



MORLEY COLLEGE LONDON

Financial Regulations

POLICY OWNER: Chief Finance Officer
APPROVAL BY: Governing Body

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Morley College London

FINANCIAL REGULATIONS

Contents

1. BACKGROUND	6
2. INTRODUCTION TO THE FINANCIAL REGULATIONS.....	7
2.1 SCOPE	7
2.2 STATUS.....	7
2.3 STAFF COMPLIANCE	7
2.4 ANNUAL REVIEW OF FINANCE REGULATIONS	7
2.5 FINANCIAL PROCEDURES	7
2.6 DEFINITIONS	8
3. FINANCIAL CONTROL.....	9
3.1 GOVERNING BODY RESPONSIBILITIES.....	9
3.2 COMMITTEE STRUCTURE AND DUTIES	9
3.2.1 Finance, Resources and Sustainability (FRS) Committee	9
3.2.2 Audit Committee	9
3.3 AUDIT REQUIREMENTS.....	10
3.3.2 Fraud Procedure (internal)	10
3.4 EXTERNAL AUDIT	11
3.4.1 Appointment of external auditors.....	11
3.4.2 Role of external auditors.....	11
3.4.3 Duties of external auditors.....	11

9.1	SUBSIDIARY COMPANIES	33
9.1.1	Governing Body approval	33
9.1.2	ESFA consultation and approval	33
9.1.3	Required processes and procedures	33
9.1.4	Governing Body responsibilities	33
9.1.5	Directors of subsidiary companies	33
9.2	RISK MANAGEMENT	33
9.2.1	Risk management strategy	33
9.2.2	Approval of risk management policy	34
9.2.3	Legal awareness / limitation of exposure / new risks.....	34
9.2.4	Bribery.....	34
9.2.5	Insurance Cover	35
9.2.6	Insurance Claims – notification	35
9.3	TAXATION	35
9.3.1	Liability to pay tax (Corporation, VAT, PAYE and NI).....	35
9.3.2	Tax records and payments	35
9.4	SECURITY	35
9.5	NEW COURSES AND SERVICES RENDERED	36
9.6	CODE OF CONDUCT FOR STAFF	36
9.7	GOVERNORS	37
9.8	HOSPITALITY	37
9.9	STUDENT BODY.....	37
9.10	TRUST FUNDS	37
ANNEX 1:	Bank Mandate	38
1.	Signing limits.....	38
2.	Adding, deleting signatories or changing their individual grade	38
3.	Cheque signatories.....	39
ANNEX 2:	Anti-Bribery Statement	40
ANNEX 3:	Managing Public Money Guidance and Delegated Limits.	41
ANNEX 4:	Capital Programmes Project Governance	44

1. BACKGROUND

- 1.1 The College is a Company limited by guarantee (company number 2829836) and a registered charity no. 1023523. Its structure of governance is laid down in its Articles of Association (the Articles). The College is an Institute for Adult Learning (formally a Specialist Designated Institute (SDI)) under the 1992 Further and Higher Education Act). The College's activities do not fall within the scope of Corporation Tax.
- 1.2 The Governing Body of the College has approved a Scheme of Delegation setting out the arrangements made by the Governing Body to address the key obligations set out in the Articles. The Scheme of Delegation sets out:

2. INTRODUCTION TO THE FINANCIAL REGULATIONS

2.1 SCOPE

This document sets out the Financial Regulations of the College. It translates into practical guidance on the College's broad policies relating to financial control. It applies to the College and any subsidiary undertakings.

2.2 STATUS

As described above, these Regulations are subordinate to the Memorandum and Articles of Association and to any restrictions contained within the College's financial memorandum with the ESFA and their audit code of practice.

2.3 STAFF COMPLIANCE

Compliance with the Financial Regulations and all the College's systems and procedures is compulsory for all College staff. A member of staff who fails to comply with the Financial Regulations and the other systems and procedures may be subject to disciplinary action under the College's Disciplinary Procedure. Any such breach will be notified to the Governing Body normally through the Audit Committee or the Chair of the Governing Body. It is the responsibility of budget holders to ensure that their staff are made aware of the existence and content of all relevant systems and procedures including the College's Financial Regulations. The Regulations are available to all staff for reference on the College intranet.

