

# SHCG FINANCIAL REGULATIONS

<b>Audience:</b>	X-College
<b>Requirement:</b>	Essential
<b>Policy Owner:</b>	Chief Operating Officer
<b>Review Delegation:</b>	Corporation
<b>Review Cycle:</b>	Every 2 years
<b>Last Review:</b>	July 2023
<b>Due for Review:</b>	July 2025

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**Note: As a result of merger due 1 August 2023, some job titles and lines of delegation/process may not be identical to those contained in this document. In the event of any confusion or clarification required, please seek the advice of the Chief Operating Officer**

**APPROVED BY FC CORPORATION 18 July 2023 FOR ADOPTION BY SHCG CORPORATION 1 August 2023**

## **1. GENERAL PROVISIONS**

### **1.1. BACKGROUND**

- 1.1.1. South Hampshire College Group is a Further Education Corporation created under the provisions of the Further and Higher Education Act 1992 and successive Acts of Parliament. Its structure of governance is laid down in the Instrument and Articles of Government. South Hampshire College Group is accountable through its Corporation, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.1.2. South Hampshire College Group is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The members of the Corporation are trustees of the charity.
- 1.1.3. Following the reclassification of the Further Education sector in November 2022, the College is now part of central government, and therefore, is subject to the framework for financial management as set out in Managing Public Money (MPM).
- 1.1.4. South Hampshire College Group is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The Funding Agreement between the Education and Skills Funding Agency and South Hampshire College Group sets out the terms and conditions on which grant is made. The Corporation is responsible for ensuring that conditions of grant are met. As part of this process, South Hampshire College Group must adhere to the funding body's joint audit code of practice, which requires it to have sound systems of financial and management control. The financial regulations of South Hampshire College Group form part of this overall system of accountability.

### **1.2. STATUS OF FINANCIAL REGULATIONS**

- 1.2.1. This document sets out South Hampshire College Group financial regulations. It translates into practical guidance South Hampshire College Group's broad policies relating to financial control. This document was reviewed by the Governors' Audit & Risk Committee and approved by the full Corporation.
- 1.2.2. These financial regulations are subordinate to South Hampshire College Group's instruments and articles of government and to any restrictions contained within South Hampshire College Group's funding agreement with the ESFA and the ESFA 'Audit Code of Practice' (ACoP).
- 1.2.3. The purpose of these financial regulations is to provide control over the totality of South Hampshire College Group resources and provide management with assurances that the resources are being properly applied for the achievement of South Hampshire College Group's strategic plan and business objectives:
- financial viability
  - achieving value for money
  - fulfilling its responsibility for the provision of effective financial controls over the use of public funds

- ensuring that South Hampshire College Group complies with all relevant legislation
- safeguarding the assets of South Hampshire College Group

1.2.4. Compliance with the financial regulations is compulsory for all staff and Governors connected with South Hampshire College Group. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under South Hampshire College Group disciplinary policy. The Corporation will be notified of any such breach through the Audit & Risk Committee. It is the responsibility of Executive and Senior Leadership Team, and other senior staff to ensure that their staff are made aware of the existence and content of South Hampshire College Group financial regulations.

1.2.5. The Audit & Risk Committee is responsible for maintaining a continuous review of the financial regulations, through the Chief Operating Officer, and for advising the Corporation of any additions or changes necessary.

1.2.6. In exceptional circumstances, this Corporation may authorise a departure from the detailed provisions herein.

### **1.3. OBJECTIVES AND SCOPE**

1.3.1. these Financial Regulations are intended to cover all the financial affairs of the Corporation and meet the financial objectives as laid out in the Instrument of Government and the College Group Strategic Plan.

1.3.2. The Financial Regulations will also apply to any/ all trusts or subsidiaries which may be established by the Corporation.

## **2. CORPORATE GOVERNANCE**

### **2.1. THE CORPORATION**

2.1.1. The Corporation is responsible for the management and administration of South Hampshire College Group.

2.1.2. Its financial responsibilities are to:

- ensure the solvency of South Hampshire College Group and the safeguarding of South Hampshire College Group assets
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Chief Executive Officer and other senior post-holders
- set a framework for pay and conditions of service of all other staff
- ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by South Hampshire College Group and its companies are appropriate and sufficient to safeguard public funds
- approve the appointment of external auditors and an internal audit service
- secure the efficient, economical and effective management of all South Hampshire College Group's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in South Hampshire College Groups not put at risk

- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
- plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure
- approve an annual budget before the start of each financial year
- ensure that South Hampshire College Group complies with the Post-16 Audit Code of Practice (the 'Code')
- approve South Hampshire College Group's strategic plan
- approve the annual financial statements.

## **2.2 ACCOUNTING OFFICER**

2.2.1 The Chief Executive Officer is South Hampshire College Group's Accounting Officer and is responsible for ensuring the financial administration of South Hampshire College Group and its companies' affairs are in accordance with the financial memorandum with all funding bodies. As the Accounting Officer, the Chief Executive Officer may be required to justify any of South Hampshire College Group and its companies' financial matters to the Public Accounts Committee at the House of Commons.

2.2.2 In particular, the articles of government 3.(2).(c) charge the Chief Executive Officer with responsibility: "...for preparing annual estimates of income and expenditure, for consideration and approval by the Corporation, and for the management of budget and resources, within the estimates approved by the Corporation."

2.2.3 The Chief Executive Officer shall demonstrate oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements, and the Chief Executive Officer's statement of the financial forecasts submitted to the funding body.

## **2.3 COMMITTEE STRUCTURE**

2.3.1 The Corporation has ultimate responsibility for South Hampshire College Group finances, but delegates specific powers and processes to the committees detailed below:

Finance & Resources Committee

Audit & Risk Committee

Curriculum and Quality Committee

Governance Committee

## **2.4 SENIOR MANAGERS WITH FINANCIAL RESPONSIBILITY**

2.4.1 Chief Operating Officer

Day-to-day financial administration is controlled by the Chief Operating Officer who is responsible to the Chief Executive Officer for:

- preparing South Hampshire College Group annual accounts and other financial statements and accounts which South Hampshire College Group and its companies is required to submit to other authorities

- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- preparing annual capital and revenue budgets and financial plans
- ensuring that South Hampshire College Group and its companies maintains satisfactory financial systems
- providing professional advice on all matters relating to financial policies and procedures
- day-to-day liaison with internal and external auditors in order to achieve efficient processes.

## **2.5 WHISTLEBLOWING**

2.5.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistle blower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. Any allegation must be in the public interest and made with a predominantly honest motive. 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.

2.5.2 Any matters raised as concerns relating to the Public Interest Disclosure Act shall be dealt with in accordance with South Hampshire College Group's Whistleblowing Policy.

