

<u>Policy Title</u>	NCG Financial Regulations	
<u>Policy Category</u>	Compliant	
<u>Owner</u>	Chief Finance Officer	
<u>Group Executive Lead</u>	Chief Finance Officer	
<u>Date Written</u>	September 2019	
<u>Considered By</u>	Update of 2017 version approved by Corporation	
<u>Approved By</u>	Corporation	
<u>Date Approved</u>	December 2019	
<u>Equality Impact Assessment</u>	The implementation of this policy is not considered to have a negative impact on protected characteristics	
<u>Freedom of Information</u>	This document will be publically available through the Groups Publication Scheme.	
<u>Review Date</u>	September 2021	
<u>Policy Summary</u>	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. These are listed in Appendix 1 at the end of the document.	
Applicability of Policy	Consultation Undertaken	Applicable To
Newcastle	Yes	Yes
Newcastle 6th Form	Yes	Yes
Kidderminster	Yes	Yes
Lewisham	Yes	Yes
Southwark	Yes	Yes
West Lancashire	Yes	Yes
InTraining	Yes	Yes
Rathbone	Yes	Yes
Professional Services	Yes	Yes
Changes to Earlier Versions		
Previous Approval Date	Below are main changes made in this version	
Jul 2017	Financial responsibilities added for Deputy Chief Executive Officer, Executive Director of Governance and Risk, College Governance Boards.	
Jul 2017	Individuals/roles who can approve contract income. Individuals/roles who can approve bank payments. Individuals/roles who can approve expenditure. Capital expenditure approvals separate to general expenditure.	
Jul 2017	Approvals for recruitment and restructures added. Approval limits for payroll added.	
Jul 2017	Updated for current data protection legislation.	
Jul 2017	Section added for accounting policies and journal/balance sheet control.	
Linked Documents		
Document Title	Relevance	
Financial Policies and Procedures	Refer to Appendix 1 for relevant policies and procedures	



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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 with no registration number.
- 1.1.2 NCG owns two trading subsidiaries that will be substantially wound down by 31 December 2019, both of which are legal entities in their own right. These are The Intraining Group Limited and Rathbone Training.
- The Intraining Group Limited - a private company limited by shares with company registration number 06540854 (herein referred to as Intraining).
 - Rathbone Training – a private company limited by guarantee, with company registration number 07830590 (herein referred to as Rathbone). Rathbone is a registered charity in England & Wales and Scotland, with charity numbers 1145138 and SC042758 respectively.
- 1.1.3 All three legal entities are part of the same VAT group, with registration number 918509211.
- 1.1.4 Collectively, 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 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.

- 1.1.9 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.
- 1.1.10 For avoidance of doubt, these Regulations do not apply to organisations which are NOT wholly owned or controlled by one of the legal entities within the Group. 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 and the Funding Agencies' Audit Code of Practice.
- 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). A member of colleagues 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 EDGAR who will report it to the Corporation through the Audit 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 Group Policies and Procedures 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 on a bi-annual basis 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 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 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 of the above must be in accordance with the Further Education and Higher Education Act 1992, Instruments and Articles, the Contract with the relevant funding body (e.g. Financial Memorandum,</p>



	Contract for Services), Code and other directives of the relevant funding bodies and Standing Orders.
College Governance Boards	College Board Members are accountable for overseeing the College’s approved financial budget. They are responsible for:- <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.
The Chief Executive Officer and Senior Accounting Officer (“CEO”)	The CEO is responsible to the Corporation for:- <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 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.
Deputy Chief Executive (“DCEO”)	The DCEO is responsible to the CEO for: <ul style="list-style-type: none"> • To act as the CEO when the CEO is not available. • To act on delegated powers as required by the CEO. • To manage the budgets for the areas falling under their control and empower certain colleagues as Budget Holders for each area.
Chief Finance Officer (“CFO”)	The CFO is responsible to the CEO for:- <ul style="list-style-type: none"> • Advising on the financial aspects of the Group’s strategy, policy and administration as well as liaising with Internal and External Auditors.