2.4 ANNUAL REVIEW OF FINANCE REGULATIONS

The Principal (together with the Senior Leadership Team) is responsible for undertaking an annual review of the Regulations and discussing any additions or changes necessary with the Audit Committee. The Governing Body will consider and approve any material changes to authority levels or substantive changes and should receive confirmation annually that a review of the Regulations has taken place, even if no changes are recommended.

2.5 FINANCIAL PROCEDURES

Where necessary and appropriate, additional procedures will be issued to supplement the financial regulations and clarify how they should operate. These will normally be issued by the Chief Finance Officer following approval from the Principal.

2.6 DEFINITIONS

The College shall mean Morley College London.

The Governing Body shall mean the Governing Body of Morley College London or any sub-committee comprising members of the Governing Body that has delegated powers. (Members of the Governing Body are Directors of the company and Trustees of the charity)

The Finance, Resources and Sustainability (FRS) Committee is the Committee of the Governing Body responsible for advising the Governing Body on finance, resources and sustainability as set out in its terms of reference.

The Principal acts in the capacity of the Chief Executive and Accounting Officer of the College.

The Accounting Officer is the Principal.

The Chief Finance Officer is the member of the Senior Leadership Team (SLT) who reports to the Principal and is responsible on a day to day basis for the College's finances and resources as set out in the job description and in this

3. FINANCIAL CONTROL

3.1

3.3 AUDIT REQUIREMENTS

3.3.1 As part of its engagement letters with the internal and external auditors, the Board agrees that auditors are authorised to:

Body at each Board meeting and also for discussing the projected results and any detailed issues and remedial actions actually undertaken or proposed at the regular FRS Committee meetings.

3.8.5 Capital Expenditure

The capital budget will include planned expenditure on all items that meet the definitions of capital as determined by the College's approved accounting policies.

3.8.6 Capital Programmes

A capital programme is a series of linked capital projects, or single large capital project with a budget of £250k (including VAT) or above.

Capital expenditure on land, buildings, furniture and as (s)4 d19 (50k)0 Tw (.x.1 (l)ag4 (ed

arrangements where a variance has occurred. A summary should be reported to the Governing Body.

3.8.7 Financial Planning

The Principal delegates to the Chief Finance Officer the responsibility for preparing annually a rolling three-year financial plan, cash flow and balance sheet (on the basis of the statutory financial statements and consistent with the strategic plan) for consideration by the Board once it has been reviewed in detail by the FRS Committee. Once reviewed and approved by the Board these financial forecasts may be forwarded to the ESFA.

The Chief Finance Officer is also responsible for completing Financial Planning Forecasts in the format provided by ESFA for regular reporting to ESFA to the set deadlines.

3.9 BUDGETARY CONTROL

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder who must ensure that day to day monitoring is undertaken effectively. Budget holders are responsible to line managers for the income and expenditure relating to the approved budget. The budget holder will be assisted in this duty by timely management information provided by the Finance Team led by the Chief Finance Officer and assisted by a Deputy Director of Finance.

Significant actual or predicted variances of more than 10% or £5,000 (whichever is the greater) from agreed budgetary allocations must be reported immediately to the Chief Finance Officer by the Budget Holder concerned and, if necessary, corrective action taken, as discussed with the Chief Finance Officer.

Budget Holders are responsible for the day to day management of delegated expenditure and for maintaining expenditure within allocations. Where budgets are provided to support a given volume of activity (e.g. delivery) expenditure should be reduced in accordance with reduced activity.

The Chief Finance Officer is responsible for providing a detailed analysis of actual financial performance against budgeted amounts, which are reported in summary to the Governing Body together with any advice from the FRS Committee.

