

Financial Regulations

for

St Francis Xavier Catholic Sixth Form College

With effect from 1st August 2021

INTRODUCTION	5
SCOPE OF FINANCIAL REGULATIONS	5
BACKGROUND	5
RESPONSIBILITY FOR THE FINANCIAL AFFAIRS OF THE COLLEGE	5
ESFA FUNDING AGREEMENT	6
ACCOUNT HOLDERS	6
BUDGETS	7
GENERAL	7
STRATEGIC PLAN	7
BUDGET SETTING PROCEDURE	7
VARIATIONS TO THE BUDGET	8
BUDGETARY CONTROL	8
BUDGETARY REPORTING	9
ACCOUNTING PROCEDURES	10
FINANCIAL SOFTWARE	10
NORMAL ACCOUNTING PRACTICE	10
YEAR END FINANCIAL STATEMENTS	10
COMPLETION OF FINANCIAL RETURNS	10
RETENTION OF RECORDS	10
STAFFING AND PAYROLL	11
STAFFING LEVELS	11
PAYROLL	11
CHILDCARE VOUCHER SCHEME	11
CYCLE TO WORK SCHEME	11
SIGHT TEST SCHEME	11
STAFF RECORD PROCEDURES	12
INTRODUCTION	12
ACCESS TO HUMAN RESOURCES/PAYROLL RECORDS	12
PURCHASING AND RECEIPT OF EQUIPMENT	13
REVENUE ITEMS	13
VALUE FOR MONEY	14
RECEIPT OF EQUIPMENT	14
CREDIT CARD PURCHASES	15
POLICY ON THE PURCHASE OF ALCOHOL	15
MOBILE PHONE POLICY	15
COLLEGE JOURNEY POLICY	15
CONTRACTS AND LEASING	16
CONTRACTS	16
LEASES	16
TENDERING	16
OPENING OF TENDERS	17
PROCUREMENT OF GOODS & SERVICES	18
INTRODUCTION	18
EXCEPTIONS	18

PROCEDURE FOR PERSONAL REIMBURSEMENT	20
REIMBURSEMENT FOR LOCAL PURCHASES	20
TRAVEL AND SUBSISTENCE POLICY	20
STAFF AND GOVERNORS' TRAVEL REIMBURSEMENT	21
CONGESTION CHARGE	21
GOVERNORS' TRAVEL REIMBURSEMENT	21
WORK EXPERIENCE CLAIMS OR OFFSITE CLASSES	22
STAFF REIMBURSEMENT	22
STUDENT REIMBURSEMENT	22
INCOME PROCEDURES	23
COLLECTION OF INCOME	23
AMOUNTS UNCOLLECTABLE	23
CHARGING POLICY	23
NIGHTINGALES DAY NURSERY FINANCE POLICY	23
BANKING AND CASH	24
CASH MANAGEMENT	24
PETTY CASH	24
TREASURY MANAGEMENT POLICY	24
CONTROL OF COLLEGE ASSETS	25
INTRODUCTION	25
EQUIPMENT PROCUREMENT FORM	25
SECURITY	25
ASSETS REGISTER	26
DISPOSAL OF ASSETS	26
CAPITAL PROJECTS	27
ESTATES	27
INTERNAL AND EXTERNAL AUDIT	28
INTRODUCTION	28
INTERNAL AUDIT	28
FINANCIAL STATEMENTS AUDIT	28
REGULARITY AUDIT	28
FUNDING AUDIT	28
OTHER BODIES	29
FRAUD AND IRREGULARITY	29
TAXATION	29
VAT	29
VAT ON ADVERTS AND STATIONERY	29
CONFLICTS OF INTEREST	30
REGISTER OF INTEREST	30
GRATUITIES AND GIFTS	30
FINANCIAL SYSTEMS	31
PAY RUN PROCEDURES	31
COLLEGE CASH INCOME	32

SFX CORPORATE	33
INTRODUCTION	33
BACKGROUND	33
RESPONSIBILITY FOR FINANCIAL AFFAIRS	34
BUSINESS PLAN AND BUDGETS	34
ACCOUNTING PROCEDURES	34
STAFFING AND PAYROLL	35
PURCHASING AND RECEIPT OF EQUIPMENT	35
CONTRACTS AND LEASING/PROCUREMENT OF GOODS & SERVICES	35
PROCEDURE FOR PERSONAL REIMBURSEMENT	35
INCOME PROCEDURES	36
BANKING AND CASH	36
CONTROL OF ASSETS	36
AUDIT	36
FRAUD AND IRREGULARITY	36
TAXATION/INSURANCE	37
CONFLICTS OF INTEREST	37
REGISTER OF INTEREST	37
GRATUITIES AND GIFTS	37

Introduction

Scope of Financial Regulations

The financial regulations are intended to cover all the financial operations of the College and are reviewed in the light of experience and advice from the College Auditors. A trading subsidiary was established in January 2015 which is trading under the name of 'SFX Corporate Services Ltd'. The financial regulations pertaining to this subsidiary are set out on Page 33.

Background

These financial regulations are subordinate, as rules and bye-laws, to the Instrument and Articles of Government* which came into effect on 6th July 2015 with the consent of the Archdiocese of Southwark. (*Available electronically on the College website or in hardcopy from the Clerk to the Governors.)

These financial regulations comply with the Funding Agreements with the Education & Skills Funding Agency (ESFA) and London Local Authorities (LA) and the Post 16 Audit Code of Practice.

Responsibility for the Financial Affairs of the College

The Board of Governors is ultimately responsible for controlling the finances of the College. Oversight of this responsibility has been delegated, in part, to the Finance and Resources Committee. The Clerk to the Governors shall attend all meetings as entitled under the Instrument and Articles of Government. The Head of Finance and other members of the senior leadership team may attend by invitation only.

It is unreasonable to expect the Governing body or its sub-committee to take day-to-day financial decisions and so this power is delegated to the Principal and his/her management team. The limits of decisions that can be made are decided by the Governors' Finance and Resources Committee, set out in these regulations and ratified by the full Governing body.

ESFA Funding Agreement

The College will incorporate the conditions of the ESFA & LA Funding Agreement into its financial procedures and meet its requirements for financial control, to include:

- ▣ The production of annual accounts within a set period, which will be subject to audit.
- ▣ Recovery of budgeted deficits incurred in any financial year within a set period.

