



Financial Regulations

Change Control

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There can be occasions where it has not possible to review this policy/strategy/procedure within the timescale indicated above, such as where there are imminent legislative changes, and in these cases the existing policy/strategy/procedure will remain valid until renewal.

This policy applies to the TEC Partnership and incorporates Grimsby Institute of Further and Higher Education, Scarborough TEC,

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1 Background

- 1.1 The TEC Partnership (henceforth called the 'Partnership') was incorporated in 1994 and is controlled by the Corporation's (Board of Governors) Instrument and Articles of Government which sets out the regulatory framework within which a further and higher education college corporation operates. The Partnership is responsible for setting the strategy and not the management of the institution.
- 1.2 The TEC Partnership is a further and higher education corporation created under the provisions of the Further and Higher Education Act 1992. Its structure of governance is laid down in the Further Education Corporations Order 2007 (replacement of Instruments and Articles of Government) and the 2012 Modification Order. The Partnership is accountable through its Corporation, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.3 The Partnership is an exempt charity by virtue of the Charities Act 1993.
- 1.4 The funding agreement between the Education and Skills Funding Agency and the Partnership sets out the terms and conditions on which grant funding is allocated. The Partnership is responsible for ensuring that conditions of grant are met. As part of this process, the Partnership must adhere to the Further Education Funding Bodies joint audit code of practice, which requires it to have sound systems of financial and management control. It must also adhere to the Higher Education Funding Council of England audit code of practice, the Companies Act 2006 for the Partnership subsidiary or associate companies, and the audit code of practice for Charitable Incorporated Organisations. The financial regulations of the Partnership form part of this overall system of accountability and any changes to the financial regulations maintain compliance with the funding agreement and other funding regulations.
- 1.5 As a result of reclassification, the financial regulations will ensure the Partnership meet the overall requirements in HM Treasury's document, 'Managing Public Money', and some other related obligations.

2 Status of Financial Regulations

- 2.1 This document sets out the Partnership's financial regulations. It translates into practical guidance the Partnership's broad policies relating to financial control. This document applies to the Partnership and all its subsidiary undertakings. Associate companies of the Partnership are subject to the rules set out in their Memorandum and Articles of Association, but their financial statements will remain subject to audit by the Partnership's external auditors.

- 2.2 These financial regulations are subordinate to the Partnership's Corporation instruments and articles of government and to any restrictions contained within the Partnership's financial memorandum with Higher and Further Education Funding Bodies joint audit code of practice.
- 2.3 The purpose of these financial regulations is to provide assurance over the totality of the Partnership's resources and provide management and governors with reassurance that the resources are being properly applied for the achievement of the Partnership's strategic plan and business objectives:
1. Financial security and viability
 2. Achieving value for money
 3. Fulfilling its responsibility for the provision of effective financial controls over the use of public funds
 4. Ensuring that the Partnership complies with all relevant legislation
 5. Safeguarding the assets of the Partnership.
- 2.4 All staff must comply with the financial regulations. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the Partnership's disciplinary procedures. It is the responsibility of management to ensure that their staff are made aware of the existence and content of the Partnership's financial regulations.
- 2.5 The Audit Committee is responsible for maintaining a review of the financial regulations, through the Group Principal of Finance and for advising The Partnership of any additions or changes necessary.
- 2.6 In exceptional circumstances, the Chair of the Audit Committee and the Chair of The Partnership may jointly authorise a departure from the detailed provisions herein, any such departure will be reported to The Partnership at the earliest opportunity.
- 2.7 Colleges registered with the Office for Students are required to provide additional disclosures that go beyond those required by the ESFA. These disclosures and policies have been updated to reflect those requirements and will be reviewed as and when required taking into account the Office for Students accounts direction itself for definitive detail of Office for Students requirements.

3 The Partnership

- 3.1 The Partnership is responsible for the oversight of the management and administration of the Partnership.
- 3.2 Its financial responsibilities are to:
1. ensure the solvency of the Partnership and the safeguarding of the Partnership's assets
 2. appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Chief Executive Officer and other senior post-holders
 3. set a framework for pay and conditions of service of all other staff

4. ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the Partnership are appropriate and sufficient to safeguard public funds
5. approve the appointment of external auditors and an internal audit service
6. monitor and ensure the efficient, economical and effective management of all the Partnership's resources and expenditure, capital assets and equipment and staff, so that the investment of public funds in the Partnership is not put at undue risk
7. ensure that appropriate financial considerations are considered at all stages in reaching decisions and in their execution
8. approve an annual budget before the start of each financial year
9. ensure that the Partnership complies with the Higher and Further Education Funding Bodies joint audit code of practice
10. ensure that the Partnership complies with the Office for Students regulations
11. approve the Partnership's strategic plan
12. approve the annual financial statements.

4 Accounting Officer

- 4.1 The Chief Executive Officer is the Partnership's designated accounting officer and is responsible for ensuring the financial administration of the Partnership's affairs in accordance with the funding agreement with the Higher and Further Education Funding Bodies.
- 4.2 The Chief Executive Officer shall demonstrate his or her oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements, and the three-year financial forecasts submitted to the Further Education Funding Bodies.
- 4.3 In preparing the financial statements, the corporation is required to:
 - 4.3.1 Select suitable accounting policies and apply them consistently.
 - 4.3.2 Make judgements and estimates that are reasonable and prudent.
 - 4.3.3 State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
 - 4.3.4 Assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report).
 - 4.3.5 Prepare financial statements on the going concern basis unless it is inappropriate to assume the corporation will continue in operation.

5 Committee Structure

- 5.1 The Partnership has ultimate responsibility for the Partnership's finances and financial control systems (Ref Article 3c), but delegates specific powers and processes to the committees (~~local Boards~~) detailed below. These committees are accountable to The Partnership.
- 5.2 Sub Committees – Finance and Resources Committee, Audit Committee, Remuneration Committee, Search and Governance Committee, Curriculum and Quality Committee and HE Oversight Committee
- 5.3 Monitoring of individual elements of the Partnership's financial position is undertaken by delegated to the Finance and Resources Committee and then subsequent approval by the Partnership.
- 5.4 The Finance and Resources committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to The Partnership. They will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed.
- 5.5 It will consider any other matters relevant to the financial duties of The Partnership and make recommendations accordingly. The committee will also ensure that The Partnership has adequate information to enable it to discharge its financial responsibilities.
- 5.6 The Remuneration Committee will ensure the Partnership follow the latest governance and funding guidance for pay and conditions, including senior pay controls.
- 5.7 In addition, all members of The Executive Leadership Team will receive a copy of the Management Accounts each month and have the opportunity to provide feedback and comment.

6 Risk and Governance Policies

6.1 Fraud and Other Financial Irregularity

The Partnership is committed to implementing and enforcing effective systems to counter bribery. Therefore, it is the Partnership's policy to conduct all aspects of its business in an honest and ethical manner at all times. This policy applies to all individuals working for the Partnership, including anyone providing services to the Partnership such as consultants, or contractors.

Policy Aim

The aim of this policy is to help the Partnership act in accordance with the Bribery Act 2010, maintain the highest possible standards of business practice, and advise individuals of the Company's 'zero-tolerance' to bribery.

The Law

Under UK law (UK Bribery Act 2010), bribery and corruption are punishable for individuals by up to ten years'

imprisonment. If the Partnership is found to have taken part in the corruption or lacks adequate procedures to prevent Bribery, it could face an unlimited fine and be excluded from tendering for Government contracts.

6.2 Insurance Policy

The activities of the Partnership will be associated in the first instance with the provision of education but in time could diversify and engage in other trading activities. The Partnership wishes to ensure that a comprehensive portfolio of insurance cover is maintained to protect its interests, and to ensure that the cover facilitates the staff of the Partnership in the delivery of its Mission. Any insurance taken will always balance the level of risk with the cost of the policy to ensure that value for money is achieved.