3.10 VIREMENT

Any proposal for re-allocation of income or expenditure between delegated budget heads must be properly authorised by the Chief Finance Officer who will arrange for the necessary adjustments to be made to all financial records and financial statements. Where the amounts in relation to re-allocation of costs exceed £50,000, this will be brought to the attention of the Board together with relevant analysis and advice from the FRS Committee.

Re-allocation of income or expenditure across individual income or expense line but within the control of a single budget holder may be agreed with the Deputy

Director of Finance/CFO. Virements within revenue budgets may be requested by Budget Holders who may request the transfer of sums between any main heads of expenditure within their budgets, subject to the following exceptions:

- (a) Virement shall not be permitted between staffing and other heads of expenditure; and
- (b) Virement shall not be permitted from capital to revenue budget, but may be permitted from revenue to capital. Virements are not permitted between cash and non-cash expenditure items (e.g. depreciation).

3.11 TREATMENT OF YEAR END BALANCES

At year-end, budget holders will not normally be permitted to carry forward unspent budget balances to the following year. This is subject to the following exceptions:

- (vii) Complete record of transactions for each year from the computerised accounting system.

Additionally, for auditing and other purposes, other financial documents should be retained in accordance with the relevant statutory or auditing requirements.

4. INCOME AND BANKING

4.1 GENERAL

The Principal delegates to the Chief Finance Officer responsibility for ensuring that appropriate systems, controls and procedures are in operation at all times to enable the College to receive all income to which it is entitled. All formats for receipts, invoices, tickets or other official documents in use must have the approval of the Chief Finance Officer.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Principal together with the SLT and taking into account any advice provided by the FRS Committee. These procedures are subject to review at least every three years by the SLT.

The Principal delegates to the Chief Finance Officer responsibility for:

- (i) The prompt collection, security and banking of all income received.
- (ii) Ensuring that all grants notified by the ESFA and other bodies are received and appropriately recorded in the College's books and financial records.
- (iii) Ensuring that all claims for funds, including research grants and contracts, are made by the due date.

4.2 APPOINTMENT OF BANKERS

The Governing Body is responsible for the appointment of the College's bankers on the recommendation of the Principal and taking into account any advice provided by the FRS Committee. The Principal should consider every five years whether it is appropriate to undertake a re-tendering process and make recommendations accordingly to the FRS Committee.

4.3 BANKING ARRANGEMENTS

The Principal delegates to the Chief Finance Officer the responsibility for managing the College's day-to-day banking activities and in particular keeping the banks informed of all relevant and significant events and overseeing the delivery by the bankers of agreed service levels. All blank cheques shall be ordered on the authority of the Chief Finance Officer who shall make proper arrangements for their safe custody.

The Principal has the delegated authority of the Governing Body to open or close a bank account, after consulting with the Governing Body. The Principal may in turn delegate the finalisation of the documentation relating to the opening or

Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Director of Governance on behalf of the Governing Body. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

4.9 STOCKS AND STORES

Budget holders are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their team. The systems used for stores accounting in a team must have the approval of the Chief Finance Officer.

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

Those budget holders who retain stocks at the year-end must ensure that the stock-taking procedures in place have the approval of the Chief Finance Officer and that instructions to appropriate staff within their team are issued in accordance with advice contained in the College's detailed financial procedures.

5.2 INTELLECTUAL PROPERTY RIGHTS AND PATENTS

5.2.1 General

6.4

taxable benefit for each employee attending and will be processed as such through the College's normal PAYE processes. Certain limited exceptions may apply, but should be discussed and agreed with the CFO prior to the expense being incurred.

6.6.8 Employment claims and settlements

The Principal may approve individual employment settlements, to include all non-contractual elements of any settlement, of up to a maximum of three times the gross monthly salary of the employee concerned or £20,000 (whichever is the greater). Where a number of employees may be involved in the same case, the Principal may approve non-contractual settlements within those limits up to a value of £100,000 in aggregate. Settlements in excess of those limits must have the prior approval of the Governing Body.

