

# CITY OF WOLVERHAMPTON COLLEGE

## FINANCIAL REGULATIONS

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# 1 STATUS AND OBJECTIVES OF FINANCIAL REGULATIONS

## General

- 1.1 City of Wolverhampton College is a further education corporation created under the provisions of the Further and Higher Education Act 1992. The College is an exempt charity by virtue of the Charities Act 1993. Its structure of governance is laid down in the Instrument and Articles of Government, which may only be amended by the Secretary of State for Innovation, Universities and Skills. The College is accountable through its Board of Governors for the effectiveness of its management and administration. The College is funded and scrutinised by the Learning and Skills Council (the Funding Body) which is in turn accountable to the Department for Innovation, Universities and Skills.
- 1.2 The financial memorandum between the Funding Body and the College sets out the terms and conditions on which grant is made. As part of this process the College must adhere to the Funding Body's audit code of practice, which requires it to have sound systems of financial and management control. The financial regulations of the College form part of this overall system of accountability and are subordinate to the College's Instrument and Articles of Government and to any restrictions contained within the College's financial memorandum and within the Funding Body's audit code of practice.
- 1.3 This document sets out the College's financial regulations. The regulations translate into practical guidance the College's broad objectives and policies relating to financial control. This document was last approved by the Board of Governors on 18 May 2009. It applies to the College and all its subsidiary undertakings.
- 1.4 Compliance with the financial regulations is compulsory for all staff connected with the college. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the College's disciplinary procedure. It is the responsibility of budget holders to ensure that their staff are made aware of the existence and content of financial regulations and that an adequate number of copies are available for reference within the department
- 1.5 The Estates and Finance Committee is responsible for maintaining an annual review of financial regulations and for advising the Board of Governors of any additions or changes necessary.

## Financial Responsibilities

- 1.6 The Board of Governors is responsible for the governance of the College. Its financial responsibilities are to:
  - ensure the solvency of the College and safeguard the College's assets;
  - ensure the effective and efficient use of resources;
  - ensure that the funds provided by the LSC are used in accordance with the terms and conditions specified in the College's financial memorandum with the LSC;
  - ensure that effective financial control systems are in place;
  - ensure that the College complies with the LSC's audit code of practice;

- approve the College's strategic plan and associated financial implications;
- approve the annual estimates of income and expenditure and to approve the annual financial statements;

#### 1.7 **Committee Structure**

The Board of Governors has ultimate responsibility for all College matters, but delegates certain functions to the Estates and Finance, Audit, Human Resources, Standards, Search and Governance, Remuneration Committees and to the Accommodation Strategy Project Board and the Academy Steering Group. These committees are accountable to the Board of Governors and their terms of reference are shown at Appendices A to H.

#### 1.8 **The Principal**

The Principal is the College's designated accounting officer and is responsible for the College's financial administration. As the designated officer the Principal may be required to justify any of the College's financial matters to the Public Accounts Committee

#### 1.9 **The Vice Principal Finance & Resources**

Day to day financial administration is controlled by the Vice Principal Finance & Resources (hereinafter referred to as the Vice Principal Finance. The Vice Principal Finance is responsible to the Principal for:

- preparing annual capital and revenue budgets and financial plans;
- preparing accounts, management information, monitoring and control of expenditure and income against budgets and all financial operations;
- preparing the College's annual accounts and other financial statements and accounts which the College is required to submit to other authorities
- ensuring that the institution maintains satisfactory financial systems
- providing professional advice on all matters relating to financial policies and procedures.
- Being the lead officer in liaising with internal and external auditors.

The Vice Principal Finance is also responsible to the Principal for advising on the financial aspects of College policy and on the financial administration of the College, and for ensuring satisfactory procedures and systems of financial control and management function effectively. Where system/process changes are considered (initiatives such as Bureaucracy Busting) then the Vice Principal Finance will need to advise on the financial implications of proposals.

#### 1.10 **Members of staff of the College**

All members of staff have the following responsibilities;

- (i) shall have a general responsibility for compliance with these Regulations and for the security of the College's property, for avoiding loss and for due economy in the use of resources;

- (ii) shall make available any relevant records or information to the Clerk to the Board of Governors or her authorised representative (including Internal Audit) in connection with the carrying out of her duties of implementation of the College's financial policies and system of financial control;
- (iii) shall provide the Clerk to the Board of Governors with such financial and other information as she may deem necessary, from time to time, to carry out the requirements of the Corporation;
- (iv) shall immediately notify the Clerk to the Board of Governors whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash, stores or property of the College. The Clerk to the Board of Governors shall, subject to the provisions of paragraph 16 take such steps as she considers necessary by way of investigation and report;
- (v) In the event of an investigation, staff shall ensure evidence is retained and available on request.
- (vi) adhere to paragraph 13.9 and 13.10 regarding declaration of interests

#### 1.11 **Budget Holders**

To assist the Principal discharge his responsibilities, the Principal is empowered to designate members of staff as budget holders. Budget holders shall be responsible for the control and monitoring of expenditure and income within budgets allocated to them. Budget holders are responsible to the Principal for ensuring that the action they take is in accordance with Financial Regulations.

#### 1.12 **Audit**

Financial statements auditors and internal auditors shall have authority to:

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

Whenever any matter arises which involves, or is thought to involve, material irregularities or fraud concerning cash, stores or other property of the College or any other suspected material irregularity in the exercise of the activities of the College, internal audit and the LSC's internal audit service must be advised either directly or via the Vice Principal Finance.

The Vice Principal Finance is responsible for drawing up a timetable for final accounts purposes and will advise staff and the financial statements auditors accordingly.

The primary role of external audit is to report on the College's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the LSC's audit code of practice and the auditing practices board's auditing standards.

The College's Financial memorandum with the LSC requires that it has an effective internal audit function. The main responsibility of internal audit is to provide the Board of Governors, the Principal and senior management with assurances on the adequacy of the internal control system. The internal audit service remains independent in its planning and operation and has direct access to the Board of Governors, Principal and Chair of Audit Committee. The internal auditor will also comply with the Auditing Practices Board's auditing guidance for internal auditors. The internal audit terms of reference are prescribed in the Audit Code of Practice, a reproduction of which is provided at Appendix G. Note that the Audit Committee is required under the Audit Code of Practice, to receive and consider the Annual Accounts, prior to their receipt for approval by the Board of Governors.

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

For any other services provided by either the internal or financial statements auditors, the approval of Governors will be required.

#### **1.13 Student Records**

The College will ensure that LSC returns related to student records are provided in the prescribed timescales, this being the responsibility of the Vice Principal Finance.

- The Information Services function will be responsible to provide regular, at least monthly, reports, to the College Managers and Governors on key student number and funding data.
- Lecturing staff will be responsible for ensuring that all relevant data is provided to the Information Services team to ensure the College computer records reflect the reality of a student's learning experience.
- Prime documentation on student records must be held securely and must be accessible so that a clear audit trail is available to support the computer records.

#### **1.14 IT and Accommodation Strategies**

The College will ensure that IT and Accommodation strategies are in place, being the responsibilities of the Director of ICT and Learning Resources and the Director of Estates respectively.

## **2 BUDGET PREPARATION AND CONTROL**

### **Budget Preparation and Approval**

- 2.1 The Board of Governors shall be responsible for setting the annual budget for the College within the total resources available e.g. from the LSC, other funding bodies, general income.
- 2.2 The Principal is responsible for the preparation of annual estimates of income and expenditure. The Vice Principal Finance is responsible for the methods of allocating resources in the budget setting exercise.
- 2.3 The Vice Principal Finance is responsible to the Principal for preparing the annual budgets for the College. They shall be presented to Governors for formal approval.
- 2.4 Once the Board of Governors has approved the annual budget, the Principal is authorised to incur expenditure in accordance with Financial Regulations.
- 2.5 The Vice Principal Finance must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to budget holders.
- 2.6 Budget holders have the responsibility for incurring expenditure on behalf of the College and will be notified of their budget by the Vice Principal Finance once approved by the Board. A list of all budget holders will be maintained by the Vice Principal Finance.
- 2.7 All amendments to the Chart of Accounts and Budget data shall be authorised by the Vice Principal Finance or the College Finance Manager by reference to the Estates and Finance Committee as required.
- 2.8 The College budget holders may request that consideration be given to the carry forward of any planned underspend on budgets into the following year, which must be approved by the Estates and Finance Committee.

### **Budget Monitoring**

- 2.9 The Principal will be responsible for effective budgetary control within the approved capital and revenue budgets.
- 2.10 The Principal will be required to submit monthly reports, within two weeks of the end of the month, to the Governors/ College managers outlining actual revenue and capital income/expenditure in comparison to estimate, to highlight and explain any significant variances.
- 2.11 Budget holders will have the following responsibilities;
  - authorising expenditure against budget;
  - monitoring expenditure commitments during the year with reference to the budget for that year;
  - explaining any variations from budget; and

- reporting as soon as possible to the Vice Principal Finance if it is foreseen that the budget will be either under or overspent.
- 2.12 Budget holders will be furnished with financial statements on a monthly basis to assist the budget monitoring process.

### **Virement**

- 2.13 The Principal has delegated responsibility to exercise virement between main expenditure headings, with the following conditions:
- i) there shall be no virement between staffing budgets with the exception of the full time and part time staffing budgets;
  - ii) there shall be no virement between the aggregate of payroll budgets and any other expenditure budgets without the prior authorisation of the Vice Principal Finance;
  - iii) virement within budget centres and between expenditure headings not exceeding £10,000 in a financial year, which shall be at the discretion of the budget holder. Virements above this level must be approved by the Vice Principal Finance.
  - iv) the action shall not involve the College in additional financial commitments in subsequent years.
- 2.14 The Estates and Finance Committee shall not permit virement from LSC allocated capital funds to recurrent expenditure budgets.

## **3 ACCOUNTING RECORDS AND ACCOUNTING POLICIES**

- 3.1 The Principal is responsible for ensuring that the College's accounting records are maintained in a form required by the LSC and the Charity Commissioners (where applicable). The accounts will be prepared in accordance with the guidelines issued by the LSC and the Charity Commissioners and conform to recommended accounting practice.
- 3.2 The Board of Governors will ensure that audited accounts are forwarded to the LSC and the Charity Commissioners no later than six months after the end of the financial year.
- 3.3 The Vice Principal Finance will be responsible for the maintenance of proper accounting records including;
- Cash and petty cash books
  - Nominal, Purchase and Sales ledgers
  - Asset Registers
  - Payroll Records

The Vice Principal Finance is also responsible for ensuring that appropriate internal controls operate in and around financial systems. Appendix J outlines minimum expected internal controls for financial systems.

