

FINANCIAL REGULATIONS

Name of document:	Financial Regulations
Author (Post title):	Financial Controller
Post Title responsible for review:	Financial Controller
Version Number:	4
Approved by:	<i>Corporation Board</i>
Date of first approval:	11 December 2019
Date of review:	9 December 2020
Date of review:	9 December 2021
Date of review:	13 December 2022
Date of next review:	13 December 2024

CONTENTS

	<u>Page</u>
1. General	1 – 4
2. Purchasing and Expenditure	5 – 8
3. Payments to Employees	9 – 11
4. Income	12 – 13
5. Assets	14 – 16
6. Budgets	17 – 19
7. Banking and Cash	20
8. General Ledger	21
9. Specific Responsibilities	22 – 24
10. Integrity and Irregularity	25 – 27
11. Research Grants and Contracts	28 – 29
Appendix 1 Bank Authorisation	30
Appendix 2a Capitalisation of Fixed Assets	31 – 32
Appendix 2b Depreciation of Fixed Assets	33
Appendix 3 Utilities and Direct Payments not Requiring a Purchase Order	34
Appendix 4 Tenders (including pre-tender checklist)	35 – 39
Appendix 5 Audit and Risk Committee Terms of Reference	40 – 45
Appendix 6 Treasury Management Policy	46 - 54
Glossary	55

STATUS OF FINANCIAL REGULATIONS

- 1.1 The Cornwall College Group (TCCG) is a chartered corporation. Its structure of governance is laid down in the instruments and articles of its incorporation (charter and statutes). The charter and statutes can only be amended by the Privy Council. TCCG is accountable through its Board which has ultimate responsibility for the College's management and administration.
- 1.2 TCCG is an exempt charity by virtue of the Charities Act 2011.
- 1.3 The Financial Memorandum (*for reference see glossary page 58*) between the Further Education Funding Body and the TCCG sets out the terms and conditions on which grant is made. The Board is responsible for ensuring that conditions of grant are met. As part of this process TCCG must adhere to the Joint Audit Code of Practice (*for reference see glossary page 58*) which requires it to have sound systems of financial and management control. The financial regulations of TCCG form part of this overall system of accountability.
- 1.4 These financial regulations are subordinate to TCCG charter and statutes and to any restrictions contained within TCCG's Financial Memorandum with the Further Education Funding Body and the Joint Audit Code of Practice.
- 1.5 Compliance with the financial regulations is compulsory for all staff connected with TCCG. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under TCCG's disciplinary policy. Any such breach will be notified to the Board through the Audit and Risk Committee. It is the responsibility of the heads of departments and units to ensure that their staff are made aware of the existence and content of TCCG's financial regulations and that they are available for reference on the College's Intranet.
- 1.6 The Finance and Resources Committee is responsible for maintaining a continuous review of the financial regulations and advising the Board of any additions or changes necessary.
- 1.7 TCCG's detailed financial procedures set out precisely how the regulations will be implemented and are contained in a separate manual which is available on the College's Intranet.
- 1.8 The Board has ultimate responsibility for the TCCG's finances and has delegated powers to the Finance and Resources Committee for the control of the College's financial affairs. Day to day management of TCCG's affairs is vested in the Principal and the appointed officers of the corporation.
- 1.9 The Board and staff shall have proper regard to the achievement of economy, efficiency and effectiveness in the discharge of their responsibilities.
- 1.10 The Finance and Resources Committee shall report to and advise the Board on the financial implications of all proposals for the variation of established policies or development of new policies.
- 1.11 No project with a financial implication may proceed unless it can reasonably be expected to be financed from within the projected resources of the College.
- 1.12 The Board can establish a company to undertake services on its behalf where it may be advantageous.

- 1.13 The Board is responsible for approving the establishment of companies and the procedure to be followed in order to do so. The process involved in forming a company and arrangements for monitoring and reporting on the activities of subsidiary undertakings are documented in TCCG's financial procedures.
- 1.14 It is the responsibility of the Board to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the College.
- 1.15 The directors of companies where TCCG is the majority shareholder must submit, via the Finance and Resources Committee, an annual budget and report to the Board and termly management accounts and budget to the Finance and Resources Committee.
- 1.16 The Board is responsible for developing a risk management strategy in order to identify the risks facing TCCG and types of protection required to cover these risks. The strategy should include cover for important potential liabilities such as terrorism and be sufficient to meet any potential risk to all assets. This will be considered by the Board's committees on an annual basis and approved by the Board.

2. PURCHASING AND EXPENDITURE

PRINCIPLE. The purchase of goods and services must be undertaken in such a way as to demonstrate that the choice of supplier was fair and the terms of supply took account of value for money. The selection of suppliers must be made in accordance with TCCG's Anti-bribery Policy. Each purchase must be matched to a source of funds and the purchase must be a valid one for that fund. Payments must not be made needlessly or early.

- 2.1 Budget holders must plan their activities to stay within budget and code expenditure and income to the correct financial code.
- 2.2 In granting budgetary authority, regard shall be given as to whether the item to be purchased is proper to that budget and have regard to value for money embracing, quality, quantity, reliability, delivery and total cost to TCCG.
- 2.3 Professional advisors shall not be appointed nor work commissioned from them unless prior approval has been obtained from the Finance and Resources Committee. In the case of emergency the Chair's interim approval may be given prior to commitment.
- 2.4 Field trips and financial assistance to students studying away from TCCG are covered by these Financial Regulations.
- 2.5 Making a purchase will normally follow two methodologies:-
- a) Raising a purchase order on the Open Accounts system.
 - b) Purchasing goods using a purchasing card.
- 2.6 Budget holders will authorise (subject to Financial Controller and Resources approval) in writing, individuals within their Departments who shall have authority to perform the activities listed in 2.5 on their behalf. The authority will indicate which of the activities the individual is authorised to do.
- 2.7 The authorised member of staff certifying the invoice for payment must be different to the member of staff responsible for authorising the order form.
- 2.8 Staff are not permitted to order goods or services for their own or another persons' private use through TCCG's purchasing system or any account or name in TCCG's ownership.
- 2.9 The Central Financial Services Department will maintain a central register of authorised signatories for corresponding budget codes. The register will be updated as changes occur and reviewed annually for completeness.
- 2.10 The Financial Controller shall make available to departments such imprests as are considered necessary for the disbursement of petty cash expenses.
- 2.11 Purchases of up to £25.00 may be reimbursed from petty cash with the exception of the Students Assistance Fund where the limit is £50.00. Purchases may also be made using a TCCG purchasing card where practicable. Petty cash payments will only be made against a proper voucher accompanied by a receipt where applicable with a signature conferring budget authority and a signature certifying the invoice. The voucher must be coded before it can be redeemed by the Financial Services Department. Petty cash purchases can only be reimbursed from the appropriate accounting point.

- 2.12 Where a receipt cannot be supplied the petty cash voucher should record the reason.
- 2.13 Standard TCCG petty cash reimbursement forms are supplied by the Financial Controller and must be used for reinstating petty cash floats.
- 2.14 Requisitions for reimbursement must be sent to the Treasury and Payments Manager, together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.
- 2.15 The member of staff granted a float is personally responsible for its safekeeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the TCCG's insurers when not in use, and will be subject to periodic checks by the head of department or another person nominated by him or her.
- 2.16 All purchases, because of tender\control processes, other than those made by petty cash (see 2.11) or purchasing cards (see 2.19) will be made against an official order raised through Open Accounts and quote quantities, delivery dates, prices (if known) and give a full description of goods/services required.
- Purchases shall be made on the College's conditions of contract.
- 2.17 In exceptional circumstances, where an order is placed verbally or by telephone, then an official confirmatory order must be raised on the accounting system immediately by the person placing the order, and the order number must be quoted to the supplier.
- 2.18 Once a required purchase has been established purchase request forms should be sent to the Operational Central Finance Team or designated Finance Officer (if a department has one) for processing in the finance system.
- Departments are responsible for obtaining and recording different quotes for the supply and submitting these to the Operational Central Finance Team or Finance Officers for uploading to the purchase order in eBis;
All staff are required to adhere to TCCG procedures where applicable.
- 2.19 Purchases with a value of up to £500 (VAT inclusive) should be made using a TCCG purchasing card wherever possible. Where a purchasing card purchase is not possible it will be made against an official purchase order.
- 2.20 Purchasing card transaction limits and month\annual card limits will be at the discretion of the Financial Controller.
- 2.21 All card holders are required to comply with established operational procedures and sign a user agreement.
- 2.22 Where the purchase value is £500 to £5,000 (excluding VAT) a single quotation must be obtained and purchase order must be raised in accordance with 2.16, 2.17 and 2.18.
- 2.23 Where the purchase value is £5,000 to £24,999 (excluding VAT) three quotes will be sought. Reasons for not seeking competitive quotes must be recorded. Where the purchase is being funded in whole and/or in part by the European Structural Investment Fund (ESIF) and the value is £2,500 to £24,999 (excluding VAT), three written quotations from relevant suppliers shall be obtained. Reasons for not obtaining three competitive quotations must be recorded within the specific project folder for future audit.

- 2.24 Where the purchase value is £10,000 to £24,999 (excluding VAT) the process of obtaining value for money must be vetted within Financial Services Department before a commitment is made and the order counter-signed by the Deputy Principal Group Operations.
- 2.25 Where the purchase value is £25,000 or over (excluding VAT) the order will be subject to a formal tendering process by TCCG's Purchasing Officer. Where the purchase value is over £189,300 (excluding VAT), EU procurement regulations must be followed per 2.29. Order values over £100,000 will be approved by the Finance and Resources Committee or countersigned under delegated powers by the Financial Controller plus the Deputy Principal Group Operations and reported to a subsequent meeting.
- 2.26 Where the purchase order is valued at £25,000 (excluding VAT) or more, but relates to a rental contract for premises which has already been approved by the Corporation Board it does not require secondary approval.
- 2.27 The Financial Controller can approve leases under delegated authority of the Corporation Board subject to the requirements of regulations 2.22 – 2.26 and 2.28 – 2.29 being met.
- 2.28 Where the order is valued at £250,000 or more it will be approved by the Board. Where the order meets the following criteria it can be signed under delegated authority by the Financial Controller plus the Deputy Principal Group Operations and reported to the next Corporation Board meeting. The criteria are the:

- project budget has already been approved by the Corporation Board.
- purchase complies with Financial Regulation 2.29.
- order is within the Board approved budget.

