

Policy Title	NCG Financial Regulations	
Policy Category	Compliant	
Owner	Chief Finance Officer	
Group Executive Lead	Chief Finance Officer	
Date Written	September 2024	
Considered By	Executive Board and Audit Committee	
Approved By	Corporation Board	
Date Approved	October 2024	
Equality Impact Assessment	The implementation of this policy is not considered to have a negative impact on protected characteristics	
Freedom of Information	This document will be publicly available through the Groups Publication Scheme.	
Review Date	July 2025	
Policy Summary	The Financial Regulations translate the Group's broad policies relating to financial control into practical guidance. They are subordinate to the Corporation's Instrument and Articles of Government and to any restrictions contained within the Group's Financial Memorandum with the ESFA and the Funding Agencies' Audit Code of Practice. Compliance is compulsory for all colleagues. Financial Policies and Procedures set out how these regulations must be implemented. Please see Appendix 1 at the end of the document.	
Applicability of Policy	Consultation Undertaken	Applicable To
Newcastle	Yes	Yes
Newcastle Sixth Form	Yes	Yes
Kidderminster	Yes	Yes
Lewisham	Yes	Yes
Southwark	Yes	Yes
West Lancashire	Yes	Yes
Professional Services	Yes	Yes

Changes to Earlier Versions	
Previous Approval Date	Below are main changes made in this version
October 2024	Amendments to Authority Approval matrix at 8.2.2 to align with new finance system
May 2023	<p>Updates to meet new guidance issued in relation to ONS reclassification of colleges for these points below:</p> <p>College requirements for write-offs and losses</p> <p>College requirements for special payments, including severance, compensation and ex-gratia payments</p> <p>Updates to meet MPM guidance</p> <p>College requirements for indemnities, guarantees and letters of comfort</p> <p>College requirements for novel, contentious and repercussive transactions</p>
July 2022	<p>Added Equity Impact assessment</p> <p>Changes to Bank Payment approval matrix</p> <p>Updates to Bid Submission & Contract Award approval matrix</p> <p>Updates to Bad debt write off approval matrix</p> <p>Updates to the Deed and Seals sections</p> <p>Updates to Hospitality sections</p>
Dec 2019	<p>Roles, responsibilities and reporting lines.</p> <p>Changes to procurement and contract approval processes.</p> <p>Section for donations expanded.</p> <p>Updated to reflect changes in IR35 (off payroll working).</p>

Linked Documents	
Document Title	Relevance
Financial Policies and Procedures	Refer to Appendix 1 for relevant policies and procedures

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Key Summary for Staff

Enclosed are the NCG Financial Regulations that are mandatory to all staff. These Regulations are in place to protect the corporation and its students, staff and stakeholders. Failure to comply could result in disciplinary action against you.

It is important that you read and understand this key summary and all detailed sections of the Regulations that apply to you as part of your role within NCG.

Here is a summary of the key points that you must understand and follow:

- Rule of Thumb – if you are unsure about your authority or responsibility then please ask someone in the relevant professional services before acting. It is so much easier to be compliant from the start than to try and retrofit compliance.
- You must assist with the protection of NCG's assets and help to minimise liabilities to NCG.
- Budget holders are responsible for the creation of their budgets and for the financial performance of their area of control.
- You must ensure complete and accurate record keeping in line with NCG procedures as part of your role.
- Budget holders are responsible for expenditure within their area and only they can approve expenditure in line with the expenditure approval matrix which is in section 8.2.2.
- Budget holders are not permitted to spend more than their budget. See section 8 for guidance.
- Do not sign any contracts unless you are cleared as authorised to do so by the Legal and Contracts team and / or Procurement Teams.
- As a public organisation we are bound by strict procurement rules. Please contact the Procurement Team prior to any engagement with new suppliers or contractors.
- There are strict rules about engaging with contractors whose nature of work is similar to that of an employee. See section 7.1.5 and always contact the Procurement team.
- To raise an order with a supplier, you must always have a system generated order number approved by the system. Your supplier will not be paid if their invoice does not quote the order number.
- Recruitment of staff must follow the guidance in section 7.3 and any changes in staff terms must follow the guidance in this section.
- Bids for funding must be approved in line with the bidding matrix which is in section 6.2.3.
- You must declare any gifts or benefits you receive from suppliers and contractors. See section 14.
- You must reclaim personal expenses by referring to section 7.2.

General Provisions

1. Introduction

1.1 Background

- 1.1.1 NCG, is a statutory corporation formed under the Further Education and Higher Education Act 1992. NCG comprises Newcastle College, West Lancashire College, Kidderminster College, Newcastle Sixth Form College, Carlisle College, Lewisham College, Southwark College and Professional Services. NCG is an exempt charity and has no company registration or charity number.
- 1.1.2 Any wholly owned subsidiary must comply with the Financial Regulations.
- 1.1.3 NCG (all colleges and professional services) is VAT registered under the number 918509211.
- 1.1.4 The total organisation is known as the Group.
- 1.1.5 All colleges within the Group have the same financial year - 1 August to 31 July.
- 1.1.6 These Regulations have been designed to outline to all colleagues and governors the financial procedures to be followed to ensure that the Group's strategy is delivered; whilst maintaining a sound system of internal control, designed to ensure effective and efficient operations and compliance with relevant laws and regulations.
- 1.1.7 NCG is a further education corporation. Its governance is determined by its instruments and articles. NCG is accountable through its governing body, the Corporation which has ultimate responsibility for the Group's management and administration. NCG Corporation has established individual boards who are responsible to the Corporation, and for the non-financial aspects of local governance, in particular around quality and curriculum.
- 1.1.8 On the 29 November 2022 the Office for National Statistics (ONS) announced that it was reclassifying English further education colleges into the central government sector. Whilst Colleges (and their subsidiaries) continue to be self-governing charities regulated by the Secretary of State for Education they are also now subject to the framework for financial management set out in Managing Public Money (MPM). MPM sets out requirements for everyone working in central government to manage and deploy public resources responsibly in the public interest.
- 1.1.9 The Financial Memorandum between the ESFA and NCG sets out the terms and conditions on which the funding is received. NCG must follow the OfS published terms and conditions of funding for higher education institutions. The Corporation is responsible for ensuring that conditions of funding (including any grants) are met. The Group must adhere to the Funding Agencies' audit code of practice which requires it to have sound systems of management and financial control. The Regulations form part of this overall system of accountability.
- 1.1.10 If exceptional circumstances arise which make these Regulations inappropriate, the advice of the most senior Colleagues available at the

relevant time must be followed and the breach reported promptly to the CFO who will consult the CEO and report to Corporation if significant.

- 1.1.11 For avoidance of doubt, these Regulations do not apply to organisations which are NOT wholly owned or controlled by NCG Corporation. But will apply to any organisation which joins the Group following a merger or acquisition on the agreed implementation date.

1.2 Status of Financial Regulations

- 1.2.1 This document sets out the Regulations. It translates the Group's broad policies relating to financial control into practical guidance.
- 1.2.2 These Financial Regulations are subordinate to the Corporation's Instrument and Articles of Government and to any restrictions contained within the Group's Financial Memorandum with the ESFA, the Funding Agencies' Audit Code of Practice and the framework for financial management set out in MPM.
- 1.2.3 Compliance with the Regulations is compulsory for all colleagues including agents, contractors and consultants employed by NCG to deliver a service(s). Any colleague who fails to comply with the Regulations may be subject to disciplinary action in accordance with the Disciplinary Procedures (of the relevant legal entity). With regards to agents, contractors and consultants of the Group who fail to comply with the Regulations, the Group will rely on the termination rights under the respective contract.
- 1.2.4 Any enquiries, omissions and inconsistencies in these Regulations must be referred to the CFO. Where matters come to light that they are not covered by the Regulations, they must be resolved within the spirit of these regulations and until such a time that Corporation can amend the Regulations to incorporate such matters, if appropriate.
- 1.2.5 Any material breach of these Regulations must be notified to the COCO who will report it to the Corporation through the Audit & Risk Committee, (a sub-committee of the Corporation responsible for overseeing financial assurance).
- 1.2.6 It is the budget holder's responsibility to ensure that their colleagues know, understand and follow these regulations and their associated policies and procedures. Copies are made available for reference via the intranet under NCG Policies and on the NCG website.
- 1.2.7 Members of the Executive are responsible for maintaining a continuous review of the Regulations and advising the Corporation of any additions or changes necessary. The Regulations are formally reviewed every 2 years or if the structure of the organisation changes significantly. The date of the last update is shown on the cover.
- 1.2.8 The CFO must present any changes to these regulations to Audit & Risk Committee and the Corporation for approval.
- 1.2.9 Financial Policies and Procedures set out how these regulations must be implemented. See **Appendix 1** for a summary of policies and procedures mentioned in this document.

- 1.2.10 The CFO must maintain up to date financial policies and procedures which are available on the Group Intranet to guide colleagues to ensure the efficient and effective management of the finance function of the Group.

1.3 Financial Responsibilities

- 1.3.1 The below table lays out the responsibilities for the Group:

Position	Responsibility
The Corporation	<ul style="list-style-type: none"> • The educational character and mission of the Group. • The effective and efficient use of resources. • Ensuring the solvency of the Group. • Safeguarding assets. • Approving Budgets. • Appointing / removing senior post holders and Clerk including the appointment of the CEO with an appropriate separation of duties between executive and non-executive roles and responsibilities. • Approving strategy and policies. • Ensuring funds are used for the purposes they are given. • Appointing the Audit & Risk Committee and any other committees. • Establishing and dissolving any companies. • Approving the Students' Union's constitution. • Approving fee and charging policy. • Informing the Funding Bodies of any risk to the Groups solvency and financial viability. • Informing the ESFA if it becomes aware of any instance of suspected fraud or financial irregularity in the delivery of the Provision including but not limited to fraud involving subcontractors. <p>All the above must be in accordance with the Further Education and Higher Education Act 1992, the framework for financial management set out in MPM, Instruments and Articles, the Contract with the relevant funding body (e.g., Financial Memorandum, Contract for Services), Code and other directives of the relevant funding bodies and Standing Orders.</p>
College Governance Boards	<p>College Board Members are accountable for overseeing the College's approved financial budget.</p> <p>They are responsible for: -</p> <ul style="list-style-type: none"> • Ensuring compliance with the budget provided. • Approving the college's budget submission to NCG. • Making proposals to NCG for capital investments.