- 3.4 The accounting records must facilitate:
- clear identification of moneys paid and received
  - all sales and purchases of goods and services
  - acquisition of assets and the creation of liabilities
  - appropriate analysis and management control reports
  - a clear audit trail between accounts, records and basic prime documents

- 3.5 The accounting records must ensure that all financial transactions, including any provisions, are recorded and that no transactions appear in the accounts unless they have occurred.
- 3.6 The Vice Principal Finance is responsible for the retention of financial documents. These should be in a form acceptable to the relevant authorities. The College is required by law to retain prime documents for 6 years. These include official orders, paid invoices, accounts raised, bank statements, copies of receipts, paid cheques, part time lecturer contracts, and complete paper record transactions for each year from the computerised accounting system.
- 3.7 The Vice Principal Finance is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Vice Principal Finance. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location. Where a deed or document requires the College's seal, it must be sealed by the appropriately authorised member of staff in the presence of two members of the Board of Governors: the Chair (or some other member authorised by the Board of Governors and another member of the Board). The use of the College's seal should be reported to Board of Governors.
- 3.8 The financial and management accounting records will be maintained by the designated staff of the Vice Principal Finance. The Finance staff will ensure that the accounting entries are recorded accurately and promptly.
- 3.9 The Vice Principal Finance will be responsible for regular bank reconciliation and for the control of cash flow.
- 3.10 The Vice Principal Finance will prepare, as required, statutory accounts, grant claims and other returns as appropriate.
- 3.11 The management accounting records will assist in the preparation of budgets, business plans, strategic plans, cash forecasts, expenditure forecasts and outturn reports.
- 3.12 The Consolidated Financial Statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards. The Consolidated Financial Statements incorporate the College and any subsidiary undertakings for the Financial Year.
- 3.13 The accounts are prepared for the Financial Year ending 31 July in the format required by the LSC and in accordance with the provisions of the Companies Act 1985.

#### **4 BANKING ARRANGEMENTS AND CHEQUE CONTROL**

- 4.1 The Board of Governors, on the advice of the Estates and Finance Committee, will have responsibility for all College banking arrangements. The provision of banking services will be subject to competitive tendering every three to five years to ensure that the College obtains value for money.
- 4.2 The Vice Principal Finance will be responsible for the opening and closing of all bank accounts. All bank accounts will be in the name of the College or one of its subsidiary undertakings.

- 4.3 The Vice Principal Finance shall be responsible for the daily management of the College's bank balances. The Vice Principal Finance and the College Finance Manager shall be responsible for all transfers between the College's bank accounts.
- 4.4 The College currently operates a consolidated bank account.
- 4.5 The College has two signing panels.
- Cheques up to £2,000 – either the College Finance Manager or the Vice Principal Finance to sign.
  - Cheques over £2,000
    - First signature - either College Finance Manager or Vice Principal Finance.
    - Second signature - either Principal & *Chief Executive or any other Vice Principal other than Vice Principal Finance.*
- 4.6 Any changes in authorised signatories on the College Account shall be approved by the Estates and Finance Committee. Specimen signatures shall be provided to the College's Bankers on a standard bank mandate form and this will be updated in the event of a change of signatory.
- 4.7 The Vice Principal Finance will maintain a record of all cheques ordered, make arrangements for their safe custody and for the recording of all cheques cancelled or spoilt.
- 4.8 The Vice Principal Finance is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

## **5 INCOME**

### **General**

- 5.1 The Vice Principal Finance is responsible for ensuring that appropriate procedures exist to facilitate the receipt of all income to which the College is entitled and for the security and prompt banking of all monies received. All monies received on behalf of the College must be banked at least once a week into the College bank account.
- 5.2 Personal cheques must not be cashed from College monies.
- 5.3 Cash income must not be used to settle creditors accounts.

### **Invoicing**

- 5.4 Each Budget holder responsible for generating Sales Ledger income must ensure that an invoice is raised promptly.
- 5.5 The Vice Principal Finance shall be responsible for the safe control and issue of all invoices.
- 5.6 All requests of payment for goods or services provided by the College should be made on an official College invoice in a form agreed by the Vice Principal Finance. Unless the Vice Principal Finance approves otherwise, credit terms of 30 days from the invoice date shall be available to all debtors. All invoices and

credit notes will be properly authorised by either the Vice Principal Finance or the College Finance Manager.

- 5.7 The approval of the Vice Principal Finance must be sought for any departure from the College's invoicing system.

### **Collection of Debts**

- 5.8 The Vice Principal Finance should ensure that :
- Debtor invoices are raised promptly on official invoices, in respect of all income due to the institution.
  - Invoices are prepared with care, recorded in a ledger, show the correct amount due and are credited to the appropriate income account.
  - Any credits granted are valid, properly authorised and completely recorded.
  - VAT is correctly charged where appropriate, and accounted for.
  - Monies received are posted to the correct debtors account.
  - Swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the financial procedures.
  - Outstanding debts are monitored and reports prepared for management.
- 5.9 Only the Vice Principal Finance can implement credit arrangements and indicate the periods in which different types of invoices can be paid. These are approved, on an annual basis, by the Estates and Finance Committee when the fees framework is reviewed in the Spring term.

Requests to write off debts in excess of £2000 must be referred in writing to the Vice Principal Finance for submission to the Estates & Finance Committee for consideration. Debts below this level can be written off with the approval of the Vice Principal Finance.

### **Student Fees**

- 5.10 The procedure for collecting tuition fees and residence fees must be approved by the Vice Principal Finance. He is responsible for ensuring that all student fees due to the institution are received.

It is at the discretion of the Principal, in instances where a student has not paid for fees or any other item owing to the institution, whether the student receives the certificate for the qualification awarded by the institution, until all outstanding debts have been cleared.

Likewise, it is at the discretion of the Principal whether such students shall be prevented from re-enrolling at the institution and from using any of the institutions facilities unless appropriate arrangements have been made to clear the amount owed.

### **Miscellaneous Cash Income**

- 5.11 With the exception of educational visits income, all miscellaneous cash income should be received by Finance Department staff. Such income will be recorded on official receipting sheets and official College receipts will be given to the customer. The responsible officer must ensure that the cash is held securely in a manner consistent with the College's insurance policy.

- 5.12 Educational visits income will be collected from students by tutors and passed to appropriate staff on a regular basis. It is the responsibility of tutors to maintain adequate records of monies received for each visit. Monies received must then be submitted to Finance Department for banking. An official College receipt will be given to the tutor for monies handed to Finance Department.

#### **Review of Charges**

- 5.13 The Vice Principal Finance will undertake, at least annually, a review of charges and fees ; and report thereon to Estates and Finance Committee for approval
- 5.14 Facilities exist for the payment of fees by Direct Debit.

#### **Post Opening**

- 5.15 Incoming mail must be opened by two members of staff. All remittances received on behalf of the College must be recorded on remittance sheets or in a post book as part of the opening procedure and be evidenced by both officers' dated signatures.

### **6 EXPENDITURE**

- 6.1 The Principal is responsible for all payments made by or on behalf of the College. The Principal shall approve all payment procedures. Guidance on procurement decisions and actions which support the Financial Regulations are provided by the Procurement and Value For Money (VFM) Policies.

#### **Orders for Goods and Services**

- 6.2 Official College orders must be used in advance for the purchase of all goods or services, except utilities such as electricity, gas etc, periodic payments such as rent and rates, payments made by standing order or direct debit, claims for travel and subsistence and petty cash purchases, or where approved/controlled purchase cards are used.

Verbal orders must only be placed in emergency situations. Within two working days a properly authorised written confirmation order should be raised, with an indication of price.

- 6.3 Budget holders have the authority to place requisitions, but may only authorise requisitions for items that are chargeable to their budget, other than in instances where the purchase card is used. The Vice Principal Finance shall maintain a register of authorised signatories for requisitioning purposes. Any changes to the authorities to sign must be notified to the Vice Principal Finance immediately.
- 6.4 Orders shall not be placed by authorised officers unless:-
- i) the costs are covered by the budget;
  - ii) the appropriate selection, contract and tender requirements have been complied with.
- 6.5 Budget holders in requisitioning orders shall pay due regard to economy and efficiency when making arrangements for the purchase of supplies, goods, equipment and services.

- 6.6 All orders up to the value of £5,000 must be signed by one of the following officers: Principal & Chief Executive, College Finance Manager or any Vice Principal. The Principal or Vice Principal Finance must sign all orders between £5,000 and £50,000 in value. Orders in excess of this value must be approved by the Chair of Estates and Finance Committee or the Chair of Governors.
- 6.7 Orders shall contain clear information as to the nature, volume, unit price, discounts claimed and total cost of the goods, works or services required. Orders must also refer to any contract or quotation, setting out the agreed terms and conditions.
- 6.8 The Vice Principal Finance shall be responsible for the regulation of the requisitioning and ordering system.
- 6.9 Requisitions shall be issued to budget holders and the order book sequences held in the College FMS shall be maintained by the Vice Principal Finance.
- 6.10 Personal or private use must not be made of the College ordering system nor of College contracts.

#### **Receipt of Goods and Services**

- 6.11 Goods received must be checked at the point of receipt to the satisfaction of the budget holder, or a designated Officer, against the details contained on the delivery/goods received note and purchase order. Obvious defects and quantity variations shall be noted on the delivery note by the budget holder or a designated Officer and advised to the carriers and suppliers, copied to Finance.
- 6.12 A schedule of periodic payments such as electricity, gas, telephones, rent and rates will be maintained by the Vice Principal Finance.