- 2.29 The Corporation and budget holders must ensure that all purchases comply with the European procurement legislation – a breach is actionable by a supplier or potential supplier. Details of the threshold values are available from the Financial Controller. The threshold values from 1 January 2020 are:

Suppliers	£189,300 excluding VAT
Services and consultancy	£189,300 excluding VAT
Works	£4,733,252 excluding VAT

To determine whether the European procurement thresholds will or are likely to be reached the following rules of aggregation are defined in the legislation:

- i) In the case of period contracts (ie a contract restricted to a pre-determined period of time), value is calculated as TCCG's estimated annual value (excl VAT) multiplied by the proposed contract duration (Refer to Financial Procedures – Purchasing: Flowchart C).
- ii) In the case of contracts or requirements with an indefinite period (ie ongoing contracts such as stationery), value is calculated on the TCCG's estimated annual value over a 48 months period (refer to Financial Procedures – Purchasing: Flowchart C)

Under no circumstances should a requirement be disaggregated in order to bring the value under a threshold.

Budget holders must ensure an annual commitment e.g. a rental or maintenance charge, which cumulatively would exceed the EU threshold value over four years, is subject to an EU compliant tender process. For further clarification refer the matter to the Financial Controller.

- 2.30 Where the actual cost of a purchase of more than £25,000 varies by 5% the revised order must be counter-signed by the Principal and Chair of the Board.
- 2.31 Revenue projects impacting on the TCCG operating position of a positive or negative difference of £100,000 is to be reported to the Finance and Resources Committee in the monthly finance reports.
- 2.32 The TCCG annual capital budget requires approval by the Finance and Resources Committee. Individual items purchased within this budget do not require secondary approval.
- 2.33 Major capital projects in excess of £1,000,000, which are deemed to carry risks out of the ordinary course of business or a reputational risk, require Finance and Resources Committee approval. These will be referred for Board approval if there is a specific funding requirement.
- 2.34 The accounting point shall match invoices with purchase orders and check the prices, calculations, discounts and other allowances are correct. Discrepancies shall be investigated and new budgetary authority sought where appropriate.
- 2.35 Budget holders shall authorise all goods and services purchased using a Purchasing Card.
- 2.36 The accounting point should reconcile credit card statements to transaction logs and goods received notes. Discrepancies shall be investigated and referred to the budget holder for authorisation.
- 2.37 The budget holders shall confirm that the goods have been received or services rendered, and are satisfactory, and ensure expenditure has been properly incurred, inventories/stores records updated, coding is correct, the invoice has not been previously passed for payment and that discounts receivable have been obtained.
- 2.38 Invoices which have been matched and certified must be forwarded to the Financial Services Department according to agreed procedures.
- 2.39 The timing of payment shall be at the discretion of the Financial Controller, who shall have regard to the liquidity of TCCG and agreed terms. Normal procedure will be to pay by month end following month of invoice. Arrangement shall not be made with suppliers that commit TCCG to earlier settlement without the agreement of the Central Financial Services Department.
- 2.40 No payments shall be made in advance for goods and services subject to the following exceptions:
- a) Department Managers can approve one-off purchases of less than £250 (including VAT) where the supplier will not accept a TCCG order or purchasing card.
 - b) The Financial Controller can approve one-off purchases for goods/services in advance of between £250 and £10,000 (including VAT) where the supplier will not accept a TCCG order or purchasing card.
 - c) The Deputy Principal Group Operations and Chair are required to approve purchases of more than £10,000 where the supplier demands payment in advance of delivery or supply.
- 2.41 No modification or amendment to the purchase ledger system (Open Accounts) may be made without the authorisation of the Financial Controller.

3. PAYMENTS TO EMPLOYEES

PRINCIPLE. To meet The Cornwall College Group's (TCCG) contractual obligations to employees and comply with the legislative and other requirements of other government organisations.

3.1 The Financial Controller is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All time sheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Head of Human Resources.

3.2 All College staff will be appointed to the salary scales approved by the Board and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources Department. The Head of Human Resources will be responsible for keeping the Financial Controller informed of all matters relating to personnel for payroll purposes.

In particular these include:

- appointments, resignations, dismissals, supervisions, secondments and transfers.
- absences from duty for sickness or any other reason, apart from approved leave.
- changes in remuneration other than normal increments and pay awards.
- information necessary to maintain records of service for superannuation, income tax, national insurance etc.

3.3 These regulations cover expenses for candidates attending for interview.

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

3.5 The Financial Controller and Resources shall be responsible for keeping all records relating to payroll including those of a statutory nature.

3.6 All payments to employees relating to salary and mileage claims for whatever reason, shall be regarded as payments to be made through payroll.

3.7 Claims for hospitality must be accompanied by a list of those being entertained and a statement of the purpose of the entertainment.

3.8 Members of staff who intend to use their own vehicles on College business must ensure that they have business use cover on their own insurance policy. Management will periodically sample check that staff claiming business mileage comply with this requirement.

3.9 Staff employees (whether permanent full-time/part-time or temporary) can only be employed where there is an appropriate budget provision for them.

3.10 All permanent changes to payroll data must be initiated by the Financial Services Department after authorisation by the Financial Controller. Should the Financial Controller be unavailable a member of the Senior Executive Team can authorise permanent changes to the payroll data, initiated by the Financial Services Department.

3.11 Part-time lecturers shall enter into a contract with TCCG before they receive payment and the contract must be authorised by a more senior manager than the claimant.

- 3.12 Part-time lecturer salary claims must be made on the forms provided for the purpose and authorised by a more senior manager.
- 3.13 Travel (mileage) and expense payments shall be made in accordance with agreed rates and must be made on the forms provided for the purpose.
- 3.14 Payment of expenses for External Examiners etc shall be made in accordance with agreed rates.
- 3.15 Travel (mileage) and expense claims must be authorised at a more senior hierarchical level than the claimant (the Principal's to be signed by the Chair or Vice Chair of the Board).

The authorising officer shall be satisfied that fees and expenses:

- a) comply with TCCG's rates, regulations and procedures.
 - b) were properly and necessarily incurred on TCCG's behalf.
 - c) have been calculated and coded correctly.
 - d) have not been previously passed for payment.
- 3.16 Overseas visits by the Executive Leadership Team and their direct manager reports must be approved by the Deputy Principal Group Operations or Deputy Principal Curriculum and Quality prior to travel. The Deputies are to be signed by the Principal and the Principal's is to be signed by the Chair of the Board or Vice Chair.
- 3.17 Overseas visits by Board Members must be approved by the Chair of the Board prior to travel and the Chair of the Board's overseas visit should be approved by the Corporation Board or Finance and Resources Committee.
- 3.18 Department Managers and other budget holders have a responsibility to ensure each absence through sickness is notified to the Human Resources Department.
- 3.19 Cash advances for travel and subsistence expenditure may be made, provided they are authorised in writing by the Financial Controller. Clearance, by repayment or submission of an authorised expense claim would be expected within one working day after return from the journey. In general it is anticipated that senior employees (e.g. Curriculum Area Managers, Heads of Campuses, Department Managers, Programme Managers, business support staff etc.) will use personal credit cards and only make claims after the event.
- 3.20 All payments of wages and staff related costs will be made through TCCG's payroll system and must be made in accordance with TCCG's detailed payroll financial procedures and comply with government regulations.
- 3.21 Any ex-gratia payment, other than annual or interim salary reviews, made to full-time/part-time or temporary staff exceeding £1,000 will be approved by the Curriculum and Quality Committee. For payments of £1,000 or below the Principal has delegated authority. Ex gratia payments include gifts.

- 3.22 The Payroll Net Pay Report and BACS form authorising the transfer of net pay to employees' accounts will be signed by the Principal or Financial Controller and in their absence by any other member of the Senior Executive Team.
- 3.23 Newly appointed staff may be able to claim a relocation package of up to £5,000. The entitlement to a package and approval of a claim must be authorised as follows:
- **Senior Executive Team and Senior Post Holders** – Remuneration Committee.
 - **All other staff** – Principal.
- 3.24 All relocation claims must be submitted to the Head of Human Resources for processing by Human Resources.
- 3.25 Proposals to pay relocation packages in excess of the limit must be approved by the Principal.

4. INCOME

PRINCIPLE. To identify all income due and recover it as quickly as possible.

- 4.1 The Financial Controller is responsible for ensuring that appropriate procedures are in operation to enable The Cornwall College Group (TCCG) to receive all income to which it is entitled.
- 4.2 All receipt forms, invoices, tickets or other official documents in use must have the approval of the Financial Controller.
- 4.3 The Financial Controller is responsible for ensuring that all grants notified by the Further Education Funding Bodies and other bodies are received and appropriately recorded in TCCG's accounts.
- 4.4 The Financial Controller is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.
- 4.5 Official invoices shall be raised by the accounting point via the Open Accounts accounting system.
- 4.6 The preferred method of income recovery is by invoice except where cash recovery is made at the point of supply.
- 4.7 Sales information shall be passed to the accounting point as quickly as possible in order for an official invoice to be raised and the accounting point shall recover it as soon as possible.
- 4.8 In quoting prices to customers regard shall be given to VAT and published price lists.
- 4.9 Cash will only be recovered in exchange for an official receipt. (This can either be a numbered receipt or a till roll receipt).
- 4.10 Money must be paid to the cashier and custody of all cash holdings must comply with the requirements of TCCG's insurers.
- 4.11 Personal and other cheques must not be cashed out of money received on behalf of TCCG.
- 4.12 Cheques will be made payable to Cornwall College Further Education Corporation.
- 4.13 The practice of using "third-party" holding accounts or setting-off income against expenditure is specifically forbidden. Cash receipts may not be used to replenish petty cash. Petty cash and cash receipts must be held separately.
- 4.14 All reasonable steps must be taken to recover debts in accordance with the TCCG's Financial Procedures and that all outstanding debts are monitored and reports are prepared for managers.
- 4.15 Debts known to be irrecoverable shall be written off when the budget holder submits a written statement requesting action and the Financial Controller approves. All write-offs of £10,000 or more shall be reported to the Finance and Resources Committee for authorisation. Under no circumstances may a credit note be raised to cancel an irrecoverable amount.