Policy Statement on Insurance

The Partnership seeks to ensure that appropriate insurance cover is maintained throughout and is responsive to the changing needs of all parts of corporation. The insurance policy is as follows:

1. Insurance cover will always be maintained to comply with statutory requirements and any requirements specified by the Board of Directors.
2. The Partnership will ensure that insurance arrangements are made which optimises cover, minimises administration and are at the most competitive price.
3. The Partnership will obtain cover, which ensures that any disruption to the delivery of its Mission, as a result of a claimable incident, will be kept to an absolute minimum.
4. Buildings and premises will always be insured if required.
5. Insurance cover will be regularly reviewed to ensure that the cover is consistent with the changing needs of the organisation.
6. The Group Vice Principal is ultimately responsible for the Partnership's insurance arrangements.
7. The Procurement Team is therefore responsible for tendering the contract at the appropriate frequency, negotiating claims and maintaining the necessary records.
8. The Purchasing Manager will keep a register of all insurances affected by The Partnership and the property and risks covered. He or she will also deal with the Partnership's insurers and advisers about specific insurance problems.
9. Budget holders must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the Partnership may be exposed.
10. Budget holders must give prompt notification to the Group Vice Principal of Finance and/or Purchasing Manager of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks.
11. Budget holders must advise the Group Vice Principal of Finance and/or Purchasing Manager immediately of any event that may give rise to an insurance claim. The Group Vice Principal of Finance and/or Purchasing Manager

will notify the Partnership's insurers and, if appropriate, prepare a claim in conjunction with the budget holders for transmission to the insurers.

12. The Group Director of Corporate Services 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.
13. All staff using their own vehicles on behalf of the Partnership shall maintain appropriate insurance cover for business use and provide an annual update to the Transport Manager

6.3 Ethics, Registration and Declaration of Interests

Like any organisation, the Partnership expects the highest standards of conduct from its entire staff. In particular, it has a duty to protect its assets; it has a duty to ensure that management and other practices accord with the standards of probity expected of education bodies; and it has a duty to ensure that the resources available to it are used only in furtherance of the Partnership's objectives.

Against this background, all members of staff are expected to comply with the principles of conduct set out below. These principles are intended to apply in particular to the conduct of financial and related business but they should be regarded as having a general application to the full range of The Partnerships activity.

Members of staff are expected to observe the following principles of conduct in all financial and related transactions. (As noted above, these principles should also be taken to have a more general application to other forms of the Partnership's activity.)

1. Decisions must be taken solely in terms of The Partnership's interests. Personal relationships, friendships, family links or personal advantage must not influence decisions. Similarly, members of staff must not place themselves under any financial or other obligation to outside individuals or organisations, which might influence them in the performance of their duties. Any conflicts of interest in these respects must be declared to the relevant Director at the time that such conflict becomes apparent. Where the conflict of interest is judged to be material, an individual with such an interest will be required to withdraw from the decision-making process.
2. No contracts or sub-contracts may be placed by any individual or department within the Partnership with a company, partnership, sole trader or other entity owned by a member of the Partnership staff or a 'related party' to that member of staff without formal authorisation by the CEO or the Chair of the Board.
3. Value for money must always be a prime criterion in any transaction. This does not mean, of course, that a product or service should be purchased only by reference to price; other factors - including for example quality and fitness

for purpose - are relevant considerations. Where this is the case the decision, along with the reasons must be fully documented.

4. All members of staff have a responsibility to protect the assets and integrity of the organisation, and are expected to take all reasonable steps to safeguard and protect the physical assets and other property of the Partnership (including cash and equipment).
5. The Partnership's equipment and other facilities should not be used for personal advantage, except as may be agreed by the relevant Director or equivalent officer in accordance with policy and procedures in force from time to time (including, for example, policy on external consultancies).
6. Policy is a breach of the individual's terms of employment and will result in disciplinary procedures being invoked.
7. Members of staff may accept meals and equivalent hospitality only in the normal course of business and only when the hospitality is of a reasonable level.
8. All Governors and budget holders complete an annual declaration of interests, noting any conflicts for themselves and those in their immediate family or households.

6.4 Code of Conduct

The Partnership has established a Code of Conduct built on and reflective of its values, which seeks to clarify the standards expected of all employees who are employed by the Partnership. The code seeks to promote consistency, and ensure that all staff are aware of their responsibilities and obligations, not just to the Partnership but also to its learners, partners and to the local communities. ELT, local SMT's, Managers and Governors have a particular responsibility to ensure that the Partnership operates at the highest levels of behaviour. Employees are expected to conduct themselves at all times in accordance with the provisions of the code.

Additionally, members of The Partnership, local governors and senior management or those involved in procurement are required to disclose interests in the Partnership's annual register of interests maintained by the Clerk to The Partnership. They will also be responsible for ensuring that entries in the register relating to them, their immediate family or members of their household are kept up to date regularly and promptly.

Members of The Partnership, senior management and all staff are expected to maintain the Partnership's confidences

and not disclose confidential information to competitors or violate international and intellectual property regulations.

6.5 Receiving Gifts or Hospitality

It is an offence under the Bribery Act 2010 for members of staff to offer, accept or corruptly receive any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour and disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:

- 1 The conduct of individuals should not create suspicion of any conflict between their official duty and their private interest.
- 2 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 Partnership would be likely to provide in return.

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the Group Vice Principal of Finance. For the protection of those involved, the Clerk to The Partnership will maintain a register of gifts and hospitality received where the (estimated) value is in excess of £50 for the members of Corporation and its Committees. Members of staff in receipt of such gifts or hospitality are obliged to notify the Group Vice Principal of Finance.

6.4 Risk

The Partnership acknowledges the risks inherent in its business, and is committed to managing those risks that 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 Partnership is set out in the Partnership's Risk Management

Policy.

Budget Holders must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the Partnership may be exposed. Budget Holders should also consider any reputational issues to the Partnership when seeking to acquire new goods and services or extending existing contracts. The Group Vice Principal of Finance's advice should be sought to ensure that this is the case.

In line with this policy, the governing body requires that supporting procedures include:

1. The adoption of common terminology in relation to the definition of risk and risk management
2. The establishment of Partnership wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis
3. A decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes
4. A decision on the level of risk to be covered by insurance (see 6.2)
5. A detailed regular review at curriculum or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
6. The Development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question
7. Regular reporting to the governing body of all risks above established tolerance levels
8. An annual review of the implementation of risk management arrangements
9. The strategy and procedures must be capable of independent verification.
10. Termly review of the partnership strategic risk register.

6.5 Fraud and Other Financial Irregularity

Any suggestion of improbity in relation to the finances (whether that be theft or fraud or other) should be reported to the Group Vice Principal of Finance (Responsible Officer) in the first instance. The Responsible Officer will ascertain the severity and potential risk and if appropriate, in conjunction with the Chief Executive Officer and relevant member of ELT initiate an investigation. Any investigation should follow best employment practice and HR policy and procedures.

Unless the matter is in relation to an improbity in the Finance Department, in the main, the investigating officer should be a Senior Member of Finance.

The Responsible Officer also has the responsibility, if in the circumstances it is appropriate, to advise our banks,

external auditors, internal auditors, ESFA or any other relevant stakeholder (including the Police).

A further conversation may be required with the Chair of Audit and Audit Committee meetings will retain fraud and other financial irregularity updates on the agenda as a standing item.