#### **Expenditure Authorisation and Payment of Invoices**

- 6.13 All expenditure due from the College and chargeable against the College's budget shall be made by the Vice Principal Finance.
- 6.14 Payments will be made by cheque or BACS on the College's main bank account ; or by the accredited Government Purchasing Card.
- 6.15 Access to BACS transmission facilities will be appropriately restricted by the Vice Principal Finance and all transmissions must be undertaken by two members of staff. BACS transmission limits will be set by the Vice Principal Finance for the aggregate value of each payments run and for individual payments. These limits will be communicated to the Bank for enforcement.
- 6.16 The Vice Principal Finance is responsible for the prepayment examination and posting of invoices to the College account.
- 6.17 Invoices will be received by the Finance Department who will register the invoice and then match the details to the goods received note or delivery note passed to Finance by the budget holder. The Vice Principal Finance shall be responsible for maintaining a record of budget holders and the scope of their authority to incur expenditure.
- 6.18 Payments will only be made by the Vice Principal Finance against invoices which have been certified for payment by the appropriate budget holder. Certification of an invoice will ensure that :-

- i) the goods, services or work covered by the invoice or account have been received, carried out, examined and approved;
  - ii) the price is in accordance with the relevant quotation, tender or contract;
  - iii) the prices, trade discounts, other allowances, credits and tax calculations are correct;
  - iv) the invoice is legally payable by the College and not by some other authority or person;
  - v) the invoice has not been previously paid;
  - vi) the invoice is a properly detailed account ( not a periodic statement of account) and is in the correct form for VAT purposes;
  - vii) the quantities stated to have been received are correct and that quality matches specification and/or is satisfactory;
  - viii) the expenditure was necessary, has been properly authorised and is within the sum available in the budget against which it has been allocated;
  - ix) an authorised purchase requisition note has been received and official order subsequently issued in accordance with the ordering of goods and services procedures and details agree to the invoice;
  - x) a signed delivery note/ goods received note has been received from the budget holder or their nominee; and
  - xi) where appropriate the asset register and relevant Inventory record is updated.
- 6.19 Claims by members of staff shall be certified by the appropriate budget holder (or the appropriate line manager where the member of staff is the budget holder). The certification shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the College. Claims should be submitted to the finance department on a monthly basis.
- 6.20 Supplier invoices will be paid on a weekly basis, except where cash flow requirements may dictate otherwise.

### **Petty Cash**

- 6.21 The Vice Principal Finance will be responsible for the control of the College petty cash float and for providing such advances as considered appropriate for staff of the College that may need them for the purpose of defraying petty cash. Apart from main enrolment periods, only one petty cash float per main site will be in operation.
- 6.22 Payments from petty cash shall be limited to minor items of expenditure, not exceeding £50, and to such other items as the Vice Principal Finance may approve. All items are to be supported by a petty cash voucher and also a

receipt where applicable. For payments related to the Access Fund, the cap on such payments is £50.

- 6.23 Petty cash balances will be reconciled at the end of each month with the ledger balances.
- 6.24 The Vice Principal Finance will carry out 'spot checks' of petty cash floats advanced to individual members of staff at least biannually and the main petty cash float at least monthly.
- 6.25 No payments shall be made from petty cash for payroll items or other items which may legitimately be paid through the normal payments routine. The petty cash system should not be used for the payment of travel and subsistence expenditure.
- 6.26 No income received on behalf of the College should be paid into petty cash.
- 6.27 The Vice Principal Finance shall ensure that where a member of staff holding a petty cash advance leaves the employment of the College, the petty cash is either handed to his/her successor or back to the Vice Principal Finance.
- 6.28 Petty cash float holders are responsible for the physical security of monies held and for maintaining adequate records of petty cash transactions. In the event of another officer acting as float holder (e.g. Due to annual leave) a handover form must be completed recording the imprest level, the value of petty cash vouchers, and the value of monies held at the time of handover. The form must be signed and dated by both officers.
- 6.29 Where the College introduces credit cards, this action must be reported to the Estates and Finance Committee. An annual report will be presented to Estates and Finance Committee detailing use of the card(s).

## **7 EMPLOYMENT MATTERS - SALARIES, WAGES AND EXPENSES**

- 7.1 The salary of Senior Post Holders and the Clerk shall be determined by the Board of Governors on the advice of the Remuneration Committee.
- 7.2 The Principal is responsible for the payment of salaries and wages to all staff and shall only appoint those permanent staff where financial provision has been made within the approved College budget. Appointments will be to the salary scales approved by the Board of Governors and in accordance with appropriate conditions of service.
- 7.3 The Principal may also appoint temporary staff, where budgetary provision is available to meet the cost, only on a fixed term contract basis.
- 7.4 Unless otherwise stated in a member of staff's contract:
  - outside consultancies or other paid work may not be accepted without the consent of the Principal
  - applications for permission to undertake work as a purely private activity must be fully detailed and submitted to the Principal for consideration.
- 7.5 The Board of Governors is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees. The Vice Principal

Finance is responsible for day to day superannuation matters including payment of contributions to authorised schemes, and preparing returns.

- 7.6 The Principal shall be responsible for the design and maintenance of all personnel records and for the provision of relevant information to enable all salaries, wages, pensions and other emoluments to be paid. Typically, the information held will include the following:
- Details of appointments, leavers, transfers, secondments, suspensions and dismissals;
  - Changes in wages, salaries and other payments to staff except those arising from normal increments, pay awards and agreements of general application), and changes in hours of work and/or duties which affect rates of pay;
  - Absences from duty (other than normal annual leave); information for the maintenance of records of service for superannuation, income tax, national insurance, or other similar purposes;
- 7.7 The Vice Principal Finance is responsible for ensuring that appropriate records relating to payroll including those of a statutory nature are maintained by the College. All payments must comply with Inland Revenue regulations.
- 7.8 All personnel and pay records shall be in a format agreed by the Vice Principal Finance and shall only be certified by such officers as authorised by the Principal or nominee, a record of which shall be maintained by the College Finance Manager, with specimen signatures. Payroll records must be retained for at least seven years to satisfy Inland Revenue requirements.
- 7.9 Claims for expenses incurred by Governors and College staff in carrying out official duties, shall be paid at rates approved by the Estates and Finance Committee where actual costs are reimbursed up to a maximum level as defined by the approved framework. The approved framework is subject to regular review. All expense claims must be submitted on an official College expenses claim form, supported by vouchers. All overseas journeys must be approved by the Principal, prior to the journey being undertaken. A record must be maintained of all overseas journeys undertaken by SMT and Governors for inclusion in the Annual Accounts.
- 7.10 Expenses claim forms shall be signed by the claiming officer and authorised by the budget holder. Where the claiming officer is the budget holder, the claim form must be authorised by the relevant Line Manager. The Principal's expense claims are to be approved by the Chair of the Board of Governors. A summary of Senior Management Team expenses will be reported to the Estates and Finance Committee on an annual basis.
- 7.11 Claims for expenses must be submitted promptly and not later than one month after the event.

## **8 PROTECTION OF PROPERTY AND INFORMATION**

- 8.1 The Principal shall be responsible for making arrangements for the proper control and security of all buildings, furniture, equipment, plant, stores, cash and other items of value held by the College, ensuring that such items are recorded on an inventory or other suitable record. All capital assets must be recorded on the College's Asset Register. In the event of an irregularity being

suspected or discovered, Governors and staff are to refer to the College's Fraud Policy.

- 8.2 Items of equipment costing over £1,000 should be included on the inventory immediately on receipt of the equipment and invoice and clearly marked as the property of the College.
- 8.3 The Vice Principal Finance will have the responsibility of ensuring that the College inventories are checked on an annual basis and for ensuring that all portable items of equipment are security tagged.
- 8.4 The property of the College shall not be removed from the College premises or used other than for the normal activities of the College. Any property removed from the premises shall be recorded in a schedule maintained by the relevant budget holder.
- 8.5 The disposal of surplus materials, stores or equipment should be undertaken in a cost effective manner commensurate with their estimated value, by competitive tender or public auction, unless alternative arrangements are agreed by Estates and Finance Committee. It is the responsibility of the Vice Principal Finance to authorise the disposal of assets up to an estimated value of £1,000 in aggregate or on any one occasion. Disposals in excess of this value must be approved by Estates and Finance Committee. Disposals of land and buildings must only take place with the authorisation of the Board of Governors. LSC consent may also be required if exchequer funds were involved in the acquisition of the asset.
- 8.6 Budget holders are responsible for maintaining proper security at all times for all buildings, stock, stores furniture, cash etc., under their control. Budget holders shall consult the Vice Principal Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.  
  
Keys to safes or other similar containers are to be carried with the person responsible at all times. The loss of such keys must be reported to the Vice Principal Finance.
- 8.7 The Vice Principal Finance will be responsible for ensuring that virus checkers are regularly used to safeguard computerised records. Staff and students may not install any software onto College computers which has not been officially procured by the College.
- 8.8 A disaster recovery plan is in place to mitigate against loss of computing facilities.

### **Stocks and Stores**

- 8.9 The Vice Principal Finance is responsible for the maintenance of sufficient records of stores as required for accounting, costing and financial record purposes.
- 8.10 All items should be delivered to the delivery point noted on the order, where they shall be checked against the order form and the delivery note, and signed by the receiving officer.
- 8.11 All stocks shall be issued from stores in accordance with procedures established by the Vice Principal Finance.

- 8.12 Stock checks should be carried out annually by the manager responsible for the stock. The performance of stock checks should be fully documented.
- 8.13 Stock returns should be submitted to the Vice Principal Finance on an annual basis identifying the range of items held, the quantity, the value (using the lower of cost or net realisable value or average prices paid), the date of the stock take and the staff taking stock. Any significant discrepancies should be identified and reported to the Estates and Finance Committee.
- 8.14 The Learning Resources Manager will provide a full inventory of book stocks on an annual basis at the end of the Financial Year.
- 8.15 The Estates Team will be responsible for the secure and efficient use of the transport fleet. A report will be provided annually to the Estates and Finance Committee outlining the size and application of the fleet.

## **9 RISK MANAGEMENT AND INSURANCES**

- 9.1 The Vice Principal Finance is responsible for developing a risk management strategy in order to identify the risks facing the College and types of protection required to cover these risks. The strategy will cover important potential liabilities such as terrorism and be sufficient to meet any potential risk to all assets. This will be considered and approved by the Estates and Finance Committee annually.
- 9.2 The Vice Principal Finance shall, within the policies determined by the Board of Governors, effect all necessary insurance eg damage to: property by fire, explosion, lightning, impact by aircraft together with motor vehicle, employers and third party liability insurance, professional negligence (in respect of both staff and governors). The Vice Principal Finance is therefore responsible for obtaining quotes, negotiating claims, and maintaining appropriate records. The Vice Principal Finance will also liaise with the College's insurers.
- 9.3 Budget holders shall notify the Vice Principal Finance of all new risks falling within their areas of responsibility. The College shall promptly notify the insurers of all new or increased risks which may require insurance and of any alterations affecting the level of risk.
- 9.4 Officers must immediately inform the Vice Principal Finance of any event involving loss or other circumstance which may involve a potential insurance claim.
- 9.5 The Vice Principal Finance shall immediately inform the insurers of any loss, liability or damage, or of any event likely to lead to a claim. The Vice Principal Finance will be responsible for processing all insurance claims made.
- 9.6 The Vice Principal Finance shall keep a register of all insurance effected by the College and the property and risks covered thereby.
- 9.7 The Director of Estates is responsible for keeping suitable records of plant which are available for inspection by the College's insurers. The Director of Estates is also responsible for ensuring plant is regularly inspected and serviced as required by the insurers.
- 9.8 All staff using their own vehicles on behalf of the College shall maintain appropriate insurance cover for business use.