Following the reclassification of colleges to the public sector for severance arrangements where:

- Individual payments where the non-statutory/non-contractual element is greater than the lower of £50,000 or 3 month's salary
- The total Exit package including the severance payment is £100,000 or greater in total, and
- The employee earns over £150,000

Advance approval from the Department for Education is required. Further details are available in Annex 3.

6.7 PETTY CASH

Single items of purchase costing less than £20 should be paid for by purchasing card or by bank transfer, petty cash should only be used by exception. All purchases must be supported by receipts or vouchers.

The Chief Finance Officer may make available to teams such cash advances as are considered necessary for the disbursement of petty cash expenses.

Team petty cash holdings must be operated according to an "imprest" arrangement whereby requisitions made to the Chief Finance Officer for reimbursement to retain a working balance must be supported by appropriate receipts or vouchers representing the total amount expended. Standard College petty cash forms are supplied by the Chief Finance Officer and must be used for recording all transactions

Budget holders are personally responsible for the safekeeping of any petty cash float made available to teams. Team petty cash boxes must be kept locked in a secure place in compliance with the requirements of the College's insurers and will be subject to periodic checks by the budget holders or another person nominated by him or her.

At the end of the financial year all petty cash floats must be counted by and reconciled by a member of the Finance team who will complete a certificate of

- (ii) The tender giving the best overall value should normally be accepted and reasons for not accepting the cheapest should be recorded.

6.9.4 Annual spend on service or individual orders over £ 100,000

- (i) At least 3 competitive tenders must be obtained unless it is impracticable or impossible (e.g. single supplier) in which case approval from the Principal (who may wish to consult the Chair of the Governing Body or the Chair of the FRS Committee for advice). The circumstances should be noted and a rationale demonstrating value for money given.
- (ii) It will be normal practice for sealed tenders to be requested
- (iii) Sealed tenders should be opened in the presence of the Director of Governance or nominated deputy.
- (iv) Post tender negotiations will be permitted unless specifically excluded in the tender documents
- (v) The tender giving the best overall value should be accepted. If this is not also the cheapest a clear justification should be recorded.
- (vi) Expenditure must not be broken down into smaller parts in order to circumvent these requirements. Care must be taken to avoid these thresholds being exceeded through extensions of contracts.
- (vii) The College will observe the tendering procedures set out in the Public Contract Regulations for any procurements that exceed the relevant thresholds.

6.9.5 Supplier compliance

The Finance Team shall conduct adequate due diligence on prospective and new suppliers/business partners prior to committing to new contractual relationships. The due diligence process shall be carried to exercise reasonable care and identify any risks. The due diligence process must be documented and maintained on the College records for audit purposes.

The due diligence process includes completed supplier forms, online searches, companies house reports, and trade references. This list is non- exhaustive.

Best procurement practice should be considered for all purchases, using purchasing consortia frameworks and ensuring all tenders are run according to best practice guidelines and adhere to purchasing legislation.

6.10 BUILDING CONTRACTS

Decisions on signing building contracts are the responsibility of the Governing Body which delegates to the Principal the execution and operation of the

contract. The Principal may delegate the day-to-day administration of the contracts to the Chief Finance Officer

Proposals will normally be initiated by the Chief Finance Officer in respect of planned replacements, general improvement schemes, space planning or in response to requests from teams.

Consultants may be appointed if the project, as determined by the Governing Body (on the advice of the FRS Committee), is too large or too specialised for the adequate supervision by the College's own resources. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of costings or investment appraisals as recommended by the Governing Body or the FRS Committee if this is delegated by the Governing Body. Investment appraisals should comply with appropriate ESFA guidance.

Following consideration by the FRS Committee and approval by the Governing Body, submissions should be forwarded to the ESFA where appropriate. If required, agreement must be secured from the ESFA and ESFA procedural rules followed. ESFA guidance on best practice should be followed even when ESFA approval is not required.

All contracts will attempt to ensure best value for money.

6.11 PROCUREMENT REGULATIONS

The Principal delegates to the Chief Finance Officer the responsibility for ensuring that the College complies with its legal obligations in respect of procurement legislation.