<p>The Chief Executive Officer and Accounting Officer (“CEO”)</p>	<p>The CEO is responsible to the Corporation for: -</p> <ul style="list-style-type: none"> • To take personal responsibility, which must not be delegated, to assure the Corporation that there is compliance with the framework for financial management set out in MPM, Financial Memorandum and all other terms and conditions of funding. • The execution of all Corporations’ responsibilities within defined limits of discretion determined by the Corporation. • Submission of Statutory returns. • Reporting breaches of or any action or policy under consideration which is incompatible with these Regulations or the Funding Body Memoranda to Corporation. • Except when provided to the contrary, the CEO may delegate functions but not responsibility to colleagues. • Empowered to appoint certain colleagues as Budget Holders. • May be required to appear before Parliamentary Committee of Public Accounts on matters relating to the Groups use of Public Funds.
<p>Chief Finance Officer (“CFO”)</p>	<p>The CFO is responsible to the CEO for: -</p> <ul style="list-style-type: none"> • Advising on the financial aspects of the Group’s strategy, policy and administration as well as liaising with External Auditors. • Ensuring that the Group has satisfactory systems of financial control and management and keeps proper records of account as per Instruments, relevant reporting standards and funding body directives. • Preparing Financial Statements for the Group. The Financial Statements will be prepared in accordance with the Memorandum, guidelines and timetables issued by the relevant funding bodies and conform to recommended accounting practices. • The Financial Statements are to be presented on behalf of the CEO by the CFO to the Audit & Risk Committee to recommend approval before being presented to the Corporation for formal approval and for signature by the Chairperson and CEO. The Financial Statements will be available to the general public. • Preparing annual budgets and quarterly forecasts and recommending their adoption to the Corporation. • Management of compliant procurement and contracts processes (including management of

	subcontractors) and responsible for driving procurement synergies.
Chief Operations & Compliance Officer and Secretary to the Board ("COCO")	<p>The COCO is responsible to the Chair for:</p> <ul style="list-style-type: none"> • Scheduling of matters included in these regulations within the Corporation and Audit & Risk Committee business and accurate recording of minutes and actions. • Management of Internal Audit and Risk Management. • To manage the budgets for the areas falling under their control and empower certain colleagues as Budget Holders for each area.
Chief Information, Data and Estates Officer ("CIDEO")	<p>The CIDEO is responsible to the CEO for: -</p> <ul style="list-style-type: none"> • Physical and digital estate • Preparing and validating the Individual Learner Records and maintaining the MIS and administration around the Group relating to learner records and funding claims. • Ensuring compliance with ESFA, devolved authority and OfS funding rules.
The Audit & Risk Committee	<ul style="list-style-type: none"> • Oversees the audit of the Financial Statements, financial records, operations and systems, Act, Memoranda, Code and other directives of the funding bodies in line with its terms of reference. • Reviewing and commenting upon policy, strategy and parameters for the investment of surplus funds in line with its terms of reference. • Advises Corporation on the appointment of the Internal and External Auditors who must be independent of each other and appointed in accordance with the Act, Instruments, Memorandum, Code and other directives. • The Audit & Risk Committee submits an annual report to the Corporation which NCG submits to the Funding Bodies along with the Financial Statements.
Internal Auditors	<ul style="list-style-type: none"> • Responsible to the Corporation, through the Audit & Risk Committee, for auditing the Group's system of internal control as per the Audit Code of Practice. • The right of access to any premises, assets, minutes, books, documents, or other information kept within the Group, and have the right of access to the Chairperson of the Corporation, colleagues within the Group and relevant third parties. • Internal audit will submit reports on the Group's activities to the Audit & Risk Committee.

The External Auditors	<ul style="list-style-type: none"> • The right of access to any premises, assets, minutes, books, documents, or other information kept within the Group, and have the right of access to the Chairperson of the Corporation, colleagues within the Group and relevant third parties. • A detailed audit report must be prepared for consideration by the Audit & Risk Committee, the Corporation and for submission to the relevant funding bodies and Companies House where applicable.
Relevant Government Organisations	<ul style="list-style-type: none"> • The right of access as Internal Auditors per Instruments and Code and have the right of access to all Audit papers and personnel.
Budget Holders	<ul style="list-style-type: none"> • Ensuring colleagues under their management know and understand these Regulations. • Supply information necessary to compile financial statements. • Preparing and managing their Budget and assist in maintaining financial management. • Responsible to the CFO, who has delegated authority from the CEO, for the control and monitoring of income and revenue and capital expenditure within budgets allocated to them and in accordance with these regulations. • Authorising expenditure against budget. • Monitoring committed and actual expenditure against budget. • Initiating agreed action plan to achieve their income targets, improve performance and contain spending within their agreed budget. • Reporting variances from budget promptly to the principal, who will report them to the CFO through the month end process and formally at the next Executive Board meeting. • Budget Holders may delegate the day to day running of any part or their Budget to suitable colleagues but may never delegate accountability. • Identifying and realising opportunities to drive improvements in the financial performance of their area and the wider Group.

Financial Management

2. Budgeting

2.1 Budgeting General

- 2.1.1 The CEO is responsible for the preparation of the annual 3 year rolling Budget and quarterly forecasts which must be presented to Corporation in a form approved by them and within a time scale determined by them and the requirements of the relevant funding bodies.
- 2.1.2 The CFO is responsible for coordinating the budget and forecast processes and supporting Budget Holders in the preparation of their individual Budgets as well as providing accurate cost information from the accounting system. The aim is to prepare a realistic Budget that Budget Holders understand, can achieve and is in line with Group strategy. The budgets and forecasts must include a monthly profit and loss account, balance sheet, cash flow statement and capital expenditure plan.
- 2.1.3 The CFO is responsible for providing statistical, other funding information and budget recording facilities via the management information systems.

2.2 Capital

- 2.2.1 Definition of capital is set out in 9.2.1. The CFO is responsible for the development of the capital expenditure budget which forms part of the overall budget process as detailed in 2.1.2. The capital budget is approved by the CEO and Corporation.

2.3 Budgetary Control

- 2.3.1 The CEO is accountable to the Corporation for effective budgetary control within the approved Budget and in accordance with these Regulations. Any revision of Budget must go through the same methodology as the initial Budget.
- 2.3.2 The Corporation will monitor performance against the approved Budget at Group level and as a minimum the CEO and the CFO at the college levels.
- 2.3.3 Members of the Executive are accountable to the CEO for achieving and / or exceeding their Budget for their respective area. Members of the Executive are responsible for managing income and expenditure for their college or function and are authorised to transfer budgeted expenditure within the college or function up to 10% of their total expenditure budget after which approval is required from the CFO.
- 2.3.4 The CFO must regularly submit reports to the Corporation outlining actual income / expenditure, capital expenditure, a balance sheet and cash flow statement in comparison to Budget and an annual cash flow forecast and will highlight and explain significant variances within the report.
- 2.3.5 The CEO is permitted to authorise movement between all Budget categories provided:
 - the amount involved does not exceed £1million in relation to any one proposal or related series of proposals.

- the action does not involve the Corporation in any additional financial commitment for past, current or future years.
 - all grants are used for the purposes they were given.
 - capital to revenue (and vice versa) movements of up to £0.5m in total in any financial year.
- 2.3.6 Any minor capital overspends where they are offset by capital underspends or non-pay underspends, where 'minor' is less than £25,000, must be approved by the CFO.
- 2.3.7 Budget Holders are responsible for achieving their agreed Budget. They are responsible for the day-to-day management of Budgets. For a full list of Budget Holder's responsibilities, please refer to section 1.3. Financial Responsibilities.
- 2.3.8 Budget Holders are responsible for flexing expenditure in line with actual volumes and income received. Monthly management accounts will be made available for Budget Holders to confirm actual performance against agreed Budget, as per the monthly reporting timetable.
- 2.3.9 Budget Holders must report all known and expected budget variances to their finance business partner and to the CFO in the case of variances arising over £0.1m. Budget Holders are responsible for taking corrective action to limit the effect of adverse budget variances arising and for driving maximum benefit from positive budget variances arising.
- 2.3.10 Budget Holders must not exceed their total expenditure budget or latest forecast for any financial quarter without approval from their relevant Executive member.
- 2.3.11 Executive must not exceed their total expenditure budget or latest forecast for any financial quarter without approval from the CFO.

3. Banking

- 3.1 The Corporation will appoint bankers for the Group. The CFO is responsible for all other arrangements.
- 3.2 Signatures may be manual, electronic or produced via a lithograph of the CEO's signature. Where payments are made electronically the document relating to the transaction must be approved in line with delegated authorities before the transaction is executed.
- 3.3 Only persons as named on the bank mandate are empowered to open or operate a bank account in the name of the Group or any part of the Group.
- 3.4 No cheques or financial instruments made payable to the Group, College or subsidiary can be endorsed and credited to any other account.
- 3.5 The CFO has delegated power from the CEO to invest funds in line with the Treasury Policy and make electronic payroll and supplier payments.
- 3.6 Group Finance must maintain a register of all periodic Direct Debits and Standing Orders.
- 3.7 The Group's bank accounts must be reconciled monthly.

- 3.8 The CFO can authorise Senior Finance Colleagues, who are not Senior Post Holders to move money between the Group's bank accounts in respect of working capital requirements and settlement of inter-company debts.
- 3.9 Colleagues with administrator access to banking services or finance systems are not permitted to process or authorise payments.
- 3.10 All additional and amendments to loan agreements must be approved by the Corporation.
- 3.11 The CFO and Group Finance are responsible for briefing colleagues of the restrictions and requirements of the loan agreements. All actual and potential compliance issues related to the loan agreements must be reported immediately to the CFO.
- 3.12 Before the weekly payment run for supplier payments is generated, a forecast should be reviewed and approved by Group Finance colleagues who have responsibility for NCG cash flow.
- 3.13 The required authorisation for the different types of transactions included in the Bank Payment Approval Matrix below:

Bank Payment Approval Matrix				
Value of Payment	BACS Run Payment Processing	CHAPS and Priority payment processing	Bank Transfer (same bank) processing	New Direct Debit/Standing Order set up
Up to £20,000	1 x GFAP/AR Prepare 1 x GFM Review and authorise 1 x GFP Input and send	1 x GFP Input 2 x GFM Authorise	1 x GFP Input 2 x GFP Authorise	1 x Exec or GFC
£20,001 - £100,000				
over £100,000	AND 1 x GFP or GFM Review	1 x GFP Input 1 x GFM Authorise 1 x Exec Authorise		

Key:
BACS = Bankers' Automated Clearing Services but refers to the weekly supplier payment run initiated by the Accounts Payable Department.
CHAPS = Clearing House Automated Payment System and refers to a same day electronic payment.
GFP = Group Finance Processing. Means any member of Group Finance Staff who has the required authority to set up online/cheque payments.
GFM = Group Finance Management. Means any member of Group Finance Staff who has the required authority to approve online/cheque payments. Or designated by the CFO/DCFO as authorised to review payment runs
GFAP/AR = Group Finance Accounts Payable/Receivable. Means any member of Group Finance team who work within the AP/AR processing area
Exec = Executive. Means a member of Group Executive in line with the bank mandate or who has access to authorise payments on our online system, ie CEO, DCEO or CFO.
GFC = Group Financial Controller. Means the post holder responsible for Group Finance reporting in to the CFO
CFO = Chief Finance Officer. Means the senior post holder responsible for Finance for the whole Group
CEO = Chief Executive Officer. Means the senior post holder responsible for the whole Group

4. Treasury Management

4.1 Investment

- 4.1.1 The CFO is responsible to the CEO and has delegated powers, in accordance with the approved Treasury Policy, to invest funds and must submit regular reports to Corporation. Group Finance must maintain a register of investments.