## **10 TREASURY MANAGEMENT**

### **Investments**

- 10.1 The Estates and Finance Committee shall approve a policy statement outlining the strategy based on CIPFA's Treasury Management in Higher Education: A Statement of Best Practice for the investment of surplus funds, which shall be in the name of the institution. The College's powers to invest are regulated by the trustees Investment Act and the Policy Statement must comply with this legislation.
- 10.2 The Vice Principal Finance shall have delegated power to invest funds on a day to day basis in accordance with this policy.
- 10.3 The Estates and Finance Committee shall receive reports from the Vice Principal Finance at appropriate stages in the year detailing the investment decisions taken.

### **Borrowing**

- 10.4 Borrowing will conform to the Colleges Treasury Management Policy and to the requirements of the LSC and a report will be submitted to the Estates and Finance Committee at least once in the financial year to identify the pattern of borrowing.
- 10.5 All investments and borrowing will be made in the name of City of Wolverhampton College. The College will have a bank facility of £250,000 and the Principal shall have delegated power to call on this facility and report its use to the next meeting of the Board of Governors. Any borrowing over this limit must be authorised by the Board of Governors.

## **11 CAPITAL EXPENDITURE AND CONTRACT ARRANGEMENTS**

- 11.1 Revenue expenditure consists of the day to day costs of running the College including expenditure incurred in repairing, maintaining and overhauling capital assets. It will normally be charged to the revenue account in the financial year in which it is incurred and subject to any arrangements for provisions.
- 11.2 Capital expenditure shall include those items which have a long-term value to the college beyond the year of account. Such expenditure shall add to, rather than maintain the value of any existing asset and/or useful life of the asset.
- 11.3 Capital expenditure shall typically include the following:
  - i) acquisition of land and buildings;
  - ii) minor capital works costing £30,000 or more for the provision, extension, improvement or adaptation of buildings and building elements;
  - iii) acquisition, installation or replacement of movable or immovable plant or machinery;
  - iv) purchase of vehicles; and
  - v) purchase of computer and other equipment in excess of £2,000 in value.

- 11.4 If there is any doubt as to whether an item should be charged to revenue or capital then the advice and guidance of the Vice Principal Finance should be sought.

### **Project appraisal and monitoring**

- 11.5 The Board of Governors shall, before any bids are submitted to the LSC Government Office, Regional Development Agency or any other funders for capital funding, receive from the Principal the following details of the scheme:

- i) the business case and fit with College mission;
- ii) a description of the capital project together with a summary of the reason and the need for the project,
- iii) the reporting and monitoring procedures;
- iv) a fully costed estimate of the total capital cost, including cash flow projections and payback periods where appropriate;
- v) the risk assessment;
- vi) the project manager arrangements; and
- iv) the estimated revenue implications of the scheme.

- 11.6 The Principal shall approve all contracts up to £50,000. Contracts exceeding £50,000 in value or one year in term shall be approved by the Board of Governors.

- 11.7 Submissions will be forwarded to the LSC and other funders where appropriate. If agreement is secured, the relevant procedural rules should be followed. Guidance on best practice should be followed in all circumstances.

- 11.8 The Vice Principal Finance shall furnish the Estates and Finance Committee with details of the progress of the scheme, including any potential changes in the scheme design and/or cost.

- 11.9 Consultants may be appointed if the project, as determined by the Board of Governors or its relevant committees, is too large or too specialised for estates department resources. Appointments shall be subject to tendering and other procedures where appropriate.

## **12 REVENUE CONTRACTS, RESEARCH GRANTS AND OTHER SERVICES RENDERED**

- 12.1 Staff intending to submit applications for research funding or other activities, such as regeneration, learning partnership or overseas initiatives, amongst others, must discuss their proposal in detail in the first instance with the Vice Principal Finance to enable an assessment of the likely areas of cost to be made.

- 12.2 The following points will be considered as part of the assessment process for new initiatives:-

- i) the project contribution to the College mission;
- ii) the business case;

- iii) that funds intended to support teaching activity in England will not be used to subsidise overseas activity
  - iv) length of project;
  - v) appointment of a project manager;
  - vi) staff numbers and level of appointment;
  - vii) confirmation of outputs and the monitoring framework
    - quality measurements
    - a comprehensive risk assessment
  - viii) travel and subsistence;
  - ix) consumable costs including printing, stationery, postage and advertising, and that systems for control of assets to be used in contract delivery are adequate ;
  - x) typing and secretarial support; and
  - xi) the application of overheads and other indirect costs
  - xii) benefits accruing to the College
  - xiii) quality assurance arrangements applied to core activity are applied for such projects
- 12.3 Detailed costings shall be prepared in collaboration with the Vice Principal Finance prior to approval being given to the project by the Principal or his nominee.
- 12.4 Staff undertaking private work which involves the use of College resources, for which a charge will be made, must obtain permission of the Vice Principal Finance and the Principal.
- 12.5 Certain activities undertaken within the College including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property. Estates and Finance Committee is responsible for establishing procedures to deal with any patents accruing to the College from inventions and discoveries made by staff in the course of their research.
- 12.6 Where the College enters into franchise or direct delivery partnership arrangements, the College will seek the approval of Governors to such arrangements, and will provide regular reports to Governors on performance.

### **13 CONTRACTING AND TENDERING ARRANGEMENTS**

- 13.1 A detailed guidance booklet on Contracting and Tendering Arrangements requires to be adhered to by college staff - section 13.2 to 13.7 summarises the key issues from that booklet.
- 13.2 All contracts must comply with European procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement or hire (whether or not hire purchase) with a total value exceeding a threshold value.
- The current thresholds (valid from 1 January 2008 onwards) are (€206,000) for supplies or services regulations and (€5,150,000) for works regulations. These thresholds are exclusive of VAT and relate to the full life of the contract. These thresholds may be liable to change.
- A breach of EU procurement regulations is actionable by a supplier or potential supplier. The Vice Principal Finance is responsible for ensuring all EU procurement requirements (e.g. advertising in official journals or electronically) are satisfied.

- 13.3 Except as required by UK legislation, the EC and relevant directives these regulations must be followed every time the College enters into a contract in relation to building works or the maintenance and servicing of buildings/equipment.
- 13.4 The procedures for obtaining estimates shall be as follows:
- i) For orders with a total value up to £2,000.00 budget holders shall use good sense as to the need to obtain information in addition to an estimated price from a supplier.
  - ii) For orders with a value of £2,000 to £29,999.99 submitted with the purchase requisition and then three written quotations are required which must be submitted with the purchase requisition and then retained for inspection by the Vice Principal Finance and available for audit.
  - iii) For orders with a value over £30,000 at least three competitive tenders are required in accordance with the tender procedures of the College, and a written contract entered into.
- 13.5 The Board of Governors may vary this procedure, if after considering a report prepared by the Principal or nominee, it considers that:-
- benefit would be derived from using an alternative method of contractor selection
  - where contracts are of a specialist nature, two or more persons normally engaged in carrying out contracts of a similar nature are approached.
  - it appears that there is only one possible supplier or that it is for any reason impossible or unreasonable to invite an offer from more than one supplier.
- 13.6 Budget holders are not ordinarily authorised to commit expenditure for the refurbishment or redecoration of their offices or classrooms without the prior consent of the Vice Principal Finance. Normally, such expenditure will be met out of the College's main estates cost centre. Budget holders are entitled to commit to the purchase of minor items of equipment from their budget provided this does not result in an overspend.
- 13.7 The Vice Principal Finance shall maintain a register of all contracts (except contracts of employment) between the College and third parties and shall report thereon. Authorisation of College commitment towards contract arrangements will normally rest with a member of the SMT or an appropriate senior manager, such as the Director of Estates.

#### **Declaration of Interest**

- 13.8 Any Governor, the Principal or other member of staff of the College with a material interest in a personal capacity in any contract with the College is required to declare that interest to the Clerk to the Board of Governors who will maintain a register of such interests.
- 13.9 Staff in positions of financial responsibility and authorisation are required to inform the Clerk to the Board of Governors on a timely basis of any business or commercial interests which may conflict with their responsibilities when carrying out the business of the College.

13.10 Staff failing to respond to a circularisation request to declare interests will be identified and requested to comply with the procedure. The Clerk to the Board of Governors is responsible for the monitoring of interests when they have been declared.

## **14 TAXATION**

14.1 The Vice Principal Finance will issue instructions to departments on compliance with statutory taxation requirements covering PAYE, National Insurance, Corporation Tax and Import Duties.

14.2 The Vice Principal Finance is responsible for maintaining the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date.

## **15 HOSPITALITY AND INDUCEMENTS**

### **Hospitality**

15.1 The College may provide hospitality in connection with the normal business affairs of the College. This hospitality may be provided at the discretion of the Principal or nominee to the following:-

- Governors;
- College staff;
- representatives from educational institutions, firms or companies visiting the College on business;
- any other visitors connected with the business of the College.

15.2 The hospitality provided will not normally exceed the provision of tea, coffee, sandwiches, buffet lunches etc. Hospitality provided away from the College premises will require the authorisation of the Principal or nominee.

15.3 The budget for hospitality will be subject to annual review in accordance with the budget setting process of the College.

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

15.4 The Vice Principal Finance is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the College and initiating claims for recovery of tax where appropriate. Acceptance of gifts by staff may be construed by the Inland Revenue as a taxable benefit.