2.5.3 Money Laundering

South Hampshire College Group, with reference to the internal auditors, will ensure that appropriate controls and internal checks are put in place to minimise the opportunity for money laundering activities to take place within South Hampshire College Group.

## **2.6 CODE OF CONDUCT**

2.6.1 South Hampshire College Group is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe.

2.6.2 Additionally, members of the Corporation, ELT or those involved in procurement are required to disclose interests in South Hampshire College Group's public register of interests maintained by the Director of Governance (or another designated officer) which is available via the website. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.

2.6.3 In particular, no person shall be a signatory to a South Hampshire College Group contract where they also have an interest in the activities of the other party.

2.6.4 Receiving gifts or hospitality

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

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.



Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than South Hampshire College Group would be likely to provide in return. For further information, reference should be made to South Hampshire College Group's Anti Bribery & Corruption Policy.

### **3. FINANCIAL MANAGEMENT AND CONTROL**

#### **3.1 FINANCIAL PLANNING**

##### **3.1.1 General**

The Chief Operating Officer is responsible for preparing annually a rolling financial plan for approval by the Corporation on the recommendation of the Finance & Resources Committee and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans and property strategy approved by the Corporation.

##### **3.1.2 Budget objectives**

The Corporation will, from time to time, set budget objectives for South Hampshire College Group and its companies. These will help the Chief Operating Officer in preparing his or her more detailed financial plans for South Hampshire College Group and its companies.

##### **3.1.3 Resource allocation**

Resources are allocated annually by the Corporation on the recommendation of the Finance & Resources Committee, and on the basis of the above objectives. ELT members are responsible for the economic, effective, and efficient use of resources allocated to them.

##### **3.1.4 Budget preparation and allocation**

The budget for the following year is proposed by the ELT, examined by the Finance & Resources Committee, and approved by the Corporation. Budget holders will be responsible for monitoring resource allocation within their section and for making recommendations for any appropriate redistribution of resource. These will be monitored by the Chief Operating Officer who will provide regular reports to the ELT and the Finance & Resources Committee.

All proposals for new developments involving significant additional expenditure in the budget cannot be approved by the Corporation without a report containing a section dealing with the financial implications, which has been approved by the Chief Operating Officer before submission to any committee or the Corporation.

##### **3.1.5 Capital Expenditure Budget**

Capital expenditure includes the following (whether or not they are funded from capital grants or capitalised for inclusion in the institution's financial statements):

(a) purchase of land and buildings

(b) site works, erection, alteration and improvement of buildings (where there is a resultant increase in net book value of the buildings)

(c) professional fees in respect of the above

(d) purchase of and installation of new furniture, fixtures, equipment, and IT assets providing that the cost of such items, or groups of related items, is in line with the value detailed in

**Appendix A.**

##### **3.1.6 Loans**

No loans or guarantees will be given without the prior approval of the Department for Education and the Board.

- 3.1.7 Indemnities, Guarantees and Letters of Comfort  
South Hampshire College Group will not enter into liabilities without explicit parliamentary authority, other than those arising in the normal course of business, such as any commercial contracts that include indemnity clauses; these are not restricted and DfE consent is not required. DfE consent is required in respect of indemnities beyond the normal course of business, guarantees and letters of comfort in excess of: 1% of annual income or £45k (whichever is smaller); or 5% of annual income cumulatively (subject to a cumulative ceiling of £250k)
- 3.1.8 The Chief Operating Officer will establish protocols for capital expenditure to enable them to be considered for approval by either the Finance & Resources Committee or the Corporation. These would usually include:
- A statement which demonstrates the project's consistency with the strategic plans and estates strategy approved by the Corporation;
  - An initial budget for the project for submission to Finance & Resources Committee. The budget should include a breakdown of costs including professional fees, VAT and funding sources;
  - A financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans;
  - An investment appraisal in an approved format which complies with the funding body guidance on option and investment appraisal, for projects where the budget is estimated to exceed the limit referred to in **Appendix A** to these Regulations;
  - A demonstration of compliance with normal tendering procedures as outlined in Appendix B and the funding body regulations;
  - A cash flow forecast. All projects must be reviewed by the Chief Executive Officer and Chief Operating Officer prior to seeking approval.
  - Following completion of a capital project, a final report should be submitted to Finance & Resources Committee recording actual expenditure against budget and reconciling funding arrangements where a material variance has occurred.
- 3.1.9 Any new aspects of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time will be subject to the limits as detailed in **Appendix A** and include following the protocols listed in 3.1.6.
- 3.1.10 Where permissions for large scale projects are sought in line with limits at **Appendix A**, financial limits for approval will normally be based on the entirety of the project or development rather than individual phases.
- 3.1.11 Once a project or development is approved in Chief Executive Officer, subsequent approvals for individual purchases, contracts or leases included in the original brief or investment appraisal would not normally be sought. This includes projects/ developments where project management contractors are involved in overseeing the delivery of a project.
- 3.1.12 The Chief Operating Officer takes responsibility for keeping the Finance & Resources Committee and or the Corporation informed of the progress of the project and will commit to informing them of any material changes in either income or expenditure.
- 3.1.13 In planning and undertaking overseas activity, South Hampshire College Group and its companies must have due regard to the relevant guidelines issued by the funding bodies.

## **3.2 FINANCIAL CONTROL**

### **3.2.1 Budgetary control**

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively.

Budget holders are responsible to their ELT or SLT member for the income and expenditure appropriate to their budget.

## **3.3 ACCOUNTING ARRANGEMENTS**

### **3.3.1 Financial year**

South Hampshire College Group's financial year will run from 1 August until 31 July the following year.

### **3.3.2 Basis of accounting**

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards – FRS102 & HE/FE SORP.

### **3.3.3 Format of the financial statements**

The financial statements are prepared in accordance with the HE/FE Statement of Recommended Practice (SORP) based on the FRS102 standard. They conform to the guidance published by the College Finance Directors Group (CFDG), the Association of Colleges (AoC), and the Education and Skills Funding Agency (ESFA) in consultation with financial statements auditors.

### **3.3.4 Accounting records**

The Chief Operating Officer is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

South Hampshire College Group is required by law to retain prime documents for six years, in addition to the current financial year.

These include:

- official purchase orders
- paid invoices
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- payroll records

The Chief Operating Officer 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.

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

### **3.3.5 Information to Budget Holders**

Budget Holders have online access to their current income and expenditure via South Hampshire College Group finance computer systems. Contribution analysis information is provided to Faculty Directors/Curriculum Leads on a regular basis (except the first month of the financial period).