Account Holders

The chief account holder in the College is the Principal (Accounting Officer) who is responsible to the Board of Governors and ultimately to the ESFA & London Local Authorities for the prudent and cost-effective management of all public funds (including generated income). This function will be subject to regular internal and external audit.

The term account holder applies also to all those members of staff, teaching and non-teaching known as spending heads, to whom funds are delegated for a specific purpose, or purposes. All spending heads are allocated to a cost centre whose head has oversight of the spending in his/her cost centres.

The responsibility of all account holders is to assess the requirements for funding according to need, defined as the most cost-effective delivery of a specific service/function, e.g. a course, media resources support, related to numbers of students or staff involved. Expenditure must be on a need-to-spend basis, and must not exceed the allocation without justification and prior permission, and only if additional funding is available. Account holders are accountable for the prudent administration of their budget(s), and for ensuring, as far as possible, value for money. Line-managers, whether account holders or not, have a duty to monitor, at least on a monthly basis, the state of budgets administered by subordinates.

The overall financial health of the College is to a large degree dependent upon the health of each individual budget. Unnecessary expenditure on material resources may mean a reduction in funds for staffing costs.

Budgets

General

Wherever possible the allocation of money to academic spending heads has been driven by money generated as shown in the MIS (Management Information System) & ILR reports (Individual Learner Records) for each academic area. The SLT has moderated this policy for certain protected departments, as they have a small student uptake, but are of value to the College curriculum in a broader sense. These areas will bid for extra money to maintain the viability of their operation. In addition, some adjustment to funding levels is also made for vocational courses based on need within specific areas or curriculum developments, such as preparation for 'T' levels. With these noted exceptions, all current year budgets have been allocated on a historical basis until the final funding for that year has been identified except in some areas where the course is changing & student numbers have been adjusted accordingly.

Areas of the College that are not directly linked to the generation of funding will produce their budgets based on historical budgets and their possible role in the College strategic plan.

Strategic Plan

The College's strategic plan (three-year plan or update) is drawn up following the strategic planning process as well as the planning day in June when the SLT along with Governors and in consultation with key managers and staff set out the College's priorities / objectives for the year ahead. The ESFA and Local Authorities (for high needs SEND) indicate a funding allocation for the following year in the spring. The Associate Principals review the curriculum plan in line with the College's strategic plan and will determine the College's offer, including the number of students required for the following year.

Budget Setting Procedure

The Staffing & Resources Committee, in consultation with the SLT, will decide upon the level of staffing required. This is recorded by the HR Manager. The staffing costs estimates for the following year will then be provided by the middle of April to the Head of Finance to incorporate within the College's budget.

The information about the ESFA & LA allocation is generated by lagged student numbers funding from the previous year's final ILR return and historical data on high needs additional support, which provides the basis for the next year's allocation. These allocations are shared with the College in January and a provisional allocation is agreed in March, which provides the basis for and is communicated to the Staffing & Resources Committee, the SLT and the Finance and Resources committee. The final ESFA & LA funding allocation is confirmed in June.

The Head of Finance will set an initial non-pay area budget. These will be matched to the previous year's budget. When the current year's funding allocation as generated from the ILR is made known, a revised budget will be issued.

The Estates Manager & Director of IT will propose major capital building & maintenance plans or changes to the IT infrastructure. This is submitted for discussion and ratification by the Governors Finance and Resources Committee meetings. Capital and accommodation works will be a standing item on the agenda of the Finance and Resources Committee.

The Head of Finance, working with the Principal will review the non-curriculum cost centres looking at their financial performance in previous years, analysing their needs in order to fulfil the strategic plan and, in the light of this work, deciding a budget for the following year.

In the light of the information obtained, a funding rate is set for the faculty non-pay budgets. This is set by the Head of Finance and approved by the Principal.

The Head of Finance prepares a budget, which is then discussed at the Staffing & Resources Committee. Any adaptations required are then made and the final budget is submitted to the Governors Finance and Resources Committee for approval. The Finance and Resources Committee then recommends the final budget to the full Governors meeting for consideration and approval at the end of the summer term.

If the budgets are approved, then cost centres are asked for the budgets to be profiled. This profiled budget is then entered onto the Sage finance system by the Head of Finance.

Variations to the Budget

Revised estimates of income as well as revenue, capital and pay expenditure, may be approved during the financial period as required on the advice of the Finance & Resources Committee. All unprecedented rises may be referred to the Board of Governors where the Finance & Resources Committee feels it would be appropriate.

Virements between individual spending heads may be approved throughout the spending period on the authority of a specific cost centre head.

A Cost Centre Head has the authority to vire money up to the value of £9,999 from one department to another within its own cost centre (with the exception of specific earmarked budgets, e.g. exams, estates etc). The authority of the Principal must be obtained for viring amounts over £10,000.

Budgetary Control

The Principal is responsible for ensuring effective financial control within the budget approved by the Board of Governors.

Responsibility for operational & budgetary control rests with the Head of Finance along with each department spending head to which a specific budget has been allocated. It is the responsibility of every budget holder to keep within budgeted levels of expenditure and achieve budgeted levels. Each department will report to its Cost Centre Head, who has overall responsibility for budgetary control of all departments or Spending Heads within that cost centre.

Overspending will not be permitted by the accounting system, and any Spending Head about to overspend, or not matching budgeted expenditure or income, will be notified directly by Finance.

Budgetary Reporting

Reports on spending and budgets are sent out to Cost Centre Heads on a monthly basis. These reports cover the spending for the year split down into departments and nominal codes. The reports are issued by the Head of Finance to the Cost Centre Heads at month end.

The ESFA & LA income is checked each month and reconciliations are made between the amounts received, the amount expected and the amount shown on the notification of income.

The income from the Nursery is reconciled by the Head of Finance on a monthly basis. This reconciliation is between the monthly fee schedules provided by the Nursery Manager and the amount of money received. This includes the reconciliation of childcare vouchers and deposits held on behalf of parents. This is checked and included within the Nursery monthly accounts as prepared by the Head of Finance.