15.5 It is inevitable that, from time to time, Governors and staff will be offered gifts and hospitality when exercising duties on behalf of the College. In deciding whether it is appropriate to accept such a gift or hospitality Governors or members of staff should ask themselves whether members of the public, knowing such information, would reasonably conclude that the gift or hospitality might influence their judgement. Under no circumstances should a gift or concession of any sort be accepted where it could be construed as a reward for services rendered. In situations where governors or staff are uncertain as to whether it would be appropriate to accept an offer of a gift or hospitality, the offer should be declined or advice sought from the Clerk to the Board of Governors. It is an offence under the Prevention of Corruption Acts 1889 and

1906 for any employee working in a public body to accept any inappropriate fee or reward whatsoever, other than their normal remuneration, for;

- Doing, or refraining from doing, anything in their employment capacity;
- Showing favour or disfavour to any person in their employment capacity.

15.6 Where a gift or hospitality, where the value is in excess of £20, is accepted this should be reported to the Clerk to the Board of Governors who will maintain a gifts and hospitality register.

15.7 The Vice Principal Finance is responsible for maintaining a record of the requirements for any and each trust fund and for advising the Estates and Finance Committee on the control and investment of fund balances. Estates and Finance Committee is responsible for ensuring that all the College's trust funds are operated within any relevant legislation and the specific requirements for each trust.

## **16 DISCOVERY OF FRAUD PROCEDURES**

With reference to duties and responsibilities of all members of staff (see paragraph 1.12 iv), the Clerk to the Board of Governors shall be immediately notified whenever any matter arises which involves or is thought to involve, irregularity, including fraud, corruption or any malpractice.

The Clerk to the Board of Governors shall immediately notify the Principal, the Audit Committee (through the Chair of the Audit Committee) and the Internal Auditors of the suspected irregularity and shall take such steps, as she considers necessary by way of investigation and report.

The Principal shall inform the police if a criminal offence is suspected of having been committed.

Any significant cases of fraud or irregularity shall be reported to the Learning and Skills Council. A fraud or irregularity is significant where one or more of the following factors is involved –

- the sums of money are in excess of £10,000;
- the particulars of the fraud are novel, unusual or complex;
- there is likely to be great public interest because of the nature of the fraud or the people involved

The internal audit service, or others commissioned to carry out the investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspicion of fraud is thought to involve the Clerk to the Board of Governors the member of staff shall notify the Vice Principal Finance of their concerns regarding irregularities.

The Corporation has adopted a Fraud Policy and Response Plan, the provisions of which should be followed in all respects.

## 16.1 Whistleblowing

Whistleblowing is the disclosure by an employee (or other party) about malpractice in the workplace. There is no legal definition of 'whistleblowing' or of 'malpractice'. For the purpose of this procedure, 'malpractice' in relation to the College means

- fraud, theft, corruption, bribery or other financial irregularities;
- other criminal activities or dishonesty;
- failure to comply with a legal obligation, the staff code of conduct, the financial regulations or the Corporation's Code of Conduct.
- a miscarriage of justice;
- creating or ignoring a serious risk to health, safety or the environment

(whether by other employees, contractors, the public or members of the Corporation).

The full procedure for Whistleblowing is set out in the College's Whistleblowing policy.

## 17 COLLEGE PRIVATE FUNDS

17.1 The Board of Governors shall ensure that a record is kept of all such funds for the College and that annual accounts, audited by a suitable qualified auditor, are submitted to them within a reasonable time after the end of each accounting period which is to coincide with the College main account.

17.2 The students union is a constituent part of the College and as such is responsible to the Board of Governors. Subject to the constraints imposed by the LSC, the Board of Governors shall determine the level of grant to be paid annually to the students union. The students union is responsible for maintaining its own bank account and financial records and preparing its own accounts. At year end the students union accounts will be audited and presented to the Board of Governors. The College's internal auditor shall have access to records, assets and personnel within the students union in the same way as other areas of the College.

17.3 In certain circumstances it may be advantageous to the College to establish a company to undertake services on its behalf. The Board of Governors is responsible for approving the establishment of companies and the procedure to be followed in order to do so. The process involved in forming a company and arrangements for monitoring and reporting on the activities of subsidiary undertakings shall be documented in the College's procedures.

It is the responsibility of the Board of Governors to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the College. The directors where the College is the majority shareholder must submit, via the Estates and Finance Committee an annual report to the Board of Governors.

## **18 JOINT VENTURES**

The Vice Principal Business Strategy and External Relations will be responsible to report to the Board of Governors regarding Joint Venture arrangements. It will be the responsibility of the Board of Governors to approve the arrangements, in addition to overseeing monitoring and reporting arrangements.

## **19 AMENDMENTS TO FINANCIAL REGULATIONS**

- 19.1 Amendments to these Financial Regulations must be considered by the Estates and Finance Committee.
- 19.2 Amendments to these Financial Regulations may only be approved by the Board of Governors.

**CITY OF WOLVERHAMPTON COLLEGE**

**ESTATES AND FINANCE COMMITTEE**

**TERMS OF REFERENCE**

**1 Membership**

- 1.1 The Committee shall be appointed by the Board of Governors and shall have up to 6 members including the Principal and, where appropriate, an external co-opted member. Members of the Audit Committee must not be members of the Committee.
- 1.2 If an external co-opted member is to be appointed to the Estates and Finance Committee, it should be noted that it would be inappropriate to consider an employee of either the College's Internal or External Auditors, Bankers, Insurance Brokers, Architects, Surveyors or Solicitors.
- 1.3 The Committee may invite the Corporation's officers, advisers or other third parties to attend meetings of the Committee as appropriate, but such persons shall not have a vote but shall be entitled to speak at the meeting at the invitation of the Committee Chair.
- 1.4 The Chair, Vice-Chair and membership of the Committee shall be appointed annually by the Board of Governors.
- 1.5 The quorum for the Committee shall be three.
- 1.6 The Clerk to the Board of Governors shall normally act as Clerk to the Committee.
- 1.7 All members of the Committee will have equal voting rights. In the event of a tie, the Chair will have the casting vote.

**2 General Terms**

The Estates and Finance Committee shall have overall responsibility delegated to it by the Board of Governors for the conduct of the all the College's financial affairs, with the following exceptions as laid out in the College's Articles of Government:

- i) The approval of the annual estimates of income and expenditure;
- ii) The responsibility to ensure the solvency of the College and the safeguarding of College assets.

These two responsibilities remain with the Board of Governors.

### **3 Specific Terms**

3.1 Within the general terms, the Committee is specifically required to advise the Board of Governors on:-

The annual estimates of income and expenditure including future financial forecasts;

The draft annual accounts

Capital expenditure requirements including loans

Arrangements for securing value for money, solvency and safeguarding of assets

The College's investment and borrowing policies

The appointment of bankers

Additions and changes to the financial regulations

The College's Accommodation and Property Strategies, including acquisition and disposal, additional and replacement buildings, utilisation, condition and overall efficiency.

The write-off of uncollected or uncollectable losses

Any financial or estates matters as determined by the Board of Governors

3.2 Within the general terms, the Estates and Finance Committee shall be responsible to the Board of Governors for:-

Considering and approving projects and initiatives consistent with the realisation of the College's objectives within the Development Plan

Monitoring the effective and efficient use of the College's resources and reviewing arrangements for securing value for money

Monitoring of the budget and financial forecast on a routine and regular basis.

Receiving and considering the draft annual accounts before they are presented to the Board.

Monitoring the implementation of the College's Accommodation and Property Strategies.

Reviewing the financial regulations for approval by the Board of Governors

Approving capital expenditure within the annual estimates and to monitor actual expenditure

Approving virement between budget heads in accordance with the College's Financial Regulations.

Determining tuition and other fees, policies and rates at least annually

Determining travel and subsistence rates at least annually.

Overseeing the College's risk management framework;

Monitoring the College's partnership provision in year.

Overseeing arrangements for ensuring the College is properly insured.

Determining the required format for financial reporting to the Board and its committees.

Conducting its business in accordance with the College's Financial Regulations.

#### **4 Delegation of authority**

In exercising its responsibilities the Estates and Finance Committee may delegate authority and responsibility to members of the Committee and/or officers of the College.

#### **5 Frequency of Meetings**

Meetings shall be held not less than once a term.

#### **6 Reporting Procedures**

Minutes of all meetings shall be included in the papers for the next appropriate Board of Governors meeting and shall be reported upon at that Board meeting.

#### **7 Conduct of Meetings**

Each Committee is acting on behalf of the Board of Governors and as such will be administered in accordance with the Rules of Clerkship and the Standing Orders that apply to the Board of Governors and its Committees.

These terms of reference were approved by the Board of Governors at its meeting held on *19 May 2008*. These terms of reference may only be amended by a Resolution of the Board.

**CITY OF WOLVERHAMPTON COLLEGE**

**AUDIT COMMITTEE**

**TERMS OF REFERENCE**

**1. Membership**

- 1.1 The Committee shall be appointed by the Board of Governors and shall have up to 6 members including, where appropriate, an external co-opted member. The Chair of the Board of Governors, the Principal, and members of the Estates and Finance Committee must not be members of the Audit Committee.
- 1.2 If an external co-opted member is to be appointed to the Audit Committee, it should be noted that it would be inappropriate to consider an employee of either the College's Internal Audit Service, Financial Statements Auditors, Bankers, Insurance Brokers, Architects, Surveyors or Solicitors.
- 1.3 The Committee may invite the Corporation's officers, advisers or other third parties to attend meetings of the Committee as appropriate, but such persons shall not have a vote but shall be entitled to speak at the meeting at the invitation of the Committee Chair.
- 1.4 The Chair, Vice-Chair and membership of the Committee shall be appointed annually by the Board of Governors.
- 1.5 The quorum for the Committee shall be three.
- 1.6 The Clerk to the Board of Governors shall normally act as Clerk to the Committee.
- 1.7 All members of the Committee will have equal voting rights. In the event of a tie, the Chair will have the casting vote.

**2 Terms of Reference**

- 2.1 Article 6 of the Instrument and Articles of Government provides that the Audit Committee is a mandatory Committee.

Article 6 (1) – “The Corporation shall establish a committee, to be known as the Audit Committee, to advise on matters relating to the Corporation's audit arrangement and systems of internal control.”

Article 6 (2) - “The committee shall consist of at least three persons and may include members of staff at the institution with the exception of those in senior posts, and shall operate in accordance with any requirements of the LSC.”

- 2.2 To advise the Board of Governors on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money).