#### 3.3.6 Information to the Corporation and Executive Leadership Team

The Finance Department will provide management accounts, including a commentary, income and expenditure reports, balance sheet and cash flow forecast each month. The management accounts will be distributed to each member of the ELT and to all members of the Corporation by the end of the following month, except the first month of the financial period.

#### 3.3.7 Taxation

The Chief Operating Officer is responsible for maintaining South Hampshire College Group tax records, making all tax payments to HMRC Customs & Excise and the Inland Revenue, receiving tax credits and submitting tax returns by their due date as appropriate.

### 3.4 AUDIT REQUIREMENTS

#### 3.4.1 General

External auditors and internal auditors shall have authority to:

- access South Hampshire College Group premises at reasonable times, with reasonable notice access all assets, records, documents and correspondence relating to any financial and other transactions of South Hampshire College Group.
- require and receive such explanations as are necessary concerning any matter under examination
- require any employee of South Hampshire College Group to account for cash, stores or any other South Hampshire College Group property under his or her control
- access records belonging to third parties, such as contractors, when required.

The Chief Operating Officer is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

#### 3.4.2 External audit

The appointment of external auditors for the main financial statements of South Hampshire College Group and its companies is the responsibility of the Corporation. The Audit & Risk Committee will advise the Corporation.

The primary role of this external audit is to report on South Hampshire College Group financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the funding bodies' Audit Code of Practice and the Auditing Practices Board's statements of auditing standards.

In addition, on an annual basis, the external auditors are appointed to carry out the Teachers' Pensions audit and from time to time, the funding body may appoint separate auditors to carry out an external audit of South Hampshire College Group's Individualised Learner Record (ILR) return. The primary role of this audit is to give assurance to the funding body that South Hampshire College Group's funding is accurate within certain agreed tolerances. This work will also help the external auditors of South Hampshire College Group in their work on the income elements of the Financial Statements.

#### 3.4.3 Internal audit

The Corporation on the recommendation of the Audit & Risk Committee appoints the internal auditor. The Audit & Risk Committee will advise the Corporation.

The main responsibility of internal audit is to provide the Corporation, the Chief Executive Officer and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Corporation, Chief Executive Officer and Chair of the Audit & Risk Committee. The internal auditor will also comply with the Auditing Practices Board's auditing guideline Guidance for Internal Auditors.

#### 3.4.4 Fraud and corruption

All incidents of fraud or deception or suspected deception should be reported immediately verbally or in writing to the Chief Operating Officer and the Chief Executive Officer.

If appropriate, the Chief Operating Officer and, or, the Chief Executive Officer shall keep each other informed of any suspected irregularity reported to them and they or their representative shall be responsible for informing any individual within South Hampshire College Group's management structure who it is appropriate to involve and any relevant third parties such as internal audit and external audit. All suspected frauds however minor shall be reported to internal audit at the first possible opportunity. The Chief Executive Officer shall inform the Corporation through the Audit & Risk Committee of any reported incidents. The Chief Executive Officer shall also inform the Chair of the Corporation and, or, police if appropriate.

If it is inappropriate for any member of staff suspecting an irregularity to discuss this with either their line manager or the Chief Operating Officer or the Chief Executive Officer, they should report the matter to the Chair of Audit & Risk Committee directly. Where allegations of significant fraud or deception are upheld, the relevant funding body will be notified. Any instances of potential fraud will be addressed in accordance with South Hampshire College Group's Counter Fraud Strategy, Anti-Bribery and Corruption Policy and the Fraud response plan.

#### 3.4.5 Theft of or Damage to Property

All significant incidents of theft and damage should be reported immediately to the Chief Operating Officer. The Chief Operating Officer will ensure that:

- In all instances the necessary people will be informed and the Police where appropriate.
- Where insurance cover exists, a claim will be made.
- Where staff or student involvement is suspected, the appropriate disciplinary procedure is invoked.
- Significant thefts will be reported to the Audit & Risk Committee.

#### 3.4.6 Value for money

It is a requirement of the Funding Agreement that the Corporation of South Hampshire College Groups responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the funding body, the National Audit Office, the Public Accounts Committee or other relevant bodies.

#### 3.4.7 Other auditors

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

### 3.5 TREASURY MANAGEMENT

#### 3.5.1 Treasury Management Policy

The Corporation is responsible for approving a treasury management policy setting out a strategy and policies for cash management and long-term investments. A copy of the Treasury Management Policy is available on the Intranet.

All executive decisions concerning overdrafts, investment or financing (within policy parameters) shall be delegated to the Chief Operating Officer but be approved by Finance & Resources Committee, and Corporation and the Department for Education (where required by MPM)

All borrowing shall be undertaken in the name of South Hampshire College Group and approved by the Board and the Department for Education and shall conform to any other relevant Funding Body requirements. Any approval regarding secured or unsecured loans will require compliance with Funding Body and MPM rules.

The Chief Operating Officer will report to the Corporation annually on the activities of the treasury management operation and on the exercise of treasury management powers delegated to them.

#### 3.5.2 Delegated Authority

Delegation of authority will be in accordance with the Funding Agreement, MPM and the South Hampshire College Group's Financial Regulations but will include:

<b>Activity</b>	<b>Approval</b>
New Loans	Department for Education and the Corporation
Finance Leases	The Accounting Officer up to £100,000
Charging of Properties	The Corporation
College Treasury Policy	The Corporation
Annual Treasury Strategy	Audit & Risk Committee
Interest Hedging	Department for Education and the Corporation
New financial instruments	Department for Education and the Corporation
Use of overdraft facility	Department for Education and the Corporation
Appointment of Main Bank	The Corporation

#### 3.5.3 Banking arrangements

South Hampshire College Group bank accounts may only be opened or closed with authority of the Chief Executive Officer.

Any staff operating bank accounts for South Hampshire College Group related activities must provide details to the Chief Executive Officer and the Chief Operating Officer. This will include accounts for South Hampshire College Group clubs and associations, student projects, staff and student trips, and other activities involving money received from South Hampshire College Group staff or students and any activity involving the use of South Hampshire College Group facilities or property (including intellectual property).

#### 3.5.4 Bank Signatory

The signatories to South Hampshire College Group Bank Accounts will be:

1. Chief Executive Officer
2. Chief Operating Officer
3. Deputy Principal Curriculum and Quality

4. College Vice Principals
5. Heads of Finance (Fareham, Eastleigh & Southampton City)

See Appendix A for detailed authority levels.

South Hampshire College Group bankers must be informed immediately when an authorised signatory either ceases to hold office or leaves South Hampshire College Group's employment. The Bank mandate must be approved by the Chief Executive Officer and Chair of Corporation.