In relation to the payroll the following procedures must be followed:

- ☐ The standing data changes are provided by the HR Manager and the Finance, Promotions & Human Resources Officer following instruction from the Staffing and Resources Committee.
- ☐ Variable data is provided by the Finance, Promotions & Human Resources Officer.
- ☐ The Finance, Promotions & Human Resources Officer collates together all standing and variable data and passes it to the Finance Office Manager.
- ☐ The standing data and variable data is input and checked by the Finance Office Manager.
- ☐ This inputting is checked and signed off by the HR Manager.
- ☐ Finally, the Head of Finance uses the previous month's data as a comparison for any obvious anomalies prior to signing off the BACS run.

The bank reconciliation is performed on a monthly basis by the Finance Office Manager for completeness and accuracy. This check is witnessed by signature from the Head of Finance.

Financial statements for the Nursery are provided on a monthly basis for the Nursery Steering Committee. These show the income v expenditure, actual and budgeted year to date, the annual budget and the previous year actual and budgeted.

The Income, Expenditure and Balance Sheets and Cashflow reports for the whole College are distributed via email to all Governors each month with a supporting commentary & scrutinised by the Finance and Resources Committee. In addition, the three-year financial forecast, the 24-month cash flow and the final Financial Statements for the College are presented to the Committee annually.

Accounting Procedures

Financial Software

The financial records of the College are held on the College administration network and the software used is Sage 200.

The Head of Finance is responsible for the accurate operation and maintenance of the whole system and individual staff have specific responsibilities for ledgers or areas of the system.

Each ledger is closed at the end of the month and control accounts are reconciled; evidenced by producing monthly management accounts and checklist.

The month end reports for cost centres are produced and emailed as part of the month end procedure.

Normal Accounting Practice

The College will comply with accounting policies required for the ESFA sector, and with the relevant Companies Acts as appropriate.

Year End Financial Statements

The Head of Finance is responsible for controlling the preparation of year-end financial statements. These statements will require the approval of the Principal, the Finance & Resources Committee, the Audit Committee and the final approval of the Board of Governors which is required no later than 5 months after the year-end.

Completion of Financial Returns

The Head of Finance will be responsible for the completion of financial returns throughout the year to the ESFA. Funding and ILR returns to the ESFA & LA are the responsibility of MIS Manager under guidance of the Associate Principal for Curriculum.

Retention of Records

The Head of Finance is responsible for ensuring the retention and availability of financial records in accordance with legal and audit requirements.

Staffing and payroll

Staffing Levels

The College should only employ permanent staff (whether full or part time) for whom financial provision has been made within the budget and Financial Plan and approved by the Board of Governors.

The College may also employ temporary staff on a short term contract basis, but only where specific budget provision is available to meet the cost.

Payroll

The payroll is run on a Sage 50 Payroll Professional System.

The system has been set up by placing staff into groups according to their work and conditions. Payment types, tax, National Insurance, pension and union details have been set up and linked to each pay group.

All staff will be paid by a transfer to their bank and all staff will be paid monthly via the BACS system. Payments are made by cheque, on occasion, for new starters or in exceptional circumstances.

Childcare Voucher Scheme

The College operates a Childcare Voucher Scheme operated by Edenred Services. Details of the scheme can be obtained from the Human Resources department. This scheme is now closed to new applicants.

Cycle to Work Scheme

The College is registered with the above government scheme, details of which can be obtained from the Human Resources department.

Sight Test Scheme

The College is registered with the Specsavers sight test scheme, details of which can be obtained from the Human Resources department.

Staff Record Procedures

Introduction

The College operates the payroll and personnel function in-house. This means that all staff records will be held within the College, subject to GDPR regulations. The College is registered under the General Data Protection Regulation 2018 (GDPR). The operation of all staff records, therefore, will be carried out under the guidance and restrictions of our registration.

Access to HR/payroll records

Seven named people (who have signed a Human Resources (HR) and payroll security statement binding them to confidentiality, the breach of which will lead to disciplinary action and render them liable to dismissal) will have access to the HR/pay records. These are the:

1. Principal
2. Head of Finance
3. HR Manager
4. Finance Office Manager
5. Finance, Promotions & Human Resources Officer
6. HR Officer
7. HR Assistant

Access will be on a "need to know basis" and all direct access to the records will be on a double password system.

All members of staff have the right of reasonable access to their own records. It is important that members of staff have access only to their own records and so "reasonable" in this context means that the information held on the computer about a member of staff would be available in a printed form directly to the member of staff with 24 hours' notice. HR Manager should be seen if this information is required.

As a result of the implementation of Select HR, all staff now have access to their HR & training records via the self-service function on Select HR. This access is double password protected & changes can be made to personal details such as address or next of kin.

Officials of HMRC and the College's auditors will also have right of access to the records, by law. In

the event of staff negotiating loans, mortgages etc., the College must be stated as the employer and information about staff wages would then be provided in the format requested. Staff will be informed of any such requests and will be given copies of the information sent.

The information held on the database is, as has been stated, held under the rules and regulations of the General Data Protection Regulation 2018 (GDPR) and so the divulging of information is strictly governed by this act (see College Data Protection Policy).

Purchasing and Receipt of Equipment

Revenue Items

The purchase of consumables must be carried out through the normal manner. The Spending Heads responsible for the purchase are responsible for the safe storage and use of the consumables. Where, for instance in the case of chemicals, the consumables have a Health and Safety implication it is the responsibility of the Spending Head to ensure the safe storage and use of the materials in the light of Health and Safety regulations. The Spending Head will be advised by the Estates Manager or Health & Safety Co-ordinator regarding these regulations.

All purchase of equipment requires Cost Centre Head authorisation prior to purchase, and completion of an SFX Procurement Form (available via the College Intranet) as well as a College requisition form marking clearly the following:

- ☐ Method of placing order (post, fax, phone or College credit card)
- ☐ Full name, address and contact details of supplier.
- ☐ Department prefix to order number (3-character department number).
- ☐ Full description of goods, including any order reference number.
- ☐ In the case of credit card purchases, screen prints and confirmations of order are required.
- ☐ Net price of each item, total net price of order, less any discount, plus VAT.
- ☐ Signature of the Head of Department or person responsible for placing the orders and the Cost Centre Head or 2nd nominee (specimen authorised signatories are held in the Finance Office and updated at the beginning of each academic year).