	<ul style="list-style-type: none"> • 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 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. • Validating the Individual Learner Records and maintaining the MIS and administration around the Group relating to learner statistics and funding claims. • 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.
<p>Executive Director of Governance and Risk (“EDGAR”)</p>	<p>The EDGAR is responsible to the Chair for:</p> <ul style="list-style-type: none"> • Scheduling of matters included in these regulation within the Corporation and Audit 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.
<p>The Audit Committee</p>	<ul style="list-style-type: none"> • Oversee 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.

	<ul style="list-style-type: none"> • 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 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 Committee, for auditing the Group's affairs as per the Audit Code. • The right of access to any premises, assets, minutes, books, documents or other information kept within the Group, and also 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 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 also 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 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 also 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.



	<ul style="list-style-type: none"> • 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.
<p>Executive Leads & Senior Managers</p>	<ul style="list-style-type: none"> • In addition to their responsibilities in the role of Budget Holder, stated above, Executive Leads and Senior Managers are responsible for the preparation of the ILR and maintaining MIS (Management Information Systems).

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 co-ordinating 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 Each College Governance must approve the annual budgets and quarterly forecasts for the college(s) under their control.
- 2.1.4 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 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 and;
 - the action does not involve the Corporation in any additional financial commitment for past, current or future years and;
 - 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 local finance director or finance manager 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 Chief Executive 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 GF 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 September 2019					
Value of Payment	BACS Run Payment Processing	Cheque 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 GFAP Prepare 1 x GFM Review and authorise 1 x li hograph printed signature	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		1 x GFAP Prepare 1 x GFM Review and authorise 1 x li hograph printed signature and			
over £100,000	AND 1 x GFP or GFM Review	1 x Exec signature	1 x GFP Input 1 x GFM Authorise 1 x Exec Au horise		

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/GFC 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.
- CFO = Chief Financial Officer.** Means the senior post holder responsible for finance for the whole Group
- GFC = Group Financial Controller.** Means the post holder responsible for Group Finance reporting in to the CFO
- CEO = Chief Executive Officer.** Means the senior post holder responsible for the whole
- DCEO = Deputy Chief Executive Officer.** Means the senior post holder who deputises for the CEO

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 Borrowing requirements for short term revenue purposes must be sought from the Group's bankers and authorised by the CEO in consultation with the Chair or Vice-Chair of the Corporation within limits determined by the relevant funding bodies Memorandum.
- 4.2.2 The CFO must report short term borrowing promptly to the Corporation.
- 4.2.3 The Corporation must approve borrowing for periods exceeding twelve months and must comply with the Memoranda and the relevant Funding Body's requirements.

4.3 Cash Flow

- 4.3.1 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.
- 4.3.2 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 Group Financial Controller.
- 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 Group Financial Controller.
- 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 in relation to fees, grants and learner information and recording systems.

6.2 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 Group Contracts & Procurement team are responsible for reviewing proposed contracts 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 & Contract Award Approval Matrix (Income) below at 6.2.3. The risk rating must be carried out by colleges and follow the Group’s Risk Assessment process.
- 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.

Bid Submission & Contract Award Approval Matrix (Income) September 2019				
Total Contract Value for the Total Contract Period	Risk Rating as identified by the Risk Rating Process AND working capital requirement < £100k⁴			Working Capital Requirements £100k+⁵
	Low	Medium	High	
Up to £500,000	Principal OR local FD/FM	Principal AND local FD/FM	Principal AND local FD/FM AND CFO	Principal AND local FD/FM AND CFO
£500,000 - £999,999	Principal AND local FD/FM	AND CFO	Principal AND local FD/FM AND CFO	Principal AND local FD/FM AND CFO
£1,000,000 - £2,999,999	AND CFO	AND CEO	AND CEO	AND CEO
£3,000,000 - £9,999,999	AND CEO	AND CEO	AND CEO	AND CEO
£10,000,000+ ^{1,2}	AND CEO	AND Corporation ³	AND Corporation ³	AND Corporation ³

Key:

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

Principal means the senior post holder responsible for the College or Executive Lead reporting to the CEO or Deputy CEO

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, e.g. Group Financial Controller

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 Before a bid can be submitted, approvals must be received in accordance with the above matrix. For avoidance of doubt, prior to bid submission, full Corporation approval shall not be required but notified of our intentions to submit a bid which is over £10m and deemed Medium or High Risk.