4.2 Borrowing

- 4.2.1 Any borrowing must be in line with MPM requirements as documented in the NCG Treasury Policy (under Cash Flow)
- 4.2.2 The CFO is responsible for maintaining a cash flow forecast that is sufficient to regulate expenditure within the defined borrowings as well as meeting budgeting needs.
- 4.2.3 The relevant Budget Holders must agree timing of payments for large projects within the Capital Budget with the CFO.

5. Petty Cash

- 5.1 The CFO is responsible to the CEO for preparing and executing the policy and procedures. The Petty Cash Policy and Procedures are documented and are available for colleagues on the intranet.
- 5.2 A Float Holder is personally responsible for the safe custody of the float. Float Holders must maintain proper records of account for floats, keep the float topped up to meet payments and carry out reconciliations as per the Petty Cash Procedures. Float counts must be carried out weekly.
- 5.3 Petty Cash must not be used for normal supplier payments, colleague travel and subsistence nor colleagues' expense claims unless specifically authorised by the CFO.
- 5.4 Petty Cash advances must be issued by Float Holders in accordance with the Petty Cash Procedure.
- 5.5 Income must not be paid into floats unless specifically authorised by the CFO.
- 5.6 The Budget Holder must ensure that, where a Float Holder leaves the post, the float and keys are properly handed over to his / her successor in accordance with the Petty Cash Policy and Procedures.
- 5.7 The Budget Holder is responsible for ensuring that full float checks are carried out on the change of Float Holders and a sign out sheet is maintained for all safe and money box keys.

6. Income

6.1 Income General

6.1.1 The CEO is responsible for all income, receipts, and Individual Learner Records. The CFO is responsible to the CEO for preparing policies, procedures, and the execution of procedures in relation to fees and grants. The CIDEO is responsible to the CEO for preparing policies, procedures, and the execution of procedures in relation to learner information and recording systems.

6.2 Generic Income Generation

- 6.2.1 All generic types of income generation work and their associated contracts must align to the risk appetite and strategy of the Group. The Legal and Contracts team are responsible for reviewing proposed contracts (where deemed necessary) and making a recommendation to the Approval Panel (colleagues required to approve contract submission as per authority matrix in 6.2.3).
- 6.2.2 Each contract must be approved in accordance with the Bid Submission & Process and Contract Award Approval Matrix (Income) below at 6.2.3.
- 6.2.3 For the avoidance of doubt, if the peak working capital requirement of the contract is £100,000 or more, reference must be made to the final column of the matrix which represents the higher risk approval requirement.

Contract Award Approval Matrix (Income)	
Total Contract Value for the Total Contract Period	Level of Approval and Written Sign off Required
Up to £500,000	Principal and Local FD/FM and CFO
£500,000 - £999,999	AND Executive Principal
£1,000,000 - £2,999,999	AND CEO
£3,000,000 - £9,999,999	AND CEO
£10,000,000	AND Corporation

Key:

Approval Panel means the required approvers for sign off per the above matrix

Principal means the senior post holder responsible for the College reporting to the Executive Principal (Curriculum) or the Executive Principal (People and Culture)

Local FD/FM means the senior post holder responsible for Finance within the College

CFO means the senior post holder responsible for Finance for the whole Group, or their deputy, in their absence.

CEO means the senior post holder responsible for the whole Group or the COCO, in their absence

Corporation means the board of Governors for NCG

Executive Principal means the Executive Principal (Curriculum) or the Executive Principal (People and Culture) reporting to the CEO or the COCO

NCG Bid Submission process means the process agreed by Corporation Board and managed by the NCG Development Team. This process is separate and in addition to the NCG Finance regulations.

Notes:

1. The NCG Bid Submission process must be adhered to at all stages and approvals received in accordance with the above matrix before a bid is submitted.

2. Before a contract is signed by a member of the Approval Panel, all approvers must re-approve to confirm that (a) the circumstances haven't changed, or (b) if the circumstances have changed, they are happy with the impact this may have on the financial viability of the contract. All Contracts over £10m must be approved by Corporation.

3. Corporation may appoint a select group of Governors to approve contracts awarded outside of routine Corporation meetings.

4. Unless the contract specifically requires a statutory director or governor to sign the contract, any member of the Approval panel may sign the contract once each approver has consented to the contract award.

6.2.4 All non-core educational and non-educational contracts must be referred for approval to Group Finance due to the tax implications of such projects.

6.2.5 Colleagues must not divert enquiries, business contacts or contracts to other private providers or Colleges, where the Group is able to provide the service. Any diversion of services that results in personal gain will be deemed to be gross misconduct in accordance with NCG Disciplinary Policy and Procedures.

6.3 Financial Memorandum and Funding Agreements with Government Agencies

6.3.1 Funding contracts with a Government Agency such as the ESFA, Combined Authorities, and OfS do not require approval in accordance with the Bid Submission & Contract Award Approval Matrix (Income) above at 6.2.3, except whereby the proposed funding contract / grant is for a new funding type following the submission of a Bid or Tender.

6.3.2 ESFA, Greater London Authority, Combined Authorities and OfS contracts for existing funding streams must be reviewed by the LDS Funding Data Team and Contacts & Procurement Team and signed by the CEO.

6.4 Bids and Tender Submissions

- 6.4.1 The submission and approval of income related bids is subject to the NCG Bid Submission Process and the Contract Award Approval (Income) matrix in 6.2.3.

6.5 Income associated Fees & Charges

- 6.5.1 The Corporation is responsible for approving the Fees & Charging Framework in accordance with the Instruments and Articles, and other directives from all relevant Regulators and Funding Bodies.
- 6.5.2 The Executive Lead for the respective college is responsible for the preparation of the Fees and Charging Policy for their college and ensuring it is in line with the requirements of the Fees & Charging Framework in 6.5.1 and the NCG FE, HE Fees & International Fees Policies
- 6.5.3 The Executive Lead for the respective college is responsible for setting the Fees as detailed in their Fees and Charging Policy. The Fees will be reviewed and approved by Corporation as part of the annual budget setting process.
- 6.5.4 Budget Holders must regularly review non-grant Fees and Charges and report to the CFO within the Business Planning Process.
- 6.5.5 The Executive Lead for the respective college and CIDEO are jointly responsible for the timely and accurate reporting of key learner number and funding body data. This includes appropriate comparatives and projections.
- 6.5.6 The Executive Lead for each college and CIDEO are jointly responsible to the CFO for the accuracy and timely recording of all enrolments, withdrawals and other learner activity in accordance with the relevant Funding Body's guidance. This includes clearing rule violations, actioning condition of funding issues, clearing funding monitoring reports, actioning PDSATs reports, monitoring apprentices on breaks in learning and likely to go out of funding and ensuring that all records are accurate, in line with the funding rules and are ready for audit at all times. The Learner Data Services team are responsible for reporting the ILR to the funding body, ensuring all data is up to date as noted above and reporting to the executive where there are data issues.
- 6.5.7 Learners who owe any monies to the Group must not be permitted to re-enrol unless authorised by the principal with notification provided to Group Finance as to how the existing debt will be cleared.
- 6.5.8 The Executive Lead for the respective college must approve policies on learner support funds and other financial support. The approved policies must be made available for colleagues via the Intranet and for Learners via the respective website. They must be administered by the college colleagues responsible for learner services and support in consultation with Group Finance.

6.6 Grants

- 6.6.1 Funding Bodies provide grants for a number of purposes. Virement between deliverables is only allowed in accordance with the relevant Contract and / or Memorandum.
- 6.6.2 Budget Holders must ensure that invoice requests are raised promptly, where applicable. Group Finance must also be notified promptly of any grants where invoices are not required e.g., grants which the Funding Agencies remit.
- 6.6.3 Budget Holders are responsible for ensuring that the conditions of any grant are met and must liaise with Group Finance to ensure that the grant monies and associated costs are promptly and correctly accounted for and that this can be demonstrated to the Funding Body and all Auditors.

6.7 Invoicing

- 6.7.1 Income due to the Group must be requested promptly in accordance with the Invoicing Process and invoices must be generated and issued by Group Finance on behalf of the Group. No other department is permitted to issue invoices.
- 6.7.2 In instances, where the Invoicing Process cannot apply, approval from the CFO is required for departure from the Group's Invoicing Process.
- 6.7.3 Group Finance must exercise appropriate Credit Control Procedures. These are set out in the NCG Credit Control Policy. The approval of the CFO is required to approve any departure from the Credit Control Procedures.

6.8 Debt Collection

- 6.8.1 The CFO must approve the Debt Collection Process.
- 6.8.2 Sanctions will be placed on Learners with outstanding debt in line with the relevant Fees & Charging Policy. Please refer to section 6.5 Income associated Fees & Charges.
- 6.8.3 The framework for financial management as set out in MPM sets out the considerations for write-offs. Losses and write-offs should only be accepted after careful appraisal of the facts, including whether all reasonable action has been taken to effect recovery, and should be satisfied that there is no feasible alternative. The CFO must approve the Debt Collection Process.
- 6.8.4 The following must be documented before proposing a write off:
 - The circumstances
 - Rationale for the write off including whether any advice has been sought.
 - Cost effectiveness of further action.
 - in the case of an overpayment, whether the recipient accepted the money in good or bad faith.
 - Whether there is any indication of fraud.
 - Whether the investigation has highlighted any defects in the system of control and if so what action will be taken.

6.8.5 The CFO is responsible for maintaining a record of write-offs which includes:

- the nature, gross amount and cause of each loss, and
- the action taken, total recoveries and date of write-off, where appropriate.

6.8.6 The authority levels for writing off bad debt are shown in the Bad Debt Write-off Approval Matrix below:

Bad Debt Write-off Approval Matrix	
Value of Bad Debt / Credit Balance	Approver
£0 to £1.00	Credit Control
£1.01 to £100	AR Team Leader
£101 to £1,000	GMA & CFL
£1,001 to £10,000	GFC
£10,001 - £44,999	CFO
£45,000 - £100,000	CFO & DFE*
£100,001 - £500,000	CEO & DFE*
Over £500,000	Corporation & DFE*

Key:

GMA means Group management accountant

CFL means college finance lead

GFC means the postholder responsible for Group Finance reporting in to the CFO

CFO means the senior post holder responsible for Finance for the whole Group

CEO means the senior post holder responsible for the whole Group or Deputy CEO, in their absence

Corporation means the board of Governors for NCG

Notes:

1. For the avoidance of doubt the value of bad debt is for any one item that is proposed to be written off

* As per updated government guidance published 31 January 2023, DfE approval in advance is required if the write off exceeds 1% of annual income or 45k individually (Whichever is smaller), as well as if this write-off takes the college's cumulative total write-offs for the academic year beyond 5% of its annual income or £250k (whichever is the smaller)

6.8.7 The CFO will assess whether the proposed write-off requires DfE approval in advance. DfE consent to a write-off will only be required if:

- the write-off exceeds 1% of annual income or £45k individually (whichever is smaller), or
- the write-off takes the college's cumulative total write-offs for the academic year beyond 5% of its annual income or £250k (whichever is the smaller).