6.6 Whistle Blowing Policy

The Partnership strives at all times to conduct its business with the highest standards of integrity and honesty. It expects all employees to maintain the same standards in everything they do. You are therefore encouraged to report any wrongdoing by the Organisation or its employees that falls short of these business principles.

The Public Interest Disclosure Act 1988 protects employees who report wrongdoing within the workplace but it is the aim of this policy to ensure that as far as possible you are able to tell us about any wrongdoing at work which you believe has occurred, is occurring or is likely to occur.

We recognise that employees may not always feel comfortable about discussing their concerns internally, especially if they believe that the Organisation itself is responsible for the wrongdoing. The aim of the policy is to ensure that you are confident that you can raise any matter with the Organisation that concerns you in the knowledge that it will be taken seriously, treated as confidential and that no action will be taken against you.

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 and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

Normally, any concern about a workplace matter at the Partnership should be raised with the relevant member of staff's immediate line manager or head of area. However, the Partnership recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.

A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose. If the member of staff does not wish to raise the matter with this person, or with the Chief Executive Officer, the Campus Principal or the Chair of the governing body, it may be raised with the Chair of the Audit Committee. The

Partnership's Public Interest Disclosure Policy can be found at <https://tecThePartnership.com/policies/>

6.6 Security

The Partnership takes security matters extremely seriously, whether this is in relation to the assets of the Partnership or the data that they hold it is essential that all staff have an absolute understanding of what is required of them whilst on our premises or working either from home or another agreed designated workplace.

The Group Director of Corporate Services shall be responsible for maintaining proper security and privacy of information held on the Partnership's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the General Data Protection Regulation (2018).

Data protection officers shall be nominated to ensure compliance with the Act and the safety of documents.

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

6.7 Provision of indemnities

Any member of staff asked to give an indemnity, for whatever purpose, should consult the Group Vice Principal of Finance before any such indemnity is given.

7 Investment and Tax Policies

7.1 Treasury Management

The Partnerships Treasury Management Policy will operate within the financial parameters of Strategic Plan, within the framework of partnership's Financial Regulations and the wider legislative requirements.

Treasury Management comprises the management of all monies and capital market transactions in connection with the cash and funding resources of the Partnership.

The Partnership recognises that all treasury management activities involve risk and potential reward.

The policy of the Partnership in the case of lending is to achieve the maximum return consistent with minimising risk with the overriding principle being to maintain Partnership's capital. The policy of the Partnership in the case of borrowing is to minimise cost consistent with ensuring the stability of IEMA's financial position by applying sound debt management techniques.

All executive decisions concerning borrowing, investment or financing shall be delegated to the Group Vice Principal of Finance and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the Partnership and shall conform to any relevant funding body requirements. The Group Vice Principal of Finance and his or her staff are required to act in accordance with The guidelines issued by Office for Students and the latest "Managing Public Money" requirements".

The Group Vice Principal of Finance will report to The Partnership termly in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her and an annual Treasury Management report is also submitted to The Partnership.

7.2 Appointment of bankers and other professional advisers

The Partnership is responsible for the appointment of the Partnership's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Audit Committee. The appointment shall be for a specified period after which consideration shall be given by the Audit Committee to competitively tendering the service.

7.3 Banking arrangements

The Group Vice Principal of Finance is responsible, on behalf of The Partnership, for liaising with the Partnership's bankers in relation to the Partnership's bank accounts and the issue of payments.

Only the Group Vice Principal of Finance may open or close a bank account for dealing with the Partnership's funds. All bank accounts shall be in the name of the Partnership or one of its subsidiary companies.

All automated transfers including direct debits and payments on behalf of the Partnership must be authorised in the appropriate manner and banking mandates. Details can be found in Appendix A.

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

No other department or section shall be empowered to operate a bank account in the name of the Partnership and no cheques or financial instruments made payable to the Partnership or one of its subsidiary companies shall be endorsed or credited to any other account.

7.4 VAT Policy

The Value Added Tax (VAT) schemes applicable to Partnership are varied and complex. Careful VAT planning will enable the Partnership to maintain and reinvest income, which would otherwise be lost.

The Partnership will always operate within the statutory regulations of HMRC and will conduct itself in an ethical and professional manner. Rules regarding VAT are subject to constant change, and the Partnership will endeavour to structure the affairs to take advantage of changing rules.

7.5 Tax Planning Policy

The Group Vice Principal of Finance is responsible for advising Budget Holders, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all corporate direct and indirect taxation issues (excluding employment related which are the responsibility of Group Director of Employee Services) to the Partnership.

The Group Vice Principal of Finance will issue instructions to departments on compliance with statutory requirements including those concerning VAT, corporation tax and import duty.

The Group Vice Principal of Finance is responsible for maintaining the Partnership's corporate tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

7.6 Reserves Policy

The Partnership define "Operating Reserves" as the portion of unrestricted net assets that are available for use in emergencies to sustain financial operations in the unanticipated event of significant unbudgeted increases in operating expenses and/or losses in operating revenue.

The Partnership is aware of the need to secure their viability beyond the immediate future. In order to be able to

provide reliable services over the longer, the Partnership must be able to absorb setbacks and take advantage of change and opportunity. The Partnership therefore needs to provide for this by putting aside some of their current income as a reserve against future uncertainty.

Definition of Operating Reserves

For the purposes of this definition the term “operating reserves” is applied to that part of the Partnerships income that is freely available for its general purposes. Operating reserves are the resources the Partnership has or can make available to spend for any or all of its purposes once it has met its commitments and covered its other planned expenditure. This definition includes unspent money from grants, i.e., where a funder has ring fenced what the money must be spent on and the Board do not have the power to spend the money on anything else which in turn may result in a timing difference.

Holding Reserves

Since the Partnership enters into commitments – through the agreement to deliver services, the employment of staff, the leasing of premises, the purchase of goods or service etc – it is imperative that it has sufficient resources. Even though the Partnership operates in a moderately stable environment where future income streams and expenditure requirements can be identified there will remain an element of uncertainty as to the absolute timing of each individual transaction and also the possibility that unforeseen expenses or liabilities will emerge. Against this background the Partnership considers it good practice to seek to build some financial reserves which will allow them to meet their future commitments or unforeseen expenses without a negative impact on their ability to deliver their services or develop their businesses in the manner planned.

Due to the holding of reserves the Partnership is able to absorb setbacks and take advantage of change and opportunity; to demonstrate that the Partnership have thought through how they might secure their viability beyond the immediate future and provide reliable services over the longer term; and to demonstrate to potential funders that they are effectively managing their resources, and have given consideration to their long-term plans and viability and a general assessment of the financial position.

Reserve Level

The Partnership has set its reserve policy by considering the following:

1. Sufficient free reserves to provide cover for between six months in relation to known liabilities
2. A smaller additional provision of free reserves for unforeseen liabilities
3. The amount of deferred income

Timing

The Partnership's reserves policy will be reviewed every three years but updated if necessary at the end of each financial year to take account of any change in circumstances and to recalculate the operating reserves based on the 31 July Balance.

8 Capital, Grants and Project Management Policies

8.1 Capital Expenditure

As part of the annual budgeting process, The Partnership will approve a capital budget for the forthcoming year on the recommendation of the delegated sub committees. This will include 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 Partnership's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by The Partnership.

The Group Vice Principal of Finance will establish protocols for the inclusion of capital projects in the capital programme for approval by The Partnership. Additionally, they are responsible for providing statements concerning all capital expenditure to delegated sub committees and for the duration of any major capital project, specific regular progress reports will be presented.

Following completion of a significant capital project, a final report should be submitted to the relevant delegated sub-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.