- 2.3 To advise the Board of Governors on the appointment, reappointment, dismissal and remuneration of the Financial Statements Auditor and the Internal Audit Service (IAS).
- 2.4 To advise the Board of Governors on the scope and objectives of the work of the Internal Audit Service and the Financial Statements Auditor.
- 2.5 To ensure effective co-ordination between the Internal Audit Service and the Financial Statements Auditor.
- 2.6 To consider and advise the Board of Governors on the audit strategy and annual internal audit plans for the Internal Audit Service.
- 2.7 To advise the Board of Governors on internal audit assignment reports and annual reports and on control issues included in the management letters of the Financial Statements Auditor (including their work on regularity) and management's response to these;
- 2.8 To consider and advise the Board of Governors on relevant reports by the National Audit Office, the LSC and other funding bodies, and where appropriate management's response to these;
- 2.9 To monitor, within an agreed time-scale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and the Financial Statements Auditor's management letter.
- 2.10 To establish, in conjunction with college management, relevant annual performance measures and indicators and to monitor the effectiveness of the Internal Audit Service and Financial Statements Auditor through these measures and indicators and to decide, based on this review, whether a competition for price and quality of the audit service is appropriate.
- 2.11 To produce an annual report for the Board of Governors and accounting officer, which should include the Committee's advice on the effectiveness of the College's risk management, control and governance processes, and any significant matters arising from the work of the Internal Audit Service and the Financial Statements Auditor.
- 2.12 To ensure that all allegations of fraud and irregularity are properly followed up.
- 2.13 To be informed of all additional services undertaken by the Internal Audit Service and the Financial Statements Auditors.
- 2.14 To recommend the annual financial statements to the governing body for approval.

### **3 Audit Committee Powers**

In order to exercise its role the Audit Committee shall have the power to

- 3.1 investigate any activity within its terms of reference;
- 3.2 seek any information it requires from the Internal Audit Service, the Financial Statements Auditors, governors, committees and college employees, plus relevant information from subcontractors and other third parties;
- 3.3 obtain external professional advice.

**4 Frequency of Meetings**

Meetings shall be held not less than once a term.

**5 Reporting Procedures**

Minutes of all meetings shall be included in the papers for the next appropriate Board of Governors meeting and shall be reported upon at that Board meeting.

**6 Conduct of Meetings**

Each Committee is acting on behalf of the Board of Governors and as such will be administered in accordance with the Rules of Clerkship and the Standing Orders that apply to the Board of Governors and its Committees.

These terms of reference were approved by the Board of Governors at its meeting held on *19 May 2008*. These terms of reference may only be amended by a Resolution of the Board.

**CITY OF WOLVERHAMPTON COLLEGE**

**HUMAN RESOURCES COMMITTEE**

**TERMS OF REFERENCE**

**2. Membership**

- 1.1 The Committee shall be appointed by the Board of Governors and shall have up to 6 members including the Principal and, where appropriate, an external co-opted member. The membership may not include staff or student members.
- 1.2 The Committee may invite the Corporation's officers, advisers or other third parties to attend meetings of the Committee as appropriate, but such persons shall not have a vote but shall be entitled to speak at the meeting at the invitation of the Committee Chair.
- 1.3 The Chair, Vice-Chair and membership of the Committee shall be appointed annually by the Board of Governors.
- 1.4 The quorum for the Committee shall be three.
- 1.5 The Clerk to the Board of Governors shall normally act as Clerk to the Committee.
- 1.6 All members of the Committee will have equal voting rights. In the event of a tie, the Chair will have the casting vote.

**3. Terms of Reference**

The Committee has such powers as the Board is able to delegate on employment matters (other than for senior post holders) and is responsible to the Board of Governors for the following:

- 3.1 To act in accordance with the delegated powers below:-
  - a) setting a framework for the pay and conditions of service of all staff (other than senior post holders and the Clerk);
  - b) considering and approving all policy and procedural documents relating to Employment matters as required by 2.1 (a) above;
- 3.2 To determine any employment relations matters referred by the Principal and Chief Executive.
- 3.3 To advise the Board on matters relating to Trade Union recognition and consultation arrangements.
- 3.4 To periodically receive reports on Health and Safety for consideration and to monitor and review the College's Health and Safety Policy.

- 3.5 To oversee the College's child and vulnerable adult protection arrangements, to monitor and review the College Child Protection and vulnerable adult policy and procedures annually, to receive reports on individual cases.
- 3.6 To oversee and approve the College's Organisational Development Programme and Continuous Professional Development Plan within the approved budget and consistent with the objectives of the College Development Plan.
- 3.7 To consider and make recommendations to the Board of Governors on the annual pay award for staff (other than senior post holders and the Clerk).
- 3.8 To make recommendations to the Board of Governors as appropriate.

### **3 Frequency of Meetings**

Meetings shall be held not less than once a term.

### **4 Reporting Procedures**

Minutes of all meetings shall be included in the papers for the next appropriate Board of Governors meeting and shall be reported upon at that Board meeting.

### **5 Conduct of Meetings**

Each Committee is acting on behalf of the Board of Governors and as such will be administered in accordance with the Rules of Clerkship and the Standing Orders that apply to the Board of Governors and its Committees.

These terms of reference were approved by the Board of Governors at its meeting held on *19 May 2008*. These terms of reference may only be amended by a Resolution of the Board.

**CITY OF WOLVERHAMPTON COLLEGE**  
**SEARCH AND GOVERNANCE COMMITTEE**  
**TERMS OF REFERENCE**

**1. Membership**

- 1.1 The Committee shall be appointed by the Board of Governors and shall comprise:
- The Chair of the Board of Governors
  - The Vice Chair of the Board of Governors
  - The Principal
  - One other member of the Board of Governors
  - One external co-opted member.
- 1.2 The Chair of the Board of Governors shall Chair the Committee.
- 1.3 The quorum for the Committee shall be three.
- 1.4 The Clerk to the Board of Governors shall normally act as Clerk to the Committee.
- 1.5 All members of the Committee will have equal voting rights. In the event of a tie, the Chair will have a casting vote.

**2. Terms of Reference**

- 2.1 Article 5 (1) of the Instrument and Articles of Government provides that the Search Committee is a mandatory Committee.

Article 5 (1) "The Corporation shall establish a committee, to be known as the Search Committee, to advise on

- (a) the appointment of members (other than as parent, staff or student member); and
- (b) such other matters relating to membership and appointments as the Corporation may ask it to.

Article 5 (2) The Corporation shall not -

- (a) appoint any person as a member (other than as a parent, staff, or student member) without first consulting and considering the advice of the Search Committee."

- 2.2 The Committee shall be responsible for considering and advising the Board on the composition and balance of the Board and its Committees and on the procedures and criteria for appointment.
- 2.3 The Committee shall evaluate the contribution made by existing governors, including attendance, before proposing their re-appointment, especially after two terms of office. Members of the Committee must leave any meeting where their own performance is being evaluated or re-appointment recommended.
- 2.4 The Committee shall be responsible for keeping under review the composition and balance, and skills and knowledge of the membership of the Board and its Committees, having regard to the changing needs which the Corporation must meet, and to take these factors into account when planning appointments.
- 2.5 When considering the recommendation of any appointment or re-appointment to the Board, the Committee shall have regard to the aims and values of the Corporation with respect to membership of the Board as set out in the Board's Policy on the Appointment of members, i.e.
- Members of the Board are appointed on merit, after an open selection process which complies with the requirements as set out in the Instrument and Articles of Government for the appointment of members.
  - The appointment process is conducted with attention to Equal Opportunities with consideration being given to the balance of membership in terms of gender, age, disability, race and ethnic origin.
  - The selection of members is consistent with the principles laid down by the Committee on Standards in Public Life for those holding public office.
  - Membership of the Board is drawn widely from the community served by the College with a wide range of skills and interests being represented.
- 2.6 The Committee shall be responsible for considering and making recommendations to the Board of Governors on the appointment of external co-opted committee members.
- 2.7 The Committee shall have the power to consult with such external advisers as they deem necessary to fulfil their responsibilities.
- 2.8 The Committee, together with the Clerk, shall be responsible for considering and advising on policies, procedural matters and other issues relating to the Instrument and Articles of Government and the operation of the Board and its committees.
- 2.9 The Committee shall be responsible for recommending to the Board the target for aggregate governor attendance and for monitoring the achievement of the target set.
- 2.10 The Committee shall be responsible for overseeing governor training and development.
- 2.11 The Committee shall be responsible for overseeing the process of the annual Governor performance evaluation and considering the outcomes.

**3 Frequency of meetings**

Meetings shall be held not less than once a term.

**4. Reporting Procedures**

Minutes of all meetings shall be included in the papers for the next appropriate Board of Governors meeting and shall be reported upon at that meeting.

**5. Conduct of Meetings**

Each Committee is acting on behalf of the Board of Governors and as such will be administered in accordance with the rules of Clerkship and the Standing Orders that apply to the Board of Governors and its Committees.

These terms of reference were approved by the Board of Governors at its meeting held on 18 May 2009. These terms of reference may only be amended by a resolution of the Board.

**CITY OF WOLVERHAMPTON COLLEGE**

**REMUNERATION COMMITTEE**

**TERMS OF REFERENCE**

1. Membership

- 1.1 The Committee shall be appointed by the Board of Governors and shall have 5 members including the Chair and Vice Chair of the Board of Governors.
- 1.2 Staff Governors, Student Governors and the Principal must not be members of the Remuneration Committee.
- 1.3 The Committee may invite the Principal, external advisers or third parties to attend meetings of the Committee as appropriate (such persons shall not have the right to vote but may speak at the invitation of the Chair).
- 1.4 The Chair and membership of the Committee shall be appointed annually by the Board of Governors.
- 1.5 The quorum for the Committee shall be three.
- 1.6 The Clerk to the Board of Governors shall normally act as Clerk to the Committee except when his/her own remuneration or conditions of services are being reviewed when a member of the Committee shall be nominated to take the minutes.
- 1.7 All members of the Committee will have equal voting rights. In the event of a tie, the Chair will have the casting vote.

2. Terms of Reference

- 2.1 To consider and advise the Board of Governors on the remuneration of the Principal, the other Senior Post Holders and the Clerk to the Board, taking appropriate advice and having reference to the results of any appraisals and/or objectives set through the performance management scheme and using available comparators and evaluation schemes.
- 2.2 To consider and advise the Board of Governors on the contracts and conditions of service of the Principal, the other Senior Post Holders and the Clerk to the Board including appraisal, performance management, promotion, grading, conduct, suspension, grievance, dismissal and retirement.

3. Frequency of Meetings

The Committee shall normally meet at least once per year.