### 3.5.5 BACS & Electronic Banking authority levels

There should be a two-tier process which provides for segregation, (A) Preparers, to collate a report of due transactions and (B) Authorisers. Internet and BACS payments should only be made once authorised signatories per Appendix A are received.

#### A. Preparation of transactions within a batch for payment or transfers

1. Finance Officer/Accounts Assistant
2. Payroll Officer
3. Finance Office Manager/Team Leader/Management Accountant
4. Resource Utilisation Manager
5. Heads of Finance s

#### B. Authorisers to sign off the batch for payment or transfers

The Authoriser must not be the same person who has prepared the transaction/ batch of transactions.

1. Head of Finances (Fareham, Eastleigh and Southampton City)
2. Resource Utilisation Manager
3. College Vice Principals
4. Chief Operating Officer
5. Deputy Principal Curriculum and Quality
6. Chief Executive Officer

In the event of a College lockdown and staff working from home, a transitional change to the above will be instigated so continuity of accounting processes is maintained with sound control and authorisation procedures. A proposed payment report will be prepared and sent to the Chief Operating Officer electronically for authorisation, or in their absence the Deputy Principal Curriculum and Quality. All payments are electronically signed on the payment software, but both the send and submission will be carried out by one member of staff (either the Heads of Finance (Fareham, Eastleigh and Southampton City) or Resource Utilisation Manager). There is no change for urgent payments submitted on the banking portal.

These transitional authorisation measures will be in place only for the amount of time required as necessary. The outputs of these procedures will be opened to testing for assurance by both internal and external audit as requested.

### 3.5.6 Petty Cash

Cash should only be retained to provide cash floats and petty cash. The limit will be no more than the current insurance cover, which will be reviewed annually.

Where a single item is for less than the limit outlined in Appendix A to these Regulations it may be paid from South Hampshire College Group petty cash. It must be supported by receipts or vouchers. Advances may be made to staff to cover the purchase of such consumable items for South Hampshire College Group. Such advances must be cleared by receipts or vouchers within three working days of the advance being made.

### **3.6 BAD DEBTS**

On the due date for payment a written reminder is sent and, or, telephone chase is made to the debtor. Subsequent reminders are sent in accordance with the College's Fee Collection & Credit Control Procedures.

South Hampshire College Group may use the services of a Debt Collection Agency at the discretion of the Chief Operating Officer.

South Hampshire College Group has the right to ask any student to leave the course if the debt remains unpaid.

#### **3.6.1 Writing off Debts**

All due debts should be pursued to the point where it is economically viable and the write off of bad debts must comply with the rules set out in MPM (Managing Public Money). The Principal will report any write off of debts above the limits set out in MPM to the Board. Debts may only be written off when authorised in writing, in line with the limits set out in Appendix A.

#### **3.6.2 Credit Notes**

Credit notes may be issued only if a payment reduction has been agreed in accordance with financial regulations.

#### **3.6.3 Student fees**

Any student who has not paid an account for fees or any other item owing to South Hampshire College Group shall be prevented from re-enrolling at South Hampshire College Group and from using any of South Hampshire College Group's facilities until all outstanding debts have been cleared.

#### **3.6.4 Student loans**

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

### **3.7 OTHER INCOME-GENERATING ACTIVITY**

#### **3.7.1 Private consultancies and other paid work**

Unless otherwise stated in a member of staff's contract, outside consultancies or other paid work may not be accepted without the consent of the ELT member (and in the case of a ELT member, the Chief Executive Officer)

Applications for permission to undertake work as a purely private activity must be submitted to the ELT member or Chief Executive Officer. Full details can be found in the College's Conflict of Interest policy available via the intranet.

#### **3.7.2 Subcontracting**

Any contract or arrangement whereby South Hampshire College Group provides education to students with independent contractors (partner organisations), must be subject to the following procedure. The Corporation will approve the use of subcontractors, supported by a business plan in line with college strategy, and the value of contract to be issued.

The contract will be signed by the Chief Executive Officer and by the partner organisation, will comply at least with the funding body model contract (as amended from time to time) and should be in place before any provision is made.

#### **3.7.3 Grants**

European Union (EU) Grants and other Grants 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 ELT member being able to demonstrate that eligible matching funds are available and that the project is financially viable and aligns to South Hampshire College Group strategic objectives and meets Funding Agreement conditions. Individual applications for funds in excess of the limit set out in Appendix A shall be the subject of a report to the Corporation or appropriate sub-committee which will set out, amongst other things, the potential risks generated by the project. If South Hampshire College Group sub-contracts such work to external providers, the Chief Executive Officer, and Chief Operating Officer shall ensure that:

- this is on the basis of a written contract which allows for full audit access to detailed records
- appropriate monitoring procedures are in place to ensure that the outputs are achieved, and the provision is of suitable quality
- Due diligence has been undertaken and satisfactorily met before any award of contract is made
- payments are only made against detailed invoices.

#### 3.7.4 Profitability and recovery of overheads

All other income-generating activities must be self-financing or surplus-generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the ELT member and the Chief Operating Officer.

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

#### 3.7.5 Deficits

Any unplanned deficits incurred on other income-generating activities will be charged to departmental funds.

### **3.8 INTELLECTUAL PROPERTY RIGHTS AND PATENTS**

#### 3.8.1 General

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

#### 3.8.2 Patents

The Finance & Resources Committee is responsible for establishing procedures to deal with any patents accruing to South Hampshire College Group from inventions and discoveries made by staff in the course of their research.

#### 3.8.3 Intellectual property rights

In the event of South Hampshire College Group 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 South Hampshire College Group and contained in South Hampshire College Group's detailed financial procedures.

### **3.9 EXPENDITURE**

#### 3.9.1 General

The Chief Operating Officer is responsible for making payments to suppliers of goods and services of South Hampshire College Group.

#### 3.9.2 Transactions

Any transactions that may be considered novel, contentious and/or repercussive require the prior consent of the Department for Education, as set out in MPM.

### 3.9.3 Procurement

South Hampshire College Group requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice and to comply with the relevant financial procedures. Factors to be considered in determining lowest cost are noted in the financial procedures.

### 3.9.4 Purchase orders

The ordering of goods and services shall be in accordance with South Hampshire College Group's detailed financial procedures/purchasing policies.

All goods and services required by South Hampshire College Group must be requested on a South Hampshire College Group purchase order, generated via a purchase order requisition using the on-line purchase ordering software system.

Staff may be held personally responsible for the cost of goods and services received by South Hampshire College Group for which an official order has not been placed.