Place all three copies in the Finance pigeon hole in the staff corridor

Electronic requests (with all the above information) will also be accepted with authorisation from both the Spending Head and the Cost Centre Head or 2nd nominee by email to finance@sfx.ac.uk

Orders will be held in the Finance department for 24 hours and will be processed unless notified of any errors.

The order will be processed by the Finance department within three working days (except during holiday periods), and the pink copy of the printed order is returned to the originator for checking, the pink copy of the original order will be passed to the department to be retained.

The pink copy of the printed order should be retained by the Faculty Head (or by individual Spending Head, by local arrangement) pending delivery or held in the Finance department.

The Finance department will receive the white copy of the original order, signed and dated to hold pending delivery.

For any orders requiring a cheque, a blue A5 Cheque with Order form (example 2) should be completed.

NOTE: Manual cheques will be produced weekly. Requests for cheques should be submitted by 2pm the previous day to ensure payment / BACS and computerised cheques will be run once a month.

Orders that have been placed using the College credit card are reconciled to the Barclaycard statements and paperwork / receipts received.

Value for Money

When buying goods locally, staff should take into consideration "value for money" and when possible, purchase from a supplier with whom the College has negotiated discounts. Staff are able to receive guidance on these issues from the Finance department in line with College procurement procedures.

In addition, staff are asked to observe the following procedure in accordance with the College Purchasing Regulations.

Goods valued up to £3,000 exc. VAT may be purchased without competitive quotations.

Goods valued at £3,001 to £24,999 exc. VAT - three (3) written "like for like" quotations.

Goods valued at over £25,000 exc. VAT require full tendering.

It is sufficient to note down the comparison of prices shown in an approved supplier's catalogue, i.e. Kent, Surrey, GLS Fairway, HMSO (or any other approved supplier). It is also acceptable to pay (say) £50 more if delivery is guaranteed but this must be noted.

All value for money & procurement issues will also be considered by the Finance department in line with College procurement procedures.

Receipt of Equipment

The ISS department will sign for all goods delivered. Estates will then deliver the goods to the appropriate department. The member of staff concerned will then check the delivery and notify Finance of any discrepancies or queries.

Where part deliveries are made, on completion of goods received and invoiced on the system the white copy is retained by the Finance department in a pending folder to await delivery of the remainder of the order.

When payment has been made, the yellow copy will be retained by the Finance department showing the date paid, cheque number, and amount paid. This is available for Cost Centre Heads for regular monthly inspection in conjunction with their transaction reports.

Credit Card Purchases

A company Barclaycard is operated by SFX College. Two cards only should be held by the College at any time, one by the Principal and one by the Finance Department. If further cards are required permission should be sought from the Finance and Resources Committee.

The primary Barclaycard is held by the Principal and used to pay for rail-travel and hotel bills where appropriate. It is also used for the purchase of urgent or special items where the normal ordering or travel and subsistence systems are inappropriate. The Principal may at his/her discretion delegate use of the Barclaycard to account holders within SFX. Delegated account holders must use the Barclaycard for similar purposes to the Principal and should not use the Barclaycard as a substitute for established ordering procedures. A second card is to be held by finance and used for the LRC or where the primary card is unavailable.

Account holders should complete a requisition form for credit card purchases and submit the form along with relevant receipts to Finance in the usual way. Finance will take the requisitions and recode the expenditure from the Barclaycard to the correct cost centre.

Purchases made online should be advised to Finance prior to purchase.

The credit card may not be used for personal transactions or on personal accounts.

Details of each transaction are updated on a listing held within the Finance Office, to ensure expenditure stays within the credit limits for both cards.

Policy on the Purchase of Alcohol

The purchase of alcohol should only be done centrally and for College occasions and hospitality that have been approved by Finance following authorisation from the Principal.

Mobile Phone Policy

Please see separate policy.

College Journeys

Please see separate policy

Contracts and Leasing

Contracts

Purchase orders that involve contractual obligations for the College which extend beyond the current financial year must be subject to a tendering and approval procedure.

Contracts may be entered into and signed with prior approvals as may be stipulated by:

- a) Cost centre heads within 5% of their annual budget.
- b) The Principal for expenditure up to £25,000 exc. VAT which is to be countersigned by the Head of Finance.
- c) Chair or Vice-Chair of the Finance & Resources Committee plus 1 other governor up to £250,000 exc. VAT.
- d) Chair of Governors plus 2 other governors in excess of £250,000 exc. VAT.
- e) For all capital project contracts the Principal must sign along with the Head of Finance.

Finance must be notified when a new contract is entered into with a copy being given to the Head of Finance once fully signed.

A review of contracts will be undertaken to ensure all are formally market tested every five years, or at the end of the contract, whichever is shorter.

Leases

Leases will be dealt with in the same way as for contracts which involve contractual obligations on the College, as detailed above except that leases in excess of £30,000 exc. VAT must be approved by the Finance & Resources Committee prior to signing.

Tendering

Tendering procedures are required as follows:

- a) For goods over £25,000 (Exclusive of VAT).
- b) For services over £25,000 (Exclusive of VAT) with contractual obligations or extending beyond the current year.
- c) For all capital projects subject to Finance & Resources Committee having the right to vary the tender limits.
- d) For all leases over £30,000 (Exclusive of VAT).

Opening of Tenders

All tenders should be addressed, in accordance with instructions set out in the tender documentation, to the Clerk to the Governors and held in the finance safe, or by the Clerk electronically, until the submission deadline has been reached. A note should be made of the date and time of delivery to the college.

To ensure transparency and fairness, the opening of tenders should only be performed in the presence of a minimum of three people, one of which should be the Clerk to the Governors, one a College governor and one a member of staff not involved in the tendering procedure. A written record will be made of the opening and headline value / contents of the tenders received.

Where electronic tendering is advised or required by procurement regulations, receiving and accessing the tenders online will replicate this procedure.