- 4.16 The Financial Controller will provide the Finance and Resources Committee with a schedule of all debts over 90 days or considered to be risky with the proposed provision for ratification. Bad debt write-offs and provisions will be charged to the appropriate budget holders.
- 4.17 Credit notes will be raised by the Financial Services Department via Open Accounts. Requests for credit notes must be authorised by the Department Manager and a member of the Operational Central Finance Team\Finance Officer clearly stating the reason for credit. A member of the Treasury Team finally approves sales credit notes for processing.
- 4.18 No modification or amendment to the Sales Ledger system (Open Accounts) may be made without the authorisation of the Financial Controller.
- 4.19 The Corporation Board shall approve the level of charging for all tuition fees prior to their publication.
- 4.20 The year end bad debt provision will be based on 5% of the July debtors outstanding net of payments received in August relating to the July period plus known bad debts.
- 4.21 Any student who has not paid an account for fees or any other item owing to TCCG shall not be awarded a degree or diploma, certificate and qualification from TCCG until all outstanding debts have been cleared. The name of such students shall not be included on any pass lists until all outstanding accounts have been settled in full. Such students shall be prevented from re-enrolling at TCCG and from using any of TCCG's facilities.
- 4.22 The Financial Controller is responsible for maintaining financial records in respect of gifts, benefactions and donations made to TCCG and initiating claims for recovery of tax where appropriate.

5. **ASSETS**

PRINCIPLE. To safeguard the assets of The Cornwall College Group (TCCG).

- 5.1 The Financial Controller is responsible for maintaining the College's Fixed Asset Register.
- 5.2 The Corporation Board must give prior approval to the acquisition or disposal of land or buildings in accordance with the Financial Memorandum.
- 5.3 An audit trail must be maintained for items of equipment purchased with an individual value of more than £1,000 and be recorded in inventories on receipt and in the fixed asset register. Assets must be maintained on the fixed asset register irrespective of depreciated value until disposal.
- 5.4 In addition to the fixed asset register, Department Managers are responsible for maintaining inventories for all plant and equipment with a purchase value in excess of £100.
- 5.5 Items of equipment etc, purchased, leased or donated and which cost more than £100 or are valued at more than £100 should be entered in an official inventory on receipt.
- 5.6 Inventories must be checked at least annually and retained in the form prescribed by the Financial Controller.
- 5.7 Budget holders shall be responsible for maintaining proper security of all buildings, furniture, equipment, plant, stores and all other assets under their control and for the maintenance of records in the approved form. (All high-risk items should be clearly marked as TCCG property).
- 5.8 Redundant items of value should be offered to all other Departments of TCCG in the first instance. The equipment must meet current legislative requirements and TCCG specifications.
- 5.9 Items no longer required within TCCG may be disposed of and the financial transaction processed through an accounting point.
- 5.10 All redundant assets must be provisionally valued by the Department and the valuation counter-signed by the Department Manager (or a person in a more senior position).
- 5.11 Items valued below £250 may be disposed of via internal advertisement, external advertisement or auction or online auction. The internal price must be determined by closed bidding and the highest bid accepted.
- 5.12 Items with a net book value or estimated sales price above £250 but less than £2,000 must be subject to external advertisement or sale by auction or online auction and approved by the Financial Controller.
- 5.13 Items with a net book value or estimated sales price above £2,000 but less than £10,000 must be approved by the Financial Controller and the Deputy Principal Group Operations or Principal prior to disposal. Items with a net book value or estimated sales price at less than £10,000 will be subject to the approval of the Deputy Principal Group Operations or Principal and Financial Controller. Sales must be subject to external advertisement or sale by auction. All such disposals must demonstrate that the best price has been achieved compared with disposal externally.

- 5.14 Items with a net book value or anticipated sales price above £10,000 must be approved by the Finance and Resources Committee prior to disposal and must be subject to formal written tender or sale by auction (or by other means as approved by the Financial Controller and Deputy Principal Group Operations).
- 5.15 Where a department vacates a building on site the responsibility for disposal of redundant equipment, demolitions and sale of site transfers to the Estates Department on completion of the transfer of retained equipment.
- 5.16 Redundant assets at nil net book value can be transferred to partner organisations\charities at nil cost. All transfers must be approved by the Deputy Principal Group Operations or Principal.
- 5.17 Items which are deemed to have a value but attract no interest are classified as un-saleable and can be scrapped. All such disposals must be authorised by the Financial Controller.
- 5.18 College buildings, equipment, facilities and services can be hired to employees, students and the general public provided there is an approved standard agreement in place with terms and conditions defining the policy for charges and waivers. Proof of the third party's public/products liability insurance (with adequate limits of liability) and appropriate licensing (where applicable) must also be obtained. The agreement must be reviewed on an annual basis. College vehicles are not permitted for hire to employees, students and the general public as it invalidates insurance.
- 5.19 Where equipment, facilities and services are not normally available to students or the general public, employees must obtain approval from the Department Manager and the authorising persons must be at a more senior management level. Hire fees should be pre-determined on a schedule but where this is not practicable commercial rates should be levied. College vehicles are not permitted for hire to employees, students and the general public as it invalidates insurance.
- 5.20 Where employees supply goods or equipment to the College, the level of charge should be consistent with rates payable to non-employees and all agreements must be approved by an authorised person at a more senior management level.
- 5.21 Where it is necessary for the academic or business purpose of the College and permission has been granted by the relevant Department Manager or their appointed representative, an employee may use College equipment in their own home. In exceptional circumstances this permission may also be extended to registered students where the student has signed to accept responsibility for damage to or loss of the equipment. All Department Managers must establish an adequate audit trail of such movements, this must be a register held by the accounting point and ensure appropriate risk assessments are undertaken where appropriate.
- 5.22 The Director of Governance is responsible for the safekeeping of official and legal documents relating to TCCG. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Director of Governance. All such documents shall be held in an appropriately secure, fire-proof location and copies held at a separate location.
- 5.23 Cheques and receipts are to be treated as items of value and stored accordingly.
- 5.24 Department Managers are responsible for establishing adequate arrangements for the custody and control of stocks within their departments. The systems used for stores accounting in departments must have the approval of the Financial Controller.

5.25 Those Department Managers whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Financial Controller and that instructions to appropriate staff within their departments are issued in accordance with advice contained in TCCG's detailed financial procedures.

6. **BUDGETS**

PRINCIPLE. The Principal as the accounting officer has responsibility for the effective financial control of the approved Cornwall College Group (TCCG) budgets.

6.1 TCCG will produce a Capital and Revenue Budget for each Academic Year together with income and expenditure forecasts for forward strategic plans. Subsequent spend against the capital budget does not require separate approval.

6.2 The Financial Controller is responsible for preparing annually a rolling three year financial plan for approval by the Board on the recommendation of Finance and Resources Committee and for preparing financial forecasts for submission to the Further Education Funding Body. Financial plans should be consistent with the strategic plans and include a monthly cash flow forecast and projected year-end balance sheet.

6.3 The College operates a delegated budget and it is the responsibility of budget holders to submit their proposals as part of the outcome of the operational/curriculum planning process as follows:

Autumn term – Executive Leadership Team (ELT) agree strategic planning targets for the following year and the two subsequent years (i.e. a three-year strategic plan) and disseminate information to Heads of Campuses, Curriculum Area Managers and Business Support Department Managers as appropriate.

March – Curriculum Area Managers prepare and submit their operational/curriculum plans working with the MIS team to input funding income budgets to 4cast.

April – Curriculum Area Managers, Heads of Campus and Corporate Department Managers work with the finance team to produce budgets for areas within their responsibility. Finance team produces the three year financial plan.

Summer term – Finance and Resources Committee and Corporation Board approve detailed budget.

July – submit approved budget and three-year financial forecast to the Further Education Funding Body.

6.4 The Board will approve the budget prior to the commencement of the financial period to which it relates.

6.5 Budget holders shall be issued with a cash budget for which they will be personally accountable. They may delegate supervision of budgets to others but they cannot delegate budgetary responsibilities.

6.6 Budget holders should not exceed any budgeted net expenditure levels and produce at least a balanced out-turn.

6.7 The Financial Controller will produce monthly management accounts by the 20th of the month following month-end with the exception of the July out-turn statement and August\September statements which are subject to the completion of the year-end closedown process.

- 6.8 The Deputy Principal Group Operations shall have the authority to allocate supplementary Revenue Budgets from General Contingencies provided a joint written report is submitted by the budget holder and Financial Controller. The Principal shall supply the Finance and Resources Committee with details of these.
- 6.9 On advice of management the Finance and Resources Committee and Board may from time to time approve revised estimates of income and expenditure for both revenue and capital purposes, subject to any additional expenditure being balanced by increased income, or availability from accumulated reserves.
- 6.10 Virement from non-staff budgets to staff budgets is permitted. Virement from staff to non-staff budgets is not permitted.
- 6.11 Virement from Revenue budgets to Capital budgets is permitted. Virement from Capital budgets to Revenue budgets is not permitted.
- 6.12 All virements are subject to budget holders seeking written authority from the Financial Controller to transfer budgets.
- 6.13 Budget variances will be reviewed by budget holders and the finance team during budget holder meetings.
- 6.14 Voluntary unofficial funds may only be created on the authority of the Financial Controller and subject to any condition imposed. Audited accounts for these funds must be produced within five months of TCCG's financial year-end.
- 6.15 Student Union accounts must be produced within five months of year-end and presented to their respective College Council and the Corporation Board's Finance and Resources Committee.
- 6.16 The Deputy Principal Group Operations is responsible for providing regular statements concerning all capital expenditure to Finance and Resources Committee (and/or Corporation Board where appropriate) for monitoring purposes.
- 6.17 Proposed capital projects should be supported by:
- a) a statement which demonstrates the project's consistency with the strategic plans and estates strategy approved by the Board.
 - b) an initial budget for the project for submission to Finance and Resources Committee. The budget should include a breakdown of costs including professional fees, VAT and funding sources.
 - c) a financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans.
 - d) an investment appraisal in an approved format which complies with the Further Education Funding Body's guidance on option and investment appraisal.
 - e) a demonstration of compliance with normal tendering procedures and Further Education Funding Bodies' regulations.
 - f) a cash-flow forecast.
- 6.18 Major capital projects in excess of £1,000,000, which are deemed to carry an inherent risk require Finance and Resources Committee approval. These will be referred for Board approval if there is a specific funding requirement.

6.19 Following completion of a capital project, a final report should be submitted to Finance and Resources Committee and/or Board recording actual expenditure against budget and reconciling funding arrangements where a variance has occurred. A capital project variance of 5% or more of the total spend must be approved by the Finance and Resources Committee. Investment appraisal of projects and post project reviews is to be considered by the Major Capital projects Committee.