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 has had on the risk rating and financial viability of the contract. All Contracts over £10m deemed Medium or High Risk 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.

⁵ For the avoidance of doubt, if the peak working capital requirement of a contract is £100,000 or more then reference must be made to the final column of the matrix above which represents the higher risk approval requirement.

6.2.4 All non-educational contracts must be referred for approval with the CFO or the Group Financial Controller 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 the relevant legal entity's Disciplinary Policy and Procedures.

6.2.6 Breaking down services into smaller multiple contracts to avoid requiring additional approval is not permitted and will be treated as a disciplinary matter.

6.3 Bids and Tender Submissions

- 6.3.1 The submission and approval of income related bids is also subject to a separate procedure (The Group Bid Manual) recognising the risks and size of any bid and the required financial modelling and management review necessary. Refer to this document before submission of any bids or tenders.

6.4 Income associated Fees & Charges

- 6.4.1 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.
- 6.4.2 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 6.4.1.
- 6.4.3 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.
- 6.4.4 Budget Holders must regularly review non-grant Fees and Charges and report to the CFO within the Business Planning Process.
- 6.4.5 The Executive Lead for the respective college is responsible for the timely and accurate reporting of key learner number and funding body data. This includes appropriate comparatives and projections.
- 6.4.6 The Executive Lead for each college is responsible 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, auctioning condition of funding issues, clearing funding monitoring reports, auctioning 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 Group Learner Records 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.
- 6.4.7 Learners who owe any monies to the Group must not be permitted to re-enroll unless authorised by the Principal.
- 6.4.8 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.

6.5 Grants

- 6.5.1 Funding Bodies provide grants for a number of purposes. Virement between deliverables is only allowed in accordance with the relevant Contract and/or Memorandum.
- 6.5.2 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.
- 6.5.3 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.

6.6 Invoicing

- 6.6.1 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.
- 6.6.2 In instances, where the Invoicing Process cannot apply, approval from the CFO is required for departure from the Group’s Invoicing Process.
- 6.6.3 Group Finance must exercise appropriate Credit Control Procedures. The approval of the CFO is required to approve any departure from the Credit Control Procedures.

6.7 Debt Collection

- 6.7.1 The CFO must approve the Debt Collection Process.
- 6.7.2 Sanctions will be placed on Learners with outstanding debt in line with the relevant Fees & Charging Policy. Please refer to section 6.4 Income associated Fees & Charges. The authority levels for writing off bad debt are shown in the Bad Debt Write-off Approval Matrix below:

Bad Debt Write-off Approval	
Value of Bad Debt	Approver
Up to £10,000	Group FC
£10,001 - £100,000	Group CFO
£100,001 - £500,000	Group CEO
Over £500,000	Corporation

Key:

Group FC means the postholder responsible for group finance reporting in to the Group CFO

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

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

6.8 Third Party Cheques, Cash and Money Laundering

- 6.8.1 Only cheques made payable to one of the three legal entities in the Group may be placed in the Group's bank accounts.
- 6.8.2 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).

6.9 Cash Handling

- 6.9.1 Colleagues may be required to handle cash on the Group's behalf.
- 6.9.2 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.
- 6.9.3 All money must be kept secure and in accordance with the Group's Insurance Policy and Petty Cash Policy and Procedures at all times.
- 6.9.4 Group Finance only becomes responsible for monies that balance to the accompanying records that account for it. Any discrepancies must be borne by the relevant department's Budget and Colleagues maybe subjected to the Disciplinary Policy for the respective college for any discrepancy relating to money.
- 6.9.5 Group Finance must ensure monies are banked promptly.