6.8.8 For these purposes, annual income referred to in 6.8.7 will be the budgeted total income for the current year as approved by NCG corporation.

6.8.9 Additionally, irrespective of the amount of money involved, colleges must always consult DfE if they identify losses and write-offs which may:

- involve important questions of principle
- raise doubts about the effectiveness of existing systems
- contain lessons which might be of wider interest
- are novel, contentious or repercussive
- might create a precedent for other colleges in similar circumstances, or
- arise because of obscure or ambiguous instructions issued centrally

6.8.10 The CFO will be responsible to completing the necessary paperwork and obtaining DfE approval for any losses or write-offs that meet the criteria.

6.9 Third Party Cheques, Cash and Money Laundering

6.9.1 Any relevant money laundering rules must be complied with in accordance with the Money Laundering Regulations 2007 (as amended by the Money Laundering (Amendment) Regulations 2011 and 2015).

6.10 Cash Handling

6.10.1 Colleagues may be required to handle cash on the Group's behalf.

6.10.2 Colleagues handling cash are responsible for its security and accounting for it until it has been sent or given to either Group or College Finance or is collected by the Group's cash collection service or banked locally. The responsibilities and requirements for handling cash are set out in the NCG Cash Handling Policy.

6.10.3 All money must be kept secure and in accordance with the Group's Insurance Policy, Cash Handling Policy, and Petty Cash Policy and Procedures at all times.

6.10.4 Group Finance must ensure monies are banked promptly.

6.11 Donations

6.11.1 Donations to the Group must be referred to Group Finance who will ensure that the conditions of gift are observed, legal requirements are met, and any tax recovered.

6.11.2 NCG is authorised to collect donations from members of the public. Where there is an expectation that there will be a significant donation received, then Group Finance must be contacted ahead of time to ensure that all relevant requirements are set up / made on time.

6.11.3 The CFO is responsible to ensure that gift aid is claimed where appropriate on an accurate and timely basis.

6.11.4 Where a donation is of a physical nature, the receiver of the donation must contact Group Finance with all appropriate documentation which ensures that title has been passed to NCG.

7. Salaries and Expenses

7.1 Salaries

7.1.1 The Corporation must appoint and remove senior post holders and the COO. The CEO has delegated responsibility for appointing all other colleagues.

7.1.2 The CFO is responsible to the CEO for preparing policy, execution and procedures for paying colleagues. The CEO is responsible for approving policies.

7.1.3 All directly employed colleagues must have a contract of employment. Colleagues must seek permission, before undertaking any other work, from the relevant Executive Lead or as specified in their contract of employment. The CEO must seek permission from the Chair of the Corporation. All intellectual property created in paid time belongs to the Group.

- 7.1.4 All remuneration payments must be made through the Group's payroll, unless in exceptional circumstances the CFO and / or the GFC has agreed an alternative arrangement in writing. In these cases, the payroll department must be notified to deal with any taxation, pension and reporting implications.
- 7.1.5 When a need for additional resource is identified, then the hiring manager must decide on what type of worker will be used to fulfil the requirement. If the worker will be sourced via a known small entity or individual, then prior to engagement the hiring manager must run their details through the HMRC CEST (Check Employment Status for Tax) to determine the worker status. Unless the HMRC CEST tool identifies that the off-payroll rules do not apply then payments for their services will be made through the payroll process. A Status Determination Statement (SDS) will be issued to the supplier before being set up as a supplier on the finance system. The supplier can appeal the outcome of the SDS within 5 working days by emailing the Procurement team. This appeal will then be investigated, which may include using an alternative determination tool to CEST, and a formal response will be made from the CFO. NCG will aim to respond to appeals within 10 working days. Any outcome of the appeal will then be processed in the way as designated in the IR35 process document. The outcome of the appeal is final.
- 7.1.6 The CFO is responsible for maintaining relevant data for all colleagues and is also responsible for statutory and supplementary payroll records.
- 7.1.7 The CFO has delegated power to pay salaries, and these will normally be paid electronically monthly with two authorisers from the agreed approval list. No salaries will normally be paid in cash, but if required in exceptional circumstances payment must be approved by the CFO.
- 7.1.8 When a colleague leaves / starts the Line Manager must inform the Budget Holder. It is the Budget Holder's responsibility to notify the relevant departments and deal with the financial duties and delegated powers e.g., petty cash floats. Budget Holders will bear the cost of any overpayment to a leaver that was not promptly notified to People and Development unless successfully recovered through the credit control process.
- 7.1.9 Budget holders may only hire colleagues, including part-time, temporary and agency colleagues through either on-payroll services such as recruitment agencies, or off-payroll works such as personal service companies, in accordance with prevailing requisition procedures at NCG. Where suppliers are providing personal services to NCG, NCG shall assess each engagement in accordance with NCG's Off-Payroll Policy. Furthermore, NCG's suppliers and their approved subcontractors must comply with the Off-Payroll Working Rules (IR35) when they are providing to or procuring personal services on behalf of NCG. Suppliers of on-payroll services, such as recruitment agencies, must pay all employees through their company's payroll and deduct tax and national insurance at source in accordance with the Off Payroll Working Rules (IR35).
- 7.1.10 On behalf of the Group, a designated representative must issue all letters of appointment, terminations and variations in conditions of service which must give value for money and comply with the memorandum and other directives of the relevant funding bodies. The Director of People and Development will

ensure there are appropriate procedures in place to notify People and Development of all commencements, variations, terminations, sickness and unapproved matters affecting tax liabilities and pensions. Budget holders are responsible for using these procedures to meet payroll deadlines. Budget holders must notify the CEO of any possible legal actions by colleagues.

7.1.11 The CFO is responsible for meeting HMRC employment taxes reporting requirements, ensuring that payments are accurately made and by the published deadlines.

7.1.12 The CFO must ensure that the Group complies with all applicable pension regulations and legislation and that payments and returns to pension providers are made accurately and in accordance with statutory requirements.

7.1.13 The required authorisation levels for payroll approval are in the Payroll Approval matrix below:

Payroll Approval Process Matrix	
Stage in Process	Actioned by
Prepare payroll file	Payroll Team members
1st authorisation of payroll file and reports	Payroll Manager (or authorised deputy)
Final sign off prior to approval of making payment	Members of Senior Finance Team - GFC, HOF or CFO
Send BACS file	Authorised member of the Finance Team (per bank payment approval matrix)
Check BACS confirmation report to original payment file	Members of Senior Finance Team - Payroll Manager or HOF
Executive post review	Payroll Manager to CFO

Key:

HOF (Head of Group Finance) means the postholder responsible for Payroll reporting in to the GFC

GFC means the postholder responsible for Group Finance reporting in to the CFO

CFO means the senior post holder responsible for Finance for the whole Group

7.2 Expenses

7.2.1 Colleagues may only claim for expenses incurred in carrying out official duties in accordance with the approved Expenses Policy.

7.2.2 Corporation members are not remunerated nor paid for loss of earnings per Instruments. Their expenses as set out in the Standing Orders must be authorised by the COCO.

7.2.3 The CFO must ensure that expenses are processed according to HMRC regulations and in line with the Expenses Policy. Further, they must ensure that expenses covered by HMRC exemption are not reported via the P11D process. A PAYE Payment Settlement Agreement must be completed as necessary.

7.3 Thresholds

- 7.3.1 For any business restructures involving less than 20 colleagues, a business case must be approved by the relevant Executive Director / Principal and the Director of People and Development, and the CEO or CFO. For any involving 20 or more colleagues, Corporation approval must be obtained.
- 7.3.2 In line with the NCG Pay Policy, consideration of an accelerated increment or salary review (regrade) via the relevant Principal / Professional Services Senior Leader can be made, subject to them providing suitable justification via a business case and evidence in support of their request. The principal should also liaise with their designated People and Development representative prior to submitting such a request to ensure that an independent review and any necessary internal and external benchmarking has taken place. This may require approval of the pay exception panel.
- 7.3.3 These thresholds relate to all members of staff, apart from senior post holders where any appointments / changes must be considered and approved by the Appraisal and Remuneration Committee (REMCO).
- 7.3.4 As part of MPM consideration needs to be given to the level and types of payments made in relation to these restructures. Special severance payments are paid to employees, contractors, and others outside of normal statutory or contractual requirements, when leaving employment in public service, whether they resign, are dismissed or reach an agreed termination of contract.
- 7.3.5 Restructures must be assessed to identify whether they need to be referred to DfE for approval in advance. DfE approval is required for special staff severance payments where any of the following scenarios arise individually or collectively:
- The proposed special staff severance payment is for £50,000 or more (gross, before income tax or other deductions)
 - The proposed special staff severance payment is equivalent to 3 months' salary or more (gross, before income tax or other deductions)
 - An exit package which includes a special staff severance payment is at, or above, £100,000.
 - The employee earns over £150,000.
 - irrespective of the amount of money involved any proposed payments linked to a non-disclosure agreement will require DfE approval.
- 7.3.6 The responsibility of obtaining DfE approval lies with the Executive Principal (People and Culture).

7.4 Colleague Recruitment

All roles whether existing or new must be approved by the NCG staffing panel regardless of whether the cost or role is in budget.

Recruitment Approval Process Matrix	
	Approved by
Replace existing role, in budget	Principal
New role, in budget	Principal
New role, not in budget	Principal AND CEO OR CFO
Regrading request of existing role	Principal AND Director of People and Development AND GFC OR FD(N) OR FD(S)
Settlement Agreements	CFO AND CEO

Key:

Principal means the senior post holder responsible for the College reporting to the Executive Principal (Curriculum) or the Executive Principal (People and Culture), or the Executive Lead reporting to the CEO or GFC

Director of People and Development means the senior post holder responsible for People and Development operations for the whole Group or their deputy, in their absence

CFO means the senior post holder responsible for Finance for the whole Group, or their deputy, in their absence, e.g. the GFC

GFC means the senior post holder responsible for Group Finance reporting to the CFO

FD(N), FD(S) means the senior post holder responsible for College Finance, North or South, reporting to the CFO

CEO means the senior post holder responsible for the whole Group.