7. BANKING AND CASH

PRINCIPLE - the Treasury Management Policy is included in Appendix 6

- 7.1 The Corporation Board is responsible for the appointment of TCCG's bankers on the recommendation of the Finance and Resources Committee. The appointment shall be for a specified period after which consideration shall be given by the Finance and Resources Committee to competitively tender the service.
- 7.2 The Financial Controller is responsible for, on behalf of the Finance and Resources Committee, liaising with TCCG's bankers in relation to TCCG's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Financial Controller who shall make proper arrangements for their safe custody.
- 7.3 All opening and closing of bank accounts will be authorised by the Finance and Resources Committee.
- 7.4 The Finance and Resources Committee will approve all signatories to the accounts.
- 7.5 Cash flow projections will be produced and approved by the Board as part of the budget process. They will be updated monthly with explanations of significant variances and submitted to the Senior Executive Team for review and to each meeting of the Finance and Resources Committee.
- 7.6 Cheque signing - levels of authorisation. (Appendix 1)
- 7.7 All income will be banked intact at least once per week.
- 7.8 All income is to be banked complete (no net payments).
- 7.9 The College will adhere to the borrowing provisions laid down by the Further Education Funding Body.
- 7.10 The Board will authorise any bank overdrafts.
- 7.11 The Finance and Resources Committee will recommend investment proposals to the Board.
- 7.12 All petty cash floats will be operated on an imprest system.

8. GENERAL LEDGER

8.1 The Cornwall College Group (TCCG) will maintain a General Ledger, the purpose of which is to record details of budgets, expenditure, income, commitments and balances, to incorporate the budget into the expenditure monitoring process and to provide timely account information and reports.

8.2 The General Ledger will be maintained on Open Accounts and will interface with the:

Purchase Order System
Purchase Ledger System
Sales Ledger System
Cash Book

8.3 The Financial Controller, Head of Financial Reporting and Management Accountants will authorise all journals for direct posting to General Ledger Accounts. Management Accountants must not approve their own journals, but can approve each other's. Head of Financial Reporting, Management Accountants or Financial Controller must approve journals raised by the Operational Central Finance Team.

8.4 No amendment or modification to the General Ledger system (Open Accounts) may be made without the authority of the Financial Controller.

9. SPECIFIC RESPONSIBILITIES

- 9.1 Colleges are required by their Financial Memorandum with the Further Education Funding Body and by the Joint Audit Code of Practice to appoint an Audit and Risk Committee. The Committee is an independent, advisory and reports to the Board. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and financial statements auditors. The Committee is responsible for identifying and approving appropriate performance measures for internal and financial statements audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.
- 9.2 The duties of the Audit and Risk Committee are set out in their terms of reference (see Appendix 5).
- 9.3 The audit requirements of The Cornwall College Group (TCCG) are set out in the Joint Audit Code of Practice.
- 9.4 Financial statements auditors and internal auditors shall have authority to:
- a) access TCCG premises at reasonable times.
 - b) access all assets, records, documents and correspondence relating to any financial and other transactions of TCCG.
 - c) require and receive such explanations as are necessary concerning any matter under examination.
 - d) require any employee of TCCG to account for cash, stores or any other TCCG property under his\her control.
 - e) access records belonging to third parties, such as contractors when required.
- 9.5 The internal audit service may also conduct special reviews requested by the Board, Principal, Deputy Principals or Financial Controller, provided that they do not compromise their objectivity, independence or achievement of their audit of the internal control system.
- 9.6 The Audit and Risk Committee must be informed of all non-audit work undertaken by the TCCG's audit providers. Such work, without prior Board approval is subject to a maximum limit of £20,000 in any one financial year as set out in the Joint Code of Audit Practice. The Committee must ensure that there is no cause for concern in relation to the audit providers' objectivity, independence or their ability to achieve audit plans. If there is a possible conflict of interest the matters should be referred to the Board to take a view on it.
- 9.7 The Financial Controller is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.
- 9.8 Following consideration of the accounts by the Finance and Resources Committee, and Management Letter by the Audit and Risk Committee they will be submitted to the Board for approval.
- 9.9 The appointment and remuneration of financial statements auditors will take place annually and is the responsibility of the Board. The Board will be advised by the Audit and Risk Committee.
- 9.10 The primary role of external audit is to report on TCCG 's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of

funds. Their duties will be in accordance with advice set out in the Joint Audit Code of Practice and the Auditing Practices Board's auditing standards.

- 9.11 The appointment and remuneration of the internal auditor will take place annually and is the responsibility of the Board on recommendation of the Audit and Risk Committee.
- 9.12 TCCG's Financial Memorandum with the Further Education Funding Body requires that it has an effective internal audit function. The main responsibility of internal audit is to provide the Board, the Principal and senior management with assurances on the adequacy of the internal control system.
- 9.13 The internal audit service remains independent in its planning and operation and has direct access to the Board, Principal and Chair of Audit and Risk Committee.
- 9.14 The formal responsibilities of internal audit are detailed in the Audit Code of Practice. The internal auditor will also comply with the Auditing Practices Board's *Auditing Guideline Guidance for Internal Auditors*.
- 9.15 Partner Rotation\Change of Provider - the ACOP requires rotation of the Head of (or partner) Internal Audit Service (IAS) and Financial Statements Auditors (FSA) every seven-years.
- 9.16 TCCG may, from time to time, be subject to audit or investigation by external bodies such as Further Education Funding Bodies, National Audit Office, European Court of Auditors, HM Customs and Excise and the Inland Revenue. They have the same rights of access as external and internal auditors.
- 9.17 The Principal is TCCG's designated accounting officer and is responsible for the financial administration of TCCG's affairs. As the designated officer the Principal may be required to justify any of TCCG's financial matters to the Public Accounts Committee at the House of Lords.
- 9.18 The Financial Controller shall maintain the accounting records of TCCG and shall also maintain the accounting required by the HM Revenue & Customs and Department for Work and Pensions. The prime accountancy records shall be retained for 7 years. (Official orders, paid invoices, accounts raised, bank statements, receipts, part-time lecturers' contracts and a complete record of transactions from the computerised accounting system). All other financial documents shall be retained for three years.
- 9.19 The Financial Controller shall monitor and maintain the liquidity of TCCG, reporting monthly to management.
- 9.20 The Head of IT and Systems shall maintain the security of the computerised accountancy systems and take appropriate back-up copies of the computer files.
- 9.21 The Financial Controller is responsible for undertaking periodic stock holding checks and inventories where appropriate.
- 9.22 The Director of Governance is responsible for arranging the signature by members of the Board of all contracts under seal and all property and other leases regardless of whether TCCG is the lessor or the lessee after approval by the Board.
- 9.23 The Financial Controller shall be responsible for preparing TCCG's annual accounts in accordance with Further Education Funding Body requirements and arranging the external

audit of the accounts and ensuring that the auditors have full access to the information they require.

- 9.24 The Draft Annual Accounts of TCCG will be agreed between the Deputy Principal Group Operations/Financial Controller and financial statements auditors and then submitted with an accompanying Management Letter to the Audit and Risk Committee and Finance & Resources Committee prior to approval by the full Board.
- 9.25 The Principal shall be responsible for completing Further Education Funding body, and other funding agency returns.
- 9.26 The Financial Controller will be responsible for ensuring the prompt payment of taxes due, together with the appropriate tax returns within the due dates.
- 9.27 Only the Financial Controller or someone at a more hierarchical level are authorised to sign VAT returns.
- 9.28 The Financial Controller will be responsible for providing any information required by other external bodies that are entitled to audit or investigate TCCG, e.g., NAO, European Court of Auditors, HM Revenue & Customs or EU.
- 9.29 The Financial Controller is responsible for identifying all risks facing TCCG and assessing the type and level of insurance cover required and submitting this plan to the Finance and Resources Committee for approval annually.
- 9.30 Budget holders are responsible for notifying the Financial Controller of any change, or event taking place in their unit so that appropriate insurance cover may be arranged or claim made.
- 9.31 The Financial Controller shall effect the appropriate insurance cover for TCCG, negotiate all claims and maintain insurances effected by the Corporation and the property and risk covered.
- 9.32 The Financial Controller shall notify the insurance brokers, without delay of any loss, liability or damage likely to lead to a claim.
- 9.33 All TCCG insurance shall be procured through the Financial Controller and Departments are not permitted to effect insurance cover without the prior approval of the Financial Controller.
- 9.34 Where an uninsured claim for compensation falls below £10,000 requiring negotiation this will be resolved by the Financial Controller. Claims between £10,000 and £19,999 will be negotiated by the Deputy Principal Group Operations. Claims between £20,000 and £99,999 will be submitted to the Finance and Resources Committee for approval and if the claim exceeds £100,000 to the Board.
- 9.35 The Financial Controller is responsible for completing returns required by any Pension Fund to which members of TCCG contribute, now or in the future.
- 9.36 The Board will periodically reconsider the appointment of professional farm stock valuers.

10. INTEGRITY & IRREGULARITY

PRINCIPLE. The Governing Body and Principal have a responsibility to prevent, detect and investigate matters of fraud and corruption. This section should be read in conjunction with The Cornwall College Group's (TCCG) policy on Whistle Blowing (Public Interest Disclosure), TCCG's Anti-bribery Policy and Counter Fraud Policy and Response Plan.

10.1 The integrity of staff working for TCCG could be called into question in one of three main ways:-

- * By performing work outside their College duties which competes with TCCG or uses TCCG resources.
- * By an association with one of TCCG's suppliers.
- * By accepting gifts or lavish hospitality from a supplier (gifts do not include promotional pens, calendars or diaries).

Staff who feel these conditions might apply to them are advised to seek the advice of the Principal.

10.2 TCCG has identified three areas where fraud or corruption could be perpetrated:

- 1 Internal - sole perpetrator: is usually carried out by a member of staff with access to liquid (cash) or movable assets (stock, equipment).
- 2 External - sole perpetrator: includes burglary and theft by external parties as well as computer hacking and deception by external agencies.
- 3 Collusion: involves two or more parties, which could be a combination of external or internal or just internal parties working together to defraud TCCG e.g. falsifying documents or authorising false claims and thereby appearing to comply with internal control systems.

Examples of those in a position to commit fraud or corruption are (this list is not exhaustive); ex-employees, members of staff, students and contractors.

The College has identified six categories of irregularity:

- 1 **Fraud** - any person who dishonestly makes a false representation to make a gain for himself or another or dishonestly fails to disclose to another person, information which he is under a legal duty to disclose, or commits fraud by abuse of position, including any offence as defined in the Fraud Act 2006.
- 2 **Theft** - dishonestly appropriating property of another with the intention of permanently depriving them of it (Theft Act 1968).
- 3 **False accounting** - dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or a gain for another, or with intent to cause loss to another or furnishing information which is or may be misleading, false or deceptive.