8.2 Project Management Including Overseas Activity

In planning and undertaking overseas activity, the Partnership must have due regard to the relevant guidelines issued by the Higher and Further Education Funding Bodies, in particular the Partnership must have due regards to controls laid down in the Partnership Bribery Policy, particularly in any dealings relating to the recruitment of

overseas students or income.

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £100,000 up to £250,000 should be presented for recommendation to the relevant delegated subcommittee and anything over £250,000 will be presented for approval to The Partnership. The relevant Senior Post Holder or Budget Holder must provide The Partnership, with a report each year on the progress of each subsidiary or associate company.

8.3 Grant and Contract Conditions

Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions often means that the Partnership will suffer a significant financial penalty. It is the responsibility of the named supervisor or grant holder to ensure that conditions of funding are met.

Any loss to the Partnership resulting from a failure to meet conditions of funding is the responsibility of the budget holder, and will be charged against departmental funds. Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific budget holder. Budget holders should ensure that they liaise closely with the Executive Director of Projects.

9 Assets

9.1 Fixed asset register

The Group Vice Principal of Finance is responsible for maintaining the Partnership's register of land, buildings, fixed plant and machinery. Heads of department will provide the Group Vice Principal of Finance with any information he or she may need to maintain the register.

9.2 Inventories

The Group Vice Principal of Finance, together with budget holders are responsible for maintaining inventories, in a form prescribed by the Group Vice Principal of Finance, for all plant, equipment, furniture and stores in their departments with a value to be determined by the Group Vice Principal of Finance. The inventory must include

items donated or held on trust. A process of verification will be undertaken periodically to ensure the integrity of the fixed asset values within the Partnership's financial statements.

When transferring assets between departments, a transfer record must be kept and the inventories amended accordingly. The Group Vice Principal of Finance should be advised of any such transfers.

9.3 Stocks and Stores

Budget holders are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. They 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 Group Vice Principal of Finance and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the Partnership's detailed financial procedures.

9.4 Safeguarding Assets

Budget holders are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control. They will consult with the Group Director of Corporate Services in the case where security of assets other than cash is thought to be defective or where it is thought that special security arrangements may be needed. In the case of concerns relating to cash security, they should consult with the Group Vice Principal of Finance.

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

9.5 Personal Use

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

9.6 Asset disposal

Disposal of equipment and furniture must be notified to the Senior Management on the approved Asset Disposal Form.

10.6.1 The disposal of fixed assets can be disposed of without the DfE's approval, this is subject to:

10.6.1.1 The proposed disposal is not being new, contentious, or repercussive and,

10.6.1.2 Maintaining the principals of regularity, propriety, and value for money

10.6.1.3 In the case of moveable fixed assets (i.e. non land and buildings such as vehicles, IT etc) the Partnership will consider; whether the assets concerned may have been acquired with the assistance of a grant or donation from a third party, and whether the conditions of such grant or donation set terms relating to the disposal or the use of proceeds of disposal and whether there are plans in place to ensure that, the investment in moveable fixed assets is sufficient to ensure the ongoing ability of the Partnership to deliver appropriate provision for learners is not depleted, and moveable fixed assets can be replaced/and or upgraded when they reach the end of their economic life, if required.

10.6.1.4 The Partnership has an estates strategy that underpins the long-term sustainability of the operation, and in line with the DfE guidelines in the case of land and buildings the proceeds on disposal will be used for capital reinvestment in further fixed assets and/or to: repay loans to the DfE and to banks, and repay any overpayments of ESFA/DfE grants or satisfy grant conditions whether a repayment to ESFA/DfE is due and exceptionally, provide working capital for the Partnership to avoid the risk of insolvency, in this instance the Partnership will seek approval from the DfE in accordance with the framework for college oversight.

10.6.1.5 The Partnership will consider whether the disposal is novel, contentious and repercussive and if it is the case, the Partnership will see approval from the DfE in accordance with the framework for college oversight.

10.6.1.6 Where appropriate, funding from asset disposals will be held as "restricted" cash, following DfE guidance. It will pay due heed to the restrictions for how the proceeds can be directed.

9.7 All other assets

Budget holders are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the Partnership, whether tangible (such as stock – see above) or intangible (such as intellectual property), including electronic data.

10 Audit Policy and Committee Responsibility

10.1 Audit Committee

The Partnership is required by its financial memorandum with the Further Education Funding Bodies and by the Further Education Funding Bodies joint audit code of practice to appoint an audit committee. The committee is independent, advisory and reports to The Partnership. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The Committee is responsible for identifying and approving appropriate financial control systems and related performance measures for internal and external audit and for monitoring of their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The audit requirements of the Partnership are set out in the Further Education Funding Bodies joint audit code of practice.

10.2 Remuneration Committee

Consideration of senior postholder's pay and conditions is the responsibility of the Remuneration Committee. The Partnership has adopted the AoC Colleges Senior Staff Remuneration Code and are subject to senior pay controls for remuneration meeting or exceeding the thresholds as set out in the HMT Guidance. The Committee considers the Remuneration Annual Statement submitted to The Partnership on an annual basis. The terms of reference for the Remuneration Committee are available from the Clerk to The Partnership.

10.3 Audit Requirements

General

Auditors, whether internal or external shall have authority to:

1. Access the Partnership premises at reasonable times
2. Access all assets, records, documents and correspondence relating to any financial and other transactions of the Partnership
3. Require and receive such explanations as are necessary concerning any matter under examination
4. Require any employee of the Partnership to account for cash, stores or any other the Partnership property under their control

5. Access records belonging to third parties, such as contractors, when required.

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

On the recommendation of the Audit Committee the financial statements will be submitted to The Partnership for approval.

10.4 External audit

The appointment of external auditors for the main financial statements of the Partnership will take place annually and is the responsibility of The Partnership. The Partnership will be advised by the Audit Committee.

The primary role of the external audit is to report on the Partnership's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Further Education Funding Bodies joint audit code of practice and the Auditing Practices Board's statements of auditing standards.

In addition, the Further Education Funding Bodies may appoint separate auditors to carry out a data reporting audit of the Partnership's Students Records' Systems. The primary role of this audit is to give assurance to Further Education Funding Bodies that the Partnership's funding is accurate within certain agreed tolerances. This work will also help the external auditors of the Partnership in their work on the income elements of the financial statements.

10.5 Internal audit

The Partnership has no obligation in its financial memorandum with the Further Education Funding Bodies (since August 2013) to appoint internal auditors to review its systems and internal controls. The Partnership has agreed to retain internal auditors to directly assist the Chief Executive Officer in discharging their responsibility to review the effectiveness of the system of internal controls and provide The Partnership, Audit Committee and the Partnership ELT with assurances on the adequacy of the internal controls system and effectiveness of risk management control and governance processes.

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

10.6 Other auditors

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

11 Accounting Arrangements

11.1 Basis of Accounting

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards. The financial year is from 1st August to 31st July.

The financial statements are prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education 2015 incorporating Financial Reporting Standard 102, subject to any specific accounts' direction from applicable funding bodies, and in accordance with the provisions of the Companies Act 2006, if that is appropriate.

11.2 Capitalisation and Depreciation

New land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal installments over their estimated remaining useful life (usually 40 years). Land will not be depreciated.

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is over £1000 or more. Grouped items (e.g. a suite of computers) with an individual value of less than £1000, but a group value of £3,000 or more, may be capitalised.

Capitalised assets other than land and buildings will be depreciated as follows:

| | |
|---------------------------|----------------|
| Motor Vehicles | 5 years |
| Plant & Equipment | 5-10 years |
| Specialised Equipment | Up to 20 years |
| Fixtures and Fittings | 7 years |
| Computer Equipment | Up to 6 years |
| Certain Computer Software | 3 years |

The Partnership will capitalise computer software as an intangible asset only where it is of significant value and with a usage expectancy of 3 years or more. Bulk purchases of single user academic software shall be charged to profit and loss account.