Procurement of Goods and Services

Introduction

In order to ensure the optimum financial advantage to the College, the following procedure, for the procurement of Goods and Services shall be observed.

a) Goods valued up to £3,000 (Exclusive of VAT)

May be purchased without competitive quotations, however consideration to 'value for money' should be considered.

b) Goods valued at £3,001 - £24,999 (Exclusive of VAT)

Three (3) written "like for like" quotations will be required. Copies of which are to be attached to the requisition for audit purposes.

c) Goods valued at £25,000 and above (Exclusive of VAT)

Subject to full tendering procedure

For any item of equipment to include fixture & fittings over £1,000 (Exclusive of VAT) an SFX Procurement Form must be completed.

Exceptions

Exceptions to the above exist for goods & services which have been purchased through the Official Government Procurement Agencies e.g. OGC Buying Solutions, The London Universities & Crescent Purchasing Consortium (CPC). This also applies to goods & services purchased from the College's Approved Supplier and Contractor list.

d) Term Contracts

Term Contracts are subject to the same financial limits as identified above. However, the agreed term should not extend beyond three years and annual reviews should be undertaken to ensure compliance and continued value for money. (*See also 'Approved Contractors' below*).

e) Service Level Agreements arranged via the Local Authority

SLAs are arranged and market tested by an agent on behalf of a consortium that the College buys into. The agent is the Local Authority, and it is the Local Authority who have responsibility for all tendering, market testing and monitoring on our behalf.

f) Approved Contractors

Whenever reasonably practicable, the College will contract with companies who by way of accreditation, appear on the College Approved List of Suppliers and Contractors. The Estates Manager will maintain a list of specialist contractors who have gained accreditation through references obtained from Local Authorities or other large institutions or organisations. Each company will be expected to provide evidence of Public Liability Insurance; Health and Safety Policies; Disability and Equality policies; trade competency and where applicable, Statutory Registration. If they have been used in the past they must have undertaken and completed work to the satisfaction of the College.

g) Single Quotation Approval for items over £3,001(Exclusive of VAT)

Where only one quotation can be provided, the reasons must be clearly stated on the above form. All other paperwork is the same. The form is available on the College intranet.

h) External Audit Services

The Governing Body will put the contract for the external audit services out to tender at least every 5 years as required by the Post 16 Audit Code of Practice. This does not necessarily require a different firm of auditors to be appointed as a result of the tender process.

Procedure for Personal Reimbursement

Reimbursement for local purchases

All expenses will be reimbursed via the College payroll.

48 hours' notice is required for an advanced cost centre/department 'cash float'.

Complete in full appropriate reimbursement form, blue for staff reimbursement to include the following:

- a) Description of goods purchased.
- b) Total amount of claim.
- c) Request from (print name of person to be reimbursed).
- d) The relevant three-character charge department code and appropriate nominal code must be completed prior to authorisation by Cost Centre Head.
- e) Cost Centre Head signature must be obtained before purchase.

Attach the VAT receipt to paper work and place in the Finance pigeon hole.

The pink copy of the reimbursement claim will be passed to the employee with their payslip.

Travel and Subsistence policy

Please see separate policy on Travel and Subsistence.

Staff and Governors' Travel Reimbursement

Staff and Governors should complete the green 'Travelling Expense Claim Form' for official College business. For all travel excluding inset please see staff handbook.

- a) When using public transport, the Principal will travel as economically as possible subject to operational demands. In exceptional circumstances, where there is no other reasonable means of conveyance, the Principal may elect to use first class travel.
- b) Travel outside the United Kingdom for the Principal must be sanctioned in advance by the Finance and Resources Committee.
- c) The Principal's expenses will be authorised by the Clerk to the Governors.

All travel reimbursement will be made monthly via the salary run. Claims for travel reimbursement must be received by the Finance Office Manager and authorised by the Cost Centre Head by the 10th of the month for inclusion in the same month's salary.

Congestion Charge & Toll Crossings

All staff who require a Congestion Charge payment to be made via the College are required to give 48 hours' notice as a minimum. All requests must be submitted on a blue 'cheque with order' form quoting date of travel and vehicle registration number clearly distinguishing between letter and numeric digits i.e. O (letter) & 0 (numeric). This request must be accompanied by official paperwork with their registration number plate clearly marked.

No charge can be paid unless correct paperwork has been submitted.

Governors' Travel Reimbursement

As for staff, as set out in the travel & subsistence policy. Claims to be verified by the Clerk to the Governors before reimbursement is made.

Course / Conference Fees for Governors

Registration for attendance on conferences or training / development courses should be made via the Clerk to the Governors who will confirm that budget is available before any booking is made. Fees will be paid by the College directly on the authorisation of the Clerk.

Work Experience Claims or Offsite Classes

Staff Reimbursement

Work experience visits by tutors should be claimed according to the above procedures.

Student Reimbursement

Students will be reimbursed by cheque for amounts over £30, or petty cash for claims less than £30 (or where a bank account is not held), subject to the following conditions:

- a) the cheapest practicable route and mode of transport is taken;
- b) claims are submitted excluding the normal cost of home to College travel, where applicable;
- c) claims are authorised by the Team Leader arranging work experience verifying attendance on each day claimed, and that a claim is not being made for any part of a journey covered by a student free travel pass;
- d) claims are checked as financially correct by the Finance department.

Income procedures

Collection of Income

The College will set up credit arrangements with a payment period of 30 days from date of invoice.

In accordance with procedures approved by the Finance and Resources Committee, debts will be chased after 30 days with the possibility of instalment arrangements for some debts.

Amounts Uncollectible

A decision on whether a debt should be written off which is considered to be uncollectible will be finalised and approved by the Finance and Resources Committee, in line with advice from the College Auditors, if required.

Charging Policy

Please see separate policy (approved annually by the Governing Body via the Finance & Resources Committee).

Nightingales Day Nursery Finance Policy

Please see separate policy.

Banking and Cash

In order to open a new bank account in the College name, a minimum of three quotations should be sought from banks, outlining their offer of services, charges and interest paid for a fixed period.

The opening of a College bank account requires four authorised signatories, to be approved by the Finance and Resources Committee. These signatories are required to sign two (2) bank mandate forms for each account opened, 1 copy of which should be held in the college safe and the second to be held by the bank. Any two of the four authorised signatories are required to authorise cheques or any bank transaction.

Approval of the Finance and Resources Committee is required to open any College bank account.

Cash Management

Spending Heads will also receive monthly management reports showing actual expenditure against predicted, and variances will be investigated and corrected, and reported to the Finance and Resources Committee as appropriate.