- 4 **Bribery and corruption** - giving or receiving a financial or other advantage in connection with the improper performance of a position of trust, or a function that is expected to be performed impartially or in good faith.' (Bribery Act 2010). Refer to TCCG's Anti-bribery Policy and Counter Fraud Policy and Response Plan.
- 5 **Irregularity** - an irregularity may be any significant matter or issue, other than fraud or corruption, which may warrant consideration or investigation. An example of an irregularity may be where a member of staff makes a genuine error or mistake in the course of their duties/responsibilities, but where this error or mistake is subsequently hidden. Additionally, an irregularity may also involve consideration of the possible inappropriate use of TCCG's funds or assets, which may or may not constitute fraud, theft, corruption or bribery.
- 6 **Private interest** - failure by members and officers to declare their private interests where they may be affected by matters under consideration.

10.3 The Principal shall be immediately informed by any member of staff of any matter arising which involves or is thought to involve financial or accounting irregularities or of any circumstances which involves or suggest the possibility of irregularities including those affecting cash, stores, property, remuneration or allowances of TCCG or any suspected misdemeanour in the exercise of the functions of TCCG.

The Principal shall inform the Chair of the Board and Chair of the Audit and Risk Committee and take the following ascending steps:

- The Principal shall instruct the Financial Controller to take appropriate initial steps to investigate and report on the irregularity.
- The Principal shall request internal audit (advising the Chair of the Board and the Chair of the Audit and Risk Committee) to investigate the irregularity where the matter is likely to result in criminal/disciplinary action.
- The Principal shall notify the police in appropriate circumstances.
- The Principal shall report the findings of an internal investigation and action taken to the Audit and Risk Committee.

10.4 If the Principal or Director of Governance are implicated, the Whistle Blowing Policy must come into effect.

10.5 TCCG must report the following frauds to the Further Education Funding Body's Chief Internal Auditor without delay:

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

10.6 Where TCCG auditors discover fraud that could involve senior post-holders they will report directly to the Chair of the Audit and Risk Committee, who will inform the Director of Governance to ensure appropriate actions are taken. In cases where TCCG auditors have

evidence that the Corporation Board is involved in fraud then they will immediately inform the Further Education Funding Body.

10.7 On conclusion of an audit investigation into a matter of irregularity the following steps should be taken:

- review systems control procedures and amend to minimise future opportunities for a person(s) to commit the irregularity again.
- where feasible and appropriate take steps to recover the loss through insurance, court action or agreed repayment by the person(s) committing the irregularity.

10.8 Staff shall not introduce any unauthorised software onto TCCG Management Information Technology systems. A schedule of authorised software shall be maintained by the Head of IT and Systems.

If a member of staff disregards this regulation it shall be viewed as gross misconduct.

10.9 TCCG telephones, photocopiers etc. are for official use only save that agreement to their private use may be given where the costs incurred are recovered.

10.10 It is essential that TCCG adopts and maintains adequate procedures to prevent bribery, which are proportionate to the identified risk. With this in mind please also refer to TCCG's Anti-bribery Policy, Counter Fraud Policy and Response Plan, Staff and Governors Code of Conduct and Conflicts of Interest Policy.

10.11 **Budget Holders should not approve any transactions where there may be a conflict of interest or where they are related to someone involved with the supply of goods or services. In such cases the conflict should be referred to Central Finance.**

11 **RESEARCH GRANTS AND CONTRACTS**

- 11.1 Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which may be directed towards a specific aim or objective.
- 11.2 The term 'research grant' is restricted to research projects funded by the UK research councils, charities and the higher education funding councils.
- 11.3 All other externally financed research projects are classified as 'research contracts'.
- 11.4 The financial management of TCCG research projects is the responsibility of the manager of the host department.
- 11.5 Where approaches are to be made to outside bodies for support for research projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the head of departments to ensure that the financial and insurance implications have been appraised by the Financial Controller.
- 11.6 Deputy Principal Group Operations is responsible for examining every formal application for grant and shall ensure that there is adequate provision of resources to meet all commitments. The Deputy Principal Group Operations should ensure that the full cost of research contracts is established. The research agreement must be in line with TCCG's policy with regard to indirect costs and other expenses and take account of different procedures for the pricing of research projects depending on the nature of the funding body.
- 11.7 Expenditure on a research project is only permitted after a project number has been allocated by the Financial Services Department. In issuing project numbers the Financial Services Department shall have regard to the quality of the projections of cost and income for that project.
- 11.8 The Financial Controller shall maintain all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.
- 11.9 Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific budget department.
- 11.10 Control of pay and non-pay expenditure will be contained within the budget department. The head of the budget department may delegate day to day control of the accounts to a supervisor or grant holder, but any overspend or under recovery of overheads is to be the clear responsibility of the budget department with any loss being a charge on departmental funds.
- 11.11 Any proposal which involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the head of department, and in the case of a head of department, the Principal.
- 11.12 Unless otherwise stated in a member of staff's contract:
- a) outside consultancies or other paid work may not be accepted without the consent of the head of department (and in the case of the head of the department, the Principal).

b) applications for permission to undertake work as a purely private activity must be submitted to the head of department or Principal, as appropriate, and include the following information:

- the name of the member(s) of staff concerned.
- title of the project and a brief description of the work involved.
- the proposed start date and duration of the work.
- full details of any TCCG resources required (for the calculation of the full economic cost).
- an undertaking that the work will not interfere with the teaching and normal College duties of the member(s) of staff concerned.

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

11.14 Finance and Resources Committee is responsible for establishing procedures to deal with any patents accruing to TCCG from inventions and discoveries made by staff in the course of their research.

11.15 In the event of the College 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 TCCG and contained in TCCG's detailed financial procedures.

BANK ACCOUNT AUTHORISATIONS

1. Board Members of the Finance and Resources Committee to be authorised signatories.
2. Opening and Closing of Bank Accounts:

The Finance and Resources Committee will approve the opening and closing of all Bank Accounts.

(Note: an annual review of all bank accounts will be made to ensure that they are still necessary for the operation of The Cornwall College Group's (TCCG's) finances).

3. TCCG Cheque/BACs Signing Limits

- | | | |
|----|------------------------|---|
| a) | £1 - £1,999.99 | Finance authorised signatory only |
| b) | £2,000 -
£49,999.99 | Finance authorised signatory + 1 (Chair of the Board, Principal, Deputy Principal and Financial Controller) |
| d) | £50,000+ | Finance authorised signatory + 2 (authorised signatories as above, 1 of whom should be the Principal or Financial Controller) |

CCMS (2000) Limited Cheque Signing Limits

- | | | |
|----|----------------|--|
| a) | £1 - £1,999.99 | Finance authorised signatory only |
| b) | £2,000+ | Finance authorised signatory + Company Director or Financial Controller (TCCG) |

4. Standing Orders and Direct Debits:

- | | | |
|----|--|---|
| a) | All Amounts | Financial Controller (as primary) or Chair of the Board, Principal, Deputy Principals and Head of Financial Reporting |
| b) | Annually a review of all standing orders and direct debits will be made and their continuance (if appropriate) authorised by two members of the authorised signatory list detailed above | |

5. Duchy Imprest Account

This account is to be used solely for the payment of dressage prizes.

Cheque signing:

- a). Equine Manager (to a maximum of £250/week).
- b). Assistant Principal Quality of Education – Land Based and Head of College Bicton or Stoke Climsland - (to a maximum of £250/week).

CAPITALISATION OF FIXED ASSETS**ASSETS TRANSFERRING AT VESTING DATE**

1. Assets transferring at vesting date will be incorporated at the following valuations:
 - 1.1 Freehold and Leasehold Property at the valuation by Stratton and Creber.
 - 1.2 Other Assets - Inventories (at replacement value) produced for the Further Education Funding Body will form the basis for capitalising.
 - 1.3 Individual Assets under £5,000 will be ignored.
 - 1.4 Individual Assets over 5 years old will be treated as fully depreciated.
 - 1.5 Historic values will be taken at 80% of replacement value.

IDENTIFICATION

- 2 All vehicles; Motor Tractors, Commercial Vehicles, Cars will be separately identified.
- 3 All Freehold and Leasehold properties will be separately identified.
- 4 All Movable Plant; Bailers, Harvesters etc with a replacement value in excess of £3,000 will be separately identified.
- 5 All Machine Tools, Lathes etc with a replacement value in excess of £3,000 will be separately identified.
- 6 All Computer Equipment with a value in excess of £1,000 will be separately identified.
- 7 All new Computer Software with a value in excess of £1,000 will be separately identified.
- 8 All other assets will be incorporated in bulk except those assets acquired during 1992/93 will be separately identified from expenditure records and dealt with as in below.

ACQUISITIONS POST INCORPORATION

- 9 All assets acquired with a value of £1,000 or more (inclusive of VAT) will be capitalised and separately identified.
- 10 In the case of a major refurbishment small items of a similar nature will be grouped together and capitalised.
- 11 Capital items purchased from Revenue Budgets under £1,000 will be charged to Revenue.

SPECIAL CASES

- 12 Operating Lease payments made during the year will be charged to the relevant Departments. The outstanding lease commitment will be shown by way of a note to the accounts.

- 13 Finance Leases - items acquired under a finance lease will be capitalised and depreciated over a period of the lease or in accordance with Appendix 2B Paragraph 5 whichever is the shorter. The interest element of the lease will be written off on payment and the capital element will reduce the creditor in the balance sheet.
- 14 Assets acquired for projects funded by outside bodies (e.g. EU) will be charged to the project.
- 15 Computer software – items with an estimated useful life of less than 5 years will be capitalised in accordance with the useful life of the software.

DEPRECIATION OF FIXED ASSETS

1. All assets subject to depreciation will be depreciated using the straight line method, i.e. writing off the asset by a fixed annual amount in equal instalments.
2. All depreciation of assets and the appropriate transfers from Capital Reserve and Deferred Grants will be accounted for centrally.
3. Depreciation will be charged in the year following the date of acquisition, and up to the month preceding the date of disposal.
4. Assets transferring at vesting date:
 - Accumulated depreciation will be based on an average age for all assets (other than land and buildings) of 2.5 years.

<u>Depreciation Rates</u>	<u>Number of Years</u>
Freehold Land	Nil
Freehold Buildings	
- inherited	Per Stratton and Creber Property Asset Valuation Schedule
- improvements to existing	Over the remaining life of the building.
- post incorporation	50 years: buildings substantially constructed of block.
New buildings	25 years: buildings substantially constructed of wood.
Leaseholds	Over the un-expired portion of the lease
Equipment transferred at Vesting date	Over 2 years 4 months
Fixtures and Fittings	5 years
Plant and Machinery	5 years
Office Equipment	5 years
Computer Equipment	5 years
Computer Software	5 years (or useful life of software if less)
Commercial Vehicles	5 years
Boats	20 years

The Finance and Resources Committee may vary the rate of depreciation on specific individual assets if they deem the circumstances necessary.