11.3 Accounting records

The Group Vice Principal of Finance is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

The Partnership is required by law to retain prime documents for six years. These include:

1. Purchase orders
2. Purchase invoices
3. Sales invoices
4. Bank statements including credit card
5. Copies of receipts
6. BACS payments
7. Payroll records, including all employment.

The Group Vice Principal of Finance will make appropriate arrangements for the retention of electronic records. Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies.

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

1. Records relating to European Programmes are to be retained for 7 years after the programme has been completed.
2. ESF Co Finance programmes require Beneficiary Documents to be retained for 12 years after programme completion.

In instances where the Partnership is in receipt of external grant funding, the provisions made within each respective contract for grant funding will be enforceable, and the obligations therein communicated to the Group Vice Principal of Finance.

The above time limits for retention of documents will be adjusted as required by the Group Vice Principal of Finance, providing they meet legal and grant funding contract requirements.

11.4 Freedom of Information

As a public body, the Partnership is required under the Freedom of Information Act to supply information, reasonably requested as to content and volume, to external organisations and individuals. The details of the Partnership compliance and response are included in the Partnership Freedom of Information Policy. All responses to requests under the Freedom of Information Policy are dealt with by the Partnership's Freedom of Information officer.

Details of information held by the Partnership and a statement of availability and charges is contained in the Partnership's *Freedom of Information Act* policy document which is available through the Employee Services and at <https://tecThePartnership.com/policies/>

11.5 Public Access

Under the terms of the Charities Act 1993, The Partnership is required to supply any person with a copy of the Partnership's most recent financial statements within two months of a request. The Act enables The Partnership to levy a reasonable fee and this will be charged at the discretion of the Group Vice Principal of Finance. The Partnership will also allow members of the public to inspect the statement of accounts during normal working hours and publish on the Partnership's website by end of January in the following year.

11.6 External Review of Governance

The Partnership will have an external review of governance by July 2024, and then within a regular three year

cycle. The corporation board and its committees will also complete an annual self-assessment exercise.

12 Financial Responsibility

12.1 Group Vice Principal of Finance

The Group Vice Principal of Finance is a Senior Post Holder of the Partnership and, if required, can approach the Audit Committee directly about any concerns or issues that they have, or the Audit Committee may have, independent of the Partnership Accounting Officer.

Day-to-day financial administration is controlled by the Group Vice Principal of Finance, who is responsible to the Chief Executive Officer for:

- 1 Preparing annual capital and revenue budgets, cash flows and financial plans
- 2 Preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- 3 Preparing the Partnership's annual accounts and other financial statements and accounts which the Partnership is required to submit to other authorities
- 4 Ensuring that the Partnership maintains satisfactory financial systems.
- 5 All banking, insurance, treasury and borrowing matters
- 6 Providing professional advice on all matters relating to financial policies and procedures
- 7 Day-to-day liaison with internal and external auditors in order to achieve efficient processes
- 8 The Finance Department is responsible for the maintenance and management of the financial accounts for all areas and departments of the Partnership.

12.2 The Partnership's Executive Leadership Team (the Partnership's ELT)

The Partnership's ELT (comprising designated senior and middle managers) are responsible to the Chief Executive Officer for financial management of the areas or activities they control. They are advised by the Group Vice Principal of Finance in executing their financial duties. The Group Vice Principal of Finance will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. The Partnership's ELT are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are further devolved to budget holders, they are accountable to their manager for their own budget.

The Partnership's ELT shall provide the Group Vice Principal of Finance with such information as may be required to enable:

1. The compilation of the Partnership's financial statements
2. The implementation of financial planning
3. The implementation of audit and financial reviews, projects and value for money studies.

12.3 Budget Holders

Budget Holders are responsible to the Chief Executive Officer for financial management for the areas or activities they control. They are advised by the Group Vice Principal of Finance in executing their financial duties. The Group Vice Principal of Finance will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Budget Holders 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 head of department for their own budget.

Budget Holders shall provide the Group Vice Principal of Finance with such information as may be required to enable:

1. The compilation of the Partnership's financial statements
2. The implementation of financial planning
3. The implementation of audit and financial reviews, projects and value for money studies.

12.4 All Others

1. All members of staff should be aware of and have a general responsibility for the security of the Partnership's assets, for avoiding loss and for due economy in the use of resources.
2. They should ensure that they are aware of the Partnership's financial authority limits and the values of purchases for which quotations and tenders are required.
3. They shall make available any relevant records or information to the Group Vice Principal of Finance or their authorised representative in connection with the implementation of the Partnership's financial policies, these financial regulations and the system of financial control.

4. They shall provide the Group Vice Principal of Finance with such financial and other information as they may deem necessary, from time to time, to carry out the requirements of The Partnership.
5. They shall immediately notify the Group Vice Principal of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the Partnership. The Group Vice Principal of Finance shall take such steps that they consider necessary by way of investigation and report.
6. Any suggestion of improbity in relation to the finances (whether that be theft or fraud or other) should be reported to the Group Vice Principal of Finance (Responsible Officer) in the first instance. The Responsible Officer will ascertain the severity and potential risk and if appropriate, in conjunction with the Chief Executive Officer and relevant member of ELT initiate an investigation. Any investigation should follow best employment practice and our embedded HR protocols.

13 Revenue Policies

13.1 Revenue Budget Policy

The Group Vice Principal of Finance is responsible for preparing an annual budget and any returns as per ESFA requirements and commentary for approval by The Partnership on the recommendation of its committees and corporation board), to be submitted to the funding bodies as required. Financial plans should be consistent with the strategic plans and estates strategy approved by The Partnership.

13.2 Budget objectives

The Partnership will, from time to time, approve budget objectives for the Partnership. These will help the Group Vice Principal of Finance in preparing his or her more detailed financial plans for the Partnership.

13.3 Resource allocation

Resources are allocated annually by The Partnership on the recommendation of the delegated sub committees and their own overall assessment of the Group's position. Budget Holders are responsible for the economic, effective and efficient use of resources allocated to them.

13.4 Budget preparation

The Group Vice Principal of Finance is responsible for preparing each year an annual revenue budget and capital programme for consideration by the delegated sub committees before submission to The Partnership. The budget should also include cash flow forecasts for the year and a projected year-end balance sheet. The Group Vice Principal of Finance must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Budget Holders as soon as possible following their approval by The Partnership.

During the year, the Group Vice Principal of Finance is responsible for submitting revised budgets to the delegated sub committees for consideration before submission to The Partnership for approval.

13.5 Budgetary control

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

Significant departures from agreed budgetary targets must be reported immediately to the Group Vice Principal of Finance by the head of department concerned and, if necessary, corrective action taken.

13.6 Financial information

The budget holders are assisted in their duties by management information provided by the Group Vice Principal of Finance and the Finance team.

The Group Vice Principal of Finance is responsible for supplying budgetary reports on all aspects of the Partnership's finances to the delegated sub-committees and Corporation on a basis determined by them but subject to any specific requirements of the Further Education Funding Bodies. The relevant extracts from the overall position are reported to each committee so that they are aware of the Partnership's financial performance against budget. These reports are presented on a consolidated basis to The Partnership, which has overall responsibility for the Partnership's finances.

14 Revenue

14.1 General

The Group Vice Principal of Finance is responsible for ensuring that appropriate procedures are in operation to enable the Partnership to receive all income to which it is entitled and for ensuring that all grants notified by Further Education Funding Bodies and other bodies are received and appropriately recorded in the Partnership's accounts.

The Executive Director of Projects and Group Director of Corporate Services together with the Group Vice Principal of Finance are responsible for ensuring that all claims for funds, including grants and contracts, are made by the due date.