6.12 PAYMENT OF INVOICES

The procedures for making payments shall be in a form specified by the Chief Finance Officer.

The Chief Finance Officer is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made through BACS. Faster payments (direct bank to bank) will be used if the payment is urgent. Payment by credit card will be considered only where absolutely necessary.

Suppliers should be instructed by the budget holder to submit invoices for goods or services direct to the Finance Team, preferably by email to invoices@morleycollege.ac.uk. Invoices should not be addressed to individuals. Budget holders are responsible for ensuring that expenditure within their team does not exceed funds available.

Payments will only be authorised by the Chief Finance Officer against invoices which have been matched to an approved Purchase Orders and where the budget holder has confirmed that the goods or services have been received. The Chief Finance Officer will only authorise payment on the basis that the budget holder has checked that:

- (i) The 1 Tf 12 -0oods have been received, examinom and approved with regardTJ 0

7. SALARIES AND WAGES

7.1 GENERAL

The Principal delegates to the Chief Finance Officer responsibility for all payments of salaries and wages to staff including payments for overtime or services rendered. All time sheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Chief Finance Officer.

All College staff will be appointed in accordance with the Pay Policy Framework approved by the Governing Body and on appropriate conditions of service. All letters of appointment must be issued with the approval of the SLT. Budget holders will be responsible for keeping the Chief Finance Officer informed through the College's established Human Resources procedures of all matters relating to personnel for payroll purposes.

In particular these include:

- (i) Appointments, resignations, dismissals, supervisions, secondments and transfers;
- (ii) Absences from duty for sickness or other reason, apart from approved leave;
- (iii) Changes in remuneration other than normal increments and pay awards; and
- (iv) Information necessary to maintain records of service for superannuation, income tax, national insurance etc.

All casual and part-time employees will be included on the payroll. In line with current employment legislation for off-payroll workers (known as IR35), any payments to individuals for services provided will normally be through payroll. No undertakings should be given to individuals that they may be remunerated in any other way than through payroll.

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

All payments must be made in accordance with the College's detailed payroll financial procedures and comply with HMRC regulations.

7.2 PENSION ARRANGEMENTS

The Governing Body is responsible for making decisions in relation to appropriate pension arrangements for employees and delegates the execution of those decisions to the Principal.

The Principal delegates to the Chief Finance Officer responsibility for the day to day pension arrangements including:

- (i) Paying of contributions to various authorised pension schemes;
- (ii) Preparing the annual return to various pension schemes; and
- (iii) Monitoring the administration of the various pension schemes.

recipient, donation to College competition prizes, donation to charity, or equivalent.

For the protection of those involved, the Director of Governance will maintain a register of gifts and hospitality received where the value is in excess of £50. Members of staff in receipt of such gifts or hospitality are obliged to notify the Chief Finance Officer promptly.

Under the Bribery Act 2010, it is illegal to offer, promise, give, request, agree, receive or accept bribes.

8. ASSETS

8.1 LAND, BUILDINGS, FIXED PLANT AND EQUIPMENT

The purchase, lease or rent of land or buildings or fixed plant must be approved by the Governing Body and, where funded from grants in accordance with the requirements of the body awarding the grant.

The Principal delegates to the Chief Finance Officer responsibility for ensuring the records of all the College's land, buildings, fixed plant and equipment are complete and up to date.

8.2 INVENTORIES

In addition to the asset register, budget holders are responsible for maintaining inventories for all stores in their team with a value in excess of £500.

The inventory must include items donated or held on trust.

Inventories must be checked at least annually and retained in the form prescribed by the Chief Finance Officer.

8.3 ASSET DISPOSAL

Disposal of equipment and furniture must be in accordance with procedures agreed by the Principal who normally may be advised by the FRS Committee.

Disposal of land and buildings must only take place with the authorisation of the Governing Body. External funding agencies may also need to approve specific disposals when grants and other agency funding was used to finance the original asset purchase, or in accordance with the requirements of Managing Public Money.

