

# FINANCIAL REGULATIONS 2023/24

APPROVED BY THE BOARD OF GOVERNORS ON 17 JULY 2023

<b>Applies to:</b>	
Harrogate College	x
Keighley College	x
Leeds City College	x
Leeds Conservatoire	x
Leeds Sixth Form College / Pudsey Sixth Form College	x
Luminate Group Services	x
University Centre	x

## CHANGE CONTROL

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# General Provisions

## 1. Background

- 1.1. The group is a further education corporation created under the provision of the Further and Higher Education Act 1992, as amended by the Education Act 2011. Its structure of governance is laid down in the instrument and articles of government. The group is accountable through its governing body, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2. The group is an exempt charity by virtue of the Charities Act 2011.
- 1.3. The financial memorandum between the Education & Skills Funding Agency (ESFA) and the group sets out the terms and conditions on which grant is made. This is also applicable for Office for Students Funding (OfS) for HE students. The governing body is responsible for ensuring that conditions of grant are met. As part of this process, the group must adhere to the relevant funding body's audit code of practice, which requires it to have sound systems of financial and management control. These financial regulations form part of this overall system of accountability.
- 1.4. Following the reclassification of the further education sector on 29 November 2022, colleges (and their subsidiaries) are now part of central government. They continue to be self-governing charities regulated by the Secretary of State for Education but are now subject to the framework for financial management set out in Managing Public Money (MPM).

## 2. Status of Financial Regulations

- 2.1. This document sets out the group's financial regulations. It translates into practical guidance the group's broad policies relating to financial control. It applies to all members of the group.
- 2.2. These financial regulations are subordinate to the corporation's instruments and articles of government and to any restrictions contained within the group's financial memorandum with the ESFA and the Post 16 Audit Code of Practice (ACOP)<sup>1</sup>.
- 2.3. The purpose of these financial regulations is to provide control over the totality of the group's resources and provide management with assurances that the resources are being properly applied for the achievement of the group's strategic plan and business objectives on a sustainable basis, including:
  - maintaining financial sustainability;
  - achieving value for money;
  - fulfilling its responsibility for the provision of effective financial controls over the use of public funds;
  - ensuring that the group complies with all relevant legislation;
  - safeguarding the assets of the group.
- 2.4. Compliance with the financial regulations is compulsory for all staff connected with the group. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the group's disciplinary policies. Any such breach will be notified to the governing body through the audit committee. It is the responsibility of the heads of department to ensure that their staff are made aware of the existence and content of the financial regulations.

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<sup>1</sup> The Post 16 Audit Code of Practice (ACOP)

- 2.5. The audit committee is responsible for maintaining a continuous review of the financial regulations through the Chief Financial Officer, and advising the board of governors of any additions or changes necessary.
- 2.6. In exceptional circumstances, the Chief Executive Officer may authorise a departure from the detailed provisions herein, such departure must be reported to the governing body at the earliest opportunity.
- 2.7. The detailed financial procedures set out precisely how these regulations will be implemented and are available to all staff on the policies SharePoint site, the Finance intranet site and the FRESH helpdesk.

## **Corporate Governance**

### **3. The Board of Governors**

- 3.1. The board of governors is responsible for the management and administration of the group. Its financial responsibilities are:
  - ensuring the solvency of the group and safeguarding the group's assets;
  - appointing, grading, suspending, dismissing and determining the pay and conditions of service of the Chief Executive and other senior post-holders;
  - setting a framework for pay and conditions of service of all other staff;
  - ensuring that appropriate financial considerations are taking into account at all stages in reaching decisions and in their execution;
  - planning and conducting its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure;
  - approving an annual budget before the start of each financial year;
  - determining tuition fees;
  - ensuring that the institution complies with the funding body's audit code of practice;
  - approving the group's strategic plan;
  - consideration of the group's capital programme;
  - approving the annual financial statements.

### **4. Accounting Officer**

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

### **5. Committee structure**

- 5.1. The board of governors has ultimate responsibility for the group's finances, but delegate specific powers and process to the committees detailed below. These committees are accountable to the governing body. The committees are supported by the Clerk to the board of governors. A diagram depicting the committee structure is included at appendix one.

#### **5.2. Audit committee**

The group is required by its funding bodies to appoint audit committees. The Luminate Education Group audit committee advises the Corporation on its systems of internal control, risk management and governance arrangements. The Leeds Conservatoire audit committee reports directly to the Board of Directors, providing assurance about the adequacy and effectiveness of risk management, control and governance, value for money, and the management and quality assurance of data. The responsibilities of each committee are set out

within terms of reference which are reviewed and agreed annually by the Corporation/Board of Directors.

### **5.3. Finance Committee**

The Finance Committee reports to the board of governors and serves to provide oversight of all finance related matters. It operates in accordance with the terms of reference agreed by the Board.

### **5.4. Harrogate College Board**

The Harrogate College Board will undertake the oversight of the operation of Harrogate College (developmental, quality and financial aspects) on behalf of the Board. It operates in accordance with the terms of reference agreed by the Board.

### **5.5. Governance and Nominations Committee**

Advises the board on the appointment /reappointment, training and ongoing development of governors and keeps under review the systems policies and procedures supporting the governance process.

### **5.6. Keighley College Board**

The Keighley College Board will undertake the oversight of the operation of Keighley College (developmental, quality and financial aspects) on behalf of the Board. It operates in accordance with the terms of reference agreed by the Board.

### **5.7. Leeds City College Board**

Leeds City College is a further education college, with a separate board of governors which will undertake the oversight of the operation of Leeds City College (development, quality and financial aspects) on behalf of the group board. It operates in accordance with the terms of reference agreed by the group board.

### **5.8. Leeds Conservatoire Board of Directors**

Leeds Conservatoire is a wholly owned subsidiary of Luminate Education Group Corporation. As a company limited by guarantee, it has its own Board of Directors. The Education (Designated Institutions) (England) Order 2018 was laid before Parliament on 1st June 2018 and came into force on 22nd June 2018. This Order designated Leeds Conservatoire as eligible to receive funding from funds administered by a higher education funding council.

### **5.9. Property Strategy Committee**

The Property Strategy Committee maintains a strategic oversight of the group Property Strategy and the individual projects within it, monitoring the delivery of the overall objectives of the strategy.

### **5.10. Remuneration Committee**

Advises the board of governors on the remuneration and conditions of service of group executive members.

### **5.11. University Centre Board**

The University Centre Board will undertake the oversight of the operation of University Centre (developmental, quality and financial aspects) on behalf of the Board. It operates in accordance with the terms of reference agreed by the Board.

## **5.12. White Rose Resourcing Ltd**

White Rose Resourcing Ltd is a wholly owned subsidiary of Luminare Education Group. As a company limited by guarantee, it has its own board of directors.

## **6. Other senior managers with financial responsibility**

### **6.1. Chief Financial Officer**

The Chief Financial Officer is responsible to the board of governors, via the Chief Executive Officer for the effective acquisition, deployment, development and disposal of the group's resources.

Day-to-day financial administration is controlled by the Chief Financial Officer, preparing annual capital and revenue budgets and financial plans and:

- preparing accounts, management information, monitoring and control of expenditure against budgets;
- all financial operations;
- preparing the group's annual accounts and other financial statements and accounts which the group is required to submit to other authorities;
- providing professional advice on all matters relating to financial policies and procedures;
- day-to-day liaison with internal and external auditors.

The Finance Department's organisational structure and details of key contacts for the main areas where advice can be sought can be found on the intranet pages and the FRESH helpdesk.