#### 4 Confidentiality

Due to the Confidential nature of the business of the Committee all papers shall remain confidential to the Committee unless specifically agreed otherwise by the Board of Governors.

#### 5 Reporting Procedures

Minutes of all meetings shall be included in the confidential papers for the next appropriate Board of Governors meeting and shall be reported upon at that Board meeting.

#### 6 Conduct of Meetings

Each Committee is acting on behalf of the Board of Governors and as such will be administered in accordance with the Rules of Clerkship and the Standing Orders that apply to the Board of Governors and its Committees.

These terms of reference were approved by the Board of Governors at its meeting held on 19 December 2005. These terms of reference may only be amended by a Resolution of the Board.

**CITY OF WOLVERHAMPTON COLLEGE****STANDARDS COMMITTEE****TERMS OF REFERENCE****1. Membership**

- 1.1 The Committee shall be appointed by the Board of Governors and shall have up to 7 members including the Principal and, where appropriate, up to 2 external co-opted members, providing that the total membership of the Committee does not exceed seven.
- 1.7 The Committee may invite the Corporation's officers, advisers or other third parties to attend meetings of the Committee as appropriate, but such persons shall not have a vote but shall be entitled to speak at the meeting at the invitation of the Committee Chair.
- 1.8 The Chair, Vice-Chair and membership of the Committee shall be appointed annually by the Board of Governors.
- 1.9 If the Chair or Vice-Chair is absent from any meeting of the Committee, the members present shall choose one of their number to act as Chair for that meeting provided that the member chosen shall be a member of the Board of Governors.
- 1.10 Meetings will be quorate if three or more members are present of whom Board members shall be in the majority.
- 1.6 The Clerk to the Board of Governors shall normally act as Clerk to the Committee.
- 1.7 All members of the Committee will have equal voting rights. In the event of a tie, the Chair will have the casting vote.

**2. Terms of Reference**

- 2.1 To advise the Board on matters concerning the quality and effectiveness of the College's provision and to monitor that provision.
- 2.2 To consider appropriate targets for improvement in retention and achievement (success rates) for recommendation to the Board and to monitor these targets.
- 2.3 To review the performance of the College against relevant national benchmarks
- 2.4 To periodically consider reports on measures of success including learner satisfaction, learner destinations, teaching and learning, value added and distance travelled.
- 2.5 To consider matters referred by the Board such as areas of outstanding or weak performance.

- 2.6 To consider the College's draft Self Assessment Report (SAR) and Improvement Plan, to advise on the robustness of the judgements and to recommend approval to the Board of Governors.
- 2.7 To review external inspection outcomes and post-inspection action plans.
- 2.8 To make recommendations to the Board of Governors about College performance and targets for future improvement.
- 2.9 To consider and monitor the College's Quality Strategy and to recommend approval to the Board of Governors.

### **3 Frequency of Meetings**

Meetings shall be held not less than once a term.

### **4 Reporting Procedures**

Minutes of all meetings shall be included in the papers for the next appropriate Board of Governors meeting and shall be reported upon at that Board meeting.

### **5 Conduct of Meetings**

Each Committee is acting on behalf of the Board of Governors and as such will be administered in accordance with the rules of Clerkship and the Standing Orders that apply to the Board of Governors and its Committees.

These terms of reference were approved by the Board of Governors at its meeting held on *18 May 2009*. These terms of reference may only be amended by a resolution of the Board.

**CITY OF WOLVERHAMPTON COLLEGE**  
**ACCOMMODATION STRATEGY PROJECT BOARD**

**COMPOSITION AND TERMS OF REFERENCE**

The Board of Governors at its meeting on 17 July 2006 resolved to establish a Project Board to act on the Board's behalf in respect of the implementation of the Property Strategy.

**1 Membership**

1.1 The Board shall consist of

Three Governors – to be appointed by the Board of Governors on an annual basis.

The Principal

Three Officers - Vice Principal Finance & Resources and two other Vice Principals.

1.2 The Clerk to the Board of Governors shall normally act as Clerk to the Project Board.

1.3 The Project Board shall be quorate provided that two governors are in attendance in addition to at least two officers.

1.4 The Project Board may regularly require the attendance of the College's key advisors but they will not be members of the Board.

**2 Terms of Reference**

The Project Board shall be responsible to the Board of Governors for

2.1 Authorising expenditure in relation to the project, provided that:

- it is within overall budgetary limits set by the Board of Governors
- no individual authorisation exceeds 10% of the total budget limit

2.2 Ensuring that the project meets the Board of Governors' agreed objectives on cost, programme, timescales and quality standards.

2.3 Ensuring that the project is implemented in a professional and prudent manner with full regard to due process for a major public sector undertaking including stakeholder consultation.

- 2.4 Receiving regular reports on the Project from officers and College advisers including:
- Progress of the Projects as agreed by the Board of Governors;
  - Financial forecast project costs and variances and the cash-flow budget for the Projects and the Property Strategy, monitoring actual against forecast variances;
  - Tendering processes for contracted work
- 2.5 Acting on behalf of the Board of Governors in all matters relating to the Project as necessary.

### **3 Delegation of authority**

In exercising its responsibilities the Project Board may delegate authority and responsibility to members of the Project Board.

### **4 Reporting Procedures**

- 4.1 The Chair of the Project Board shall brief the Board of Governors on a regular basis on the Board's activities.
- 4.2 Minutes of all meetings shall be included in the papers for the next appropriate Board of Governors meeting and shall be reported upon at that Board meeting.

### **5 Conduct of Meetings**

Each Committee is acting on behalf of the Board of Governors and as such will be administered in accordance with the Rules of Clerkship and the Standing Orders that apply to the Board of Governors and its Committees.

These terms of reference were approved by the Board of Governors at its meeting held on *17 July 2006*. These terms of reference may only be amended by a Resolution of the Board of Governors.

**CITY OF WOLVERHAMPTON COLLEGE**

**ACADEMY STEERING GROUP**

**TERMS OF REFERENCE**

**1. Constitution**

- 1.1 The Group must comprise at least three members. The Clerk to the Board of Governors shall normally be the clerk to the Group.
- 1.2 The quorum necessary for the transaction of the business of the group shall be a minimum of three members.
- 1.3 The Group will meet as required to oversee the development of the proposed Academies. The Group shall cease to exist when the Academy Trust is established.
- 1.4 At least seven days' notice shall be given for all meetings unless such notice is waived by members.

**2 Membership**

- 2.1 The members of the Academy Steering Group shall comprise
  - Jane Eminson – Chair of City of Wolverhampton College Board of Governors
  - Mike Hardacre – City of Wolverhampton College governor
  - Robin Landman – City of Wolverhampton College governor
  - Jim Parker – City of Wolverhampton College governor
  - Ian Millard – Principal and Chief Executive, City of Wolverhampton College
- 2.2 The Group may invite any other persons to attend its meetings. No invitee shall be treated as a member of the Group for quorum or any other purpose.

**3 Purpose of the Group and Terms of Reference**

The Academy Steering Group is responsible to the Board of Governors for

- 3.1 Oversight of the Project until such time as the Academy Trust is established.
- 3.2 Oversight of the implications for the College and ensuring appropriate action if required.
- 3.3 Receiving regular reports on the Project from officers and College advisers including:
  - The development of the Academy Project Plan and monitoring performance against the Plan
  - The development of outline plans for the Academy's education ethos.
  - The progress of the Local Authority on school closure
  - The development of outline management and staffing plans

- Monitoring the establishment of the legal constitution of the Academy Company and registration with the Charities Commission.
- Consultation with local stakeholders to ensure that local views are taken into account and any difficulties resolved.
- Regular review of the risk register.

#### **4 Reporting Procedures**

Minutes of all meetings shall be included in the papers for the next appropriate Board of Governors meeting and shall be reported upon at that Board meeting.

The Academy Steering Group will consult with the full Board of Governors if required.

#### **5 Conduct of Meetings**

Each Committee and working group is acting on behalf of the Board of Governors and as such will be administered in accordance with the Rules of Clerkship and the Standing Orders that apply to the Board of Governors and its Committees.

These terms of reference were approved by the Board of Governors at its meeting held on *18 May 2009*. These terms of reference may only be amended by a Resolution of the Board.

**CITY OF WOLVERHAMPTON COLLEGE**

**TERMS OF REFERENCE FOR THE COLLEGE INTERNAL AUDIT SERVICE**

- 1 The Internal Audit Service (IAS) is responsible for conducting an independent appraisal of all the college's activities, financial and otherwise. It should provide a service to the whole college, including the Board of Governors and all levels of college management. It is not an extension of, nor a substitute for, good college management, although it can have a role in advising college management. The IAS is responsible for giving assurance to the college's Board of Governors and Principal on the adequacy and effectiveness of the college's risk management, control and governance processes. The IAS assists college management by evaluating and reporting to it the effectiveness of the controls for which it is responsible. This work contributes to the opinion that the IAS provides on risk management, control and governance processes. It remains the duty of college management, not the IAS, to operate adequate systems of risk management, control and governance. It is for college management to determine whether or not to accept audit recommendations and to recognise and accept the risks of not taking action.

Appointment

- 2 The IAS audit service is appointed by the Board of Governors for a term of 3 years. This is subject to satisfactory annual review by the Audit Committee and recommendation to the Board of Governors. Remuneration shall be fixed by the Board of Governors on the advice of the Audit Committee.

Scope

- 3 All the college's activities, funded from whatever source, fall within the remit of the IAS. The IAS may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that college management has taken the necessary steps to achieve these objectives and manage the associated risks. The scope of the IAS's work shall cover operational and college management controls and should not be restricted to the audit of systems and controls necessary to form an opinion on the financial statements. As a minimum, the scope of work shall cover the business areas set out in Annex C to the Audit Code of Practice. The IAS shall devote particular attention to any aspects of risk management, control and governance processes affected by material changes to the College's risk environment.
- 4 The systems of control subject to the IAS's work shall include those systems of control operated by:
  - all college subsidiary or associated companies;
  - the college's partners in franchised learning provision;
  - joint ventures;

- learndirect hubs where the college is the recipient college;
  - subcontracted direct learning providers; and
  - contractors of the college who provide any service that handles or processes college finances or management information in any form.
- 5 It is not within the remit of the IAS to question the appropriateness of policy decisions. However, the IAS is required to examine the arrangements by which such decisions are made, monitored and reviewed.
- 6 The IAS may also conduct any special reviews requested by the Board of Governors, Audit Committee or Principal, provided such reviews do not compromise the audit service's objectivity or independence, or the achievement of the approved audit plan.