8.4 ASSET CAPITALISATION POLICY

8.4.1 Capitalisation limit

Assets with a useful life expectancy of more than one year and costing more than £3,000 or more should be capitalised.

8.4.2 Groups of Assets

Where individual assets costing less than £3,000 are purchased as part of a project costing more than £3,000, they may be grouped together and capitalised as in 8.4.1 above with the approval of the Chief Finance Officer.

8.5 DEPRECIATION POLICY

8.5.1 General

The Governing Body approves the accounting policies for the depreciation of capitalised assets, which are set out in the notes to the annual financial statements.

8.5.2 Accounting Treatment

Depreciation will normally be charged on an annual basis, a full year's charge being made in the year of purchase or from the following year if not coming into use until after the year of purchase has closed.

8.6 TREASURY MANAGEMENT (Investments and Borrowings)

8.6.1 Investment policy

The Governing Body is responsible for approving an investment treasury management policy statement, based on current best practice as recommended by the FRS Committee; and

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9.2.2 Approval of risk management policy

The risk management policy will be considered and approved by the Governing Body on a regular basis, following a review of the policy by the Audit Committee. The Governing Body will also review the risk register regularly and will monitor progress on the mitigation of risks.

9.2.3 Legal awareness / limitation of exposure / new risks

Budget holders must ensure that any agreements negotiated within their team with external bodies cover any legal liabilities to which the College may be exposed. Advice from the Chief Finance Officer should be sought to ensure that this is the case. Budget holders must give prompt notification to the Chief Finance Officer of any potential new risks and additional property and equipment, which may require insurance and any alterations affecting existing risks.

9.2.4 Bribery

The College has a zero-tolerance for bribery and corruption and seeks to comply in full with the Bribery Act 2010. The College aims to

9.4.2 Care of keys

Keys to safes or other similar containers are to be carried with the person responsible at all times. The loss of such keys must be reported to the Chief Finance Officer immediately. The loss of other keys must be reported to the Director of Estates and Facilities.

9.4.3 Security of data / personal data security

The Principal delegates to the Chief Planning and Data Officer the responsibility for security of data. The Chief Planning and Data Officer is responsible for ensuring the maintenance of proper security and privacy of all information held by the College in accordance with the College's Data Protection Policy.

9.4.4 Computer Access

Computer access will be restricted to authorised persons by the use of

ANNEX 1: Bank Mandate

1. Signing limits

1. A minimum of two signatures are required for all cheques
2. There are 3 grades of signatories as follows:
 - “A” - unlimited
 - “B” - up to £10,000
 - “C” - up to £1,000

Cheques up to £1,000 need two signatures from list A, B or C.

Cheques from £1,000 to £10,000 need two signatures from list A or B.

Cheques over £10,000 need two signatures from list A.

2. Adding, deleting signatories or changing their individual grade

Individuals can be added to or removed from the list of cheque signatories on the signature of any two of:

The Chair of the Governing Body

The Chair of the Finance , Resources and Sustainability Committee

The Principal

The Director of Governance and Company Secretary

Major alterations to the bank mandate or opening accounts with a new bank require a Governing Body minute.

3. Cheque signatories

The following table is updated as at June 2024:

Name	Position	Authority to add or amend signatory list	Signing Limit
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The table below provides a summary of

- The proposed post-implementation review of the programme's success a reasonable time period following completion so that the College can reflect learning ahead of future capital programmes.

Where a Capital Programme results from the award of a specific Grant for capital funding the Business Case should set out the basis for the grant being effectively utilised within any conditions of funding.

Following review by the Senior Leadership Team, the proposed Capital Programme will be evaluated by the Principal/CEO and Chief Finance Officer, and if appropriate recommended for consideration by the Finance, Resources and Sustainability Committee.

Recommended Business Cases will be progressed/developed for consideration by the Finance, Resources and Sustainability Committee (FRS), and subject to a recommendation from FRS, for approval by the Board.