### **6.2. Principal of Leeds Conservatoire**

The Principal of Leeds Conservatoire is responsible to their board of directors for the effective acquisition, deployment, development and disposal of the subsidiary's resources.

### **6.3. Group Executive Leadership Team**

The executive leadership team assists the Chief Executive Officer in running the group. This includes those staff designated as senior post-holders.

### **6.4. Heads of department**

Heads of department are responsible to the Chief Executive Officer for financial management for the areas of activities they control. They are advised by the Chief Financial Officer in executing their financial duties. The Chief Financial Officer or a nominated deputy will also supervise and approve the financial systems operating within their departments including the form in which accounts and financial records are kept. Heads of department are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.

Where resources are devolved to budget holders, they are accountable to their respective Head of department for their own budget. Overall responsibility for the financial management remains with the Head of department at all times.

Heads of department shall provide the Chief Financial Officer with such information as may be required to enable:

- compilation of the group's financial statements;
- implementation of financial planning;
- implementation of audit and financial reviews, projects and value for money reviews.

## 6.5. Executive Leadership Committee

In the case of Leeds Conservatoire, the executive leadership committee assists the Principal in the running of the conservatoire. Members of the executive leadership committee are responsible to the Principal for the areas of activities they control. They are advised by the Chief Financial Officer.

Where resources are devolved to budget holders, they are accountable to their respective member of the executive management group for their own budget. Overall responsibility for the financial management remains with the member of the executive leadership group at all times.

Members of the executive management group shall provide the Chief Financial Officer with such information as may be required to enable:

- compilation of the financial statements;
- implementation of financial planning;
- implementation of audit and financial reviews, projects and value for money reviews.

## 6.6. All members of staff

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

They should ensure that they are aware of the financial authority limits and the values of purchases for which quotations and tenders are required.

They shall make available any relevant records or information to the Chief Financial Officer or their authorised representative in connection with the implementation of the financial policies, these financial regulations and the system of financial control.

They shall provide the Chief Financial Officer with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the board of governors.

They shall immediately notify the Chief Financial Officer whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the group. The Chief Financial Officer shall take such steps as he or she considers necessary by way of investigation and report.

## 7. Risk Management

7.1. Risk management can be defined as "*coordinated activities to direct and control an organisation with regard to risk*".<sup>2</sup> The group acknowledges the risks inherent in its business, and is committed to managing those risks which pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable / unacceptable by the group is set out in the Risk Management Policy and Procedure.

7.2. The board of governors has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk through the group through the development, implementation and embedding within the organisation of a formal, structured risk management process.

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<sup>2</sup> BS ISO 31000:2009 Risk Management: Principles and Guidelines (BSI)



7.3. Heads of department or executive leadership group must ensure that any agreements negotiated within the departments with external bodies cover any legal liabilities to which the group may be exposed. Advice should be sought from the Chief Financial Officer or the Clerk to the board to ensure that this is the case.

## **8. Whistleblowing**

8.1. Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistle-blower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc.) miscarriage of justice, danger to health and safety or the environment or breach of the financial regulations and the cover-up of any of these.

8.2. Normally, any concern about a workplace matter should be raised with the relevant member of staff's immediate line manager or head of department team. However, it is recognised that because of the seriousness or sensitivity of some issues, together with the knowledge of whom the member of staff thinking may be involve, may make this difficult or impossible.

8.3. A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, for example the Clerk to the board. Full details are set out in the group's Public Interest Disclosure ("Whistleblowing") policy and procedure.

## **9. Code of Conduct**

9.1. The group is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee) which governing body members and members of staff at all levels are expected to observe. These principles are set out at appendix two. In addition, the group expects that staff at all levels will observe its code of conduct which covers:

- probity and propriety;
- selflessness, objectivity and honesty;
- relationships.

9.2. Additionally, members of the board of governors and senior post-holders are required to disclose interests in the group's register of interests maintained by the Clerk to the board. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly.

9.3. Members of staff who are identified as having a position involving significant procurement on behalf of the group will also be required to disclose interests to the Chief Financial Officer through an annual return.

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

### **9.5. Receiving gifts or hospitality**

The Bribery Act 2010 came into force on 1 July 2011. The Act introduced new offences for acts of bribery by individuals, or persons associated with relevant organisations. The penalties are severe for any employee convicted under the Act, which could mean a criminal record with ten years' imprisonment and unlimited fines.

The guiding principles to be followed by all members of staff must be:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest;
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their

colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

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

When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the Chief Financial Officer. For the protection of all involved, the Chief Financial Officer (or other designated officer) will maintain a register of gifts and hospitality received where the value is in excess of £25.00. Members of staff in receipt of such gifts or hospitality are obliged to notify the Chief Financial Officer promptly. In the case of Leeds Conservatoire advice should be sought from the Principal (or other designated officer), who will also be responsible for keeping a register.

## **Financial Management and Control**

### **10. Financial Planning**

**10.1.** The Chief Financial Officer is responsible for preparing a rolling three-year financial plan for approval by the board of governors and for preparing financial forecasts for submission to the Education & Skills Funding Agency. Financial plans should be consistent with the strategic plans and estates strategy approved by the board of governors.

#### **10.2. Budget objectives**

The board of governors will, from time, to time, set budget objectives for the group. These will help the Chief Financial Officer in preparing their more detailed financial plans for the group.

#### **10.3. Resource allocation**

Resources are allocated annually by the board of governors on the basis of the above objectives. Budget holders are responsible for the economic, effective and efficient use of resources allocated to them.

#### **10.4. Budget preparation**

The Chief Financial Officer is responsible for preparing each year an annual budget and capital programme for submission to the member boards for recommendation to the group board of governors. The group budget should include monthly cash-flow forecasts for the year and a projected year-end balance sheet. The Chief Financial Officer must ensure that detailed budgets are prepared in order to support the business planning process and that these are communicated to heads of department as soon as possible following the approval by the board of governors.

During the year, the Chief Financial Officer is responsible for submitting revised budgets to the board of governors for approval.

The Principal of Leeds Conservatoire is responsible for providing the Chief Financial Officer with an approved budget and three-year plan and capital programme for inclusion in the overall group three-year financial plan. This plan will be approved by the Leeds Conservatoire board of directors.

## **10.5. Capital programmes**

The capital programme includes all expenditure on land, buildings, equipment and furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the group's financial statements. Expenditure of this type can only be considered as part of the capital programme considered by the Property Strategy Committee and approved by the board of governors.

The Chief Financial Officer will establish protocols for the inclusion of capital projects in the capital programme for approval by the board of governors. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet.

The Chief Financial Officer will also establish procedures for the approval of variations, including the notification of large variations to the funding body, as laid down in the funding body guidelines.

The Chief Financial Officer is responsible for providing regular statements concerning all capital expenditure to the board of governors for monitoring purposes.

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

In the case of Leeds Conservatoire, the board of directors will approve capital programmes within the agreed capital expenditure budget.

## **10.6. Other major developments including overseas activity**

Any new aspect of business, or proposed establishment of a company or joint venture or overseas activity, which will require an investment in buildings, resource or staff time of more than £10,000 should be presented to the executive leadership team. Or in the case of Leeds Conservatoire, the executive leadership committee.

The Chief Financial Officer will establish procedures for these major developments to enable them to be considered for approval by the board of governors. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet. The detail can be found in the financial procedures.

## **11. Financial Control**

### **11.1. Budgetary control**

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

Significant departures from agreed budgetary targets must be reported immediately to the Chief Financial Officer by the budget holder concerned and, if necessary, corrective action taken.

### **11.2. Financial information**

The budget holders are assisted in their duties by management information provided by the Chief Financial Officer. The types of management information available to the different levels

of management are described in the detailed financial procedures, together with the timing at which they can be expected.