Assets purchased under Financial Leases will be depreciated over the period of the lease in accordance with Appendix 2 A Paragraph 8. The rates quoted above will not be applicable.

Depreciation is not provided on the College's listed building, Bicton House, as the College has an obligation to maintain it in such condition that it is not impaired by the passage of time. To ensure that this obligation is discharged the College has a 10 year programme of planned maintenance. Accordingly, it is the opinion of Governors that any depreciation of Bicton House as required by accounting standards would not be material.

UTILITIES AND DIRECT PAYMENTS NOT REQUIRING A PURCHASE ORDER

Purchases requiring only Budget authority and certification - no purchase order necessary.

1. Exam payments and student registration fees
2. Annual College Subscriptions
3. Photocopying payments under terms of contract
4. Water Rates and Charges
5. Electricity
6. Gas
7. Telephones
8. Rates
9. Audit Fees
10. Payroll Charges (under contract) including regulatory payments to HMRC and pension schemes
11. Insurance Premiums
12. Bank Charges
13. Landlord Charges - Duchy residence
14. Residential bursaries paid to external landlords
15. Student claims e.g. visits, refunds.
16. Property leases (rental payments)
17. Annual corporate software licences.
18. Mail franking machine top up.
19. Apprenticeship grant payments (e.g. employer incentives)
20. Hotel bookings where cost is at point of use
21. Fast moving perishable food goods for catering outlets and training kitchens
22. Board expense claims
23. Project apprenticeship subsidies (e.g. Unlocking Potential)
24. Legal fees in association with HR settlements
25. Emergency repairs (out of hours) or emergency animal welfare issues
26. Partnership payments
27. Communications fees (such as JISC and Western Power Distribution)
28. Solicitor/Oriel fees for debt recovery
29. Usage payments for group wide printer fleet

1 Strategy

The purpose of the tendering procedure as described in this document is to ensure that the purchase of goods and services are achieved at a competitive price, without bias, unfair or illegal influence and within the scope of European Community Directives and other statutory requirements.

2 Scope of the Tendering Procedure

The tendering procedure refers solely to the situation where the College uses its funds to purchase goods and services of a consumable, capital or consultancy nature for use by any part of the Cornwall College Group.

All tenders are to be conducted using the College's e-tendering software In-Tend.

3 Inclusions

A formal tendering procedure must be initiated for all goods and services where:

- a) The anticipated annual value for an individual purchase or ongoing requirement (goods or service) totalling £25,000 or more (excluding VAT).
- b) Where the value of goods, services and consultancy is expected to equal or exceed Public Contracts Regulations 2015 (PCR 2015) financial thresholds (excluding VAT) the procurement will be subject to Procurement Directive and by law contracting authorities must publish notices on the Government's [Find a Tender](#) service and run a fully compliant procurement under the appropriate regulations, e.g. PCR 2015.

These Regulations provide for revised financial thresholds for public procurements under the Public Contracts Regulations 2015 (PCR 2015), the Concession Contract Regulations 2016 (CCR 2016), the Utilities Contracts Regulations 2016 (UCR 2016) and the Defence and Security Public Contracts Regulations 2011.

Under the above sets of regulations, for contracts with estimated values above relevant thresholds, contracting authorities must publish notices on the Government's [Find a Tender](#) service and run a fully compliant procurement under the appropriate regulations, e.g. PCR 2015. Therefore, it is important that contracting authorities are aware of any revised, increased thresholds when calculating the value of their contracts.

At present, the estimated value of the contract is calculated over the whole lifetime of the contract net of VAT, and includes any renewals or extensions and all the lots into which the contract is divided. Contracting authorities will be familiar with the prohibition in Regulation 6 (5) PCR 2015 of using a method to calculate the estimated value of a contract in order to reduce the value below the relevant threshold to exclude the contract from the PCR 2015.

Note a change under the Regulations, whereby the estimated value of procurements (under all the above-mentioned regulations) will be calculated on the total amount of the procurement inclusive of VAT rather than net of VAT.

Contracts that fall below the financial thresholds are not caught by the main regulations of the PCR 2015, though will still be subject to Regulation 110 PCR 2015

relating to below threshold contracts. This requires that such contract opportunities over certain thresholds are to be advertised on Contracts Finder. The current thresholds are:

- £10,000 (central government)
- £25,000 (sub-central authorities).

These sub-threshold amounts as yet remain unchanged.

Looking first at the changes to the thresholds for the PCR 2015, these will be increased as follows:

- Public works contracts increased from £4,733,252 to £5,336,937.
- Public supply and services contracts awarded by sub-central contracting authorities, and their design contests increased from £189,330 to £213,477.
- Public supply and services contracts awarded by central government authorities and their design contests increased from £122,976 to £138,760.
- The threshold for the CCR 2016 has increased from £4,733,252 to £5,336,937 and the following changes to the UCR 2016 thresholds will be as follows:
- Public supply and services contracts and design contests increased from £378,660 to £426,955.
- Public works contracts increased from £4,733,252 to £5,336,937.

The Regulations, with the new thresholds, will come into force on 1 January 2022 and do not apply to procurements started before that date.

c) To determine whether the European procurement thresholds will or are likely to be reached the following rules of aggregation are defined in the legislation:

- In the case of period contracts, value is calculated as the Corporations estimated annual value (excl VAT) multiplied by the proposed contract duration (Refer to Financial Procedures – Purchasing : Flowchart C)
- In the case of contracts or requirements with an indefinite period, value is calculated on the Corporations estimated annual value over a 48 months period (Refer to Financial Procedures – Purchasing : Flowchart C)
- Under no circumstances should a requirement be disaggregated in order to bring value under a threshold.

d) In the case of building and works contracts the EU Directive are invoked at the higher public works contracts threshold excluding VAT and the procurement will be undertaken by Estates.

4 Exclusions

The tendering process is not applicable in the following circumstances:

- a) The items required are subject to a European Union contract which has already been entered into by The Cornwall College Group (TCCG) and where compliance is mandatory (see the TCCG's Purchasing Directory on the intranet for details of these arrangements).
- b) The items required have already been subject to a formal tendering procedure either tendered by a purchasing consortia or internally. In instances where there is more than one supplier on a consortia contract a mini competition will be initiated by TCCG's Procurement Officer.
- c) Subject to approval of the TCCG's Procurement Officer, if within three months of awarding a tender a requirement for the same provision is identified.

5 General Regulations

- 5.1 The tendering procedure must be consistently applied and all staff involved with tendering must be able to verify that, during their involvement, the tendering procedure has been adhered to.
- 5.2 Any person involved in the tender process who has a personal interest in any tender must declare this at the start of the procedure. All persons involved in the tendering procedure will be required to complete the Register of Interests form.
- 5.3 During the tendering procedure, the details of any tender from a contractor or supplier are confidential and must not be disclosed to anyone outside TCCG.
- 5.4 At the end of the tendering procedure, the successful tender must remain confidential to TCCG and the supplier unless TCCG and successful supplier decide otherwise.
- 5.5 All tenders over £25,000 per annum (excluding VAT) must be subject to adequate advertising to encourage competition. Exceptionally, where suppliers are in a position to supply the required goods or services, all such suppliers must be placed on the tender list.

Further details regarding pre-tender checklists, tender specification and the issue of tender invitations are included in the Financial Procedures.

6 Receipt of tenders

- 6.1 All tender submissions will be in electronic format via the In-Tend procurement portal where it will remain electronically sealed until the electronic tender return date and time have expired. **(Hard tender copies will no longer be accepted)**. An official electronic, auditable opening ceremony will take place and the system will release the electronic submission documentation.

7 Tender Opening

- 7.1 TCCG e-tendering software In-Tend allow tender submissions to be opened by a representative of the tender team, all tenders are stored securely with an electronic tender opening.

8 Tender Evaluation /Selection of the Supplier

- 8.1 Prior to the tender return date, a panel should be organised to evaluate tender submissions.
- 8.2 The successful suppliers should be selected based upon a careful examination of all technical and commercial criteria. The supplier recommended will be the one that provided the most economically advantageous tender based on the award criteria/scoring system.
- 8.3 The responsibility for technical evaluation of tenders lies with the department(s) responsible for initiating the process and for making recommendations based on technical criteria only. The evaluation of price should be undertaken separately from the commercial evaluation. It may be necessary to set up, at this stage, supplier presentations to assist in the evaluation process.

The guidelines for tender evaluation are detailed in the Financial Procedures

8.4 The most economically advantageous tender based on the award criteria will be selected and the recommendation for award complete with scores must be made to the Financial Controller and Resources for approval as follows:

- i. Contract value £25,000 - £99,999 (excluding VAT) – will be approved by the Finance and Resources Committee or countersigned under delegated powers by the Financial Controller plus the Principal (or Deputy Principals) and reported to a subsequent meeting.
- ii. Contract value over £100,000 or more (excluding VAT) – must be approved by Corporation Board. Where the order meets the following criteria it can be signed under delegated authority by the Financial Controller plus the Principal (or Deputy Principals) and reported to the next Corporation Board meeting. The criteria are the:
 - Project budget has already been approved by the Corporation Board
 - Purchase complies with Financial Regulation 2.28
 - Order is within the Board approved budget.

8.5 When approval has been granted all tenderers will be notified by letter.

8.6 On the receipt of a letter/acknowledgement back from the successful supplier the tender originator will issue rejection letters to the other suppliers who submitted tenders.

9 Post Tender Negotiation

Post tender negotiation is only permissible with the successful tenderer and can cover all or any aspects of the prospective contract including price, delivery, and payment terms, terms and conditions of contract.

10 De-briefing Unsuccessful Suppliers

It is mandatory that the unsuccessful tenderers are contacted in writing, advising them that the contract has been awarded elsewhere and thanking them for their participation. It should be expected that these suppliers may request more information on the reason for their failure and TCCG's Procurement Officer will have already offered information contained within the evaluation matrix to and regarding the requesting tenderer(s) submission strengths and weaknesses within the intention to award letter. The winning bidder will be identified within the intention to award letter to all unsuccessful bidders and a mandatory 10 day standstill period will commence at this point to allow for any challenge to the award. Award will only take place after this 10 day standstill has expired and no challenges have been posted

11 Document Retention

Copies of all completed forms must be retained by the TCCG's Procurement Officer for a period of up to seven years for audit purposes.