#### Responsibilities

- 7 The head of the IAS is required to give an annual opinion to the Board of Governors, through the Audit Committee, on the adequacy and effectiveness of the college's risk management, control and governance processes. He or she should also comment on other activities for which the Board of Governors is responsible, and to which the IAS has access.
- 8 The IAS fulfils its terms of reference through review and evaluation of risk management, control and governance processes. These comprise the policies, procedures and operations in place to:
- establish and monitor the achievement of the college's objectives;
  - identify, assess and manage the risks to achieving the college's objectives;
  - advise on, formulate, and evaluate policy, within the responsibilities of the Principal as accounting officer;
  - ensure the economical, effective and efficient use of resources;
  - ensure compliance with established policies, procedures, laws and regulations;
  - safeguard the college's assets and interests from losses of all kinds including those arising from fraud, irregularity and corruption; and
  - ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

#### Standards and Approach

- 9 The IAS's work will be performed with due professional care, in accordance with the requirements of the LSC as detailed in the LSC's Interim Audit Code of Practice and the standards for the IAS promulgated by HM Treasury. The work shall comply in all material respects with Government Internal Audit Standards (GIAS). The IAS should also have regard to advice provided by professional auditing and accountancy bodies.
- 10 The head of the IAS shall implement measures to monitor the effectiveness of the service and compliance with standards. The head of the IAS should prepare a set of performance measures and criteria for the IAS function, which shall be agreed with the Audit Committee.
- 11 In achieving its objectives, the IAS shall develop and implement an audit strategy that assesses the college's risk management, control and governance processes.

## Independence

- 12 The IAS has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. However, it may provide independent and objective advice on risk management, control, governance processes and related matters, subject to resource constraints. For day to day administrative purposes only, the head of the IAS reports to a senior officer within the college and the reporting arrangements must take account of the nature of audit work undertaken. The head of the IAS has a right of direct access to the chair of the Board of Governors, the chair of the Audit Committee and the Principal.
- 13 The Audit Committee shall advise the Board of Governors on all matters concerning internal control. Within the college, responsibility for the college's risk management, control and governance processes rests with the Board of Governors and management, who shall ensure that appropriate and adequate arrangements exist without relying on the college's IAS. To preserve the objectivity and impartiality of the IAS's professional judgement, responsibility for implementing audit recommendations rests with college management.

## Access and Liaison

- 14 The college IAS shall have unrestricted access to all documents, records, assets, personnel and premises of the college and its companies, and to relevant documents of franchise providers, and be authorised to obtain such information and explanations as they consider necessary to form their opinion. Where the college is a recipient of learndirect funding, the IAS shall have unrestricted access to all relevant documents, assets, personnel and premises that they consider necessary for their opinion.
- 15 In turn, the IAS agrees to comply with any requests from the financial statements auditors, the LSC, the DfES's internal auditors and the NAO for access to any information, files or working papers obtained or prepared during audit work that they need to discharge their responsibilities. The LSC seeks to place reliance upon the work of the college's IAS. Liaison is necessary for the LSC to form this opinion and shall not give rise to additional fees.
- 16 The IAS shall liaise with the financial statements auditor, the funding auditor (*for those colleges not eligible for plan-led funding*) and the LSC's Provider Financial Assurance (PFA) Service Centre to enhance the level of service it provides to the college management. The IAS and the Audit Committee may seek to place reasonable reliance on the work of the funding auditor (*where appointed*).

## Reporting

- 17 The IAS shall prepare, before the beginning of the year, a long-term strategy document supported by an assessment of resource needs and an annual audit plan. These shall be submitted to the Board of Governors for approval following consultation with relevant managers and the Principal, and on the recommendation of the Audit Committee.
- 18 The IAS produces its reports, in writing, usually within one month of completion of each audit, giving an opinion on the area reviewed and making recommendations where appropriate. Recommendations should be prioritised. All reports are provided to the Principal and should be copied to the Audit Committee. Heads of department or services shall be required to respond to each audit report, usually within one month of issue. In their response, they should state, for agreed recommendations, their proposed action, the person responsible for implementation and a date by which

action will be completed. Material recommendations will usually be followed up some six to twelve months later. In addition the Audit Committee shall monitor the implementation of audit recommendations by college management.

- 19 The head of the IAS submits an annual report to the Board of Governors and Principal through the Audit Committee, based on the college's financial year. This gives an opinion on the adequacy and effectiveness of the college's risk management, control and governance processes and on the arrangements for securing economy, efficiency and effectiveness.
- 20 The IAS's annual report to the Board of Governors includes:
- a statement of the overall adequacy and effectiveness of the college's risk management, control and governance processes;
  - any qualifications to that opinion, together with the reasons for the qualification;
  - a notice of any issues that the head of the IAS judges relevant to the preparation of the Statement of the Responsibilities of the Members of the Board of Governors, the Corporate Governance Statement (*that now incorporates the statement of internal financial control*) and the Statement on the System of Internal Financial Control such as an analysis of common or significant weaknesses or details of any major internal audit findings where action appears to be desirable but has not been taken;
  - a comparison of the IAS's activity during the year with that planned, placed in the context of the IAS need;
  - a summary of the performance of the IAS function against its performance measures and criteria.
  - comment on compliance with the GIAS; and
  - the results of the IAS quality assurance programme.
- 21 The head of the IAS reviews the annual report with the Principal and Audit Committee prior to publication. A copy of the annual report is sent without delay to the local LSC's Regional Audit Manager by the College, after it has been received by the Board of Governors on the advice of the Audit Committee. Copies of other reports and responses to them should not routinely be sent to the LSC's Regional Audit Manager but the LSC's Regional Audit Manager may exceptionally request them.
- 22 The head of the IAS is accountable to the Principal and the Board of Governors through the Audit Committee for the performance of the service. The IAS also reports audit findings to the heads of department or services within the college. The head of the IAS shall keep the Principal informed of audit results and draw the attention of the Audit Committee to significant findings and recommendations. This may be done by providing the Audit Committee with copies of all reports, or by reporting by exception, or by providing a summary of key issues.

#### Irregularities, Including Fraud and Corruption

- 23 The IAS shall without delay report to the LSC's chief executive, and copy to the Executive Director of the local LSC, serious weaknesses, significant fraud, major accounting and other breakdowns, subject to the requirements of the Proceeds of Crime Act 2003.
- 24 The head of the IAS shall be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that he or she can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of the IAS is not to investigate the

irregularity unless commissioned to do so.

#### Ownership of Papers

- 25 The IAS's papers are the property of the college. In the event of a change of the IAS provider, the outgoing IAS provider may, with the agreement of the college, surrender all audit working papers which demonstrate compliance with the GIAS. Arrangements should be made for the outgoing IAS provider to meet the incoming IAS provider where appropriate.

#### Electronic Communication

- 26 During the engagement, the IAS and the college may from time to time communicate electronically with each other. However, the electronic transmission of information cannot be guaranteed to be secure or free of viruses or error and such information could arrive late or incomplete, be intercepted, corrupted, lost, destroyed, or otherwise be adversely affected or unsafe to use. No systems or procedures can guarantee that transmissions will be unaffected by such hazards.
- 27 The IAS and the college confirm that each accepts the risks of electronic communications between each other. Each agrees to use commercially reasonable procedures to check for the most commonly known viruses before sending information electronically. Each shall be responsible for protecting its own systems and interests in using electronic communications. The IAS and the college shall have no liability to each other on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between each other and the reliance on such information.

#### Termination of Appointment

- 28 The Board of Governors may, by resolution, remove the college's IAS before its term of office expires, notwithstanding any agreement between the IAS and the college.
- 29 Where the IAS ceases to hold office for any reason, it shall provide the Board of Governors with either a statement of any circumstances connected with the removal or resignation that it considers should be brought to the Board of Governors' attention, or a statement that there are no such circumstances. The college must copy this statement to the LSC's Regional Audit Manager without delay.

#### Limitation of Liability

- 30 For internal audit work colleges can negotiate over any proposal by them to restrict or cap their liability. The Board of Governors must specifically consider and approve any request for a liability restriction. This limit must not be under £1 million for smaller colleges and more for larger colleges.

## MINIMUM INTERNAL CONTROLS FOR FINANCIAL SYSTEMS

Finance post shall be opened and all cheques received listed by two persons, one of whom must be independent of staff maintaining the sales ledger or credit control, on a daily basis.

Monthly reconciliation of :

- i) Sales ledger;
- ii) Purchase ledger;
- iii) Nominal ledger,
- iv) Monthly paid staff batch records;
- v) Suspense Accounts;
- vi) Bank Accounts;
- vii) Cash floats.

The weekly paid staff batch records shall be reconciled and reviewed Weekly.

A Monthly review of all reconciliations shall be undertaken by the Vice Principal Finance.

Monthly approval of all journal vouchers shall be made by the Vice Principal Finance.

Independent checks shall be carried out on a Quarterly basis cash floats and bank reconciliations by the Vice Principal Finance.

A physical stock check should be carried out Annually.

A comprehensive inventory check shall be carried out Annually.

## TERMINOLOGY

### Learning and Skills Council (LSC)

Otherwise known as the Funding Council, this is the Government body which acts as the planning and funding arm of the Department for Innovation, Universities and Skills (DIUS) in liaising with colleges in implementing government policy.

### LSC Audit Code of Practice

The framework of controls and processes which seek to ensure that the public funds provided by the LSC are used in the way intended, which include clear separation of duties for the College, internal and external audit services.

### Financial memorandum (with the LSC)

The financial contract between the LSC and a college, which comprises two sections; the first is a set of standard arrangements common to all colleges; the second being the specific arrangements negotiated between the LSC and the College.

### Standing Orders

Written procedures which cover all aspects of the operation of the Board of Governors and its committees.

### Accounting Officer

The Principal and Chief Executive of the College.

### Financial statements auditors

The external auditors, employed by the Board of Governors, to oversee the signing off of the annual accounts.

### Internal auditors

The internal auditors, employed by the Board of Governors, which provides a set of detailed reports on the operations of the College, in addition to an annual report on the robustness and effectiveness of internal controls.

### Prime Documentation

Key documents, such as invoices and timesheets, which underpin a key transaction or action within the College.

### Fraud Policy

The documented framework for the process to be undertaken in the event of a fraud being identified.