The Chief Financial Officer is responsible for preparing management reports on all aspects of the group's finances every month, the format to be agreed by the board of governors. These reports will be presented to the board of governors on a monthly basis.

Reporting will include any subsidiary companies or joint ventures and provide sufficient analysis of any trading activities and capital projects.

### **11.3. Changes to the approved budget**

Changes proposed to the approved budget will be presented to the board of governors for their approval.

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

At the year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year unless the board of governors has approved a specific scheme for carrying forward all or part of unspent amounts.

## **12. Accounting Arrangements**

### **12.1. Financial year**

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

### **12.2. Basis of accounting**

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

### **12.3. Format of the financial statements**

The financial statements are prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, subject to any specific requirements from the funding body, and in accordance with the provisions of the Companies Act 1985 and 2006 where appropriate.

### **12.4. Accounting records**

The Chief Financial Officer is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities. The group is required by law to retain prime documents for six years. This includes:

- official purchase orders;
- paid invoices;
- accounts raised;
- bank statements;
- copies of receipts;
- paid cheques;
- payroll records including part-time lecturers' contracts.

The Chief Financial Officer will make appropriate arrangements for the retention of electronic records.

## **12.5. Public Access**

Under the terms of the financial memorandum, the board of governors is required to supply any person with a copy of the group's most recent financial statements within two months of a request. The Freedom of Information Act enables the board of governors to levy a reasonable fee and this will be charged at the discretion of the Chief Financial Officer.

In the case of Leeds Conservatoire, the financial statements are lodged with Companies House, however similar requests for information should be treated in the same way.

## **12.6. Taxation**

The Chief Financial Officer is responsible for advising budget holders on all taxation issues, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to the group. The Chief Financial Officer will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE National Insurance, corporation tax and import duty.

The Chief Financial Officer is responsible for maintaining the group's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

# **13. Audit Requirements**

## **13.1. General**

External auditors and internal auditors shall have authority to:

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

The Chief Financial Officer is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditor accordingly. The timetable will cover all parts of the group for the purposes of producing consolidated accounts for the group.

The group financial statements should be reviewed by the audit committee. On the recommendation of the audit committee, they will be submitted to the board of governors for approval.

As a limited company, Leeds Conservatoire is required to produce a separate set of accounts which will be reviewed by its board of directors prior to submission to the group board of governors for approval.

## **13.2. External audit**

The external auditors must be reappointed annually by the board of governors on the advice of the audit committee.

The primary role of this external audit is to report on the 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 funding body's audit code of practice and the Auditing Practices Board's statements of auditing standards.

In addition, the funding body may appoint separate auditors to carry out an external audit of the group's Individualised Learner Record return. The primary role of this audit is to give assurance to the funding body that the group's funding is accurate within certain agreed tolerances. This work will also help the external auditors in their work on the income elements of the financial statements.

Subsidiary companies will submit their accounts in accordance with deadlines to Companies House.

### **13.3. Internal audit**

The board of governors will appoint the internal auditor on the recommendation of the audit committee.

The financial memorandum with the funding body requires that the group has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the funding body's audit code of practice. The main responsibility of internal audit is to provide the board of governors, the Chief Executive Officer and senior management with assurances on the adequacy of the internal control system, including risk management, control and governance processes.

All the group's activities, funded from whatever source, fall within the remit of the internal audit service and may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas.

The internal audit service remains independent in its planning and operation but has direct access to the board of governors, the Chief Executive Officer and the Chair of the audit committee.

### **13.4. Fraud and corruption**

It is the duty of all members of staff, management and the board of governors to notify the Chief Financial Officer immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. The group's fraud policy statement is included at appendix three.

The Chief Financial Officer shall immediately invoke the fraud response plan, which incorporates the following key elements:

- they will notify the Chief Executive Officer and the audit committee (through its chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report;
- the Chief Executive Officer (or a nominated deputy) 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 funding body in accordance with its requirement as set out in the audit code of practice;
- the audit committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate;
- the internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the audit committee on the suspected irregularity and such a report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Chief Financial Officer and/or the Chief Executive Officer, the member of staff shall notify the chair of the audit committee directly of their concerns regarding irregularities.

### **13.5. Conflicts of interest**

Staff involved in procurement must disclose any interests in the group's register of interests maintained by the Clerk to the board. They must ensure that entries in the register relating to them are kept up to date regularly and promptly. In particular, no person shall be involved in the letting of a contract where he or she also has an interest in the activities of the other party.

### **13.6. Value for money**

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

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

### **13.7. Other auditors**

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

## **14. Treasury Management**

### **14.1. Treasury management policy**

The Chief Financial Officer is responsible for recommending to the board of governors a treasury management policy statement setting out strategies and policies for cash management, long-term investments and borrowings. This will require compliance with any funding body rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Chief Financial Officer has a responsibility to ensure implementation, monitoring and review of such policies.

The treasury management policy will define the parameters within which executive decisions can be taken concerning borrowing, investment or financing. All borrowing shall be undertaken in the name of the group and shall conform to any relevant funding body requirements.

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

The board of governors is responsible for the appointment of the group's bankers and other professional financial advisers.

### **14.3. Banking arrangements**

The Chief Financial Officer is responsible for liaising with the group's bankers in relation to the group's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Chief Financial Officer, who shall make proper arrangements for their safe custody.

Only the Chief Financial Officer may open or close a bank account for dealing with the group's funds. All bank accounts shall be in the name of the corporation or one of its subsidiary companies.

All automated transfers on behalf of the group, such as BACS or CHAPS, must be authorised in the appropriate manner.

The Chief Financial Officer is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

## **15. Income**

### **15.1. General**

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

Level of charges for services rendered, level of fees to be charged, goods supplied and rents and lettings are approved by the Chief Financial Officer.

The Chief Financial Officer is responsible for the prompt collection, security and banking of all income received.

The Chief Financial Officer is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the group's accounts.

The Chief Financial Officer is responsible for ensuring that all claims for funds, including contracts are made by the due date.

### **15.2. Maximisation of income**

It is the responsibility of all staff to ensure that revenue to the institution is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. In particular, this requires the prompt notification to the Chief Financial Officer of sums due so that collection can be initiated.

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

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

All monies must be paid to the treasury team or deposited with the bank promptly, in accordance with a timetable prescribed by the Chief Financial Officer and set out in the treasury and banking procedures. The custody and transit of all monies received must comply with the requirements of the group's insurers.

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

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

The group can receive payments by debit or credit card over the telephone, or over the counter in registry or other locations using merchant terminals provided by the group's banker. These terminals support primary account number (PAN) truncation where the card number is partially obscured on the customer receipt. A copy of their receipt should be retained to support evidence of payment.

In operating this facility, the group is bound to the Payment Card Industry Data Security Standard (PCI DSS), which is designed to ensure cardholder information is stored, processed and transmitted securely.

The Chief Financial Officer is responsible for ensuring the group maintains PCI DSS compliance, which is monitored by the bank's merchant services unit.



## **15.5. Online receipts**

The group offers an online payment facility to students for secure payment of tuition fees and other costs associated with their studies and to the general public for some other types of service.

Access is via secure login through the website. Once a successful payment has been made, a receipt will be generated electronically to the email address specified when lodging the cardholder details. The receipt should be retained to support evidence of payment.

In operating this facility, the group is subject to continuous risk assessment and annual review by the external service provider. It is the responsibility of the Chief Financial Officer to ensure all terms of use are complied with.

## **15.6. Collection of debts**

The Chief Financial Officer should ensure that:

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

The Chief Financial Officer can implement credit arrangements and indicate the periods in which different types of invoice must be paid, within the parameters set by the board of governors as part of the monthly finance report.