All other income-generating activities must ordinarily be self-financing or surplus-generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the head of department and the Partnership's ELT either as part of business planning or within an in-year business case proposal. DfE guidance will be followed, if necessary.

14.2 Receipts

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 and other negotiable instruments.

All monies received must be paid to the cashier promptly, and in accordance with a timetable prescribed by the Group Vice Principal of Finance and set out in financial procedures.

The custody and transit of all monies received must comply with the requirements of the Partnership's insurers. Parties who bring cash to the Finance Counter must be accompanied by another member of staff, this is both an insurance requirement and to protect staff.

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

Receipts by credit or debit card: The Partnership may receive in person or via electronic payments only by debit

or credit card using procedures approved by the Group Vice Principal of Finance.

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

Custodian accounts shall be maintained by the Partnership's Finance team and all monies paid in or payments out shall be instructed by the authority of the named Custodian Account holder/s. The Custodian Account holder/s are responsible for providing appropriate documentation that will allow appropriate checks on the account to be completed. All monies held in Custodian Accounts will remain outside of the Partnership's financial accounts and reported financial statements.

14.3 Collection of Debts

The Group Vice Principal of Finance should ensure that:

1. Debtors' invoices are raised promptly on official invoices, in respect of all income due to the Partnership
2. Invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account
3. Any credits granted are valid, properly authorised and completely recorded
4. VAT is correctly charged where appropriate, and accounted for
5. Monies received are posted to the correct debtors account
6. Swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the Finance Department procedures.
7. Outstanding debts are monitored and reports prepared for management.

The Partnership will only consider accepting losses and write-offs after careful appraisal, including whether all reasonable action has been taken to effect recovery, and should be satisfied that there is no feasible alternative. In dealing with individual cases, the Partnership will always consider the soundness of our internal control systems, the efficiency with which we have been operating and take all the necessary steps to prevent any failings from recurring.

Only the Group Vice Principal of Finance can agree a process that includes phased payment arrangements and indicate the periods in which different types of invoice must be paid.

The Partnership has delegated authority from the DfE to write-off amounts up to a certain individual and cumulative limits. Beyond those limits, the Partnership understand that write-offs and losses must be referred to DfE for approval in advance.

The internal authority for writing off bad debts in any one instance, as follows:

| | | |
|-------------------|---|---------------------------------|
| Up to £1,000 | - | Management Accountant |
| £1,001 to £10,000 | - | Group Vice Principal of Finance |
| £10,000+ | - | Chief Executive Officer |

Any individual bad debt written off in excess of £30,000 is to be notified to The Partnership at the earliest opportunity.

All Credit Notes should be checked by the Group Vice Principal of Finance or their Deputy and authorised by the budget holders within the authority levels by the above officers; unless the credit note has been raised to cancel incorrect invoicing of an accounting nature. Such credit notes will be authorised by the Management Accountant.

The approval required by the DfE is that the Partnership have delegated authority to write off amounts exceeds 1% of annual income or £45k individually (whichever is the smaller) and, or the write-off takes the Partnership's cumulative write-offs for the academic year beyond 5% of its annual income of £250k (whichever is the smaller). The Partnership will always inform the DfE irrespective of the amount if they identify losses and write-offs which may:

- 10.2.1 Involve important questions of principle
- 10.2.2 Raise doubts about the effectiveness of existing systems
- 10.2.3 Contain lessons which might be of wider interest
- 10.2.4 Are novel, contentious or repercussive
- 10.2.5 Might create a precedent for other colleges in similar circumstances, or
- 10.2.6 Arise because of obscure or ambiguous instructions issued centrally.

An annual report will be provided to The Partnership of debts written off.

14.4 Student Fees

The procedures for collecting tuition and residence fees must be approved by the Group Vice Principal of Finance.

They are responsible for ensuring that all student fees due to the Partnership are received.

The Partnership is responsible for setting the policy by which tuition and other fees payable to it are determined (Article 19).

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

14.5 Student Loans

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

14.6 Emergency/Hardship Loans

The Partnership's scheme for emergency/hardship loans is managed by the Learner Services Manager at each individual campus and monitored by the Campus Principal. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made other than in accordance with the approved scheme.

The Group Vice Principal of Finance is responsible for ensuring the adequacy of the systems in place for:

1. Approving loans in accordance with the scheme
2. Paying loans that have been approved
3. Recovering loans that have been paid
4. The Debt Recovery Policy including writing off any debt

14.7 Scheme of Delegation/Financial Authorities

The delegation of contracts approval and the authority has a separate policy and can be viewed in full on our website.

14.7 Approved Supplier Lists

Requests for new suppliers need to be approved by the Group Vice Principal of Finance or in their absence, the Finance Manager.

An approved supplier/contractor list (Procurement Plan) is to be maintained by the Partnership's Purchasing Department. Input from individual departments is fundamental in the selection of suppliers/contractors to that list. Such suppliers and contractors should have at least minimum relevant professional levels of accreditation standard. The final decisions of companies selected for each approved list is to be agreed by the Partnership Procurement Officer overseen by the Finance department.

Where possible all disciplines should include at least two unrelated "approved" supplies/contractors to assist in ensuring value for money. Generally, it is to be encouraged that purchase requisitions/orders are not restricted to one approved supplier/contractor on a consistent basis in order to reduce reliance on one company and to encourage competition.

14.8 Sole Supplier/Contractor Situations

On rare occasions, it may be possible that only one supplier/contractor exist or are generally practicable. In these circumstances a Single Supplier Justification form should be completed by the relevant senior Budget Holder and approved by the Purchasing Manager.

14.9 Process

The Partnership has established a system-based purchase requisition through to payment process that is the benchmark standard for all its purchases. This ensures system-based controls can be applied in the supplier selection, purchase order authorisation, goods/service receipt and invoice payment elements of the process. Manual based processes that replicate the benchmark standard will remain in place for certain type of purchases, where either a purchase order-based process is not suitable e.g. utilities and accommodation. Items of low value and where it is more efficient to order using a procurement credit card will also be recorded onto the financial system. However, all other purchases will move to the system-based approach supported by the establishment of procurement catalogues and

contract agreements that have been set up in line with Procurement Regulations.

14.10 Procurement

Expenditure up to £5,000 (excl VAT)

Purchase orders can be raised and approved by the budget holder and then sent directly with the chosen supplier, ensuring that the budget holder has obtained value for money and the level of the provision is appropriate for the needs of the Partnership.

Expenditure over £5,000 but below £25,000 (excl VAT)

On a single or group of related contracts where the likely value will exceed £5,000 but below £25,000 (excl VAT), a quotation process must be completed in order to demonstrate value for money. Budget holders working together with the Purchasing Department, should identify a minimum of three companies to be included in the process (unless 14.8 applies). The requisitioning department must provide an electronic document outlining the requirements in sufficient detail to allow the supplier/contractor to be able to provide a meaningful and accurate quotation. Quotations received and the evaluation carried out to make final selection must be retained for audit purposes.

It is recognised that the most competitive price will not necessarily always be the right choice of supplier/ contractor to be used for reasons of quality etc. Where the cheapest quote is not considered to be the preferred supplier/contractor, this decision authorised by the Budget Holder and Procurement Manager should be clearly documented.

Expenditure over £25,000 (excl VAT) but below £213,477 (excl VAT) for goods and services and below £5,336,937 (excl VAT) for works

On a single or group of related contracts where the likely value will exceed £25,000 excl VAT, a tender process administered by the Purchasing Department must be completed in order to demonstrate value for money. Budget holders will work with the Purchasing Department to produce the tender documentation which will be advertised at least nationally on the Contracts Finder database. The aim is to receive at least 3 competitive tenders which will be evaluated according to the specific tender scoring criteria. The tender which is selected by the scoring criteria cannot be changed by the Budget Holder, however they will be made aware prior to award of order/contract.