Petty Cash

The College operates a petty cash facility for floats and student work experience travel. This account may not be used for encashment facilities for staff.

Treasury Management Policy

Please see separate policy (approved annually by the Governing Body via the Finance & Resources Committee).

Control of College Assets

Introduction

The Board of Governors is accountable for the maintenance of proper security of all buildings, furniture, equipment, plant and other assets of the College.

This responsibility is delegated on a day to day basis to the Principal of the College.

Equipment Procurement Form

For all asset purchases over £1,000 a procurement form must be completed. This requires the reason for the purchase, the department for which it is being purchased and the supplier. The form must then be countersigned by the relevant person i.e. Executive Director of IT for computer equipment etc. Only once this has been approved can an order be raised with the procurement form attached.

This also applies to all ITC related equipment/electrical appliances purchased for departments or for personal use.

Security

The Principal has responsibility to the Board of Governors for the overall security of the College and its contents. This responsibility is delegated on a day to day basis to specific staff within the College.

The Estates Manager has responsibility for the general security of the fabric of the building and for the security of entrances into the building.

The cost centres are responsible for the security of equipment, plant and other assets within their areas. This involves an overall control of items within the area together with controlling access into the areas.

All assets within the College must be security marked when they arrive in the building to identify them as assets of the College. This will be the responsibility of the Spending Heads to arrange with the Head of Finance.

Assets Register

An assets register will be maintained of items with a purchase price above £1,000. The assets register will be maintained on the Sage finance system software and will be updated automatically when the goods are received. The assets held by the College will be checked annually against the assets register to ensure accuracy. The Head of Finance will be responsible for the check which will be delegated to the cost centres to organise within their spending heads. The minimum value of items to be included on the assets register will be reviewed by the Finance and Resources Committee.

An historic cost, straight line depreciation policy will be operated by the College with broad categories of asset lifetime agreed by the Finance and Resources Committee.

The following are lifetimes approved by the Finance and Resources Committee:

Computers and IT equipment	3 years
Audio visual equipment	5 years
Furniture	10 years
Workshop machinery	10 years
Adaptation to Land and Building	8 years
Land and Buildings	50 years
Leasehold improvements	Life of lease

Disposal of Assets

The disposal of land and buildings by the College would require the agreement of the trustees.

In the case of plant, equipment or furniture assets the Finance and Resources Committee will delegate the power of sale to the Principal under the following conditions:

- a) The assets are no longer required or are beyond their useful life.
- b) They may be sold to provide cash which would be entered onto the finance system as income. This income will then be allocated to appropriate Spending Heads as agreed by the Head of Finance.
- c) The intended sale must be notified to the Head of Finance by the spending head responsible. The Head of Finance will then approve arrangements for two valuations of the item(s) if the items exceed £5,000. The valuations must reflect a commercial price for the asset, taking into account the time and cost of selling, and not just the depreciated price of the asset. The valuation may not be carried out by the person who wishes to buy the asset.
- d) The asset may then be sold. The finance section must be notified of the sale and the equipment will then be removed from the assets register. The money received must be passed through the finance section and then allocated to the agreed Spending Head.
- e) Current legislation places duties upon the College to ensure that any work equipment and machinery intended for further use in a workplace meets with the requirements of the Provision and Use of Work Equipment Regulations (PUWER) and the Supply of Machinery (Safety) Regulations. Therefore, before any such items are sold for re-use the Estates Manager and/or Health & Safety Co-ordinator shall be consulted to ensure compliance and where necessary conduct a conformity assessment.

Capital Projects

- a) Approval for all projects by the Finance & Resources Committee up to a value of £250,000 (**exclusive of VAT**).
- b) All capital projects to be reported to the Board of Governors and approval sought formally for any exceeding £250,000 (**exclusive of VAT**).

Estates

The College buildings and land remain the property of the Trustees, The Catholic Archdiocese of Southwark. The College is responsible for the insurance and maintenance of the land and buildings but has no rights over the sale or disposal of the land or buildings. The title deeds of the property are, therefore, kept by the Trustees. The property valuation does now appear on the Financial Statements of the College, to comply with current ESFA guidelines.

Internal and External Audit

Introduction

The Board of Governors is responsible for ensuring that the College has a sound system of internal controls. This is delegated, on a day to day basis, to the Principal who will then delegate to his/her management team. In addition, the Board of Governors will set up an audit committee to monitor and evaluate the controls in place and make changes where considered necessary. External and internal auditors have been appointed by the Governors and will provide an external review of the effect and operation of the controls.

Internal Audit

Internal audit assignments (guided by the Risk Register and the College's Board Assurance Framework) currently provide the Board of Governors with an independent review of the systems and controls present within the College. The Board of Governors and their employees shall provide whatever information, explanation and access to official documents and records that is required for the auditors to fulfil their responsibilities.

The auditor's contract will be reviewed on an annual basis by the Board of Governors. Those responsible for the internal audit function must be independent of line management responsibility within the finance function, to ensure no conflict of interest.

Financial Statements Audit

The financial statements ("external") auditors should have the same right of access to College staff and information as detailed for the internal audit. The financial statement auditors are required to audit the accounts of the College at times required by the ESFA. The contract for the external audit service will be put out to tender at least every five years.

Regularity Audit

This is undertaken by external (usually financial statements) auditors. The object is to confirm the appropriateness of expenditure, of ESFA funds, within the College. A report is then provided to the ESFA on the regularity, and propriety, of College expenditure.

Funding Audit

Despite changes regarding internal audit requirements for Sixth Form Colleges, the College continues to undertake this work as part of the internal audit function. This provides the Board of Governors with an independent review of the systems and controls present within the College in relation to student records. Periodically and at the discretion of the ESFA or Local Authority for high needs SEN funding, an external funding audit will be undertaken. The Board of Governors and their employees shall provide whatever information, explanation and access to official documents and records that is required for the auditors to fulfil their responsibilities.

Those responsible for the internal audit function must be independent of line management responsibility within the finance function, to ensure no conflict of interest.

Other Bodies

The College accounts may also be subject to audit from bodies other than the College financial statements audit function. The ESFA, LA, NAO, European Court of Auditors and HMRC will also have rights to examine and audit the College accounts.