## **15.7. Write-offs**

Requests to write off individual debts may be authorised in accordance with these limits:

- Vice Principal, Leeds Conservatoire up to £5,000;
- Financial Controller up to £10,000 (whole group);
- Chief Financial Officer for values greater than £10,000, but they must be reported to finance committee annually (whole group).

The group has delegated authority from the funding body to write off individual debts of up to £45,000 and annual cumulative debts up to £250k. Write-offs in excess of the delegated amounts require the prior approval of the funding body.

## **15.8. Student Fees**

The procedures for collecting fees must be approved by the Chief Financial Officer. They are responsible for ensuring that all student fees due to the group are received.

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

## **15.9. Student Loans**

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

## **16. Income from grants and contracts**

### **16.1. General**

The Chief Financial Officer is responsible for examining every formal grant application or bid for contracts and shall ensure that there is adequate provision of resources to meet all commitments. The Chief Financial Officer should ensure that the full cost of grants and contracts is established. The agreement must be in line with the group's policy with regard to indirect costs and other expenses and taking account different procedures for the pricing of projects depending on the nature of the funder. Where a contract relates to prescriptive delivery (for example, apprenticeships) the agreement must be in line with the group's standard contractual terms and ensure compliance with funding body requirements.

Educational grants and contracts shall be accepted on behalf of the group by the Chief Executive Officer or their nominee. Delegated authority for the signing of contracts for income and delivery will follow the same limits as set out for expenditure in section 19.2 of these regulations.

A report itemising all additional contracts and grants over £50,000 (won in year and therefore not included in budget) shall be presented to the Executive Leadership Team meeting. Approval for the acceptance of a contract or grant of over £250,000 shall be given by the Executive Leadership Team, and over £500,000 by the board of governors.

In the case of Leeds Conservatoire, approval for the acceptance of contracts of £250,000 shall be given by the board of directors, and over £500,000 by the group board of governors

The Chief Financial Officer shall maintain all financial records relating to contracts and grants and shall oversee all claims for reimbursement from sponsoring bodies by the due date.

Each contract or grant will have a named contract manager who is accountable to their member of the heads of department or executive management group. They may delegate day-to-day control of the account to the named contract manager, but any overspend or under-recovery of overheads is the responsibility of the head of department or executive management group.

### **16.2. Recovery of overheads**

Overheads will be charged to contract or grant activity where permitted by the terms of the funding arrangements.

### **16.3. Contract and grant conditions**

Many funding bodies stipulate conditions under which funding is awarded. There are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. It is the responsibility of the contract manager to obtain a full set of terms and conditions from each funding body to enable appropriate monitoring of compliance. Failure to respond to these conditions often means that the group will suffer a significant financial penalty.

It is the responsibility of the named contract manager to ensure that conditions of funding are met.

## **17. Other income-generating activity**

### **17.1. Private consultancies and other paid work**

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

- outside consultancy or other paid work may not be accepted without the consent of the Group Director of People, Development & Culture (and in the case of the Director, the Chief Executive);
- applications for permission to undertake work as a purely private activity must be submitted to the Deputy Chief Executive & Executive Principal, or Chief Executive, as appropriate and include the following information:
  - the name(s) of the member of staff concerned;
  - a brief description and nature of the work involved;
  - the proposed start date and duration of the work;
  - full details of any resources required;
  - an undertaking that the work will not interfere with the teaching and / or normal duties of the member(s) of staff concerned.

### **17.2. Collaborative provision including franchising**

Any contract or arrangement whereby any college provides education to students away from college premises, or with the assistance of persons other than the college's own staff or with partner organisations, will be subject to appropriate controls in accordance with the latest funding body requirements, in particular, expectations around public funding.

The Deputy Chief Executive & Principal is responsible for recommending to the finance committee a supply chain fees and charges policy setting out the reasons why the subcontracting meets the group's strategic aims and enhances the quality of the offer to learners. The group must only use subcontractors who the board and the Chief Executive determine are of high quality and low risk. The policy as a minimum will contain the requirements published in the Education & Skills Funding Agency Funding Rules. The Deputy Chief Executive & Principal has a responsibility to ensure implementation, monitoring and review the policy.

The board of governors shall determine arrangements for the approval and annual re-approval of delivery partnerships including a generic contract to be used. The group will normally adopt any model form of contract published by the funding body as the basis of a generic contract. Authority to sign contracts will be formally delegated to the Chief Executive Officer with the provision that a contract shall not be signed unless the franchisee has cleared the approval protocol. Provision must not commence until a signed contract and suitable arrangements are in place.

All variations to contracts for delivery must be approved by the Executive Leadership Team, in advance of the performance of that element of the contract.

Appropriate compliance audits, including checks on attendance records, will take place on a systematic and documented basis.

Suitable reports on partnership delivery will be submitted to the board of governors. The format for regular reports shall be as stated in funding body guidance.

Where the partnership would represent a departure from the group's plans, the board of governors' approval will be required and the Chief Executive Officer shall seek the views of and inform the funding body.

A contract made with an apprentice's employer or with an associated company of that employer for the delivery of part of an apprenticeship shall not require the approval of the board, and authority to sign or vary such contracts may be delegated to the appropriate manager, so long as the group's approved form of contract is used for such purposes.

### **17.3. Government and other matched funding**

Any such project requires the approval of the Chief Executive Officer prior to any commitment being entered into. Such approval shall be dependent upon the relevant Deputy Chief Executive being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the group's costing and pricing policy. The approval should also be dependent upon the level of risk associated with the project and the action plan to mitigate such risks.

If any college sub-contracts such work to external providers, the relevant member of the Group Executive Leadership Team shall ensure that:

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

### **17.4. Profitability and recovery of overheads**

All other income-generating activities must be self-financing or surplus generating unless it is intended that a new course be launched as a loss leader. If that is the case, the reason for it should be specified and agreed by the appropriate member of the executive leadership team

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

## **18. Intellectual Property Rights and Patents**

### **18.1. General**

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

### **18.2. Safeguarding intellectual assets**

Any patents or other intellectual assets accruing to the group from inventions and discoveries made by staff in the course of their work will remain the property of the group unless explicitly authorised otherwise by the Chief Executive.

## **19. Expenditure**

### **19.1. General**

The Chief Financial Officer is responsible for making payments to suppliers of goods and services to the group.

### **19.2. Scheme of delegation**

The head of department or in the case of Leeds Conservatoire, the executive leadership committee group is responsible for purchases within their department. Purchasing authority

may be delegated to named individuals within the department. In exercising this delegated authority, all staff are required to observe the purchasing policies and financial procedures.

The Chief Financial Officer shall maintain a register of authorised signatories and heads of department must supply specimen signatures of those authorised to certify invoices for payment (for paper-based systems).

Under procedures agreed by the Chief Financial Officer, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits on the group's finance system.

Any changes to the authorities to commit expenditure must be notified to the Chief Financial Officer immediately.

Budget holders are not authorised to commit to expenditure without first reserving sufficient funds to meet the purchase cost.

Expenditure on single items or contracts of significant value (total contract value must be considered, not just annual value) shall require additional authorisation to the budget holder as follows:

#### **FE Colleges, University Centre and Luminate Group Services**

- expenditure up to £10,000 can be approved by the budget holder;
- expenditure above £10,000 on capital or estates and ITSS related items will require the additional approval of the Group Director of IT, the Group Director of Estates, or the Group Director of Capital Projects as appropriate;
- expenditure between £10,000 and up to £50,000 will require the additional approval of the Chief Financial Officer;
- expenditure above £50,000 and up to £250,000 shall require the approval of the Deputy Chief Executive & Principal;
- expenditure over £250,000 shall require the approval of the Chief Executive;
- all expenditure on a single item over £500,000 shall require the approval of the group board of governors.