12 Assistance and Advice

TCCG's Procurement Officer must be contacted for advice and assistance with any aspect of the tendering procedure at procurement@cornwall.ac.uk

PRE- TENDER CHECKLIST

No	Question	Response required
1	Main contacts name	
2	Location site and department	
3	Contact telephone No	
4	Contact Email Address	
5	Provide a brief explanation confirming what goods/services are required	
6	Will the goods/services be a one off purchase or an ongoing requirement	One off requirement/Ongoing requirement
7	Purpose - provide a brief explanation indicating why the goods/services are necessary	
8	Benefits - provide a brief explanation indicating what benefits/additional revenue will accrue to TCCG /Department	
9	Provide an estimate of all costs associated with requirement – in the case of period or ongoing requirement please provide an estimate of costs per year (ex VAT)	
	Estimated costs associated with the good/services	£
	Estimated costs associated with installation & commissioning where relevant	£
	Estimated costs associated with training where relevant	£
	Estimated costs associated with service support	£
	Other costs	£
	Notes Any additional works or services required must be added to the capital cost of the equipment or have an alternative source of funding. You must consult and receive approval from the Estates Department regarding any alterations necessary to accommodate the equipment.	
10	How is the purchase being funded	Existing TCCG budget / Grant / Other (delete as appropriate)
11	<i>Are funds available for this purchase or will you apply for funds</i>	Available/Applying*
12	Where funds are available confirm the budget code that be used to fund this purchase	
13	Provide confirmation from TCCG management accountant that funds are available for this requirement	

THE CORNWALL COLLEGE GROUP (TCCG)

AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE

Purpose:

This committee advises the Board on the adequacy and effectiveness of the Group's assurance framework including systems of internal control and its arrangements for risk management, control and governance processes. It will form its advice through consideration of:

- *the College's strategy and annual plan;*
- *the risk profile of the College;*
- *the College's risk management and internal control frameworks;*
- *the work to define and categorise the risks faced by the College carried out by the management team, Internal Audit, external audit and reporting accountant and other assurance providers, in direct consultation with them when necessary.*

The committee also advises and supports TCCG Board in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities.

1 Constitution

1.1 Committee Chair appointed by the Board.

1.2 Four Board members appointed by the Board who have an appropriate mix of skills and experience to allow the committee to discharge its duties and maintain the committee's independence.

The Principal and Chief Executive, Chair of the Board or Staff Governors may not be appointed as members of this committee.

2. Co-option

To enable the committee to discharge its responsibilities effectively, the committee will have the power to co-opt up to two members with suitable financial, risk management or other relevant experience who are not members of the Board.

3. Secretary

The secretary to the committee will be the Director of Governance.

4. Quorum

The quorum will be three members, two of whom must be Board members.

5. In Attendance

5.1 The Deputy Principal Group Operations and Finance Director will attend committee meetings for the purpose of providing advice and information.

5.2 A representative of the internal auditor will normally attend committee meetings at the discretion of the committee.

- 5.3 A representative of the external auditor and reporting accountant will normally attend where business relevant to them is being discussed.
- 5.4 Any Board member may attend any meeting of the committee (subject to the limitations detailed in the Instrument of Government) having given prior notice to the Committee Chair through the Director of Governance.
- 5.5 The committee may invite the Principal and Chief Executive and, via the Principal and Chief Executive, managers where reports relating to their areas of responsibility are being considered, and other advisers to TCCG to attend as appropriate.

6. Remit

- 6.1 To assess and provide Board members with an opinion on the adequacy and effectiveness of the Group's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets.
- 6.2 To advise the Board on the appointment, re-appointment, dismissal and remuneration of the internal auditor and external auditor and reporting accountant, and other assurance providers and establish that all such assurance providers adhere to relevant professional standards.
- 6.3 To advise the Board on the scope and objectives of the work of the internal and external auditor.
- 6.4 To ensure effective co-ordination between the internal auditor and external auditor and reporting accountant.
- 6.5 To consider and advise the Board on the audit strategy and annual internal audit plans for the internal auditor.
- 6.6 To advise the Board on internal audit assignment reports and annual reports and on control issues included in the management letter of the external auditor and reporting accountant and management's response to these.
- 6.7 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and the external auditor and reporting accountant's management letter, and other providers of audit assurance services.
- 6.8 Annual review of the controls over health and safety management to ensure compliance with legislation and good practice.
- 6.9 To consider and advise the Board on relevant reports by the National Audit Office, Education and Skills Funding Agency and other funding bodies and where appropriate, management's response to these.
- 6.10 To establish, in conjunction with management, relevant annual performance measures and indicators, and to monitor the effectiveness of the internal auditor and external auditor and reporting accountant through these measures and indicators and to decide, based on this review, whether a competition for price and quality of the audit service is appropriate.
- 6.11 To produce an annual report for the Board summarising the committee's activities relating to the financial year under review, including:
- a summary of the work undertaken by the committee during the year;
 - any significant issues arising up to the date of the preparation of the report;
 - any significant matters of internal control included in the reports of audit and assurance providers;

- the committee’s view of its own effectiveness and how it has fulfilled its terms of reference;
 - the committee’s opinion on the adequacy and effectiveness of the Group’s assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets;
 - submit the annual report to the Board before the statement of corporate governance and internal control in the annual accounts is signed off.
- 6.12 To oversee the Group’s policies on and processes around fraud and irregularity, impropriety and whistleblowing, and ensure:
- the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity;
 - that investigation outcomes are reported to the committee;
 - that the external auditor (and internal auditor) has been informed, and that appropriate follow-up action has been planned/actions;
 - that all significant cases of fraud or suspected fraud or irregularity are reported to the Education and Skills Funding Agency;
- risks around fraud have been identified and controls put in place to mitigate them.
- 6.13 To inform the Board of any additional services provided by the external auditor and reporting accountant and other assurance providers and explain how independence and objectivity were safeguarded.
- 6.14 To review the management letters of the external auditor and reporting accountant and the financial statements for the financial year and recommend these to the Board for approval.
- 6.15 To fulfil its remit the committee has the right:
- to access all the information and explanations it considers necessary, from whatever source.
 - to investigate any activity within its terms of reference.
- 6.16 To oversee and monitor and not adopt an executive role.
- 6.17 To be active advocates of risk management when fulfilling their wider governance responsibilities (eg Beyond the Board visits, attendance at other Committees)

7. Meetings

The committee will meet at least three times each year and at other times as determined by the Chair of the committee or as requested by the Board.

The internal or external auditor and reporting accountant may request a meeting if they consider that one is necessary and the committee, at the discretion of the Committee Chair, will endeavour to meet such requests.

The committee will be entitled, whenever it is satisfied that it is appropriate to do so, to go into confidential session and (subject to the rules relating to quoracy) to exclude any or all participants and observers except the Director of Governance unless the referral concerns the Director of Governance in which case, a member of the committee will act as secretary.

8. Reporting

- 8.1 Recommendations for Board decision will be included on the agenda of the next Board meeting after the date of the committee meeting.
 - 8.2 The minutes of the committee will be included in the information section of the Board papers for the next following Board meeting, where practicable.
 - 8.3 Minutes will be made available for public access in accordance with the Freedom of Information Policy.
9. Amendment
The terms of reference of the committee may be amended only by decision of the Board.

Approved by TCCG Board 26 January 2022

Internal Audit Protocol

Standards

- 1 The Internal Audit function will adhere to the Government Internal Audit Manual and Joint Audit Code of Practice.
- 2 The performance of the internal audit function will be assessed at regular intervals by the Audit and Risk Committee in conjunction with the Principal, Deputy Principal Group Operations, Financial Controller, the External Auditors and independent organisations periodically engaged by TCCG for this purpose.

Strategic and Operational Plans

- 3 The head of the internal audit will submit draft strategic and operational plans covering the next year's internal audit activity to the Financial Controller , Deputy Principal Group Operations and Principal in July each year.
- 4 These plans will cover the detail and timing of audit assignments for the coming year.
- 5 They will take account of previous assessments of the strengths and weaknesses in internal control by internal audit, external audit and management.
- 6 They will also take account of the risk and materiality levels of the systems and processes under consideration and external auditors' plans.
- 7 The decisions taken to arrive at a proposed plan will be documented together with the reasoning behind such decisions.
- 8 The plans should also take account of planned changes and the views of the Board and senior management.
- 9 The Deputy Principal Group Operations and Financial Controller will approve the final draft of the plan before submission to the Audit and Risk Committee.
- 10 The Audit and Risk Committee will consider the proposed plan and after agreed amendments approve the plan for implementation.

Assignment Plans

- 11 Internal Audit will prepare detailed plans for each project to be undertaken. These will include a background of the area to be audited, highlighting particular risks, and detailed project objectives.
- 12 These plans will be discussed and agreed with the auditee before the work commences.

Internal Audit Reports

- 13 Internal Audit will submit draft reports to auditees within three weeks of the completion of the audit field work.
- 14 Auditees must formally respond to the head of internal audit within three weeks of the submission of the report. Their response must cover:
 - (a) Agreement with findings or recommendations.
 - (b) A note of disagreement with any findings together with reasons.
 - (c) Proposed timetable for recommendations to be implemented.
- 15 Following the issue of the response to the report the auditors must discuss with the auditee the way forward on items of disagreement. If agreement fails to be reached the matter will

be referred immediately to the Deputy Principal Group Operations and Audit and Risk Committee for a judgement to be made.

- 16 Once agreement has been reached a formal copy of the report will be issued to the Deputy Principal Group Operations, Financial Controller and auditee. Formal issue of reports must be within two calendar months of the completion of the draft report.
- 17 Final audit reports and a report of implementation progress will be submitted to the Principal, Deputy Principal Group Operations, the Financial Controller, External Auditor and members of the Audit and Risk Committee one week before each Audit and Risk Committee meeting.
- 18 Frauds or major weaknesses will be reported to the Financial Controller, Principal, Deputy Principal Group Operations, Chair of the Audit and Risk Committee and Chair of the Board immediately on discovery.

Monitoring

- 19 Progress with assignments and target completion dates will be incorporated in the regular report to the Audit and Risk Committee.
- 20 Details of audit assignment completion dates, draft report issue dates, response times and implementation plans and progress will also be incorporated within the implementation report presented to the Audit and Risk Committee.
- 21 Variances will be followed up by the Financial Controller or the Deputy Principal Group Operations.

TREASURY MANAGEMENT POLICY

1. Treasury Management Policy Statement

This statement sets out the policies, practices and objectives of The Cornwall College Group (TCCG) [the College] treasury management activities, as agreed by the Board of Governors, and covers TCCG and all its controlled subsidiary undertakings.

- a) TCCG adopts the key recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA's Treasury Management in the Public Services: Code of Practice). Treasury activities are defined as:

The management of the institution's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

- b) TCCG regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its Treasury management activities will be measured.
- c) TCCG acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management and to employing suitable performance measurement techniques within the context of effective risk management.