Fraud and Irregularity

The College and Governing Body is committed to ethical behaviour which engenders an anti-fraud culture throughout the organisation. The Governors' Audit Committee monitors and keeps the 'Anti-Fraud, Corruption, Bribery and Malpractice Strategy' and the "Whistleblowing Confidential Reporting Policy under routine regular review.

The recruitment and appointment of staff and governors is subject to references and DBS clearance.

Taxation

The Head of Finance is responsible for the prompt and accurate payment of PAYE and other taxes incurred by the College.

VAT

The College is not VAT registered.

VAT on adverts and stationery

Some advertisements and some stationery are zero rated for VAT provided they state the aims and objectives of the College in a prominent way on the items. Compliments slips are not zero rated but letter paper and envelopes are.

The supplier may ask for a copy of the College's certificate of exemption which is available from the Finance Office.

Conflicts of Interest

When contractors are employed by the College, the people responsible for the employment must declare any potential conflict of interest. If a potential conflict of interest occurs which, in the eyes of the Board of Governors or their delegate, the Principal, would result in an incorrect choice being made then the person involved must not take part in the appointment of the contractors.

Register of Interest

Register of Interest forms are to be completed by all Spending Heads at the beginning of each new academic year and held in Finance. The Clerk to the Governors compiles a Register of Interests for Governors which is refreshed annually.

Gratuities and Gifts

- A. The long standing tradition whereby students and/or parents give gifts to staff at Christmas or on other special occasions is acceptable provided the value of the gift is less than £50 (fifty pounds). Where the value exceeds this amount or where the gift is in the form of money, the Head of Finance should be informed before a member of staff accepts such gifts.
- B. Holders of Senior Posts are required to inform the Governors Finance and Resources Committee of every and any single substantial (i.e. £50) gift/gratuity from whatever source.
- C. The Governors' Finance and Resources Committee will seek advice from the College external auditors in monitoring and reviewing this policy.

Financial Systems

Pay Run Procedures

The pay run will be carried out by the Finance Office Manager five (5) days before the pay date, when satisfied that all standing and variable data has been entered correctly. The reconciliation report of the pay run must be printed. The Finance Office Manager will then check the data to ensure its accuracy and sign the reports and variable data information.

The payslips will then be produced by the Finance Office Manager and checked to ensure that they are consistent with the reconciliation reports. The BACS and cheques can then be consolidated and the post transfer report given to the Head of Finance for checking. S/he will sign the reports and authorise the BACS transfer and printing of cheques. The Head of Finance will verify that the reports from BACS are consistent with the reconciliation reports.

In the event of pay errors, before transfer to BACS, the Head of Finance will authorise a reversal of the pay run. All documentation of each pay run must be kept for statutory periods.

Errors in the pay run notified by staff will be corrected by a manual cheque or amended pay the following month as appropriate.

College Cash Income

All cash and card payments should be made through the ISS Office. This covers areas including media resources, library, administration and reception.

The Deputy ISS Operations Manager/Finance Officer takes receipt of the cash, enters the amount into the till against the appropriate key code and prints out two copies of the receipt, one for the student, or member of staff, and one for the cashier.

Where appropriate details such as student number, cheque number, details of payment i.e. nursery fees, books or school journey will be printed onto the receipt.

At the end of each day the Deputy ISS Operations Manager/Finance Officer runs the daily journal for the till. This gives details of receipts and totals. The Deputy ISS Operations Manager/Finance Officer then balances the cash received against the journal total allowing for a £50.00 (fifty pounds) float remaining in the till tray. The Deputy ISS Operations Manager/Finance Officer then reconciles the receipts, witnesses and signs off the daily reading on the audit roll. The Finance Office Manager reconciles each return on a monthly basis, within Month End procedures.

The income is then keyed into the system to the appropriate daily cashbook. The cash is then banked into the main account and interbank transactions are made to move balances in the daily cashbook into the bank account by the Deputy ISS Operations Manager/Finance Officer

The College also operates one Process Data Quickly terminal (PDQ). All money taken is treated in the same way as cash and recorded through the till. These receipts are reconciled by the Finance Office Manager to the End of Day report and then to the monthly statements received from Allied Irish Bank.

The College also operates online eApp registration and payments via WorldPay. These payments are then reconciled by the Finance Office Manager to the monthly statements received from the Allied Irish Bank.

Please see separate Card Payment Policy.

Trading Subsidiary – Financial Regulations
SFX Corporate Services Limited Company No: 09413077
VAT Registration No: 245 4286 01

Directors: Graham Thompson (Principal)
 Shah Ali (Director of Corporate Services and
 Executive Director of IT Resources)
 Eleanor Lewis (Clerk to the Governors)
 Margaret Searle (Company Secretary)

I. Background

SFX Corporate Services Limited was registered as a company on the 29th January 2015 and operates as a wholly owned Trading Subsidiary of the College. The Company operates under agreed and registered Articles of Association. The financial regulations are designed to comply with both Charity Commission guidance and those set out in the Companies Act 2006.

Responsibility for Financial Affairs

As SFX Corporate Services Limited is a wholly owned subsidiary of the College, ultimate accountability for its financial affairs rests with the Governing Body and to this end the activities of the Trading Subsidiary are monitored by the Governors Finance and Resources Committee (on behalf of the Governing Body). The Directors of the Company however have financial autonomy and independence of action as well as a duty under the Companies Act to make profit. The activities of the Trading Subsidiary and its relationship to the main College activities are set out in the Trading Subsidiary Business Plan, which is updated three times per year.

Account Holders

The account holders are the Principal and (Directors) and the Head of Finance (Company Secretary) who hold responsibility for the prudent and cost effective management of the Trading Subsidiary. This function will be subject to internal and external audit.

II. Business Plan and Budgets

The Trading Subsidiary operates under a three-year Business Plan, which is subject to termly and annual review by the Governing Body (via the Governors Finance & Resources Committee). Budgets for the Trading Subsidiary are set by the Directors and based on a 'profit' principle. No subsidy from the main College is incorporated within this process and all relevant management charges are included as appropriate.

Responsibility for variations to the budget and budgetary control rests with the Directors who are themselves accountable to the Governing Body (Shareholder).