#### **Leeds Conservatoire**

- expenditure up to £10,000 can be approved by the budget holder;
- expenditure above £10,000 and up to £25,000 requires the additional approval of the Vice Principal;
- expenditure above £25,000 and up to £100,000 requires the approval of the Principal;
- expenditure above £100,000 requires the approval of the Leeds Conservatoire Board of Directors;
- all expenditure on a single item over £500,000 shall require the approval of the group board of governors.

#### **White Rose Resourcing Ltd**

- limits will follow those for the further education colleges above

### **19.3. Procurement**

All budget holders, irrespective of the source of funds, are required to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability and equality legislation, and in accordance with sound business practice, taking into account framework agreements as appropriate. Factors to be considered in determining lowest cost are noted in the procurement policy and procedure.

The procurement function is the responsibility of the Chief Financial Officer. It will:

- ensure that the group's procurement policy is known and observed by all involved in purchasing for their institution;
- provide advice on matters of institution procurement policy and practice;
- provide advice to and assist departments where required on specific departmental purchases;
- develop appropriate standing supply arrangements on behalf of the group to assist budget holders in meeting their value for money obligations;
- review all orders over £5,000 before they are issued;
- assist in the drafting and negotiation of all large-scale purchase contracts (generally in excess of £10,000), in collaboration with the responsible department;
- ensure that the institution complies with UK's public procurement regulations (PCR2015) on public purchasing policy.

#### **19.4. Purchase orders**

The ordering of goods and services shall be in accordance with the group's detailed procurement policy and procedure. Official orders must be placed for the purchase of all goods or services, except those made using purchasing cards, company credit cards or petty cash. Other exceptions to this requirement are for rents, rates, utilities, insurances, operating leases and contracts where a direct debit mandate for payment is in place. In exceptional circumstances, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed "confirmation order only" not later than the following working day.

Contracts for goods and services processed through the U4 Contracts Module will not require further purchase orders to be raised as the contract supersedes this requirement.

It is the responsibility of the Chief Financial Officer (through the group's Head of Procurement) to ensure that all purchase orders refer to the group's conditions of contract, available on the website.

#### **19.5. Purchasing and pre-paid cards**

The operating and control of the group's purchasing and pre-paid cards are the responsibility of the Chief Financial Officer. They will approve the distribution of cards and the associated card limits.

Holders of cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs.

The Chief Financial Officer shall determine what information is required on purchases made with cards from cardholders and deadlines for review and approval to enable financial control to be maintained. There should be appropriate segregation of duties, with those reviewing and reconciling cards not holding and using those cards.

Details of the operation of the schemes are set out in the relevant procedures.

#### **19.6. Tenders and quotations**

Budget holders must comply with the group's tendering procedures contained in the group's procurement policy and procedure, which are applicable as follows:

- £0 – less than £5,000 – the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained;
- £5,000 to less than £10,000 – the budget holder shall be required to obtain at least three quotations;
- £10,000 to less than £25,000 – the budget holder, with support from the procurement team, shall be required to obtain at least three written quotations;
- Over £25,000 – all items will require three competitive tenders;
- The award of contracts over £100,000 shall be reported to the finance committee;
- In the case of Leeds Conservatoire, all contracts awarded over £50,000 shall be reported to the board of directors, and the board of directors shall approve all contracts over £100,000;
- The group board of governors shall approve all contracts over £500,000.

The Estates Property Maintenance budget is exempted from this requirement and the budget holder shall not be required to obtain three quotes for items of expenditure below £10,000, but will be required to demonstrate value for money has been obtained

All contract values are to be inclusive of Value Added Tax.

### **19.7. Sole source tender**

There may be some situations where a sole source tender is required, or where fewer than three invitations to tender are issued. This should be approved by the Chief Financial Officer up to £25,000, the Chief Executive Officer or their nominee (up to £100,000) and reported to the finance committee, and approved by the board of governors (above £100,000). Acceptable reasons for such action include where there is only one supplier of a good or service, in an emergency, or where expedient action is required. It is not a substitute for following the process set out elsewhere.

Where a tender is not required, budget holders will be required to submit a request for a sole source quote, to be approved by the Chief Financial Officer.

### **19.8. Post-tender negotiations**

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

- it would not put other tenderers at a disadvantage;
- it would not affect their confidence and trust.

In each case a statement of justification should be approved by the Chief Executive prior to the event showing:

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

Advice should be sought from the Group Head of Procurement to ensure that there is no breach in the tendering process, which might put the group at risk of challenge by an unsuccessful tenderer.

All post-tender negotiations should be reported to the Chief Financial Officer or to individuals from the board of governors who have been delegated to oversee such negotiations.

### **19.9. Building contracts**

Building contracts are administered by the Group Director of Capital Projects.

Proposals will normally be initiated by the Group Director of Capital Projects in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments.

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Chief Financial Officer as appropriate, for the board of governors' consideration via the Property Strategy Committee. Investment appraisals should comply with appropriate funding body guidance.

Following consideration and approval by the board of governors, submissions should be forwarded to the funding body where appropriate. If the required agreement is secured from the funding body, funding body procedural rules should be followed. Funding body guidance on best practice should be followed even when funding body approval is not required.

#### **19.10. Contracts for collaborative provision including franchising**

Contracts which involve the education of students away from college premises, or with the assistance of personnel other than the college's own staff or with partner organisations will be subject to the tendering procedures of the group. Further detail on the requirements of these arrangements is set out in 17.2 above.

#### **19.11. Public Contract Regulations**

The Chief Financial Officer (through the Group Head of Procurement) is responsible for ensuring the organisation comply with its legal obligations concerning public contract legislation (PCR 2015). Public contract regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The Group Head of Procurement will advise budget holders on the thresholds that are currently in operation. A breach of these public contract regulations is actionable by a supplier or potential supplier.

It is the responsibility of budget holders to ensure that their members of staff comply with public contract regulations by notifying the procurement team in the Finance Department of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals.

#### **19.12. Receipt of goods**

All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification. All goods received shall be entered onto the finance system on the day of receipt. If the goods are deemed to be unsatisfactory the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery the record should be marked accordingly and the supplier immediately notified.

The person receiving the goods on behalf of the group should be independent of those who negotiated prices and terms and placed the official order.

#### **19.13. Payment of invoices**

The procedure for making all payments shall be in a form specified by the Chief Financial Officer.

The Chief Financial Officer is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS



transfer each week. In exceptional circumstances the Chief Financial Officer will prepare cheques manually or instruct a Faster Payment for urgent payments.

Budget holders are responsible for ensuring that expenditure against their budget does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Accounts Payable team.

Care must be taken to ensure that discounts receivable are obtained, through proper notification of payment terms which have been negotiated to extract maximum benefit to the college.

Payments will only be made by the Chief Financial Officer against invoices that can be matched to a receipted order or have been certified for payment by the appropriate budget holder, or their substitute.

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

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory;
- where appropriate, it is matched to the order;
- invoice details (quantity, price discount) are correct;
- the invoice is arithmetically correct;
- the invoice has not previously been passed for payment;
- where appropriate, an entry has been made on a stores record or departmental inventory;
- an appropriate cost centre is quoted, this must be one of the cost centre codes included in the budget holders' areas of responsibility and must correspond with the types of goods or service described on the invoice.