In an emergency such as the breakdown of vital equipment a telephone order or email from Head of Finances (Fareham, Eastleigh and Southampton City) (& Resources Operations, Estates Services Manager or IT Director) may be made for a repair service. In these circumstances the telephone order must be agreed by the Budget Holder and a confirmation order generated via a purchase order requisition using the on-line purchase ordering software system within one working day of the telephone order being made.

Specific orders for utilities, such as telephone, water, electricity and gas will not normally be required, but an annual "blanket" requisition should be created to ensure the commitment to these costs is noted.

Staff must declare in writing to the Chief Executive Officer if they have:

- (i) any financial interest in any business which supplies goods or services to South Hampshire College Group, or
- (ii) a close family or personal relationship with an individual who has a financial interest in any business which supplies goods or services to South Hampshire College Group.

### 3.9.5 Contracts

All contracts must be signed by the Chief Executive Officer, and or the Chief Operating Officer and a South Hampshire College Group copy retained with the official records of the Corporation.

Purchases with a value as detailed within **Appendix A** require a written contract.

### 3.9.6 Receipt of goods

All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and, or, weight and inspected for quality and specification. A delivery note should be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

If the goods are deemed to be unsatisfactory, the record shall be marked accordingly, and the supplier immediately notified so that they can be collected for return as soon as possible.

Where goods are short on delivery, the record should be marked accordingly, and the supplier immediately notified. The originator of the purchase order will be required to receipt the goods electronically via the on-line purchase ordering software system.

#### 3.9.7 Payment of invoices

The procedures for making all payments shall be in a form specified by the Chief Operating Officer. The Chief Operating Officer is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by computer cheques or BACS transfer each fortnight. In highly exceptional circumstances the Heads of Finances (Fareham, Eastleigh and Southampton City) or Chief Operating Officer will sanction internet transfers for urgent payments.

#### 3.9.8 Travel and Subsistence

Members of the Corporation will be reimbursed for the cost of UK travel and subsistence essential to the conduct of South Hampshire College Group business, in line with the college Expenses Policy. Overseas travel expenses will only be incurred by exception and must be agreed in advance of the date of travel at a meeting of the ELT or SLT and, or, reported to the Corporation.

Staff will be reimbursed via Payroll for the cost of UK travel and subsistence essential to the conduct of South Hampshire College Group business in line with the college Expenses Policy. However, travel and other expenses should not be incurred without the prior knowledge of the budget holder. South Hampshire College Group reserves the right not to reimburse claims for travel and subsistence which are submitted two months or more after the date of travel.

All expense claims by the Chief Executive Officer will be approved by the Chair of Corporation.

#### 3.9.9 Hospitality

Staff entertaining guests from outside bodies at lunch time should normally use South Hampshire College Group's catering facilities. Where this is not the case reasons must be stated when submitting a claim for reimbursement. The limits concerning acceptable expenditure for entertaining guests are set out in **Appendix A**.

#### 3.9.10 Procurement Cards

The operation and control of South Hampshire College Group's procurement cards is the responsibility of the Chief Operating Officer.

Where appropriate, the Head of Finance & Resources Operations will approve the issuing of procurement cards to staff, although recommendation is a South Hampshire College Group account without named users, where the card is retained in Finance Office, only issued at point of use and return.

Holders of Procurement card must use them only for the purposes for which they have been issued, on valid business expenses and within the authorised purchase limits. In the case of travel and subsistence expenses, the amounts claimed per person must not exceed the rates set out in South Hampshire College Group's Staff Expenses Policy. Cards must not be loaned to another person, nor should they be used for personal or private purchases and the misuse of such cards shall be grounds for disciplinary action. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs.

#### 3.9.11 Credit Cards

Chief Operating Officer will approve the issuing of credit cards to staff. Each credit card has a set transaction limit.

The Head of Finance & Resources Operations will be responsible for setting in place a system to monitor the use of South Hampshire College Group procurement and credit cards and account for expenses charged through them. They shall determine what information is required on purchases made with procurement cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained and cardholders must provide that information. The Head of Finance & Resources Operations maintains a register of all cardholders, card numbers and locations. Any changes to these details must be notified to the Head of Finance & Resources Operations.

### **3.10 PAY EXPENDITURE**

#### **3.10.1 Monitoring Integrity of Data**

Once all staff details have been entered on the payroll system, new or amended names and salaries and personal/bank details must be confirmed by People Strategy and Development in order to validate and ratify data collection.

#### **3.10.2 Changes to Pay Rates**

Changes to pay rates may only be made with the written authority of either the Chief Executive Officer, the Chief Operating Officer or the DP Curriculum & Quality following payroll/personnel procedures, including the raising of appropriate justifications and supporting documentation.

#### **3.10.3 Additional Payments**

Overtime will only be paid on the prior authorisation of the Budget Holder subject to funds available following South Hampshire College Group payroll/personnel procedures.

Expenses will only be paid on the prior authorisation of the Budget Holder following South Hampshire College Group payroll/personnel procedures.

Any other additional payments must be authorised in writing by the budget holder and either the Chief Executive Officer or Chief Operating Officer.

#### **3.10.4 Exit payments**

In exceptional circumstances 'exit' payments may be made to staff. Payments of this nature (including the raising of appropriate justifications and supporting documentation) require written authority of the Chief Executive Officer. Payments in excess of £50,000 (or the equivalent of 3 months salary) should be approved by the Finance & Resources Committee, or the Department for Education as required by MPM.

Any employee exit package, where the employee earns over £150,000, require the prior consent of the Department for Education, as set out in MPM.

Ex gratia, extra contractual, extra statutory or extra regulatory payments require the prior consent of the Department for Education, as set out in MPM.

More information is available here; [College requirements for special payments, including severance, compensation and ex-gratia payments - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/442222/College_requirements_for_special_payments_including_severance_compensation_and_ex-gratia_payments_-_GOV.UK.pdf)

#### **3.10.5 Security of Documentation**

All documentation relating to pay will be kept securely for a minimum of seven years after the staff member has left the employment of South Hampshire College Group.

#### 3.10.6 Changes to Deductions

Changes to deductions other than statutory may only be made with the written authority of the member of staff concerned following South Hampshire College Group payroll/personnel procedures and, or, an authority to whom they have given signed acceptance.

#### 3.10.7 Confidentiality

All staff pay and expenses information is strictly confidential. Information may only be given to people or organisations outside South Hampshire College Group if required by law or authorised by the member of staff concerned (or their legal representative).

Pay and expenses information will only be given to other South Hampshire College Group staff in order to provide essential financial information for South Hampshire College Group financial management. Any electronic copies of such information shall be password protected to ensure compliance with South Hampshire College Group's Data Protection Policy.

#### 3.10.8 Payment to Staff

Payment will be made to staff by direct credit to banks or building society accounts.