Expenditure over £213, 477 (excl VAT) for goods and services and £5,336,937 (excl VAT) for works

On a single or group of related contracts where the likely value will exceed £213,477 (excl VAT) for goods and services and £5,336,937 for works, an invitation to tender process using the Government's UK e-notification service Find a Tender administered by the Purchasing Department must be completed in order to demonstrate value for money. The value of a contract will always be based upon the life of the contract which could extend to a multiple of years. [Thresholds \(wto.org\)](http://wto.org)

14.10.1 As part of the tender process, suppliers and contractors are required to notify to the Partnership any declaration of interest regarding any staff or Corporation member of the Partnership. Similarly, any staff member involved in tender opening is required to declare any interest in any supplier/contractor that has submitted a bid.

14.10.2 In cases of an emergency requirement related to the health and safety of staff, learners of the wider community, the Chief Executive Officer and Group Vice Principal of Finance combined have the authority to waive the requirement for quotes up to £75,000.

14.10.3 The Chief Executive Officer shall be authorised to enter into contracts of a revenue or capital nature up to £100,000 including VAT and can delegate their authority according to an agreed scheme of delegation which the Group Vice Principal of Finance will maintain (see Appendix B).

Revenue projects or commitments over the life on a contract above £100,000 including VAT shall require the prior approval of The Partnership based on recommendation from the relevant delegated sub-committee either as part of the Business Planning process or in-year if unbudgeted.

Capital project items in excess of £100,000 or any item where long term borrowing for a period exceeding one year must be approved by The Partnership and following recommendations from the relevant delegated subcommittee either as part of the Business Planning process or in-year if unbudgeted.

The above limits shall not apply to those items which are deemed as essential goods and services in the ordinary course of business (gas, electric, rates, telephones).

14.11 Contract Extensions

Where contracts for goods or services have a fixed end date, the renewal of such contracts are subject to the requirements of the Procurement disciplines as described in these Financial Regulations. Contract values will determine the disciplines to be followed and will include as appropriate quotation, tendering processes and

adherent to the latest WTO purchasing legislation.

14.12 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.

Post tender negotiations cannot be entered into if the Open or Restricted WTO process has been used. Consultations have to be made with the Purchasing Manager to ensure no other tenderers are put at a disadvantage.

14.13 Purchasing Cards/Credit Cards/Charge Cards

The operational and control of the Partnership's purchasing cards/credit cards/charge cards is the responsibility of the Group Vice Principal of Finance.

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

14.14 Supplier Payments

The Group Vice Principal of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to all suppliers will normally be made by electronic transfer when the invoice is due to be paid.

Any changes to suppliers' bank details (for electronic payments) are to be checked and authorised by the Finance Team. They must ensure that satisfactory means have been used in verifying that the changes are authentically supplied and not fraudulent.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Finance Department.

Payments will only be made against invoices that have been matched in the finance system with the relevant purchase order and goods/service receipt or in circumstances where a manual process has been applied; the approval for payment by the appropriate budget holder or higher-level approver as appropriate has been recorded.

The Late Payment of Commercial Debt Regulations 2013 determine that where a public authority or equivalent body, purchases goods or services, statutory interest will start to run on outstanding payments from 30 days after the supplier's invoice is received, or the goods and services are verified and accepted, whichever is the later. To avoid additional costs, it is the receiving departments responsibility to record on the financial system the receipt of goods and services as soon as practicable, assuming the purchase order was made in the financial system. For manual processes the authorisation to pay should also be provided as soon as practicable.

14.15 Performance Bonds and Retention Monies

In cases where the Partnership has concerns relating to the financial stability of a contractor who has been awarded a contract of work in excess of £150k, the Group Vice Principal of Finance has authority to demand an upfront Performance Bond or similar or instruct retention of monies until the contract has been fulfilled to the satisfaction of the Group Executive Director of Estates. Normally goods or services will be required to have been received before payment for them is made. Any deviation from this policy requires the prior approval of the Group Vice Principal of Finance.

14.16 Project Advances

The Group Vice Principal of Finance and the appropriate budget holder may jointly approve cash advances for projects carried out away from the Partnership 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 the Partnership credit card.

Within one month of the completion of the project to which the advance relates, the relevant head of department (or project manager) must prepare a final account to demonstrate how the advance was disbursed and any unspent balance repaid. A second advance may not be approved when the final accounting for an earlier advance to a project or individual is outstanding.

14.17 Sub-Contracting

Any contract or arrangement whereby the Partnership provides education to students away from The Partnership premises, or with the assistance of persons other than the Partnership's own staff or with independent sub-contractors, must be subject to the following procedure.

There shall be a contract signed by the Chief Executive Officer and on behalf of any sub-contractor that shall comply at least with the funding body model contract (as amended from time to time) in place before any provision is made. Contracts for significant changes in sub-contracting activity shall be approved in advance by the governing body.

Where the sub-contract would represent a significant departure from the Partnership's strategic plan, the governing body shall approve the departure, and the Chief Executive Officer shall seek the views of and inform the funding body.

The Audit Committee will receive regular reports from management on sub-contracting. These reports will outline the proportion of such activity in relation to the whole The Partnership activity and will provide risk assessments on individual sub-contractors.

14.18 Franchise Provision

There shall be a contract signed by the Chief Executive Officer and on behalf of any partner organisation that shall comply at least with the funding body model contract (as amended from time to time) in place before any provision is made. Details of contracts and variations to contracts for franchising activity shall be reported to The Partnership in accordance Further Education Funding Bodies guidance.

14.19 European Union (EU) and Other Matched Funding

Any such project requires the approval of the appropriate officer prior to any commitment being entered into. Such approval shall be dependent upon the relevant head of department being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the Partnership's costing and pricing policy (as approved by Government Office or their appointed agent).

If the Partnership sub-contracts such work to external providers, the relevant head of department shall ensure that:

1. This is on the basis of a written contract which allows for full audit access to detailed records
2. Appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality
3. Payments are only made against detailed invoices.

Individual successful application for funds in excess of £250,000 shall be the subject of a report by the appropriate member of the Partnership's ELT to the Partnership which will set out, amongst other things, the potential risks generated by the project.

Budget holders should ensure that they liaise closely with the Executive Director of Projects.

15 Remuneration Policy

All the Partnership staff will be appointed to spot salaries or to salary scales approved by The Partnership and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources Office.

The Chief Executive Officer and the Partnership ELT 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 postholders will be determined by the Remuneration Committee set up by The Partnership.

15.1 Appointment of Staff

All contracts of service shall be concluded in accordance with the Partnership's approved personnel practices and procedures and all offers of employment with the Partnership shall be made in writing by the Chief Executive Officer. Similarly, all extension of temporary contracts shall be approved in writing by the Chief Executive Officer.

Budget holders shall ensure that the local Principal and Group Director of Employee Services are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

10.2.15 From 1st May 2023, remuneration for appointments newly advertised at or above £150,000 or performance related pay above £17,500 must have been approved by the DfE. This requirement will apply equally to new roles and appointments to existing roles previously paying at or above the HMT threshold

10.2.16 For the existing staff of the Partnership whose remuneration meets or exceeds the threshold approval is required for pay awards above 9% effective from May 2023, for remuneration below the threshold approval is required where a pay award of over 9% takes it to or above the threshold effective from May 2023.

15.2 Remuneration

The Payroll Manager is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents will be in a form prescribed or approved by the Payroll Manager.