#### **19.14. Staff reimbursement**

The group's purchasing and payments procedures are in place to enable the majority of non-pay suppliers to be procured through the accounts payable system without staff having to incur any personal expense. However, on occasions, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see section 20.5).

Where such purchases by staff are planned, the Chief Financial Officer and the relevant budget holder may jointly approve cash advances to staff who are going to incur expenditure on the group's behalf. Upon completion of the travel or project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved where the final accounting for an earlier advance to an individual is still outstanding.

#### **19.15. Petty cash**

Where a single item is for less than £15.00 it may be paid from petty cash. It must be supported by receipts or vouchers where available.

The Chief Financial Officer shall make available to departments such imprests as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

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

The member of staff granted a float is personally responsible for its safe keeping. The petty cash box must be kept locked in a secure place in compliance with the group's insurers when not in use and will be subject to periodic checks by a person nominated by the Chief Financial Officer.

Petty cash forms are issued by the Chief Financial Officer and must be used for recording all imprest accounts. At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by the budget holder.

#### **19.16. Other payments**

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Chief Financial Officer, supported by detailed claims approved by the budget holder.

Individual payments under "sub-contractor" contracts shall be authorised by the Chief Financial Officer. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved under a scheme set out by the board of governors.

#### **19.17. Late payment rules**

The Late Payment of Debts (Interest) Act 1988 was introduced to give small businesses the right to charge interest on late payments from largest organisations and public authorities. Key points are:

- small businesses can charge interest on overdue invoices;
- the rate of interest is currently 9% per annum above the official daily rate of the Bank of England;
- the Act also applies to overseas organisations;
- the college can be sued for non-payment.

In view of the penalties in this Act, the board of governors requires that invoices must be passed for payment as soon as they are received.

#### **19.18. Project advances**

The Chief Financial Officer and the relevant budget holder may jointly approve cash advances for projects carried out away from the institution where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or a group purchasing card.

#### **19.19. Giving hospitality**

Staff entertaining guests from outside bodies at lunch time should normally use internal catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement.

The limits concerning acceptable expenditure for entertaining guests are set out in the expenses policy and procedure.

It is an offence under section 7 of the Bribery Act 2010 for commercial organisations to fail to prevent persons associated with them from bribing another person on their behalf. The group's anti-bribery policy statement can be found contained in appendix four.

## **19.20. Payments to volunteers**

It is the responsibility of the budget holder to ensure that payments made to volunteers are correctly administered. The group allows two types of payment from an approved budget:

- Reimbursement of actual travel costs when fully supported by receipts;
- A small gift or thank you payment as long as it is clearly a token of appreciation, not compensation, and there is no sense that those goods, vouchers or cash are expected in advance.

## **19.21. Ex gratia payments**

Ex gratia payments are a type of transaction going beyond statutory or contractual cover or administrative rules. This could include payments to meet hardship caused by official failure or delay, and to avoid legal action due to official inadequacy. Ex gratia transactions must always be referred to DfE for prior approval and consequently the Chief Financial Officer must be informed immediately of any potential such payments.

## **20. Pay Expenditure**

### **20.1. Remuneration policy**

All group staff will be appointed to the salary scales approved by the board of governors and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources department.

The board of governors will determine what other benefits, such as cars, medical and life insurance are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available.

Salaries and other benefits for senior post-holders and other senior management will be determined by the board of governors, via the Remuneration Committee.

### **20.2. Appointment of staff**

All contracts of service shall be concluded in accordance with the group's approved human resources practices and procedures and all offers of employment with the college shall be made in writing by the Human Resources department. Budget holders shall ensure that the Group Director of People, Development & Culture is provided promptly with all the information they may require in connection with the appointment, resignation or dismissal of employees.

### **20.3. Salaries and wages**

The Chief Financial Officer is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All time sheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Chief Financial Officer. The Group Director of People, Development & Culture, will be responsible for keeping the Chief Financial Officer informed of all matters relating to human resources for payroll purposes. In particular, these include:

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

The Chief Financial Officer is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

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

All payments must be made in accordance with the college's detailed payroll procedures and comply with HM Revenue & Customs regulations. Staff should be aware that the organisation could incur penalties for non-compliance with such regulations.

#### **20.4. Senior pay controls**

The funding body publishes guidance on the approval required for certain senior appointments and amendments to the remuneration of certain senior roles. The Group Director of People, Development & Culture will advise Remuneration Committee and senior managers where roles fall within the requirements set out by the funding body.

#### **20.5. Superannuation schemes**

The board of governors is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

The Chief Financial Officer is responsible for day-to-day superannuation matters including:

- paying contributions to various authorised superannuation schemes;
- preparing the annual return to various superannuation schemes.

The Group Director of People, Development & Culture is responsible for administering eligibility to pension arrangements and for informing the Chief Financial Officer when deductions should begin or cease for staff.

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

The group has dispensation from HM Revenue & Customs to make payments to employees for certain specified items without deduction of income tax. Payments made in line with the travel and subsistence policy are consistent with the dispensation.

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Chief Financial Officer.

Claims by members of staff must be authorised by their line manager in line with the scheme of delegated authority. The certification by the authorising manager shall be taken to mean that:

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

Arrangements for travel by the Chief Executive Officer or member of the board of governors shall be approved by the Chair of the board of governors. Arrangements for travel by the Chair shall be approved by the Clerk to the board.

## **20.7. Overseas travel**

Where staff or governors travel abroad on group business, but independent of students, approval should be sought in advance of committing the group to any arrangements or confirming any travel booking.

- Staff should have their visit approved by the executive leadership team, or in the case of Leeds Conservatoire, the executive leadership group;
- In the case of the Chief Executive or governors, such visits should have the approval of the Chair of the board of governors;
- The Chair of the board of governors should have their visit approved by the audit committee and the board of governors.

Where staff are involved in taking a group of students to a foreign country, and this is deemed to be part of the normal education process for that group of students, there is no requirement to report these visits or seek prior approval, other than in line with the overseas travel procedure.

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

On an annual basis a summary report on staff and governors' overseas visits should be submitted to the Finance Committee, including all visits during the year, their purpose, costs and outcome.

## **20.8. Allowances for members of the governing body**

Governors shall not receive payment for services as governors. Governors may make claims for mileage, subsistence and other agreed expenses which must be authorised by the Clerk to the board of governors. The procedures and rates are identical to those for staff.

The Chair of the board of governors must authorise the Clerk to the board's travel and expense claims.

The Chair's travel and expense claims must be authorised by the Clerk to the board.

## **20.9. Severance payments**

Severance payments shall only be made in accordance with relevant legislation and funding body guidance and under a scheme approved by the board of governors. Professional advice should be obtained where necessary, and records kept of any negotiations.

All such payments should be authorised by the Chief Executive or Deputy Chief Executive & Principal and the calculations checked by the Group Director of People, Development & Culture.

In the case of senior post-holders, the board of governors shall consider establishing a special committee to oversee negotiations. The outcome of negotiations shall be reported to the board of governors and all settlements shall be brought to the attention of the external auditors. Once it has established a framework for determining a settlement with a senior post-holder, the board of governors may delegate to the special committee the power to reach a settlement.

Special severance payments are payments that are discretionary and additional to those arising from statutory and contractual redundancy or severance terms. Managing Public Money's position is that making such payments on top of the normal entitlements does not

usually provide good value for money or offer fairness to the taxpayers who fund them. Special severance payments should therefore only be considered in exceptional cases. The group has delegated authority to make individual severance payments, provided any non-statutory/non-contractual element is under £50k or under 3 months' salary, whichever is the lower. Beyond this, DfE approval will be required. As such all potential special severance payments should be notified to the Chief Financial Officer who will advise of the process to be followed and if consent from the funding body will be required.