Budget Reporting

Reports on spending and budgets are provided by the Company Secretary to the Directors on a monthly basis. These reports include reconciliations between budgets and actual income and yearly forecast positions. Summary budget positions are provided by on behalf of the Directors to the Governors Finance and Resources Committee.

III. Accounting Procedures

Financial Software

The financial records of the Trading Subsidiary are held on the College administration network in a separate Corporate area. The Company Secretary (Head of Finance) is responsible for the accurate operation and maintenance of this system.

Normal Accounting Practice

The College will comply with accounting policies as advised by external auditors and as set out by the Companies Act 2006.

Year End Financial Statements/ Financial Returns

The Company Secretary (Head of Finance) is responsible for controlling the preparation of year-end financial statements for the Directors, who will share this information with the Governing Body (through the Governors Finance & Resources Committee). Financial returns will be authorised by Directors and provided by the Company Secretary to Companies House within 9 months of the year end.

Retention of Records

The Company Secretary (Head of Finance) is responsible for ensuring the retention and availability of the financial records of the Trading Subsidiary in accordance with legal and audit requirements.

All records and data pertaining to the Trading Subsidiary are held under the rules and regulations of the General Data Protection Regulation 2018 (GDPR). The Trading Subsidiary is registered with the Information Commission and governed by the existing College Data Protection Policy which is updated on an annual basis.

IV. Staffing and Payroll

The Trading Subsidiary does not usually employ permanent staff. Staffing resources are provided on a 'management charge basis' from the main College or through the appointment of consultants and contractors on an individual contracts basis.

V. Purchasing and Receipt of Equipment

The Trading Subsidiary is governed by the same rules for revenue items, value for money, receipt of equipment and credit card purchases set out on pages 13 - 15 of this document.

SFX Corporate Services Ltd has one credit card held by a Director.

VI. Contracts and Leasing/ Procurement of Goods & Services

Contracts/leasing arrangements and any procurement of goods and services entered into by the Trading Subsidiary are the responsibility of the Directors who are themselves accountable to the Governing Body (via the Governors Finance and Resources Committee). Arrangements for contracts, leasing and procurement will be set out in the Business Plan and in the individual contracts pertaining to each agreed arrangement. All of these contracts and arrangements will be subject to internal and external audit processes.

VII. Procedure for Personal Reimbursement

The Trading Subsidiary is governed by the same rules for reimbursement for local purchases, travel and subsistence, Congestion Charge and toll crossing etc. set out on pages 20 – 21 of this document. It should be noted however that the Directors of the Trading Subsidiary reserve the right to amend the Travel and Subsistence policy within year following further review. Any proposed change will be brought to the attention of the Governing Body (via the Governors Finance & Resources Committee).

VIII. Income Procedures

Collection of Income

The Trading Subsidiary will set up credit arrangements with a period of 30 days from the date of invoice. In accordance with the procedures approved by the Directors, debts will be chased after 30 days with the possibility of instalment arrangements for some debts.

Amounts uncollectable

A decision as to whether a debt will be written off, which is considered to be uncollectable will be finalised and approved by the Directors.

IX. Banking and Cash

The Trading Subsidiary has a separate bank account. Any two of the three authorised signatories are required to authorise cheques or any bank transaction. Approval to change bank account arrangements will rest with the Directors following consultation with the Governing Body (via the Governors Finance & Resources Committee).

X. Control of Assets

The Financial assets of the Trading Subsidiary will be the responsibility of the Directors and Company Secretary (Head of Finance). The Trading Subsidiary will follow the principles of asset management set out on pages 24-26 of this document, wherever appropriate. Where the Trading Subsidiary or associated activities utilise the College Estate, costs will be accounted for and included within relevant financial reports.

XI. Audit

The Trading Subsidiary will be subject to internal and external audit requirements. Responsibility for ensuring that the Trading Subsidiary has a robust system of internal controls will rest with the Directors and Company Secretary, and 'audit assurance' and 'risk' considerations will be considered as part of the overall College strategy. The Trading Subsidiary will therefore be in scope each year for consideration as part of the internal audit plan discussed by the Governors Audit Committee and subject to separately agreed external audit arrangements. As a company limited by share the Trading Subsidiary will also comply with specific audit and financial requirements relating to the Companies Act 2006 and UK/European law.

XII. Fraud and Irregularity

The Trading Subsidiary will be governed by ethical behaviour and the principles and guidelines set out in the College's 'Anti-Fraud, Corruption, Bribery and Malpractice Strategy' and "Whistleblowing - Confidential Reporting Policy".

XIII. Taxation/Insurance

1. The Trading Subsidiary will be VAT registered and will apply VAT requirements in line with guidelines provided by HMRC and external auditors.
2. As a wholly owned subsidiary, the purpose of the Company is to transfer profits to the Parent Charity (the College) without incurring (or at least minimising) Corporation Tax. The Trading Subsidiary will follow the guidelines provided by HMRC and external auditors regarding Corporation Tax in this context.
3. To promote cost effectiveness, the insurance requirements of the Trading Subsidiary form part of the overall College insurance contract provided by Marsh. The Trading Subsidiary is liable to pay these costs in relation to the proportion of additional premiums incurred because of its requirements.

XIV. Conflicts of Interest

The Articles of Association incorporate a 'conflict of interest' clause relating to Directors of the Company who are also members of College management. Beyond this however all persons associated with the work of the subsidiary must ensure that they declare conflicts of interest (or possible conflicts of interests) to the Directors when any new contract/business relationship is agreed. This requirement is set out on Appendix 1 of the SFX Trading Subsidiary handbook (Version 9) June 2016.

Where conflicts of interest exist, the person concerned will play no part in decisions related to the contract or arrangement concerned. Failure to declare conflict of interest may be considered under either existing College policies or in the context of a wider legal framework.

XV. Register of Interest

Register of Interest forms will be completed by the Directors and Company Secretary and any member of the College involved in the negotiation or agreement of commercial contracts or arrangements. A list of those involved will be updated annually.

XVI. Gratuities and Gifts

All gratuities and gifts received will be reported to the Directors and Company Secretary, who will themselves report these to the Governing Body (via the Governors Finance & Resources Committee). Where appropriate the Directors and/or Governing body will seek advice from external auditors.