6.10 Donations

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

7. Salaries and Expenses

7.1 Salaries

- 7.1.1 The Corporation must approve policies, appoint and remove senior post holders and the EDGAR. 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.
- 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 Group Financial Controller 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 All payments to workers engaged by NCG as self-employed or through Personal Service Companies will be made through the payroll unless they can prove that the off-payroll rules do not apply by use of the HMRC employment status indicator. Should a dispute arise, NCG are required to respond within 31 days giving a reason for their decision which will be supported with a copy of the Employment Service Indicator Outcome Report.
- 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 signatures 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. Signing the payroll payment list certifies that the list accurately reflects all relevant records and is complete or other provision has been made for those not on the list.
- 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 Group People Services unless successfully recovered through the credit control process.
- 7.1.9 Budget holders may only hire colleagues, including part-time, temporary, agency and colleagues acquired through personal service companies in accordance with prevailing requisition procedures from Human Resources.
- 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 Group HR Director will ensure there are appropriate procedures in place to notify Group People Services 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:

Stage in Process	Who
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, SGAs or CFO
Send BACS file	Authorised members of the finance team (per expenditure approval matrix)
Check BACS confirmation report to original payment file	Members of Senior Finance team - GFC, SGAs or CFO
Executive post review	Payroll manager to CFO

7.2 Expenses

- 7.2.1 Colleagues may only claim for expenses incurred in carrying out official duties in accordance with the approved Travel and Subsistence 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 EDGAR and processed as other expenses.
- 7.2.3 The CFO must ensure that expenses are processed according to HMRC regulations and in line with the Travel & Subsistence 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 HR Director, and the CEO, Deputy CEO or CFO. For any involving 20 or more colleagues, Corporation approval must be obtained.
- 7.3.2 Colleague recruitment must be approved as per the Recruitment Approval Process Matrix below:

Recruitment Approval Process Matrix September 2019	
	Approved by
Replace existing role, in budget	Principal AND HR Director
New Role, in budget	Principal AND HR Director
New Role, not in budget	Principal AND CEO OR CFO

Key:

Principal means the senior post holder for the College or the Executive Director for the respective Professional Services area, or their deputy, in their absence

HR Director means the senior post holder responsible for HR 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. Group Financial Controller

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

8. Expenditure

8.1 Expenditure General

- 8.1.1 This section applies to the procurement of all goods, services and works including capital purchases.
- 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 Group Contracts & 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 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 in order 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 can be for a period of longer than 4 years without the express written approval of the Head of Contracts and Procurement.
- 8.1.8 Budget Holders must notify the Group Contracts & 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 Group Contracts & Procurement 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. This evidence would be in the form of the HMRC Employment Status Indicator Test.
- 8.1.10 For capital purchases, the orders are routed to Group Finance for approval and confirmation that the cost classification is correct. No tender will be issued by the Group Contracts and Procurement team without Group Finance approval.

8.2 Thresholds

8.2.1 To determine the estimated total value of a contract or purchase, the whole of the potential expenditure over the life of the contract or purchase (net of VAT) must be taken into account. Where a contract is for less than 4 years and the object of the contract is considered to be 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 September 2019			
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 Group FC	Group FC
£150,001 - £1,000,000	EU Compliant Competitive Tender Process carried out by Procurement Team	AND CFO	CFO
Over £1,000,000	EU 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

Group FC means the post holder 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 or Executive Lead reporting to the CEO or Deputy CEO

Corporation means the board of Governors for NCG

Notes:

- Land & Building transactions over £50,000 must be approved by Corporation
- CFO to determine if approval needed from one or more Funding Body
- 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
- If a contract is requested to be signed for this value please contact the Contracts & Procurement Team
- In addition, for contracts over £1m, 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 contracts awarded outside of routine Corporation meetings.
- 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.