#### **20.10. Compensation payments**

Compensation payments provide redress for loss or injury, for example personal injuries, traffic accidents or damage to property. When making a compensation payment the group must base its decision on a careful appraisal, including legal advice where relevant and ensure value for money. The Chief Financial Officer must be informed of any potential consideration is given to making such payments and will advise of the process to be followed.

The group has delegated authority to approve individual payments provided any non-statutory/non-contractual element is under £50k. Where the group is considering a non-statutory/non-contractual payment of £50k or more, DfE's prior approval must be obtained.

### **21. Assets**

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

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

#### **21.2. Fixed asset register**

The Chief Financial Officer is responsible for maintaining the group's register of land, buildings, fixed plant and machinery. Heads of department will provide the Chief Financial Officer with any information they may need to maintain the register.

In the case of Leeds Conservatoire, members of the executive management group shall be responsible for providing information for the purposes of maintaining the register.

#### **21.3. Inventories**

Heads of department are responsible for the assets under their control and must ensure that they are maintained to a satisfactory standard. They are also responsible for maintaining inventories, in a form prescribed by the Chief Financial Officer. Inventories must be checked at least annually as described in the asset management policy and procedure. The inventory should include items donated or held on trust. When transferring equipment between departments, a transfer record must be kept and the inventories updated accordingly.

#### **21.4. Stocks and stores**

Heads of department are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting departments must have the approval of the Chief Financial Officer.

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

Those heads of department whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Chief Financial Officer and

that instructions to appropriate staff within their departments are issued in accordance with advice contained in the college's detailed stock management policy.

### **21.5. Safeguarding assets**

Heads of department are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash etc. under their control. They will consult the Chief Financial Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

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

### **21.6. Personal use**

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

### **21.7. Asset disposal**

For disposals of assets thought to have a sale value in excess of £1,000 at least three bids or quotations should be sought.

The approval of the Chief Financial Officer should be obtained for asset disposal with an expected sale value of over £5,000 or where any disposal is to be made to a member of staff.

Disposal of land and buildings must only take place with the authorisation of the board of governors, via the Property Strategy Committee. Funding body consent may also be required if exchequer funds were involved in the acquisition of the asset.

### **21.8. All other assets**

Heads of department are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the group, whether tangible (such as computer equipment) or intangible (such as intellectual property), including electronic data. Advice on the management of data assets can be found in the group's data protection policy.

## **22. Funds held on trust**

### **22.1. General**

The Chief Financial Officer is responsible for ensuring that incoming funds are properly classified and designated as appropriate.

### **22.2. Gifts, benefactions and donations**

The Chief Financial Officer is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the group and initiating claims for recovery of tax where appropriate.

### **22.3. Student welfare and access funds**

The Chief Financial Officer will prescribe the format for recording the use of student welfare funds.

Records of welfare funds will be maintained according to funding body requirements.

#### **22.4. Trust funds**

The Chief Financial Officer is responsible for maintaining a record for the requirements for each trust fund and for advising the board of governors on the control and investment of fund balances.

The Chief Financial Officer is responsible for ensuring that all the groups' trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

#### **22.5. Voluntary funds**

The Chief Financial Officer shall be informed of any fund, not being an official fund of the institution, which is controlled wholly or in part by a member of staff in relation to their function in the group.

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

### **23. Other**

#### **23.1. Insurance**

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

The Group Head of Procurement is responsible for effecting insurance cover as determined by the board of governors. They are responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Group Head of Procurement will keep a register of all insurances effected by the group and the property and risks covered. They will also deal with the group's insurers and advisers about specific insurance problems.

Heads of department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the college may be exposed. The Group Head of Procurement's advice should be sought to ensure that this is the case. Heads of department must give prompt notification to the Group Head of Procurement of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Heads of department must advise the Group Head of Procurement immediately of any event that may give rise to an insurance claim. The Group Head of Procurement will notify the group's insurers, and if appropriate, prepare a claim in conjunction with the head of department for transmission to the insurers.

The Group Director of Estates is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

All staff using their own vehicles on behalf of the group shall maintain appropriate insurance cover for business use.

#### **23.2. Companies, joint ventures and consortium arrangements**

In certain circumstances it may be advantageous to the group to establish a company or a joint venture or consortium arrangement to undertake services on behalf of the group. Any



member of staff considering the use of such arrangements should first seek the advice of the Chief Financial Officer, who should have due regard to guidance issued by the funding body

The board of governors is responsible for ensuring that the required procedures are followed. The process involved in forming a company, joint venture or consortium and arrangements for monitoring and reporting on the activities of these undertakings are documented in the group's financial 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 group. These and other arrangements will be set out in a memorandum of understanding

The directors of companies where the group is the majority shareholder must submit an annual report to the board of governors. They will also submit business plans or budgets as request to enable the board to assess the risk to the group. The group's internal and external auditors shall also be appointed to such companies.

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

### **23.3. Security**

Keys to safes or other similar containers must be kept securely at all times. The loss of such keys must be reported to the Chief Financial Officer immediately.

The Group Director of IT shall be responsible for maintaining property security and privacy of information held on the group's computer network. Appropriate levels of logical security will be provided, such as passwords for networked computers together with restricted physical access for network servers.

Personal and sensitive information relating to individuals held in paper records or on computer systems will be subject to the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 legislation. The Group Director of IT is nominated to ensure compliance with the legislation and the safety of personal information.

The Group Head of Procurement, is responsible for the safekeeping of official and legal documents relating to the group. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Group Head of Procurement. All such documents shall be held in an appropriately secure location and copies held at a separate location.

### **23.4. Students' union**

The students' unions are a constituent part of the organisation and, as such is responsible to the respective board of governors.

Subject to any constraints imposed by the funding body, the respective board of governors shall determine the level of grant to be paid annually to each students' union and approve their budget for the year.

The students' unions are responsible for maintaining their own bank account and financial records and preparing annual financial statements.

In accordance with an agreement between the group and the students' unions, the unions will provide termly statements of income and expenditure to the Chief Financial Officer and to the finance committee on a termly basis to enable them to ensure that financial disciplines are maintained.

At year end the students' union accounts will be audited or independently examined in accordance with the students' union constitution and will be presented to the audit committee for information.

In accordance with an agreement with the students' union, the group internal auditor shall have access to records, assets and personnel within the students' union in the same way as other areas of the group.

### **23.5. Use of the Corporation's seal**

Where a deed or document requires the corporation's seal it shall be authenticated by the signature of the Chair (or in their absence a Vice-Chair) together with that of any other governor.

An entry of the sealing of every order, deed, or other document to which the seal has been affixed shall be registered in a book maintained by the Clerk to the board for that purpose.

### **23.6. Provision of indemnities, guarantees and letters of comfort**

Any member of staff asked to give an indemnity, guarantee or letter of comfort for whatever purpose should consult the Chief Financial Officer before any such indemnity is given. The Chief Financial Officer will ensure that any necessary approval required from the funding body is obtained prior to the provision the indemnity, guarantee or letter of comfort.

Funding body consent will be required in respect of individual indemnities beyond the normal course of business, guarantees and letters of comfort in excess of £45,000.