8. Expenditure

8.1 Expenditure General

- 8.1.1 This section applies to the procurement of all goods, services and works including capital purchases. All thresholds in this section exclude VAT.
- 8.1.2 The CEO is accountable for all payments made by or on behalf of the Group. The CFO is responsible to the CEO for ensuring that there are robust procedures in place to execute this policy.
- 8.1.3 The Colleges are responsible for acquiring all goods, services and works with support from the Procurement team, who will facilitate the process to ensure compliance with the Public Contracts Regulations 2015, as amended from time to time.
- 8.1.4 At all times value for money must be sought from NCG's preferred supplier base to ensure best overall quality and price. The best value offer will not necessarily be that with the lowest price.
- 8.1.5 Where a supplier is chosen that has not offered the lowest whole-life cost, the reasons for the decision and the value for money benefits must be clear and justifiable.
- 8.1.6 Where a contract provides for on-going payments over an indefinite duration, the college must, as far as possible, estimate the total contract duration to provide an estimated overall contract value. Where this is not possible, the value must be estimated based on the maximum permitted contract term of 4 years (as required by paragraph 8.1.7 below).
- 8.1.7 No contract should be for an initial period of longer than 4 years without the express written approval from the Legal and contracts team.
- 8.1.8 Budget Holders must notify the Procurement team for all purchases over £25,000 and any expenditure linked to a large project, purchase or contract with an overall value in excess of £25,000, allowing sufficient time to enable the Procurement team to comply with the Public Contracts Regulations 2015, as amended from time to time, by publishing details of all spend > £25,000.
- 8.1.9 No order can be placed with an individual or company for personal services, where the services can only be provided by one individual, e.g., a guest speaker or consultant operating as a sole trader or a company which only employs minimal individuals to deliver the services, without evidence confirming that the off payroll working rules do not apply. In accordance with the Off-Payroll Working Procedure, orders must only be raised where a Status Determination Statement (enclosing a copy of the output from the HMRC Employment Status Indicator Test) has been issued to the supplier by the Procurement team to confirm the off-payroll working rules do not apply.
- 8.1.10 For capital purchases, before a purchase order is raised, a request must be sent to Group Finance for approval and confirmation that the cost classification is correct. No tender will be issued by the Legal and Contracts & Procurement Teams without Group Finance approval, e.g., activity code issued for the project by Group Finance.

8.2 Thresholds

- 8.2.1 To determine the estimated total value of a contract or purchase, the potential expenditure over the life of the contract or purchase (excluding VAT) must be considered. Where a contract is for less than 4 years and the object of the contract is an ongoing requirement, the value over 4 years must be used.
- 8.2.2 The process to be followed must be determined by the thresholds set out in the Expenditure Approval Process Matrix or Capital Expenditure Approval Matrix below:

Expenditure Approval Process Matrix			
Total Purchase or Contract Value for the Total Contract Period	Stage 1	Stage 2	Stage 3 (if applicable)
	Process to be followed to ensure Value for Money is achieved	Contract or Order approved by (excluding Land & Building Transactions ¹)	Contract to be signed by ^{3,6}
Up to £10,000	Assessed by Appropriate Budget Holder	Appropriate Budget Holder	N/A - on NCG Terms & Conditions ⁴
£10,001 - £50,000	Three written quotations sought & attached to the Purchase Order	AND Procurement	Appropriate Budget Holder OR Procurement
£50,001 - £100,000	Three written quotations sought & attached to the Purchase Order	AND Principal	Principal
£100,001 - £150,000	Competitive Tender Process carried out by Procurement team	AND DCFO	DCFO
£150,001 - £1,000,000	PCR (Public Contracts Regulations) Compliant Competitive Tender Process carried out by Procurement Team	AND CFO	CFO
Over £1,000,000	PCR (Public Contracts Regulations) Compliant Competitive Tender Process carried out by Procurement Team	AND CEO ⁵	CEO

Key:

Appropriate Budget Holder means the budget holder with the relevant approval level in the eProcurement hierarchy

DCFO means the postholder responsible for Group Finance reporting in to the CFO

CFO means the senior post holder responsible for Finance for the whole Group

CEO means the senior post holder responsible for the whole Group or Deputy CEO, in their absence

Procurement means the appropriate member of the Procurement team in accordance with the eProcurement hierarchy

Principal means the senior post holder responsible for the College reporting to the Executive Principal (North) or the Executive Principal (South), or the Executive Lead reporting to the CEO or Deputy CEO

Corporation means the board of Governors for NCG

Notes:

1. Land & Building transactions must be referred to the CFO to gain bank approval and those over £50,000 must be approved by Corporation

2. CFO to determine if approval needed from one or more Funding Body

3. If a contract must be signed by us, the Contracts & Procurement team must review the terms and condition and advise and where possible negotiation to minimise the risk to the Group. A contract can only be signed once an order has been approved and released in eProcurement to confirm the procurement

4. If a contract is requested to be signed for this value please contact the Contracts & Procurement Team

5. In addition, for contracts over £500,000 per annum, approval is required from the Corporation in the form of a board minute before the award is made.

Corporation may appoint a select group of Governors to approve contract awards outside of routine Corporation meetings

6. Unless the contract specifically requires a statutory director or governor to sign the contract, any member of the Approval panel may sign the contract once each approver has consented to the contract award.

8.3 Expenditure Tenders

- 8.3.1 All tenders will be carried out by the Procurement Team in line with the relevant NCG tender process guide and the Public Contract Regulations 2015, as amended from time to time.
- 8.3.2 Before issuing an over-threshold tender, the Procurement Team with support from the Legal and Contracts Team, will be responsible for ensuring a suitable contract is in place to protect the Group. Depending on the goods, services or works being procured, the Legal and contracts team must determine if the external legal advisor for the relevant Lot must be commissioned to draft the contract.
- 8.3.3 Before a contract award can be made, the terms and conditions of the award must be approved by the Procurement team if an award will be made following a value for money exercise, 3 quotes or a further competition under an existing buying consortium framework.
- 8.3.4 The resulting contract award must be approved in accordance with the Expenditure Approval Process Matrix shown above at 8.2.2.
- 8.3.5 Under no circumstances must the total value of an order be split into multiple orders to avoid the Expenditure Approval Process Matrix.
- 8.3.6 Purchase orders must be approved on the system before ordering the goods with the supplier. The supplier must be provided with the order number to be quoted on their invoice. Invoices without correct order numbers will not be paid.

8.4 Capital Expenditure

- 8.4.1 For the acquisition of goods, services and works related to Capital Projects, the above processes (8.1, 8.2, and 8.3) must be followed.
- 8.4.2 All capital purchases must be authorised by Group Finance in advance of an order being raised and no tender will be launched without this approval.
- 8.4.3 Land & Building transactions are not subject to the Thresholds set out in the above. All proposed land and building purchases must be referred to the CFO as approval is required from the bank. Transactions over £50,000 will also require approval from the Corporation.
- 8.4.4 Any investments in business assets or company shares require bank and Corporation approval.

8.5 Exemptions

- 8.5.1 In certain circumstances, a new supplier may need to be introduced to NCG preferred supplier base. The Legal and contracts team will ensure that there is a process in place to add a new supplier to the NCG preferred supplier base.
- 8.5.2 In certain circumstances, some goods, services and works are only available from a sole supplier. The Procurement team will maintain a whitelist of sole suppliers. If the proposed supplier is not on the whitelist, the Budget Holder must complete a Waiver Form to justify the use of the proposed supplier.
- 8.5.3 Furthermore, there may be exceptional circumstances whereby Budget Holders may request an exemption from these requirements by completing a

Waiver Form. Apart from [PC1C] whereby the CFO's decision will be final, the Legal and contracts team's decision will be final.

- 8.5.4 Failure to properly prepare and plan for a tendering exercise prior to the expiry of an existing contract is not an acceptable business case for exemption.
- 8.5.5 For the avoidance of doubt, Budget Holders do not need to request an exemption where the goods or services are to be procured under an existing contract, except whereby the duration of the contract would be extended, there is a change to the range of goods and / or services included in the contract and / or it would result in an increase to the published contract value over the entire contract life.
- 8.5.6 All the above exemptions should only be used in exceptional circumstances and the relevant approval to do so must be gained in advance.

8.6 Requisitioning & Ordering

- 8.6.1 Requisitions will normally be raised for all items of budgeted expenditure and must be authorised by Budget Holders or authorised colleagues in accordance with the eProcurement User Guides and Procurement Policy.
- 8.6.2 Exceptions, for example one-off transactions, or routine payments to Landlords or Utilities companies, periodic payments to re-pay an overpayment, will not follow the eProcurement Process set out in the Procurement Policy. Please refer to the relevant Card Payment Process, One-Off Payment Process and Non-PO Payment Process (Finance Process Manager - FPM) respectively.
- 8.6.3 From time to time, there may be a valid business reason to deviate from the eProcurement Process, Card Payments Process, One-off Payment Process or FPM Process. In these circumstances, authorisation from the GFC and / or Procurement team must be obtained prior to the order being placed with the supplier.

8.7 Goods & Services Received

- 8.7.1 The receipt of goods, services and works must be reflected in the eProcurement system as soon as possible after delivery to avoid NCG incurring penalties under the Late Payment of Debts (Interest) Act 1998, in line with the Receipting Process.
- 8.7.2 If there is a need to return goods to the supplier, or the number of goods delivered on inspection was less than previously receipted, a return must be processed in line with the Returns Process as soon as possible.
- 8.7.3 It is the supplier's responsibility to quote the purchase order number of the invoice. Invoices without purchase orders (unless being processed through the FPM Process) will be returned to the supplier requesting the purchase order number.

8.8 Corporate Credit Cards

- 8.8.1 The CFO must approve the issue of any Corporate Credit / Virtual Card ("Card") in the name of the Group. At the time of issue, the cardholder will be informed of the purpose of the card and the circumstances in which it can be used. The Procurement team are responsible for ensuring the Virtual Card process is adhered to for purchases made via a Virtual Card.
- 8.8.2 Group Finance must maintain a register of Cards.
- 8.8.3 Expenditure on Corporate Credit Cards must be in line with the Expenses Policy.
- 8.8.4 Corporate Credit Cards must only be used by the person named on the card.
- 8.8.5 Cards must not be used for personal expenditure. In extenuating circumstances, where there is no alternative, personal expenditure can be incurred but must be paid back to the Corporation in accordance with the Expenses Policy and Contract of Employment.
- 8.8.6 Misuse of Cards will be grounds for disciplinary action.

8.9 Supplier Payments

- 8.9.1 Supplier payments are to be made on a timely basis and in line with the NCG Payment process.

8.10 Subcontracting

- 8.10.1 All subcontracting of training services will be subject to the processes set out in the NCG Subcontract Management Framework.
- 8.10.2 All pre-approved subcontractors must be paid within 30 days in accordance with the Self-Billing Process set out in the Contract in line with the Funding Contract.
- 8.10.3 The Corporation is responsible for approving annually the Subcontracting Strategy, Supply Chain Fees and Charging Policy and Planned Levels of Subcontracting in accordance with the Instruments and Articles and other directives from all relevant regulators and funding bodies.