Cheques to staff will be paid only in the event of a problem with the BACS system.

#### 3.10.9 BACS Authority

Payment via BACS will only be confirmed by the Resource Utilisation Manager after the monthly reconciliations have been checked and signed by the Chief Executive Officer or Chief Operating Officer.

As per 3.5.4, the electronic authoriser of BACS Payments (signer) must not be the same person who has prepared the batch of transactions (sender).

#### 3.10.10 Statutory Returns and Pension

Statutory returns will be prepared by the Resource Utilisation Manager or Heads of Finances (Fareham, Eastleigh and Southampton City) and reviewed by the Chief Executive Officer or Chief Operating Officer before dispatch.

#### 3.10.11 IR35

No work should be undertaken by any individual who claims to be 'self-employed' without their status being validated by the Resource Utilisation Manager.

### 3.11 ASSETS

#### 3.11.1 Fixed Asset Register

The Chief Operating Officer is responsible for maintaining South Hampshire College Group's register of land, buildings, fixed plant and machinery. The Deputy Principal and other ELT and SLT members will provide the Chief Operating Officer with any information he or she may need to maintain the register.

### 3.11.2 Capitalisation and Depreciation

#### Land and buildings

Newly purchased 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 instalments over their estimated remaining useful life (50 years). Land will not be depreciated. Assets will be depreciated over their estimated useful life according to the current accounting policies approved annually by the Corporation as part of the accounts.

#### Building repair and refurbishments

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.

South Hampshire College Group will take account of the nature of any refurbished projects in considering whether to capitalise and depreciate by considering matters of:

- market value of the fixed asset has substantially increased
- asset capacity increases
- substantial improvement in the quality of output or reduction in operating costs
- significant extension of the asset's life beyond that conferred by repairs and maintenance.

The amount capitalised will only be the refurbished part of the works that can be accurately identified to supplier payments/invoices and, or, costs readily directly associated with the project.

### 3.11.3 Assets under construction

Assets under construction are accounted for at cost, based on the value of architect's certificates and other direct costs. They are not depreciated until they are brought into use.

### 3.11.4 Minimum capitalisation limit

Expenditure of £1,000 or more on individual items which are expected to have a life of more than one year should be capitalised and depreciated over the expected useful life. Where items individually cost less than £1,000 but are bought in multiple volumes as part of a project (e.g., new PCs in an IT suite) the bulk purchase may be capitalised at the discretion and agreement of the Chief Operating Officer.

### 3.11.5 Grants

Where fixed assets are acquired with capital grant match funding the grants will be released from the balance sheet to the SOCI in line with depreciable life of the assets acquired.

Where grants are provided to match opex spend the grant will be released once the performance condition of the grant has been met into the SOCI.

### 3.11.6 Depreciation Policy

Fixed assets over £1,000 that have a useful life of over 1 year are depreciated on a simple straight-line basis annually.

Asset useful lives are defined as:

PCs, Laptops and Computer Eqpt	3-5 years
Furniture & Fittings	5 years
Plant & Machinery	5 years
Building refurbishments /long term works	10+ years

### 3.11.7 Inventories

Budget Holders are responsible for maintaining inventories of desirable items not included in the asset register, in a form prescribed by the Chief Operating Officer.

Inventories must be checked at least annually. When transferring equipment, etc between departments, a transfer record must be kept, and the inventories amended accordingly.

Budget Holders are responsible for ensuring that regular inspections and stock checks are carried out. Storage of any items of a hazardous nature should be subject to appropriate Health and Safety/Security checks.

Those Budget Holders whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Chief Operating Officer and that instructions to appropriate staff within their departments are issued in accordance with advice contained in South Hampshire College Group's detailed financial procedures.

#### 3.11.8 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 the Chief Operating Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Assets owned by South Hampshire College Group, so far as is practical, should be effectively marked to identify them as South Hampshire College Group property.

#### 3.11.9 Personal Use

Assets owned or leased by South Hampshire College Group shall not be subject to personal use. Use of South Hampshire College Group's resources is covered by the General Use of Computer Equipment & Data Network Policy.

#### 3.11.10 Asset disposal

Staff must advise the Head of Finance & Resources Operations and Chief Operating Officer in writing of any South Hampshire College Group assets which they wish to sell or otherwise dispose of.

Assets which have a potential value in excess of the limit in **Appendix A** shall require a professional valuation. If satisfactory evidence is given that the asset is of no further use to South Hampshire College Group, arrangements for sale/disposal may be made in line with current South Hampshire College Group procedures and health and safety legislation.

Refer to MPM regarding the use of sale proceeds following the disposal of any South Hampshire College Group buildings.

### 3.12 OTHER

#### 3.12.1 Insurance

The Chief Operating Officer is responsible for South Hampshire College Group's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets.

All staff using their own vehicles on behalf of South Hampshire College Group shall maintain appropriate insurance cover for business use, MOT and tax.

### 3.12.2 Companies and Joint Ventures

In certain circumstances it may be advantageous to South Hampshire College Group to establish a company or a joint venture to undertake services on behalf of South Hampshire College Group. Any member of staff considering the use of a company, or a joint venture should first seek the advice of the Chief Operating Officer, who should have due regard to guidance issued by the funding body. The proposal to set up a company should be approved by the Finance & Resources Committee and the Corporation.

### 3.12.3 Security

Keys to safes or other similar containers are to be carried on the person of those responsible at all times, or in a locked safe key box.

The IT Director shall be responsible for maintaining proper security and privacy of information held on South Hampshire College Group'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 Data Protection Act/GDPR and the Computer Misuse Act 1990. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

The Director of Governance is responsible for the safekeeping of official and legal documents relating to South Hampshire College Group and its companies. All such documents shall be held in an appropriate secure location.

### 3.12.4 Password and Access Control

Password and Access control is the responsibility of the IT Director who will maintain a detailed log identifying which staff have access.

The IT Director will be advised by the People and Culture department of all staff leavers so that their access and passwords to all finance and payroll systems can be deleted.

### 3.12.5 Back-up and Security of Data

It is the responsibility of the IT Director to ensure that a secure back-up is taken at least daily. Any magnetic material must be stored securely.

### 3.12.6 Changes to Systems

Any proposed changes to existing computer systems must be documented in writing in conjunction with the IT Director before implementation.

### 3.12.7 New Systems

All computer systems which are to be used for the maintenance of statutory financial information, including payroll, will be tested to ensure that the necessary controls exist to comply with security of data and access.

### 3.12.8 Finance Codes

Once the chart of accounts has been set out no new codes may be added to or deleted from the system without authority of the Chief Operating Officer.