### **23.7. Novel, contentious and repercussive transactions**

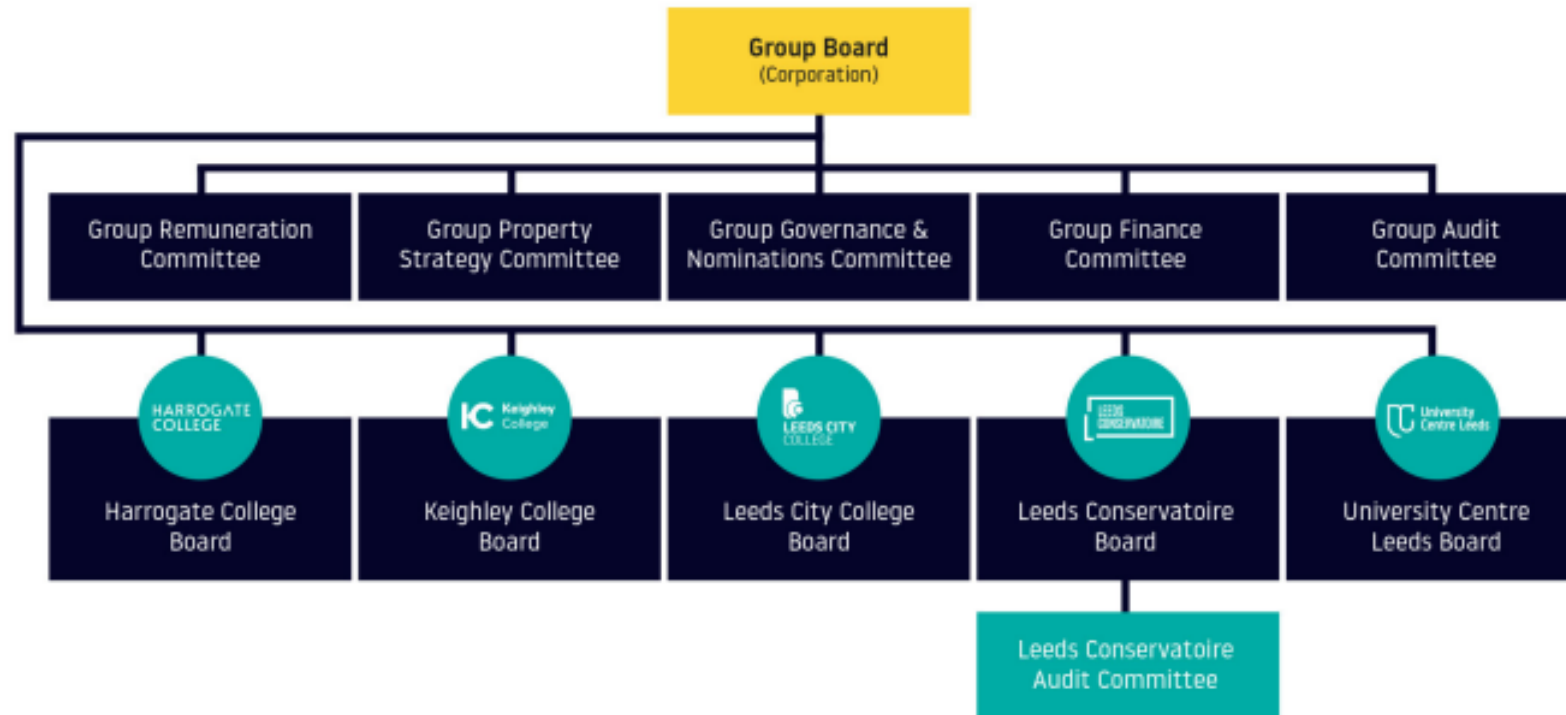
Novel transactions are those of which the group has no experience or are outside its range of normal business. Contentious transactions are those that might cause criticism of the group by Parliament, the public or the media. Repercussive transactions are those likely to cause pressure on other colleges or other parts of the public sector to take a similar approach and hence have wider financial implications.

Transactions by the group that may be considered novel, contentious and/or repercussive must always be referred by the Chief Financial Officer to the funding body for prior approval.

## **Appendices**

Appendix One	Committee structure
Appendix Two	The seven principles of public life
Appendix Three	Fraud policy statement
Appendix Four	Anti-bribery policy statement

## Group governance structure



## The seven principles of public life

Selflessness	Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.
Integrity	Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties.
Objectivity	In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
Accountability	Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
Openness	Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
Honesty	Holders of public office have a duty to declare any private interests in relation to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
Leadership	Holders of public office should promote and support these principles by leadership and example.

## **Fraud Policy Statement**

The group has a duty to its stakeholders to take all responsible steps to prevent fraud occurring, whether perpetrated by staff, students, contractors and suppliers, other organisations or members of the public.

The group will maintain robust control mechanisms to both prevent and detect fraud. All line managers have a responsibility for maintaining documented control systems and must be seen to be setting an example by complying fully with procedures and controls. The effectiveness of controls will be subject to cyclical review by the group's internal auditors

All members of staff have a responsibility to protect the assets and reputation of the group and are expected to be alert to the potential for fraud. Line managers should brief staff on the common types of fraud perpetrated in their areas of responsibility.

Confidential mechanisms have been established to allow staff to report suspected fraud to management. All reported suspicions will be investigated by the fraud investigation group. The members of such a group may include:

- Chief Financial Officer
- Head of Internal Audit
- Group Director of People

Further information for staff on reporting fraud and their role in the prevention and detection of fraud is provided in the group's policy for fraud prevention, detection and investigation.

## **Anti-bribery Policy Statement**

### **Introduction**

The group has a zero-tolerance for bribery and corruption. The group's reputation with the community it serves and other stakeholders is underpinned by ethical behaviour, financial probity and honesty. The group aims to limit its exposure to bribery by:

- Setting out a clear anti-bribery policy, which is proportionate to the risks that the group is exposed to;
- Embedding awareness and understanding of the group's anti-bribery policy amongst all staff, "associated persons" (any person performing services for or on behalf of the group), and external persons/organisations with whom the group has commercial relations;
- Training staff as appropriate so that they can recognise and avoid the use of bribery by themselves and others;
- Encouraging staff to be vigilant and to report any suspicion of bribery, providing them with suitable channels of communication, and ensuring sensitive information is treated appropriately;
- Rigorously investigating instances of alleged bribery in accordance with the group disciplinary procedure; and assisting the Police and other appropriate authorities in any resultant prosecution;
- Taking firm and vigorous action against any individual(s) involved in bribery.

### **Policy**

This policy applies to all employees and anyone acting for, or on behalf of, the group ("associated persons"), including governors, other volunteers, temporary workers, consultants and contractors. All employees and associated persons are responsible for maintaining the highest standards of business conduct and are expected to behave honestly and with integrity. Any breach of this policy will constitute a serious disciplinary offence, which may lead to dismissal and may become a criminal matter for the individual.

The group prohibits employees and associated persons from offering, giving, soliciting or accepting any bribe. The bribe might include cash, a gift or other inducement, to or from any person or organisation, wherever they are situated, and irrespective of whether or not they are a public official/body or private person or company, by any individual governor, employee, agent or other person or body acting on the group's behalf. The bribe might be made in order to:

- Gain any commercial, contractual or regulatory advantage for the group in a way which is unethical;
- Gain any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual.

Facilitation payments made to foreign officials in order to entice them to fulfil more promptly a duty with which they should comply anyway and also illegal under the Bribery Act 2010 and prohibited by this policy and employees and other associated persons who decline to make facilitation payments will be supported in this action.

This policy is not intended to prohibit appropriate corporate entertainment and/or hospitality undertaken in connection with the group's business activities, provided the activity is customary under the circumstances, is proportionate, and is properly recorded /disclosed to the group in accordance with its procedures (section 9 of the Financial Regulations relates to gifts and hospitality). Employees and associated persons are requested to remain vigilant in preventing, detecting and reporting bribery. Employees and associated persons are expected to report any concerns regarding any suspected bribery in accordance with the group's Public Interest Disclosure ("Whistleblowing") procedures.