8.11 Student Support Payments

- 8.11.1 The Executive Lead, in consultation with the CFO, must prepare a policy and procedure for the distribution of these funds in line with requirements from the relevant Funding Bodies.
- 8.11.2 Colleges must provide information on time for payments which must be in line with the Learner Support Fund policy and authorised by the principal or their authorised delegate to evidence compliance with rules. Group Finance must make payments per an agreed timetable.
- 8.11.3 Some students are unable to open a bank account. Payments may only be made to the account of another person where the student has authorised this in writing. Revocation must be in writing.

8.11.4 Colleges are responsible for making all necessary annual returns which must reconcile to the accounts before being submitted.

8.12 Inter-department Charges

8.12.1 Inter-department charges can be made in the management accounts to charge another department for goods / services supplied. All inter-department charges must follow procedures laid out in the Recharge Process.

9. Assets

9.1 Assets General

9.1.1 Corporation must review its accommodation and other asset strategies as necessary to comply with directives and Memoranda of all relevant Funding Bodies as well as approving policy.

9.1.2 The CEO is accountable for maintaining efficient use, security, and records of all assets of the Group as Corporation prescribes which complies with the Memorandum and other directives of all relevant Funding Bodies, specific grant conditions and accounting best practice. The CFO has delegated responsibility from the CEO for preparing policy, procedures, and administration within these constraints.

9.1.3 Corporation property must not be removed from Group premises otherwise than in accordance with the ordinary course of business or used otherwise than for the Group's purposes, except in accordance with specific directions issued by the CEO. Any property removed must be recorded in a schedule maintained by Budget Holders except for assets removed by the Colleagues they are assigned to. On request Colleagues must produce these assigned assets for physical verification and maintenance.

9.1.4 Assets owned by the Group, including company vehicles, should only be used for business related activity and not for personal use. Limited personal use of IT equipment is permissible as per the IT Acceptable Use Policy.

9.1.5 Budget Holders are responsible for the security of assets under their control.

9.1.6 Post-investment reviews are carried out for projects over £500,000 once the asset has been in use for at least 12 months or as required by the terms of any grants received. This will be presented before the Executive and the Audit & Risk Committee.

9.2 Fixed Assets & Capital Grants

9.2.1 Fixed assets comprise all tangible items, having an expected useful life in excess of one year, which are used by the Group in carrying out its activities. The initial cost exceeds £1,000 including VAT, delivery charges, and installation costs and aggregating costs for parts of the asset. In addition, all computers and laptops are always classified as fixed assets.

9.2.2 Group Finance maintain a register of fixed assets. Group Finance must arrange a physical verification of the assets annually. Budget Holders are responsible for the security, identifying any potential special insurance

arrangements with the CFO and maintenance of their fixed assets through their non-pay budget.

- 9.2.3 Transactions in land and buildings must be executed under a sealed deed and comply with the Memorandums of all relevant Funding Bodies. Corporation will approve land and buildings transactions in line with the Expenditure Approval matrix in 8.2.2 and in accordance with the bank's current loan facility agreement.
- 9.2.4 Corporation must approve leases where the total cost over the life of the lease, up to break point is £1,000,000 or more. The Executive must approve the terms of a lease.
- 9.2.5 Budget Holders may deal with other fixed assets in the expenditure or procurement sections of these Financial Regulations but must obtain approval of Group Finance of any disposals on a Disposal Form obtained from Group Finance. Budget Holders sign a Disposal Form certifying:
- That the asset is no longer of use to the Group as a whole.
 - That all Funding Body requirements have been complied with.
 - The best price has been obtained.
- 9.2.6 Fixed assets and associated Capital Grants must be accounted for according to accounting best practice and Funding Body requirements. This includes notifying the Funding Body of any proposal to dispose of, lease or rent land and / or buildings which have been acquired, developed and / or refurbished or modernised with the help of capital grants from the funding body as per the Financial Memorandum.
- 9.3 Stocks & Stores**
- 9.3.1 Relevant Budget Holders are responsible to the CFO for maintaining security and sufficient records of stores for accounting and costing purposes.
- 9.3.2 All stocks must be receipted and issued from stores in accordance with procedures approved by the CFO and Health and Safety guidance.
- 9.3.3 Colleagues nominated by the Budget Holder must carry out stock takes at least annually as at 31st July. The stock take returns must be submitted to Group Finance identifying the range of items held, the quantity, the cost (including VAT), the date of the stock take and the officers taking stock. Discrepancies must also be reported and investigated as appropriate by Group Finance.
- 9.3.4 Any stock disposals must be carried out as per the Group Asset Disposal Policy.

10. Insurance

10.1 Insurance General

- 10.1.1 The COCO is responsible for ensuring all insurance cover necessitated by the law and as appropriate to meet the needs of the business is in place. The level of insurance will be determined by the Corporation's appetite for risk.
- 10.1.2 Budget Holders must notify the nominated Insurance Officer in advance of any potential new risks arising from new contracts as well as new or replacement assets, including replacement vehicles.
- 10.1.3 The COCO has overall accountability for the negotiation and recovery of claims from insurers but may delegate the responsibility.

10.2 Insurance Requirements & Responsibilities

- 10.2.1 The Insurance Officer is responsible for keeping a register of all insurances and risks covered. If any special conditions have been applied to any of the insurance policies, these will be recorded on the register and cascaded throughout the business on a need-to-know basis by members of the Executive.
- 10.2.2 The Executive Lead is accountable for maintaining and testing their respective plant and equipment as determined by the law and individual insurance requirements.
- 10.2.3 Colleagues must notify the Insurance Officer immediately, in writing, of any incident that may result in a claim being brought by the Group, or by third parties against the Group or any of its Colleagues, for a loss, liability or damage incurred / suffered.
- 10.2.4 Personal possessions are not covered by the Group insurance policy and remain the responsibility of the individual on Group premises or on Group business, except, whereby the Insurance Officer has confirmed that personal possessions are covered as an extension on the respective insurance policy.
- 10.2.5 Colleagues arranging international trips to undertake official duties or arranging international learner trip must inform the Insurance Officer in advance to ensure that suitable insurance cover is in place for the trip.
- 10.2.6 Colleagues must insure their own vehicle for business use if they use their own vehicle for work (NOT when commuting to their normal place of work). Colleagues must have a valid driving license, road tax and MOT certificate where applicable for their vehicle. Please refer to the Group Expenses Policy which is available to all colleagues on the NCG Policies intranet site.
- 10.2.7 It is the Budget Holder's responsibility to contact the Insurance Officer regarding any repairs, building works, goods, or services, which may increase the Group's insurance risk. They will ensure that the insurers' conditions are notified to Budget Holders who must comply.

- 10.2.8 The Budget Holder is responsible for contacting Estates about all maintenance and building works. Estates will liaise with Health & Safety to ensure that only suitably accredited contractors with current health and safety approval and appropriate public liability insurance are used. The preferred level of public liability insurance is £10m and the recommended level is £5m. The level of insurance must be appropriate to the size and risk of the contract involved. Estates will appoint a Planning Supervisor (employee or consultant) where the Construction, Design and Management regulations apply and / or where the structure of the building could be affected. The Insurance Officer will ensure that the insurers' conditions are notified to Budget Holders who must comply.

11. Contracts

11.1 Contracts General

- 11.1.1 The COCO is responsible for ensuring that contracts are in place as appropriate to meet the needs of the business as determined by the Corporation's appetite for risk.
- 11.1.2 Where possible, the Legal and Contracts and Procurement teams will utilize authentic e-signatory software to capture electronic signatures on contractual documentation.
- 11.1.3 Contract approval and sign off is required before any income or expenditure contract is entered into in accordance with the Bid Submission & Contract Award Approval Matrix shown in 6.2.3 and the Expenditure Approval Process Matrix as shown in 8.2.2 above. The Legal and Contracts team are responsible for reviewing the proposed contract and making a recommendation to the Approval Panel (colleagues required to approve contract submission as per authority matrices). Depending on the risk to the Group, the Legal and contracts team must determine if the Group Legal Advisor for the relevant Lot must be commissioned to review the contract based on total contract value. Authorised signatories shall not sign any contract, which has not been presented to them by a member of the Legal and Contracts team or Procurement team. If a contract is sent direct by the customer or supplier to the authorised signatory for signature, the contract should be redirected to the Legal and Contracts team for income related contracts & the Procurement team for expenditure related contracts to recommend for signature.
- 11.1.4 Existing contracts must not be extended (e.g., by duration or by the range of goods and / or services purchased and / or any increase to the contract value over the entire contract life) or rolled over to avoid the application of the procurement process as outlined at section 8 above, unless this is expressly permitted under the contract terms or has been approved by the COCO or the CFO dependent if the contract is income or expenditure related.
- 11.1.5 Breaking down services (irrespective of whether income or expenditure) into smaller multiple contracts to avoid requiring additional approval is not permitted and will be treated as a disciplinary matter.
- 11.1.6 Budget Holders must not accept goods, services or give any instructions to suppliers to commence work in advance of a Purchase Order and / or

completion of a formal written contract between the parties. Please consult with the Procurement team who will advise if a formal written contract is necessary.

- 11.1.7 If a dispute arises under the Contract, the Budget Holder must consult with the Legal and Contracts team who will advise on the most appropriate recourse. If consideration is involved in the dispute, the Executive Lead and the CFO must be notified as soon as possible. The CFO will consult with the CEO and agree the appropriate delegation of authority. The Legal and Contracts team will ascertain if a settlement agreement is necessary.
- 11.1.8 If a complaint is made by a student, and the principal proposes making a cash refund or an ex-gratia payment to the learner, the COCO should be consulted to confirm that the payment is in the interest of the Group. Once COCO has confirmed the payment can be made, the Legal and Contracts Team should be consulted to ascertain if a settlement agreement is necessary.
- 11.1.9 Where the outcome of 11.1.7 or 11.1.8 results in a compensation payment to provide redress for loss or injury then a business case must be provided to the COCO who will either decide to make the payment if under £50,000 or obtain DfE approval if above.
- 11.1.10 Where the outcome of 11.1.7 or 11.1.8 results in a special payment (see definitions for details) then a business case must be provided to the COCO who will obtain DfE approval regardless of value.
- 11.1.11 Whilst MPM explains that public sector organisations may take on liabilities by providing indemnities, writing a letter or statement of comfort, and issuing specific guarantees. Such contingent liabilities mean that future expenditure may arise if certain conditions are met, or certain events happen. For this reason, DfE approval may be required in certain cases.
- 11.1.12 DfE consent is required for indemnities not arising in the normal course of business, for letters of comfort and for guarantees where the case exceeds 1% of annual income or £45k individually (whichever is smaller), or if the case takes the college's cumulative total of such contingent liabilities for the academic year beyond 5% of annual income or £250k (whichever is the smaller). For these purposes, income will be the budgeted total income for the current year, as approved by NCG corporation. Responsibility for obtaining DfE approval for this area is with the COCO.
- 11.1.13 Any transactions that are considered Novel (transactions of which the college has no experience or are outside its range of normal business), Contentious (transactions that might cause criticism of the college by Parliament, the public or the media) or Repercussive (transactions that may have wider financial implications for the sector, or which appear to create a precedent.) require approval regardless of value from the DfE and must not be entered into until the college has received documented permission from the DfE. Responsibility for obtaining DfE approval for this area is with the COCO.