## Appendix A – Expenditure sign-off authorities

<b>1. PROCUREMENT OF GOODS &amp; SERVICES (INCLUDING CONTRACT SIGN-OFFS)</b>	
Values	Required level of sign-off
Up to £1,000	Budget Holder (Manager / Head of Department) and Designated Signatories
£1,001 to £5,000	Director/Curriculum Lead
£5,001 to £10,000	Head of Finance & Resources Operations, SLT,
£10,001 to £50,000	Chief Operating Officer <sup>§</sup>
£50,001 to £100,000	Chief Operating Officer + Chief Executive Officer
£100,001 to £500,000 (excluding subcontracting)	Finance & Resources Committee
>£500,001	Corporation

Note: The above figures are exclusive of VAT and apply to the total lifetime contract value of any financial commitment i.e., IT leases over several years are a cumulative commitment made today.

<b>2. BACS &amp; ELECTRONIC BANK PAYMENT AUTHORITY LEVELS</b>		
Values	Required level of sign-off	Minimum of
Up to £250,000 (excluding payroll transactions)	Primary signatories	Head of Finance & Resources Operations (+ Chief Operating Officer for any individual item exceeding £10,000)
£250,001 to £500,000 (excluding payroll transactions)	Primary signatories Secondary signatory	Head of Finance & Resources Operations Plus Chief Operating Officer
£500,001 and above (excluding payroll transactions)	Primary signatories Secondary signatory	Chief Operating Officer + Head of Finance & Resources Operations Chief Executive Officer, Deputy Principal or Centre Vice Principal.

<b>Payroll/HMRC/Pensions</b>		
Up to £500,000 - HMRC/Pensions	Primary signatories	Resource Utilisation Manager OR Head of Finance & Resources Operations
Over £500,001 - HMRC/Pensions	Primary signatories Secondary signatory	Resource Utilisation Manager OR Head of Finance & Resources Operations Plus Chief Operating Officer OR Chief Executive Officer
Up to £1,500,000 - monthly net pay (last WD of month)	Primary signatories	Chief Operating Officer OR Chief Executive Officer
Over £1,500,001 - monthly net pay (last WD of month)	Primary signatories Secondary signatory	Chief Operating Officer Plus Chief Executive Officer

*Note:*

1. *Payments to the Teachers' Pension Scheme (TPS) are strictly to a deadline and a sign-off delay will result in daily fines. Payments to TPS based on employee and employer contributions originating from the payroll process will be assumed correct and made to time in the absence of signatory availability at the specific time.*
2. *BACS payments will have gone through the schedule 1 process of authorisations, so the thresholds are to offer additional safeguards on BACS authority limits*

3. Where the Chief Executive Officer or Senior Post Holder is not available to sign off on a BACS payment then Chair of the Corporation will be the stand-in delegated authority.
4. In the event of a College lockdown and staff working from home, payment authorisation shall be sought electronically. Copies of any authorisation given will be retained by Finance or Payroll.

<b>3. MISCELLANEOUS TRANSACTIONS</b>	
Up to £100	Limit of Petty Cash advances to employee and students
Up to £500 (to bank/ not cash)	Limit of advances to staff for expenses (via Bank transfer)
Up to £2,000 (to bank/ not cash)	Limit of advances to staff for trips (via Bank transfer)
£30/head	Hospitality limit per head for external guests/ visitors (specific arrangements apply for Chief Executive Officer)
45p/ mile	See College Expenses Policy
All £ Chief Executive Officer Expenses	Approved by Chair (subject to reasonability test)

<b>4. FIXED ASSET CAPITALISATION</b>	
£1,000 <i>(inclusive of vat)</i>	Minimum limit for capitalisation of assets onto Fixed Asset Registers (Can include a collective bundle of smaller value items if deemed a collective asset)

<b>5. CAPITAL PROJECTS including GRANTS &amp; LOANS</b>	
<b>Values</b>	<b>Required level of sign-off</b>
£2,500 to £50,000	Head of Finance & Resources Operations/Chief Operating Officer
£50,001 to £100,000	Chief Operating Officer + and SLT (incl Chief Executive Officer)
*Projects over £100,001 to £500,000	Finance & Resources Committee
*Projects over £500,001 <i>(figures exclusive of vat)</i>	Above plus Corporation

*Note: Approval for large capital projects will normally be based on the entirety of the project rather than individual phases. Subsequent approvals for individual purchases, contracts or leases included in the original brief or investment appraisal for a capital project would not normally be sought.*

<b>6. ASSET/DEBTS/TRANSACTIONS WRITE-OFFS/INDEMNITIES</b>		
<b>Single transaction</b>	<b>Cumulative value</b>	<b>Required level of sign-off</b>
£2,500 - Write off assets/debt/transactions	£2,500	Head of Finance & Resources Operations
£2,500 to £10,000	Up to £12,500	Chief Operating Officer + Head of Finance & Resources Operations
£10,001 to £25,000	Up to £37,500	Chief Operating Officer + SLT member
£25,000 + £50,000*	Up to £87,500	Chief Operating Officer + SLT member (and, or, Chief Executive Officer)
£50,001* +	Over £87,501	F&R Committee
*£45,000+ or 1% of annual income (whichever is smaller)	£250,000+ or 5% of annual income (whichever is smaller)	Require the prior consent of the Department for Education (MPM).

<b>7. SUBCONTRACTING *</b>	
<b>Values</b>	<b>Required signatory</b>
All decisions to use subcontractors require Board approval <b>before</b> a contract is issued	
Up to £50,000	Chief Operating Officer
Over £50,000**	Chief Executive Officer

\* subcontracting is subject to a retained contribution to South Hampshire College Group of between 10% to 20%+ depending on risk/ admin/ contract terms with a partner

\*\* subject to tendering where applicable

<b>8. SEVERENCE</b>	
<b>Values</b>	<b>Required signatory</b>
Non-statutory/non-contractual severance/compensation payments above which require the prior consent of the Department for Education, as set out in MPM.	
Over £50,000 or 3 months' gross salary (whichever is lower) per case	Chief Executive Officer
Employee exit package which includes a non-statutory/non-contractual severance payment above which require the prior consent of the Department for Education, as set out in MPM.	
Over £100,000	Chief Executive Officer

## Appendix B Procurement, quotes and tender authorities

Purchasing practices and limits applicable to goods, services and contracts

Contract Value (exc VAT)	Procurement Requirement
Up to £5k	At least one quote
Over £5k -under £100k	Three quotes attached to PO request
£100k and over	Formal process (College or Consortium run)

The threshold requiring a tender to be conducted through the Government Find a Tender service (FTS) is set by the UK government and reviewed every 2 years. As at July 2023 the thresholds **including VAT** were:

2023-2024	Supply, Services and Design Contracts	Works Contracts
<b>Mandatory FTS Tender</b>	£213,477	£5,336,934

Value	Authority for Approval
Up to £1,000	Budget Holder <i>(with exception of IT procurement which requires IT Director approval)</i>
£1,001 - £5,000	As above plus Director/Curriculum Lead
£5,001 - £10,000	As above plus Head of Finance
£10,001 - £50,000*	As above plus Chief Operating Officer
£50,001 - £100,000 *	As above plus Chief Executive Officer
£100,000 to £500,000 *	Finance & Resources Committee if not already agreed by the Board and within budget.
>£500,001 *	Corporation (Supply, Services and Design Contracts) if not already agreed by the Board and within budget.
>£4,447,447 *	Corporation (Works Contracts) if not already agreed by the Board and within budget.