Capital Expenditure Approval Process Matrix September 2019		
Total Purchase or Contract Value for the Total Contract Period	Purchase approved by	
	Within budget ^{1,2,3}	Not Within Budget
Up to £25,000	Group Finance	CFO AND Principal
£25,001 - £100,000	GFC	AND Exec Board
£100,001 - £500,000	CFO	AND Corporation
£500,001 - £1,000,000	AND Exec Board	
Over £1,000,000	AND Corporation	

Key:

Group Finance means the appropriate member of the Group Finance team with the required authority to approve capital spend within budget

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

Principal means the senior post holder responsible for the College or Executive Lead reporting to the CEO or DCEO

Exec Board means the Executive Leads reporting to the CEO or Deputy CEO

Corporation means the board of Governors for NCG

Notes:

1. All Capital items should be pre-approved during the annual budget process by the CFO, CEO and Corporation
2. A business case is required in advance of approval of the annual budget for all capital expenditure over £20,000
3. Consideration should be given during the business case review if an architect is required for the project

8.3 Expenditure Tenders

- 8.3.1 All tenders will be carried out by the Group Contracts & Procurement Team in line with the relevant NCG Tender Process and the Public Contract Regulations 2015, as amended from time to time.
- 8.3.2 A 'request for procurement' form must be completed and submitted to the Group Contracts and Procurement Team before a procurement exercise can commence.
- 8.3.3 Before issuing an EU tender, the Group Contracts & Procurement 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 Head of Contracts & Procurement must determine if the Group Legal Advisor for the relevant Lot must be commissioned to draft the contract.
- 8.3.4 Before a contract award can be made, the terms and conditions of the award must be reviewed by the Group Contracts & 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.

- 8.3.5 The resulting contract award must be approved in accordance with the Expenditure Approval Process Matrix shown above at 8.2.2.
- 8.3.6 Under no circumstances must the total value of an order be split into multiple orders to avoid the Expenditure Approval Process Matrix.

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 orders must be authorised by Group Finance 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.

8.5 Exemptions

- 8.5.1 In certain exceptional circumstances, Budget Holders may request an exemption from these requirements by completing the Sole Supplier Justification Form in accordance with the Sole Supplier Justification Process. However, no exemption can be granted which would otherwise contravene UK or EU law.
- 8.5.2 Where a request for an exemption is being used which exceeds £25,000 the Sole Supplier Justification Form will need to be approved by the Head of Contracts and Procurement, as any award over this value will instigate a publically distributed Contract Award Notice.
- 8.5.3 Exemptions may be granted on the grounds set out in the Regulations, or established by UK or EU case law. These grounds include:
 - The goods, services or works can only be supplied by one supplier i.e. there is no market for them; OR
 - Service needed is controlled by government, regulations or trade organisation; OR
 - Other circumstances exist which are genuinely exceptional and merit the granting of an exemption.
- 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 from an existing framework agreement to which NCG is a member; however, an exemption request must be made where a contract is proposed to be awarded to a supplier without competition.

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 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 or FPM Process. In these circumstances, authorisation from the Group Financial Controller or Group Contracts & Procurement team must be obtained prior to the order being placed.

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 to avoid penalties under the Late Payment of Debts (Interest) Act 1998, in line with the Receipting Process.
- 8.7.2 The return of goods must be processed in line with the Returns Process.
- 8.7.3 Invoices without purchase orders which are not processed through the eProcurement system must be processed in line with the FPM Process.

8.8 Corporate Credit Cards

- 8.8.1 The CFO must approve the issue of any Corporate Credit / Procurement / 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.
- 8.8.2 Group Finance must maintain a register of Cards.
- 8.8.3 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 Travel and Subsistence Policy and Contract of Employment.
- 8.8.4 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 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 Supply Chain Fees and Charging Policy in accordance with the Instruments and

Articles and other directives from all relevant regulators and funding bodies.

8.11 Learner 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 authorised by the Principal or their deputy 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 Budget Holders are responsible for the security of assets under their control.
- 9.1.5 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 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 including laptops are always classified as fixed assets.
- 9.2.2 Group Finance maintain a register of fixed assets. Group Finance must carry out 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 all transactions in land and buildings, 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 stocktake 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 CFO 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 from contracts as well as assets.
- 10.1.3 The CFO has overall accountability for the negotiation and recovery of claims from insurers, but may delegate the responsibility to the person responsible for Group Insurance.