11.2 Contract Register

- 11.2.1 The Legal and Contracts team are responsible for maintaining a register of all funding contracts approved and entered in to, as outlined in section 11.1 above.
- 11.2.2 The Legal and Contracts Team are responsible for maintaining a register of non-funding income contracts approved and entered into, as outlined at section 11.1 above.
- 11.2.3 The Procurement Team are responsible for maintaining a register of all expenditure contracts that have been tendered (in accordance with section 8 Expenditure), and subsequently approved and entered in to, as outlined at section 11.1 above.
- 11.2.4 Each College is responsible for maintaining a local register of all expenditure contracts that have been tendered (in accordance with section 8 Expenditure), and subsequently approved and entered in to, as outlined at section 11.1 above (e.g., contracts under £25k).
- 11.2.5 The Procurement team shall publish contract notices for all expenditure contracts awarded over £25k in accordance with the Public Contracts Regulations 2015 and incorporate into the register of tendered contracts.

11.3 Deeds and the Seal

- 11.3.1 In exceptional circumstances, some contracts and corporate transactions, such as land and property transactions, need to be executed as a Deed.
- 11.3.2 Unless expressly stated, Deeds can be signed electronically.
- 11.3.3 As per the Instrument and Articles of Government, Deeds, including those under seal, can only be signed by, any two, of the following authorised signatories:
- the Chair of the Corporation.
 - the Vice Chair of the Corporation or
 - the CEO (or their deputy if the CEO is unavailable).
- 11.3.4 Only Deeds for land and property transactions bear the Corporation's seal. The seal is kept by the COCO who must report all uses of the seal promptly to the Corporation.
- 11.3.5 Contracts that would not routinely have consideration and would routinely be executed as a Deed under seal, may be executed without the need for the seal to be applied. Such agreement would include non-disclosure agreements, data sharing agreements, memorandum of understandings, service level agreements and variations to contract to amend non-monetary terms. Where possible, the Legal and Contracts Team will attempt to insert consideration and limitation of liability clauses, to remove the necessity for the document to be entered into as a Deed, unless the other party expressly requires the document to be entered into as a Deed, albeit, without the need for the seal to be applied.

12. Taxation

12.1 VAT

- 12.1.1 The Corporation is registered for VAT. The CFO is responsible for timely VAT returns and compliance with legislation, best practice and Funding Body guidance. Quarterly VAT returns coincide with 31 July, the financial year end.
- 12.1.2 The CFO is responsible for agreeing and keeping under review special methods for calculating partial exemption with HMRC. The recovery of input tax must be calculated in accordance with the Combined Non-Business & Partial Exemption Special Method ("Combined Method") which has been approved by HMRC.
- 12.1.3 Budget Holders must consult Group Finance about all VAT matters to reduce the risk of error in misidentification of taxable areas and to maximize VAT savings. (e.g., zero rating on advertising and equipment adapted for the disabled.)
- 12.1.4 The Procurement team will flag to Group Finance all suppliers who are not registered in the UK, to account for reverse VAT in the quarterly VAT returns.
- 12.1.5 The Estates team will flag to Group Finance any properties that they are considering opting to tax or where they are disposing of a property to identify the correct VAT treatment.

12.2 Corporation Tax

- 12.2.1 The CFO is responsible for ensuring that any tax liabilities (including stamp duty land tax) are identified, reported and paid in line with relevant legislation and on time to HMRC.
- 12.2.2 Budget Holders must consult with Group Finance for any new income streams that may take the Group over the annual limit for non-charitable purpose income as advised by HMRC.

Corporate Governance

13. Risk Management

13.1 Risk Management & Disaster Planning

- 13.1.1 The Corporation is responsible for regularly assessing the risks to the Group and approving a strategy to minimize these. The COCO is responsible for the preparation, execution and monitoring of this strategy as well as promptly notifying the Corporation of any omissions and liabilities. Budget Holders must notify the Director of Assurance and Risk of any potential new risks.
- 13.1.2 The Corporation is also responsible for regularly assessing and approving the business continuity and disaster planning strategy. The COCO is responsible for the preparation and monitoring of this strategy as well as promptly notifying the Corporation of any omissions and liabilities. The Executive Leads have responsibility to operationalise the strategy for their respective area.

13.2 Computer System Integrity & Compliance with the Law

13.2.1 The Corporation is responsible for ensuring the integrity of the Group's computer systems, compliance with the law Memorandums and other requirements of all relevant Funding Bodies. Corporation must approve strategy and policy. The CIDEO is responsible for the preparation, execution and monitoring of strategy and policy as well as promptly notifying the Corporation of any omissions and liabilities. These must cover physical security, backup procedures, access levels and permissions, program amendments, systems management and disaster recovery. The COCO is responsible for the appointment of a Data Protection Officer.

13.3 Record Retention

13.3.1 It is important that the Group recognises that they need to keep different types of information for differing lengths of time dependent on legal and operational requirements.

13.3.2 In accordance with the General Data Protection Regulations (EU2016/679) (GDPR) and the Data Protection Act 2018 ("DPA"), all personal data whether held in hard or soft copy must comply with the Fifth Data Protection Principle, as stated in the Data Protection Policy. The GDPR and DPA requires that personal data must be kept in a form that permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed.

13.3.3 The CEO is responsible for ensuring all data held by the Group complies with the current data protection legislation and is retained only for the necessary period to meet legal and operational requirements.

13.3.4 The COCO, who has delegated responsibility from the CEO prepares and manages the NCG Document Retention Schedule which details the requirements for record retention which are applicable to the organisation and ensures compliance with 13.3.1 and 13.3.2 above.

13.4 Prevention of Fraud

- 13.4.1 It is the responsibility of the CEO to ensure that the Group's systems both administrative and financial incorporate effective internal controls with the object of minimising the risk of accidental errors and preventing fraud and misappropriation of assets.
- 13.4.2 The COCO, who has delegated responsibility from the CEO, along with the Internal Auditors and Audit & Risk Committee will advise the CEO on the controls and internal checks to be included in financial processes and systems. In providing this advice, they will have regard to best practice and funding guidance. The basic concept that must be adhered to is that no single person has the responsibility for all aspects of a transaction but rather, as far as it is possible, the work is shared between two or more colleagues. Through this segregation of duties, it is ensured that someone is responsible for checking the work of the other(s).
- 13.4.3 The responsibility for the implementation of the proposed controls and internal checks in 13.4.2 is delegated from the CEO to the COCO.
- 13.4.4 No changes should be made to supplier, customer, or employee master data without a formal request from the usual contact and via acceptable usual means of communication. Where appropriate, confirmation and assurance that formal requests are genuine should be sought prior to being actioned (e.g., confirming the authenticity of supplier bank detail change requests).

13.5 Detection of Fraud

- 13.5.1 In cases where colleagues or Internal Auditors discover fraud or misappropriation or have reasons to believe that one has occurred, the matter must be reported immediately in accordance with the Group's Disclosure Procedure (See 13.6).
- 13.5.2 The COCO will determine what further action needs to be taken and inform the CEO. When required by the Audit Code of Conduct and / or Memorandum, the CEO will notify the Chair of the Audit & Risk Committee and / or the funding bodies who may specify the approach to investigation. The COCO will arrange for the outcome of the investigation to be reported to the Audit & Risk Committee and for the auditors to be informed.

13.6 Disclosure (Whistle Blowing)

- 13.6.1 The Group has a zero tolerance for bribery and corruption and operates Anti-Money Laundering and Anti-Bribery policies as part of the organisations response to these risks.
- 13.6.2 The Group aims to promote a culture of openness and compliance with the Public Interest Disclosure Act 1998 and Anti Bribery Act 2010. A shared sense of integrity will be encouraged by inviting Corporation and colleagues to act responsibly in upholding the reputation of the Group and maintaining public confidence.

13.6.3 The Corporation has approved a Disclosure policy and procedures to address situations in which genuine and legitimate concerns about serious malpractice, fraud or corruption can be raised confidentially without fear of repercussion. The policy is on Group Intranets or available from the COCO.

13.6.4 The COCO is regarded as a Designated Assessor under the Corporation's Disclosure policy.

13.7 Anti-Bribery

13.7.1 It is the responsibility of all employees, agents, contractors, subcontractors, consultants, business partners and any other “associated parties” (including individuals, governors, volunteers, partnerships and corporate bodies) associated with NCG to ensure that bribery is prevented, detected and reported and all such reports must be made in accordance with the Anti-Bribery Policy and the Disclosure Policy or as otherwise stated in these Regulations, as appropriate.

13.7.2 No-one may:

- Give promise or solicit any financial or other advantage to another party (or use a third party to do the same) on NCG’s behalf where that advantage is intended to induce the other party to perform a particular function improperly, to reward them for the same, or where the acceptance of that advantage will in itself constitute improper conduct.
- Request or agree to receive any financial or other advantage from another party where that advantage is intended to induce the improper performance of a particular function, where the acceptance of that advantage will in itself constitute improper conduct, or where the recipient intends to act improperly in anticipation of such an advantage.

13.7.3 We must:

- Be aware and alert at all times of all bribery risks.
- Exercise due diligence at all times when dealing with third parties on behalf of NCG.
- Report all concerns relating to bribery in accordance with the Anti-Bribery Policy and the Disclosure Policy.

14. Register of Interests, Gifts, Hospitality & Notices to the Public

14.1 General

14.1.1 NCG recognises that trust and confidence in the propriety of its activity is essential to its continuing success and growth, and for this reason, it is important that we behave, and we are seen to behave appropriately and honestly.

14.2 Register of Interests

14.2.1 Governors, colleagues working within a management position, colleagues working within Finance, must report interests as specified to the COCO who must maintain a Register of Interests for public inspection annually.

14.2.2 Governors, colleagues working within a management position, colleagues working within Finance must declare an interest in relation to an existing transaction or arrangement as soon as is reasonably practicable. Failure to comply with the requirement does not affect the underlying duty to make the declaration.

14.2.3 A Manager need not declare an interest if it cannot reasonably be regarded as likely to give rise to a conflict of interest; The Declaration of Interest form is collated electronically, although hard copies will be accepted and then submitted electronically by the Governance Team. The Declaration of Interest must include:

- Their capacity as a member, an officer, an employee, a partner or other relationship to the third party.
- The nature and extent of their interest in the third party.
- A description of the proposed transaction.

14.2.4 A Declaration of Interest must also be submitted for a “connected” person. A connected person can include an employee’s spouse, children under 18 years old, another person who resides at their address, another company associated with the employee, a trustee of a trust under which the employee, his family (his spouse and children under 18 years old) or an associated company may benefit, and a partner of the employee or persons connected as above.

