely potential income or potential expenditure or liability. For amounts below £50,000 standard College financial regulations will apply.)

6. EXPENDITURE

6.1 GENERAL

The Principal delegates to the Chief Finance Officer the responsibility for making payment to suppliers of goods and services to the College.

6.2 NOVEL, CONTENTIOUS AND REPERCUSSIVE TRANSACTIONS

There is no delegation from the Department of Education for the college to enter into any transaction that may be considered novel, contentious or repercussive. In all cases such potential transactions should be referred to the Department for Education for consent.

6.3 INDEMNITIES, GUARANTEES AND LETTERS OF COMFORT

For indemnities beyond the normal course of business, and guarantees and letters of comfort in

6.6.4 Approval of invoices for payment

Invoices should be approved for payment and signed by the budget holder or authorised member of staff confirming that the goods or services have been received and that the amount

Sums in excess of £100,000 must be approved by the Board on the recommendation of the FRS Committee.

6.6.7 Hospitality

receipts or vouchers representing the total amount expended. Standard College petty cash forms are supplied by the Chief Finance Officer and must be used for recording all transactions

Budget holders are personally responsible for the safekeeping of any petty cash float made available to teams. Team petty cash boxes must be kept locked in a secure place in compliance with the requirements of the College's insurers and will be subject to periodic checks by the budget holders or another person nominated by him or her.

At the end of the financial year all petty cash floats must be counted by and reconciled by a member of the Finance team who will complete a certificate of the balance held to be countersigned by the budget holder and their line manager.

6.8 PURCHASE ORDERS

The ordering of goods and services shall be in accordance with the College's financial regulations. These may be clarified in guidance documents provided by the Finance Team to ensure best value for money is achieved.

All purchase orders must be raised using the College's electronic Purchase Order Processing System. Once approved (electronically) the Purchase Order will be sent automatically to the supplier. All orders should be raised in accordance with budget limitations (6.2.3).

6.9 BEST VALUE FOR MONEY - QUOTATIONS & TENDERING

Budget holders must always seek to obtain best value for money when placing purchase orders. The College's limits when quotations or tenders must be obtained are:

6.9.1 Orders for single items over £500 and up to £5,000

- (i) Single quotation or tender; wherever feasible new suppliers of goods or services should be tested against other suppliers and verbal quotations obtained and evidenced by noting details on the purchase requisition and /or attaching copies.
- (ii) Existing suppliers should be periodically tested for price and quality against alternative suppliers and these tests should be evidenced in a similar way.
- (iii) The Finance team may request that any order be market tested prior to placing the order.

6.9.2 Orders over £5,000 and up to £10,000

- (i) At least 3 competitive quotations or written tenders must be obtained.
- (ii) Any exceptions to this rule must be approved by the Chief Finance Officer or the Principal. The circumstances should be noted and a rationale demonstrating value for money attached to the file copy of the order.

6.9.3 Annual spend on service or individual orders over £10,000 and up to £50,000

- (i) At least 3 competitive written quotations or tenders must be obtained unless it is impracticable or impossible (e.g. single supplier) in which case approval from the Principal or the Chief Finance Officer must be obtained using the Single Source Justification Form.
- (ii) The tender giving the best overall value should normally be accepted and reasons for not accepting the cheapest should be recorded.

6.9.4 Annual spend on service or individual orders over £50,000

- (i) At least 3 competitive tenders must be obtained unless it is impracticable or impossible (e.g. single supplier) in which case approval from the Principal (who may wish to consult the Chair of the Governing Body or the Chair of the FRS Committee for advice). The circumstances should be noted and a rationale demonstrating value for money given.
- (ii) It will be normal practice for sealed tenders to be requested
- (iii) Sealed tenders should be opened in the presence of the Clerk or in the Clerk's absence, the Chair or Vice Chair of the Governing Body
- (iv) Post tender negotiations will be permitted unless specifically excluded in the tender documents
- (v) The tender giving the best overall value should be accepted. If this is not also the cheapest a clear justification should be recorded.
- (vi) Expenditure must not be broken down into smaller parts in order to circumvent these requirements. Care must be taken to avoid these thresholds being exceeded through extensions of contracts.