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 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 loss, liability or damage, which may lead to a claim by the Group, or by third parties against the Group or any of its Colleagues.
- 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.
- 10.2.5 Colleagues on international official duties and learners on official international visits must inform the Insurance Officer in advance to ensure that they have suitable insurance cover for their visit.
- 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 licence, road tax and MOT certificate where applicable for their vehicle. Please refer to the Group Travel & Subsistence Policy which is available to all colleagues on the Group Policies and Procedures' SharePoint 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 will

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 contractors with current health and safety approval are used as well as appropriate public liability insurance. 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 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 Group Contracts & Procurement 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 Head of Contracts & Procurement must determine if the Group Legal Advisor for the relevant Lot must be commissioned to review the contract based on total contract value.
- 11.1.2 Existing contracts must not be extended (e.g. by duration or by the range of goods and/or services purchased) 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 CFO.
- 11.1.3 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 Group Contracts & Procurement team who will advise if a formal written contract is necessary.
- 11.1.4 In the event that a dispute arises under the Contract, the Budget Holder must consult with the Group Contracts & Procurement 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.

11.2 Contract Register

- 11.2.1 The Group Contracts & Procurement team are responsible for maintaining a register of all income contracts approved and entered in to, as outlined at section 11.1 above.
- 11.2.2 The Group Contracts & 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.
- 11.2.3 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).

11.3 Seal

- 11.3.1 Only deeds bear the Corporation's seal. The seal is kept by the EDGAR who must report all uses of the seal promptly to the Corporation. Deeds are required for land and property transactions and contracts where there is no consideration.
- 11.3.2 As per Instruments and Standing Orders, the use of the seal must be authenticated by the signature of the Chair of the Corporation or the CEO together with that of any other Corporation member or the EDGAR.

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 Partial Exemption Special Method which has been approved by HMRC.
- 12.1.3 Budget Holders must consult Group Finance about all VAT matters so that risks and errors are minimised and to maximise VAT savings e.g. zero rating on advertising and equipment adapted for the disabled.

12.2 Corporation Tax

- 12.2.1 The CFO is responsible for ensuring that any tax liabilities (including stamp duty) are identified, reported and paid in line with relevant legislation and on time to 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 minimise these. The EDGAR 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 Executive of any potential new risks.
- 13.1.2 The Corporation is also responsible for regularly assessing and approving the disaster planning strategy. The IT Director is responsible for the preparation, execution and monitoring of this strategy as well as promptly notifying the Corporation of any omissions and liabilities.

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 IT Director 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, programme amendments, systems management, disaster recovery and 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 EDGAR, 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 CFO, who has delegated responsibility from the Chief Executive, along with the Internal Auditors and Audit 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 CFO.

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 Groups Disclosure Procedure (See 13.6).
- 13.5.2 The notified person 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 Committee and/or the funding bodies who may specify the approach to investigation. The relevant Executive Lead will arrange for the outcome of the investigation to be reported to the Audit 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.
- 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 Clerk.
- 13.6.4 The EDGAR 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 any and 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 Corporation, Executive, Budget Holders and the Group Senior Buyer must report interests as specified to the EDGAR who must maintain a Register of Interests for public inspection annually.

14.2.2 Corporation, Executive, Budget Holders and the Group Senior Buyer 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 in the following circumstances:

- If it cannot reasonably be regarded as likely to give rise to a conflict of interest; or

- If the EDGAR, Corporation, Executive are already aware of it (and for this purpose the EDGAR, Corporation, Executive are treated as aware of anything of which they ought reasonably to be aware)
- 14.2.4 The Declaration of Interest in Proposed Transaction may be sent in hard copy form or in electronic form to their line manager, who will seek approval from members of the Corporation and / or Executive as appropriate.
- 14.2.5 The Declaration of Interest in Proposed Transaction 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
 - Describe proposed transaction.
- 14.2.6 A Declaration of Interest in Proposed Transaction 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.
- 14.2.7 The individual submitting the Declaration of Interest in Proposed Transaction 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 £50). If a gift is offered that is not deemed to be low value it must always be tactfully refused. Where this may cause significant offence or embarrassment, gifts may be accepted (with consent from the Principal) and subsequently donated to a charity of NCG’s choice. Offers of holidays and hotel accommodation must always be refused. The relevant line manager must be informed that the offer was made and refused.
- 14.3.4 The CFO, has delegated responsibility, from the Chief Executive 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).