The Director of Finance, Chief Executive Officer and Head of Finance will receive the variance report each month and through reviewing this, they provide authorisation for Payroll to generate the BACS file.

The Group Director of Employee Services will be responsible for administrative matters relating to personnel and payroll purposes. In particular these include:

1. Appointments, resignations, dismissals, secondments and transfers
2. Absences from duty for sickness or other reason, apart from approved leave
3. Changes in remuneration other than normal increments and pay awards
4. Information necessary to maintain records of service for superannuation, income tax and national insurance.

The Group Vice Principal of Finance 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 Payroll Manager 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 Partnership's detailed payroll procedures and comply with HMRC regulations.

15.3 Superannuation Schemes

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

The Payroll Manager is responsible for day-to-day superannuation matters, including:

1. Paying contributions to various authorised superannuation schemes
2. Preparing the annual return to various superannuation schemes
3. Administering the Partnership's pension fund.

The Group Director of Employee Services is responsible for administering eligibility to pension arrangements.

15.4 Travel, Subsistence and Other Allowances

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

Claims by members of staff must be authorised by their budget holder (or Chief Executive Officer in the case of the Partnership ELT). The certification by the head of department shall be taken to mean that:

1. The journeys were authorised
2. The expenses were properly and necessarily incurred
3. The allowances are properly payable by the Partnership
4. Consideration has been given to value for money in choosing the mode of transport.

Arrangements for travel by the Chief Executive Officer or members of The Partnership and advisory group members shall be approved by the Chair of The Partnership. Arrangements for travel by the Chair shall be approved by the Clerk to The Partnership.

Detailed instructions relation to travel can be found in the Partnership's Travel and Subsistence Policy.

15.5 Overseas Travel

All arrangements for overseas travel must be in accordance with the appropriate scheme approved by The Partnership. Any approvals required must be obtained in advance of committing the Partnership to those arrangements or confirmation of any travel bookings.

Where spouses, partners or other persons unconnected with the Partnership intend to participate in a trip, this must be clearly identified in advance. Agreement to the reimbursement of the expected costs should be obtained in advance of travel.

For all overseas travel to places where there is a possibility of civil or other unrest, those travelling must first consult the Finance Department prior to travel, to ensure insurance cover is available.

15.6 Allowances for Members of the Governing Body

Claims for members of The Partnership and local Boards will be authorised by the Clerk to The Partnership. Claims for legitimate expenses will be based on standard amounts for each individual, but only reasonable expenses can be reimbursed.

15.7 Severance and Other Non-Recurring Payments

Severance payments shall only be made in accordance with relevant HM Treasury (HMT) legislation. Where special payments, or severance payments are made the following will be considered by the Partnership:

- 15.7.1 Staff severance payments which go beyond statutory or contractual entitlement
- 15.7.2 Compensation payments which go beyond statutory or contractual entitlement
- 15.7.3 Ex-gratia, extra-contractual, extra-statutory and extra regulatory payments

Such payments will need to be justified in the public interest against key public sector principles as set out in Managing Public Money.

The Partnership will seek professional advice where necessary. All such payments should be authorised by the Chief Executive Officer unless the Chief Executive Officer is the potential beneficiary of such a payment. Any individual amounts that do not fall within the general parameters approved by The Partnership, or are in excess of £25,000 require approval by the Corporation. In exceptional circumstances this approval may be given by the Chair of The Partnership and the Chair of the Remuneration Committee in consultation with the Chief Executive Officer, to be reported to the next meeting of The Partnership. Professional Advice will always be obtained in the case of severance and other non-recurring payments prior to payment to Senior Post Holders and the above approval rules apply together with referral to Remuneration Committee and in accordance with the AoC Colleges Senior Staff Remuneration Code and the HMT legal requirements.

15.8 Acquiring Assets from staff

When acquiring assets from staff, e.g. cars, prior approval is required from the Group Vice Principal of Finance.

15.9 Private Consultancies and Other Paid Work

Approval for paid work outside the individual's contract must be given on the individual's Exclusivity of Service form.

16 Intellectual Property Rights and Patents

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

16.1 Patents

The Partnership is responsible for establishing procedures to deal with any patents accruing to the Partnership from inventions and discoveries made by staff in the course of their research.

16.2 Intellectual property rights

In the event of the Partnership deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the Partnership and contained in the Partnership's detailed financial procedures. If the Intellectual Property arises out of grant funds, then treatment of this must comply with the clauses within the grant funding.

17 Companies and Joint Ventures

In certain circumstances it may be advantageous to the Partnership to establish a company or a joint venture to undertake services on behalf of the Partnership. Any member of staff considering the use of a company or a joint venture should first seek the advice of the Group Vice Principal of Finance, who should have due regard to guidance issued by the Further Education Funding Bodies.

It is the responsibility of The Partnership to establish the shareholding arrangements of companies wholly or partly owned by the Partnership. The directors of companies where the Partnership is the majority shareholder must submit as a minimum an annual report to The Partnership. They will also submit business plans or budgets as requested to enable the committee to assess the risk to the Partnership. The Partnership's internal and external auditors shall also be appointed to such companies.

Where the Partnership is the majority shareholder in a company, the Further Education Funding Bodies require that the company's financial year must be consistent with that of the Partnership.

All subsidiary companies and joint venture operations will adopt and adhere to financial regulations that reflect those of the Partnership and therefore operate to standards of financial control that as a minimum align with those of the Partnership.

APPENDIX A

Electronic payments as part of a payment run generated by the financial system already includes appropriate approval of the individual payments contained in the overall value. Signoff of the file generated for electronic transfer to the bank should be completed by a signature from each of the two groups below:

In the situation of staff unavailability, approval to be sought at a higher level e.g. Group Chief Executive Officer, Deputy Chief Executive Officer.

Individual electronic payment requests should be authorised as per the list below:

1. **Payroll** – BACS file generated by payroll, the first approver can be any member of Finance Team and second approver, either Group Vice Principal of Finance, Head of Finance, Management Accountant.
2. **Payroll, HMRC, Pension** and similar payments linked to Payroll, the first approver can be any member of Finance Team and second approver, either Group Vice Principal of Finance, Head of Finance or Management Accountant.
3. **Suppliers** – First approver, Finance Manager or another member of team in their absence, 2nd approver, either Group Vice Principal of Finance, Finance Manager or Management Accountant.
4. **Adhoc** – Up to £25k, Any member of the Finance Team, second approver either Group Vice Principal of Finance, Finance Manager or Management Accountant.

When the law requires a document to be executed as a deed the application of the Partnership's Corporation Seal shall be applied/authenticated by the signatures of the Chair and one other member.

APPENDIX B: Approval of Contract limits on expenditure.

Corporation £250k+

Chief Executive Officer
 <£100k unbudgeted capital / revenue or not part of ordinary business
 >£100k contracts in ordinary course of business

| | | | | | |
|--|----------------------------------|--|---|------------------------------|--------------------------------|
| Principal GIFHE £85k | Principal Scarborough £85k | Principal ERC £85k | | | GVP Finance £85k |
| Vice Principals and Deputy Principles £25k | Modal Managing Director £25k | GVP Curriculum Quality and Standards £50K | Group VP of Strategy & Business Development £50k | GVP People & Culture £50K | GVP Corporate Services £50K |
| Head of Areas £5k | Head of Curriculum £5k | Ass Principal Skeg £5k | Modal Business Manager £5k | Ass Principal TAG £5k | Executive Directors £5k |
| | | | Operations | Delegated | Delegated |

Head

£1k

Budget Holders

£1k

Budget Holders

£1k

Approval of contract limits on expenditure

These authority levels apply where the expenditure has been pre-approved by Corporation as part of a business plan.



TEC Partnership

Training • Education • Careers