2. Risk Management

General Statement - the Financial Controller will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the institution's objectives. In respect of each of the following risks, the arrangements, which seek to ensure compliance with these objectives, are set out.

a) Liquidity risk management

Liquidity risk is defined as the risk that cash will be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the institution's business objectives will be thereby compromised.

TCCG will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business objectives.

b) Interest rate/Inflation risk management

Interest rate risk is defined as the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the institution's finances, against which the institution has failed to protect itself adequately.

TCCG will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues while maintaining the security of the invested

funds. It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes to the level or structure of interest rates.

c) Credit and counterparty risk management

Credit and counterparty risk is identified as the risk of failure by a third party to meet its contractual obligations to the institution under an investment, borrowing, capital, project or partnership financing, particularly as a result of the third party's diminished creditworthiness, and the resulting detrimental effect on the institute's capital or revenue resources.

TCCG regards the prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty list is constructed with security in mind, but with a reasonable spread to make the most of market conditions. The list will be reviewed on a continuing basis and at least annually.

d) Refinancing risk management

Refinancing risk is defined as the risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the institution for those refinancings, both capital and revenue, and/or that the terms are inconsistent with prevailing market conditions at the time.

TCCG will ensure that its borrowings, private financing and partnership arrangements are negotiated, structured and documented and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the institution as can reasonably be achieved in the light of market conditions prevailing at the time. TCCG will manage its relationship with its counterparts to secure this objective and will avoid over-reliance on any one source of funding.

e) Legal and regulatory risk management

Legal and regulatory risk is defined as the risk that the institution itself, or a third party which it is dealing with, fails to act in accordance with its legal powers or regulatory requirements, and that the institution suffers losses accordingly.

TCCG will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements.

f) Fraud, error and corruption and contingency management

This is defined as the risk that an institution fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends.

TCCG will ensure that it has identified the circumstances which may expose it so the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, TCCG will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends. Insurance cover will be taken out and the responsible officials included within it.

g) Market risk management

Market risk is defined as the risk that, through adverse market fluctuations in the value of the principal sums an institution invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself.

TCCG will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect itself from the effects of such fluctuations.

3. Performance measurement

TCCG is committed to the pursuit of best value in its treasury management activities and to the use of performance measuring in support of that aim.

Accordingly, the treasury management function will regularly examine alternative methods of service delivery to ensure best value and will measure its performance in relation to the delivery of the budget.

4. Decision making and analysis

TCCG will maintain full records of its treasury management decisions and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

5. Approved instruments, methods and techniques

TCCG will undertake its treasury management activities by employing only those instruments, methods and techniques as detailed in Schedule C and within the limits approved by TCCG.

6. Organisation, clarity and segregation of responsibilities and dealing arrangements

For purposes of effective control and monitoring of its treasury management activities, TCCG, through the Financial Controller and Resources will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management and the arrangements for absence cover.

7. Reporting requirements and management information arrangements

TCCG will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies.

8. Budgeting, accounting and audit arrangements

The Financial Controller and Resources will prepare and TCCG will approve and, if necessary, from time to time will amend, an annual budget, which will include income, and costs associated with treasury management activities. The matters to be included in the budget will at minimum be those required by statute or regulation.

TCCG will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards and with statutory and regulatory requirements in force for the time being.

TCCG will ensure that its auditors, both financial statements and internal and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles and that such information and papers demonstrate compliance with external and internal policies and approved practices.

9. Cash and cash flow management

The Financial Controller is responsible for all TCCG monies. All funds will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Financial Controller will ensure that these are adequate for the purposes of monitoring compliance with Treasury Management Practice *Liquidity Risk*.

10. Money Laundering

TCCG is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money.

Accordingly it will maintain procedures for verifying and recording the identity of counterparties, ensure that staff involved are properly trained and report any suspicious activity to TCCG Exchequer Manager.

11. Staff training and qualifications

TCCG recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake their duties and responsibilities. TCCG will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Financial Controller and Resources will take responsibility for the necessary arrangements.

12. Use of External Service Providers

TCCG will evaluate the costs and benefits involved when employing external specialists. It will also ensure that the terms of such external providers are assessed and properly agreed and documented and subjected to regular review. Where services are subject to a formal tender or re-tender arrangements, legislative requirements will always be observed.

13. Corporate Governance

TCCG is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty integrity and accountability.

Schedules to the Statement of Treasury Management Practices

Schedule A - Risk Management

1. Liquidity

TCCG's policy is to maintain a £3m cash balance as a minimum, to allow for unforeseen liquidity requirements.

The Financial Controller is authorised to arrange short-term overdraft facilities with TCCG's bankers.

2. Credit and Counterparty Lists

The Financial Controller is responsible for monitoring closely the credit standing of approved counterparties. Where there is reason to believe that a counterparty's credit standing is, or may, become impaired, lower limits should be applied. Any change to the counterparty list should be advised to the Board of Governors.

Funds may be invested with approved counterparties providing they carry a minimum AA rating or better from one of the recognised credit rating agencies, i.e. Standard & Poors, Moodys or Fitch IBCA.

The following table details the Counterparty, Minimum Credit Rating, Limit and Period of Investment, which, for the time being is currently in place.

Counterparties	Minimum Credit Rating			Limits	Period
	S&P	Moodys	Fitch		
Barclays Bank	AA/A1	Aa3/P1	AA/F1	£ 7 million	Up to 3 months
Clydesdale Bank	AA/A1	Aa1/P1	AA/F1	£ 7 million	Up to 3 months
Lloyds TSB Bank	AA/A1	Aa3/P1	AA/F1	£ 7 million	Up to 3 months
Royal Bank of Scotland	AA/A1	Aa3/P1	AA/F1	£7 million	Up to 3 months

3. Financing and Refinancing

If TCCG intends to raise capital for new projects and/or intends to refinance the whole or part of the existing debt portfolio, the Financial Controller will have regard to:

- The level of security required for the project (if required)
- The maximum level of assets that could be provided as security without adversely affecting the stability of TCCG
- The value of assets already pledged as security on any existing facilities
- Requirements of the Further Education Funding Body (under the financial memorandum)
- Any statutory restrictions and TCCG's own powers/rules
- Restrictions on TCCG's use of its property assets required by loan documentation/and other covenants
- The costs involved in the negotiation and execution of the new agreements
- The level and nature of interest rates charged and structure in the current market place

Schedule B - Best Value and performance measurement

1. Frequency and Process for Tendering

The following services will be subject to review every 3 to 5 years;

- Banking services
- Financial adviser
- Cash management, money broking services and general finance advice

2. Performance Measurement

a) In house performance

Performance to be based on the delivery of the budget

b) Debt Management

The Financial Controller will, have regard to the annual budget, set targets to quantify:

- Borrowing costs
- Interest rates
- Debt levels

Schedule C - Approved Instruments, Methods and Techniques

1. Investment and Deposit of Surplus Funds

- a) *The overriding principle guiding the investment of surplus funds is to achieve a satisfactory return while keeping risk to an acceptable level.*
- b) Surplus cash balances may be invested as follows:
 - Deposits with approved banks
 - Deposits with approved Building Societies
 - Certificates of deposit issued by approved banks
 - Deposits with approved Money Market Funds

Schedule D - Organisation, Segregation of Responsibilities and Dealing Arrangements

Responsibilities of Treasury Management Posts

1. The Board of Governors

- Receiving and reviewing reports on treasury management policies, practices and activities.
- Approval of any amendments to the treasury management policy statement and practices.
- Budget consideration and approval.
- Receiving and reviewing external audit reports and follow up action
- Approval of the selection of external service providers and agreeing terms of appointment.

2. Deputy Principal Group Operations and Financial Controller

- Recommending clauses, to be incorporated in treasury management policy and practices for approval, reviewing the same regularly and monitoring compliance.
- Submitting regular treasury management policy reports.
- Submitting budgets and budget variations.
- Receiving and reviewing management information reports.
- Reviewing the performance of the treasury management function and promoting best value reviews.
- Ensuring the adequacy of treasury management resources and skills and the effective division of responsibilities within the treasury management function.
- Recommending the appointment of external service providers.
- Confirmation of bank signatories for TCCG and its associated entities.

3. Treasury Payments Manager

- Execution of transactions.
- Adherence to agreed policies and practices on a day to day basis.
- Maintaining relationships with third parties and external service providers.
- Supervising treasury management staff.
- Monitoring performance on a day to day basis.
- Submitting management information reports to the Financial Controller
- Identifying and recommending opportunities for improved practices

4. Reporting Requirements

The following matters should be included in reports to the Board of Governors:

- Cash flow compared with budget and commentary on variances
- Annual financial strategy for the next financial year.
- Proposed amendments to the treasury management policy statement.
- Matters in respect of which the treasury management policy statement has not been complied with.
- Analysis of currently outstanding loans, deposits and investments by instrument, counterparty, maturity and interest rollover periods.
- Cash flow compared with budget and commentary on variances

- Commentary on continued applicability of annual financial strategy and proposals for amendments.
- Revisions/adjustments to future 12 month cash flow forecast.
- Proposed amendments to list of approved counterparties and to limits attached thereto.
- Proposed amendments to treasury systems document.
- Matters in respect of non compliance with treasury management policy.

GLOSSARY

Accounting Point	The office responsible for the accounting functions of Departments
Joint Audit Code of Practice	Details are available from the Department for Business Innovation and Skills' website
BACS	Bank Automated Clearing System
Balanced Out-turn	An annual spend in accordance with the agreed budget
Board	The Board of Cornwall College Further Education Corporation
Budget Holder	Any person authorised by the Executive Leadership Team to hold a budget
Call-off Contracts	Purchase contracts for continuing supply at agreed rates
Department Manager	The head of an academic centre, head of campus, head of faculty, head of outreach activity, head of trading activity or the head of a business support service
Departments	Includes: Academic Centres, Faculties, Trading Activities, Outreach and Business Support Units
EU	European Union
Financial Memorandum	Details are available from the Department for Business Innovation and Skills' website – the title of the document is Financial Memorandum Part 1
ISO 9002	British Standard 5750/ISO 9002
Further Education Funding Bodies	Any external government organisation that provides funds for educational activity
Payroll Services Provider	CCMS Ltd - process all College staff payments. Payline - process CCMS (2000) Ltd temporary staff payments
Open Accounts	TCCG's Financial Accounting Software System
4Cast	TCCG's system for budgeting funding income
ELT	Executive Leadership Team
VAT	Value Added Tax