14.4 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 Company by a third party and which is extended to the employee solely or significantly due to his position as a representative of the Company. This excludes the classes of hospitality particularised below.
- Normal working lunches or refreshments provided during a business visit;
 - Hospitality extended to employees attending a Company 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 Company.
- 14.4.2 All employees are required to obtain approval from their Line Manager before accepting any form of Corporate Hospitality which is offered to them. Where the value of the Corporate Hospitality is likely to be over £100, approval must also be sought from the Executive Lead.
- 14.4.3 The CFO, has delegated responsibility, from the Chief Executive 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 CFO (“the Registrar”) 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 over the value of £50 and hospitality over the value of £100, regardless of whether they are accepted or refused, must be recorded in writing, by sending an email to the Administrator of the Register 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; and
 - Who it is donated to.
- 14.5.3 This must be completed as soon as is reasonably practicable, and be filed with the Registrar 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 Company 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 Registrar 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 document in the notes to the accounts in the annual financial statements.

15.2 Journals

- 15.2.1 Reversing monthly journals such as accruals, prepayments, etc can be posted by designated members of the Group Finance Team, as approved by the Group Financial Controller (controlled through system access set up).
- 15.2.2 Non-reversing journals need approval as follows <£0.1m Qualified Accountants within the Group Finance Team, <£0.5m Senior Group Accountant, <£1m Group Financial Controller, >£1m, CFO.

15.3 Balance sheet control

- 15.3.1 Every balance sheet code must be reconciled every month end by the responsible accountant and reviewed by Senior Group Accountant.
- 15.3.2 The GFC must prepare for the CFO a monthly summary of balance sheet control highlighting areas of risk.

Appendix 1: List of Policies, Procedures and Schedules

The below documents can be found on the NCG Intranet. College Policies will be available on the relevant college's Intranet.

- Treasury Policy
- Petty Cash Policy and Procedure
- Disciplinary Policy and Procedure (Colleges)
- Fees and Charging Framework
- Fees and Charging Policy (Colleges)
- Learner Support Fund Policy (Colleges)
- Invoicing Process
- Credit Control Procedure
- Debt Collection Process
- Group Insurance Policy
- Recharge Process and Procedures
- Remuneration Policy
- NCG Tender Process
- Card Payment Process
- FPM (Finance Process Manager) Process
- NCG Subcontract Management Framework
- Travel and Subsistence Policy
- Group Information Policy
- Document Retention Schedule
- Disclosure (Whistleblowing) Policy
- Bidding and Tendering Procedure (Group Bid Manual)
- Fixed Asset Disposal Form
- NCG Risk Assessment Process

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, HEFCE 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 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.

'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, The Intraining Group, Rathbone Training 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.

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

'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 DCEO, the CFO, the EDGAR, the Executive Director of Quality 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 DCEO.

'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 an independent body that the College administers on behalf of the Executive of the Students Union.

'Group Finance' - colleagues managed by the Group Financial Controller who reports to the CFO.

The **'Group Financial Controller'** means the post holder or anyone responsible for these duties.

The **'Group People Services'** - the activities and colleagues managed by the Head of People Services

The **'Group Senior Buyer'** means the post holder with this title or anyone responsible for these duties.

The **'Head of People Services'** means the post holder with this title or anyone responsible for these duties.

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

'HEFCE' means the Higher Education Funding Council in England

'HMRC' means Her Majesty's Revenue and Customs

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

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 HM Treasury guidance (Government Internal Audit Standards Manual), charged with verifying that the internal systems of governance, risk management and financial controls are working effectively

'Line Manager' - a manager of colleagues

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

'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 HEFCE 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

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

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

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

'**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

'**Colleagues**' means any and all employee of the Group.

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.