14.2.5 The individual submitting the Declaration of Interest must follow the procedures for the proposed transaction once the transaction has been approved.

14.3 Gifts

14.3.1 Colleagues and Governors must observe the Bribery Act 2010 and not compromise the organisation’s integrity by accepting or offering any reward from an outside organisation except those items mentioned in 14.3.3. The giving and accepting of bribes will not be tolerated and may be considered a disciplinary offence.

- 14.3.2 The acceptance of gifts is discouraged.
- 14.3.3 However, it is recognised that occasionally promotional materials such as calendars, diaries and pencils are received from suppliers. Gifts of this description may be accepted providing they are non-cash and of low value (lower than £100).
- 14.3.4 Staff must declare all gifts valued in excess of £50 to the COCO who will maintain the central register.
- 14.3.5 Gifts valued in excess of £100 should be declined. COCO is the final arbiter on the advisability of accepting / refusing gifts and hospitality and should be approached for guidance in any circumstances where the decision based on this document is not clear or where the action prescribed is likely to cause offence.
- 14.3.6 The COCO has delegated responsibility, from the CEO to keep an accurate record of all Gifts offered to the Company or to employees of the Company for entry on the Hospitality Register (see 14.5).
- 14.3.7 Under no circumstances must any gift of money be made or received by an employee or official of NCG.

14.4 Corporate Hospitality

- 14.4.1 “Corporate Hospitality”, for the purposes of these regulations, is any form of accommodation, entertainment or other hospitality provided for an employee of the Group by a third party and which is extended to the employee solely or significantly due to his position as a representative of the Group. This excludes the classes of hospitality particularised below.
- Normal working lunches or refreshments provided during a business visit.
 - Hospitality extended to employees attending a Group approved seminar, conference or other external event, provided that such hospitality is extended to all who are in attendance.
 - Free seminars, talks or workshops, provided that they are free to all in attendance and are not provided solely for employees of the Group.
- 14.4.2 Staff must declare all hospitality valued in excess of £50 to the COCO who will maintain the central register.
- 14.4.3 Hospitality valued in excess of £100 per person should be declined. The COCO is the final arbiter on the advisability of accepting / refusing gifts and hospitality and should be approached for guidance in any circumstances where the decision based on this document is not clear or where the action prescribed is likely to cause offence.
- 14.4.4 The COCO has delegated responsibility, from the CEO to keep an accurate record of all Corporate Hospitality offered to the Company or to employees of the Company for entry on the Hospitality Register (see 14.5).

14.5 Hospitality and Gifts Register

14.5.1 The Register is the responsibility of the COCO under delegated responsibility from the CEO. The daily administration of the Register will be assigned to a member of the Executive Administration Team.

14.5.2 All offers of gifts and hospitality over the value of £50 regardless of whether they are accepted or refused, must be recorded in writing, by sending an email to the Administrator specifying:

- A description of the gift / hospitality offered.
- An estimation of the value of the gift / hospitality offered.
- Whether it was rejected or accepted.
- If accepted, why it was accepted.
- Whether prior approval was obtained, and if so, from whom.
- Who it is donated to.

14.5.3 This must be completed as soon as is reasonably practicable and be filed with the COCO within 5 working days of the offer of the gift or hospitality.

14.5.4 It is anticipated that instances may arise where a gift accepted by the Group or one of its employees has not been donated by the time that the relevant entry is made on the Register. In such cases the Register must be updated within 5 working days of the date on which the donation was made.

14.5.5 The COCO must update the Register.

14.6 Notices for the Public

14.6.1 The CEO or designated representative must review the content of notices for issue to the public for any financial impact. Delivery may not deviate from script.

15. Accounting

15.1 Accounting policies

15.1.1 The Corporation are responsible for setting the Group's accounting policies and these are documented in the notes to the accounts in the annual financial statements.

15.2 Journals

15.2.1 Monthly journals such as accruals, prepayments, etc. can be posted by designated members of the Finance Team, as approved by the GFC (controlled through system access set up).

15.2.2 Journals are to be reviewed monthly by the Financial Directors (North & South) and Senior Group Finance Management.

15.3 Balance sheet control

- 15.3.1 Every balance sheet code must be reconciled every month end by the responsible staff member and reviewed by an accountant or an appropriately experienced different staff member. Any significant or risky issues is to be escalated to the CFO on a timely basis.
- 15.3.2 The GFC must prepare for the CFO a quarterly summary of balance sheet control highlighting areas of risk.

Appendix 1: Policies, Procedures and Schedules

All NCG policies (including those referred to in this document) are available from the following link to the NCG Intranet [NCG Policies](#). College Policies will be available on the relevant college's Intranet.

Appendix 2: Definitions

'Accounts' refers to both Financial Statements and Management Accounts and any other financial return required to be made to Companies House, the ESFA, OfS or any other funding body.

The **'Act'** means The Further and Higher Education Act 1992 and its successors and other related legislation (e.g., Learning & Skills Act 2000), under which the Corporation was incorporated and defines its purposes.

The **'Audit & Risk Committee'** has no executive responsibility and advises the Corporation on all issues relating to audit.

'Auditors' carry out an independent and objective check on a test basis that the transactions and financial affairs of the subject are materially correct and give a true and fair view. This term includes Internal, External and Funding Body auditors.

'Bi-annual' means once every two years.

'Budget' means an amount of money a person / body manages and includes annual revenue income, annual revenue expenditure and annual capital expenditure and any formal revisions to the budget. It also includes a cash flow forecast where relevant.

'Budget Holder' means a person responsible for the budgetary control of a defined portion of the Group.

'Capital' means expenditure on items that will be used over more than one year to achieve the objectives of the Group.

The **'Clerk'** means the Clerk to the Corporation or any other person responsible for these duties.

'Code' means the current Audit Code of Practice issued by the ESFA which sets out the mandatory audit requirements of the Corporation.

'Colleagues' means all employees of the Group.

'College Finance' means a local finance team within a Group college.

'Contentious transactions' are those that might cause criticism of the college by Parliament, the public or the media.

'Commitment' means expenditure for which a purchase order has been issued.

The **'Corporation'** comprises the Board of Governors and means the Corporation under the Act and includes Newcastle College, West Lancashire College, Carlisle College and Kidderminster College, Lewisham College, Southwark College and all subsidiaries of the Corporation.

'Director' - the relevant Director of School or Business Unit or Head of Service or any other person responsible for those duties.

The '**Director of People and Development**' means the post holder with this title or anyone responsible for these duties.

'**ESFA**' means The Education and Skills Funding Agency (ESFA) which is the funding agency accountable for funding education and training for children, young people and adults.

'**Executive**' - the CEO, the CFO, the COCO, the Executive Director of Quality, the CIDEO, the Director of People and Development, the Executive Principal (North), the Executive Principal (South) and the principals of all the colleges within the Group.

'**Executive Lead**' - all individual members of the Executive who report to the CEO or the Executive Principal (Curriculum).

'**Expenditure**' means invoices from suppliers, cash payments, journals for internal recharges.

'**External Auditors**' means people who carry out an audit biased to checking the Financial Accounts statements and records.

'**Financial Statements**' are the statutory annual financial statements.

'**Financial Year**' is the year to 31 July.

'**Float Holder**' is a colleague responsible for a cash float.

'**Funding Auditors**' means people who carry out an audit, on behalf of the Funding Bodies, of student statistics and financial funding claims.

The '**Group**' means NCG Corporation and all its trading subsidiaries unless these are specifically excluded in this regulation. It also includes, unless specifically excluded, the Students' Union.

'**Group Finance**' - colleagues who reports directly, or indirectly to the CFO.

A '**guarantee**' is a type of contingent liability. Typically, it is a commitment provided by a guarantor to take responsibility for the debt or performance obligations of another party in the case of that party defaulting on its obligations.

'**Heads of School**' means the post holder who is responsible for running a school within a college.

'**HMRC**' means HM Revenue and Customs

'**Income**' means grants receivable, invoices to customers, cash income and journals for internal recharges.

An '**indemnity**' is a contractual agreement of one party (indemnifier) to accept the risk of damage or loss suffered by another party and to compensate the other party (indemnity holder), due to the actions of the indemnifier or any other party. Indemnities are included in agreements usually to offer protection to one party in agreeing to the contract, if one party cannot fulfil their contractual obligations.

The '**Instruments**' means the Instrument and Articles of Government approved by the Corporation which defines the members of the incorporated college and how they must conduct its business.

The '**Insurance Officer**' means the post holder with this title or anyone responsible for these duties.

'Internal Auditors' means people who carry out an audit per the Government's Public Sector Internal Audit Standards. The internal auditors are responsible for reviewing whether NCG's systems of governance, risk management and internal control are designed and operate effectively.

'Line Manager' - a manager of colleagues.

'Learner' means all students, clients, learners, customers of the Group and any subsidiaries or colleges.

A **'letter of comfort'** is a moral commitment given to support certain obligations. Unlike guarantees, these are merely commitments that are not legally binding.

'Management Accounts' are the monthly financial reports used for internal accounting and reporting purposes.

The **'Memorandum / Memoranda'** means the current Financial Memorandum issued by the ESFA or OfS to the Group which sets out the terms and conditions upon which their funding is provided to the Group.

'MIS' means the Management Information Systems

'MPM' is the Managing Public Money financial management framework by published by HM Treasury.

'NCG' means the Corporation of Newcastle College and its subsidiaries.

'Non-Pay' revenue expenditure for goods and services excluding colleagues' costs.

'Novel transactions' are those of which the college has no experience or are outside its range of normal business.

'OfS' means the Office for Students.

'People and Development' - the activities and colleagues managed by the Director of People and Development

The **'Regulations'** mean the Financial Regulations set out in this document or their predecessors when they were current.

'Repercussive transactions' are those that may have wider financial implications for the sector, or which appear to create a precedent.

'Requisition' means a request to raise a purchase order through the Group procurement system.

'Revenue' means day to day items of income and expenditure which are not capital in nature.

'Senior Post holder' means a holder of a post the Corporation has designated a senior post.

'Senior Leadership Team' comprises any employee in a senior management role at either a college or Group level.

The types of '**special payment**' identified by MPM are as follows:

- Ex gratia payments are transactions going beyond statutory or contractual cover, or administrative rules examples include payments to meet hardship caused by official failure or delay, and to avoid legal action due to official inadequacy.
- Extra-contractual payments are those which, though not legally due under contract, appear to place an obligation on a public sector organisation which the courts might uphold. Typically, these arise from the organisation's action or inaction in relation to a contract.
- Extra-statutory and extra-regulatory payments are within the broad intention of the statute or regulation, respectively, but go beyond a strict interpretation of its terms.

The '**Standing Orders**' means the rules defined by Corporation and used by it to conduct its business.

'**Virement**' is the movement of budget amounts between headings or between Budget Holders.