Note: \* *The above figures are exclusive of VAT and apply to the total lifetime contract value of any financial commitment i.e., IT procurement over several years are a cumulative commitment made today.*

Quotations: Quotes sought need to be assessed against timeliness, administrative burden and cost to South Hampshire College Group or persistent aggressive sales targeting

Soft market testing - research into suppliers and their prices. E.g. web searches, phoning suppliers, peer recommendations. It includes testing commercial market capabilities of meeting a set of requirements such as identifying whether there are enough interested suppliers to maintain competitive pressures.

Closed Tender - selected organisations are invited to submit a tender following soft market testing, or using the knowledge of the sourcing manager of the suppliers available in the market or use of approved purchasing consortium (e.g. CPC, SUPC)

Restricted Tender – Two stage pre-qualification and tender regime

### Specific procurement waiver exemptions to standard terms above.

The requirement to follow the procedures set out above can be waived in exceptional circumstances, for example:

1. Where there is no genuine competition.
2. Where the requirement is distinctly necessary to a particular supplier for strategic, contractual/operational or technical reasons.
3. Where the continuity of design or supply is the overriding factor.
4. Where there is other commercial advantage.
5. Where 'preferred supplier' status exists.
6. For Special Arrangements delegation to sub committees as agreed by the Corporation

The above waivers are all subject to extant procurement law and in demonstrating as far as practical best value for money regards price, quality, reputation, deliver and reliability.

The procedures can only be waived with the express prior authority of the Chief Operating Office or Chief Executive Officer.

#### **Preferred/ established suppliers:**

Where South Hampshire College Group has existing business relationships with known suppliers that have a track record of performance (delivery, quality, price) South Hampshire College Group might in some instances, if deemed appropriate, obtain a single quotation from these 'preferred suppliers' for procurement purposes.

Where preferred suppliers are in place, records of rationale for 'preferred' use will be reviewed on an annual basis by the Finance and Resources Committee.

#### **Public Procurement Frameworks:**

South Hampshire College Group can use any recognised Public Procurement Framework that is either HE/ FE or recognised for any Public Body to use. This can include the following frameworks:

1. Crescent Purchasing Consortium
2. Southern Universities Purchasing Consortium
3. London Universities Purchasing Consortium
4. Northwestern Universities Purchasing Consortium
5. HEPA – Higher Education Procurement Association

It is usually the norm that such Frameworks are compliant with procurement regulations, and South Hampshire College Group will always opt where possible to use a compliant framework route rather than elect to run its own procurement process (unless as a business necessity where the framework does not support our requirement).

#### **Contract Renewal of Core Facilities Services**

The College will have core Facilities contracts for key services such as utilities, waste, cleaning, fire & security, M&E and Catering that are essential to running the College sites. These contracts are usually of fixed terms (3-5 years) with a supplier and are usually re-tendered periodically.

The Financial Regulations will require the College to re-tender these services at end of contract periods using Public Procurement Frameworks, competitive tender and, or, Brokers to ensure value for money, and continuity of service.

The nature of these contracts involves financial commitments that does not commit the College to new operating expenditures per se but to a new contract provider, service or term. Where possible approval from the Finance & Resources Committee will be sought prior to signing. Where prices are time restricted such as provision of utility contracts, approval of the Finance & Resources Chair will be sought by email, but if not possible, the Chief Executive Officer may sign off to ensure best prices are achieved.

## **Leasing Purchasing**

For recurring high spend items of over £100,000 such as on PCs/ Macs/ printers/ peripherals and telephony South Hampshire College Group recognises lease procurement as an option. South Hampshire College Group can thus enter into lease purchase agreements of 1, 2, 3 and exceptionally 5 years depending on the useful life of the items and the best commercial terms available. Any requirement to consider lease purchasing must obtain prior approval by the Chief Operating Officer.

Quotations and Authorities as per Appendix A or B of the Financial Regulations must still apply.

South Hampshire College Group will also reserve the right to purchase outright where it is cost effective or more appropriate to do so.

The general procurement practices and waivers exemptions will apply as appropriate.

## **Subcontracting**

South Hampshire College Group needs to follow the requirements for subcontracting as laid out by the ESFA when working with subcontracting partners/ training providers in delivery of education.

## **Reactive/ Emergency Health & Safety needs**

Where South Hampshire College Group encounters an unexpected Health & Safety incident South Hampshire College Group waives the right to comply with normal procurement practices where such spend is necessary for the legitimate interests of business continuity, staff and student safeguarding and welfare.

## **Related Parties**

Where there is a possible conflict of interest in potential procurement with a related party (Governor, relative of procurer) the interest will be declared upfront and any relationship subject to the agreed protocol established by Corporation to cover such events.

*(South Hampshire College Group Instrument and Articles of Government do not expressly forbid any such payments but do require all Governors to declare fully their interests and, to support that, the Board has a full Policy on Conflicts of Interests)*

## **Special Arrangements**

Given strategic changes taking place at South Hampshire College Group the Financial Regulations will allow, with prior approval by the Corporation and for a definitive time period only, appointed sub committees to act on behalf of the Corporation for matters of business as defined in specific set Terms of Reference.

## **Purchase Order Exemptions**

The following items are exempt from the formal Purchase Ordering process due to their recurring nature and, or, uncertainty in predicting exact purchase cost amounts. The list below is not exhaustive, and South Hampshire College Group reserves the right to consider the appropriateness of the transaction in determining if a PO is needed.

Sometimes a Purchase Order will not be raised for a purchase if expedience is the priority in procuring the goods, but full details of financial commitments made should be clear in absence of a formal PO.

- Exam and registration fees
- Utility costs
- Disbursement of Student Support Funds
- Catering provisions - food supplies and consumables
- Agency staff
- Items costing less than £50

Other exemptions can be approved by the Chief Operating Officer.