6.9.5 Supplier compliance

The Finance Team shall conduct adequate due diligence on prospective and new business partners prior to committing to new contractual relationships. The due diligence process shall be carried to exercise reasonable care and identify any risks. The due diligence process must be documented and maintained on the College records for audit purposes.

The due diligence process includes completed supplier forms, online searches, companies house reports, and trade references. This list is non- exhaustive.

Best procurement practice should be con die prfore all purshosesbusi

6.10 BUILDING CONTRACTS

Decisions on signing building contracts are the responsibility of the Governing Body which delegates to the Principal the execution and operation of the contract. The Principal may delegate the day-to-day administration of the contracts to the Chief Finance Officer

Proposals will normally be initiated by the Chief Finance Officer in respect of planned replacements, general improvement schemes, space planning or in response to requests from teams.

Consultants may be appointed if the project, as determined by the Governing Body (on the advice of the FRS Committee), is too large or too specialised for the adequate supervision by the College's own resources. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of costings or investment appraisals as recommended by the Governing Body or the FRS Committee if this is delegated by the Governing Body. Investment appraisals should comply with appropriate ESFA guidance.

Following consideration by the FRS Committee and approval by the Governing

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budget holder has confirmed that the goods or services have been received. The Chief Finance Officer will only authorise payment on the basis that the budget holder has checked that:

- (i) The goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory;

and that the Finance Team has:

- (ii) matched the invoice to the order;
- (iii) checked that the invoice is arithmetically correct;
- (iv) checked that the invoice has not previously been passed for payment;
- (v) ensured that an appropriate cost centre is quoted. This must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

All invoices which received by staff other than members of the Finance Team must be passed to the Finance Team immediately so that they can be logged in the Purchase Ledger. Care must be taken by the budget holder to ensure that discounts receivable are obtained.

6.13 CREDIT CARDS

It is acknowledged that many purchases (e.g. where the item can only be acquired on-line) can only be made through use of a credit card. To that end the College holds corporate credit cards also known as purchasing cards. Such cards will have credit limits, which reflect the thresholds such individuals enjoy under the bank mandate.

Use of College credit cards is restricted to senior employees and to agreed authority limits. Cards must be retained by users solely for the purpose of making approved purchases, must be kept on their person at all times and returned to the Finance Team if so required.

Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action.

On completing a credit card purchase, budget holders must ensure the purchase is logged on the template specified by the Finance Team and that supporting documentation is returned to the Finance Team together with the log. Finance will then review the documentation to ensure all purchases are supported with relevant documents and ensure the template/log is signed by the budget holder and their line manager. The Finance Team will also analyse all expenditure to ensure best value for money is being considered with all purchases.

7. SALARIES AND WAGES

7.1 GENERAL

The Principal delegates to the Chief Finance Officer responsibility for all payments of salaries and wages to staff including payments for overtime or services rendered. All time sheets 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 Chief Finance Officer.

All College staff will be appointed in accordance with the Pay Policy Framework approved by the Governing Body and on appropriate conditions of service. All letters of appointment must be issued with the approval of the SLT. Budget holders will be responsible for keeping the Chief Finance Officer informed through the College's established Human Resources procedures of all matters relating to personnel for payroll purposes.

In particular these include:

- (i) Appointments, resignations, dismissals, supervisions, secondments and transfers;
- (ii) Absences from duty for sickness or other reason, apart from approved leave;
- (iii) Changes in remuneration other than normal increments and pay awards; and
- (iv) Information necessary to maintain records of service for superannuation, income tax, national insurance etc.

All casual and part-time employees will be included on the payroll. In line with current employment legislation for off-payroll workers (known as IR35), any payments to individuals for services provided will normally be through payroll. No undertakings should be given to individuals that they may be remunerated in any other way than through payroll.

The Chief Finance Officer shall be responsible for keeping all records relating to payroll including those of a statutory nature.

All payments must be made in accordance with the College's detailed payroll financial procedures and comply with HMRC regulations.

7.2 PENSION ARRANGEMENTS

The Governing Body is responsible for making decisions in relation to appropriate pension arrangements for employees and delegates the execution of those decisions to the Principal.

The Principal delegates to the Chief Finance Officer responsibility for the day to day pension arrangements including:

- (i) Paying of contributions to various authorised pension schemes;
- (ii) Preparing the annual return to various pension schemes; and
- (iii) Monitoring the administration of the various pension schemes

7.3 TRAVEL, EXPENSES AND GIFTS

All claims for payment of travelling and incidental expenses shall be documented on an expense form approved by the relevant budget holder and supported by receipts.

Claims by members of staff must be approved by their line manager (or in the case of the Principal, by the Clerk) for claims up to £500 and by the Governing Body Chair otherwise. Persons responsible for approving expense claims must ensure that travel arrangements were properly authorised, the expenses

8.5.2

exposed. Advice from the Chief Finance Officer should be sought to ensure that this is the case. Budget holders must give prompt notification to the Chief Finance Officer of any potential new risks and additional property and equipment, which may require insurance and any alterations affecting existing risks.

9.2.4 Bribe rsk.s.i

Estates and Facilities responsibility for keeping suitable records of plant that may be subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

9.2.6 Insurance Claims – notification

Budget holders must advise the Chief Finance Officer immediately, of any event, which may give rise to an insurance claim. The Chief Finance Officer will on behalf of the Principal notify the College's insurers and, if appropriate, prepare a claim in conjunction with the budget holders for transmission to the insurers.

9.3 TAXATION

9.3.1 Liability to pay tax (Corporation, VAT, PAYE and NI)

The Principal delegates to the Chief Finance Officer responsibility for advising budget holders on any relevant guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. The Chief Finance Officer will issue instructions to budget holders on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty if necessary.

9.3.2 Tax records and payments

The Principal delegates to the Chief Finance Officer responsibility for maintaining the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate

9.4 SECURITY

9.4.1 Collective responsibility for security

Budget holders are responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, cash, etc. under their control. They shall

ANNEX 1: Bank Mandate

1. Signing limits

1. A minimum of two signatures are required for all cheques
2. There are 3 grades of signatories as follows:
 - “A” - unlimited
 - “B” - up to £10,000
 - “C” - up to £1,000

Cheques up to £1,000 need two signatures from list A, B or C.

Cheques from £1,000 to £10,000 need two signatures from list A or B.

Cheques over £10,000 need two signatures from list A.

2. Adding, deleting signatories or changing their individual grade

Individuals can be added to or removed from the list of cheque signatories on the signature of any two of:

The Chair of the Governing Body

The Chair of the Finance , Resources and Sustainability Committee

The Principal

The Clerk to the Governing Body and Company Secretary

Major alterations to the bank mandate or opening accounts with a new bank require a Governing Body minute.

3. Cheque signatories

The following table is updated as at June 2023:

| Name | Position | Authority to add or amend signatory list | Signing Limit | Grade |
|----------------|--------------------|---|------------------|-------|
| Leisha Fullick | Chair of Governing | | | |

ANNEX 3: Managing Public Money Guidance and Delegated Limits .

On 29 November 2022, the Office for National Statistics (ONS) announced that Further Education colleges, sixth-form colleges and designated institutions in England

The table below provides a summary of the delegated authority levels applicable to College's as set by the DfE . Please refer to the Dear Accounting Officer letter and the bite-size guides for further details.

| TYPE OF TRANSACTION | COLLEGE DELEGATED AUTHORITY | DFE APPROVAL REQUIRED |
|---------------------|-----------------------------|-----------------------|
|---------------------|-----------------------------|-----------------------|

Indemnities arising in the normal course of business.

Indemnities beyond the normal course of business, and guarantees and letters of comfort at or below:

Indemnities, guarantees and letters of comfort (contingent liabilities)

1% of annual income or £45,000 (whichever is smaller) individually; and 5% of annual income for cumulative such