SERC
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POLICY TITLE

FINANCIAL GOVERNANCE POLICY

Academic Year: 2025/2026 Onwards

Target Audience:

All Staff and Governors

Summary of Contents:

Guidance of the College's policies and procedures on financial control.

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Related Documents:
Partnership Agreement between the Department for the Economy and the College
SERC Anti-Fraud Policy
SERC Budget Policy and Procedures
SERC Gifts and Hospitality Policy
SERC Travel and Subsistence Policy
SERC Data Management Policy
SERC Usage of College Name, Seal and Logo Policy

Superseded Documents (if applicable):
05-2008
03-2011

Equality of Opportunity and Good Relations Screening Information (Section 75):

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Version History

Version	Description of Changes	Date
1.0	Created	June 2011
1.1	References of Audit Committee changed to Audit & Risk Committee. Reference applied to Conflicts of Interest Policy (created 2020) Clarity provided on classification as NDPB (section 1.2) as per MS/FM. Subsidiary Companies & Joint Ventures: reference to DfE Circular FE 09/15 (College companies and joint venture companies).	June 2020
1.2	Sections 11.26 to 11.28 updated to reflect the NI Further Education sector's replacement of Property Services Division with sector wide procurement frameworks for reactive maintenance, planned preventative maintenance and minor works (<£400k) construction schemes.	June 2021
1.3	No changes required	June 2022
1.4	Procurement (Section 11.24) updated to reflect the recent development in procurement where the FE may use the Education Authority CoPE, in addition to CPD, to facilitate College procurements over £30k. Updated section: The College's procurement activity (over £30k) shall be carried out either via the Service Level Agreement the Department (DfE) has with CPD, or via the Education Authority CoPE (as agreed with DfE). The use of a CoPE is to ensure compliance with relevant UK and international Procurement Rules.	June 2023
1.5	Update job titles to reflect new College structure. Policy updated to reflect the publication of the Partnership Agreement between the Department for the Economy and the College (replacing the Management Statement and Financial Memorandum) and changes to Managing Public Money Northern Ireland. Updates were made throughout the document. Key areas updated: - Section 1 Background - Section 3 Audit & Risk Committee purpose and structure. - Section 4 External audit and Internal audit - Section 5 Responsibilities of the Governing Body, the Chairperson of the Governing Body, the Principal & Chief Executive and the Deputy Chief Executive. Other sections updated: 6.9, 6.11, 6.12, 8.1, 9.3, 10.21, 10.25, 10.26, 11.8, 11.11, 11.45, 12.12, 12.13, 12.20, 13.3, 13.8, 13.13, 14.5, 15.3, 15.8. Change of job title from Financial Controller to Head of Finance.	June 2024

Version	Description of Changes	Date
1.6	Section 4: Change of terminology from Public Sector Internal Audit Standards to Global Internal Audit Standards (effective from 1 April 2025) Section5: Inclusion of reference to DfE group accounts for consolidation. Section 6: Terminology change from Economic Appraisal to Business Case Section 11: Delegated lines of responsibility for Direct Award Contracts updated in line with revised DAC Guidance – DAO (DoF) 0622 (June 2025) Section 11: Procurement Control limits updated in line with Procurement Policy Note 04/21 (March 2025) Section 11: Removal of the terminology 'Most Economic Advantageous Tender' to 'Most Advantageous Tender' as per Procurement Act 2023	September 2025
1.7	Section 11.8 updated in line with DAO (DoF) 05/25 – DoF Approval Delegations IT Projects requiring DoF Approval: Over £10m Capital Projects requiring DoF Approval: Over £10m	October 2025

1. BACKGROUND

1.1 South Eastern Regional College (SERC/'the College')) is a College of Further Education incorporated under The Further Education (NI) Order 1997 (the '1997 Order'). Under the 1997 Order, the constitution of the College is specified in the Instrument of Government and the functions/responsibilities of the Governing Body are set out in the Articles of Government. The Instruments and Articles of Government can only be amended with the approval of the Department for the Economy (DfE/'the Department'). The general duties of the Governing Body are set out in Article 13 of the 1997 Order and in summary include:

- Securing the efficient and effective management of the College; and
- Ensuring the College provides, or secures, the provision of suitable and efficient further and higher education provision in the area in which the College is situation in order to meet the educational needs of industry and commerce, the community and learners.

1.2 The College is a legal entity in its own right, employing its own staff and operating at arm's-length from the Department. The College is classified as an executive non-departmental public body.

1.3 The College has been accepted as a charity for tax purposes by HMRC. The HMRC Charity tax reference is XT7372.

1.4 A Partnership Agreement exists between the Department for the Economy and the College was agreed on 1 October 2018.

1.5 The Partnership Agreement explains the overall governance framework within which the College operates, including the framework through which the necessary assurances are provided to stakeholders. Roles and responsibilities of partners within the overall governance framework are also outlined. The partnership is based on a mutual understanding of strategic aims and objectives; clear accountability and a recognition of the distinct roles each party contributes.

1.6 The Partnership Agreement also sets out certain aspects of the financial provisions the College shall observe.

1.7 The responsibility for ensuring that the College complies with the Partnership Agreement, and related guidance, rests primarily with the Governing Body of the College.

2. STATUS OF FINANCIAL GOVERNANCE

2.1. This document sets out the College's Financial Governance & Regulations. It translates into practical guidance the College's broad policies relating to financial control. It applies to the College and any subsidiary undertaking which the College may subsequently establish.

2.2. These Financial Governance Regulations are subordinate to the College's Instruments and Articles of Government and to any restrictions contained within Partnership Agreement.

2.3. These Financial Governance Regulations should be read in conjunction with the Partnership Agreement between the Department for the Economy and the College.

2.4. Compliance with the Financial Governance Regulations is compulsory for all staff connected with the College. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action. Any such disciplinary action will be taken through the College's normal disciplinary policy. Breaches resulting in disciplinary action will be notified to the Governing Body through the Audit & Risk Committee. It is the responsibility of the Directors and Heads of Department to ensure that their staff are made aware of the existence and content of the College's Financial Governance Regulations and its availability on the SERC Learning Engine.

2.5. Compliance with the Financial Governance Regulations is compulsory for all Governors.

2.6. The Finance & General Purposes Committee is responsible for maintaining a continuous review of the Financial Governance Regulations and advising the Governing Body of any additions or changes necessary. These procedures will be subject to an annual review.

2.7. The College's detailed financial procedures set out precisely how the regulations will be implemented and are available on the SERC Learning Engine.

3. FINANCIAL CONTROL – STRUCTURE AND COMMITTEES

3.1. The Governing Body is responsible for securing the effective and efficient management of the College, and has ultimate responsibility for the College's finances. It delegates certain aspects of work to the Audit & Risk Committee and the Finance & General Purposes Committee, which are both accountable to the Governing Body (for Committee Structure see Appendix A).

Audit & Risk Committee

3.2. The College is required by the 1997 Order and the Articles of Government to set up an independent Audit & Risk Committee.

3.3. The purpose of the Audit & Risk Committee is to support the College Accounting Officer and Governing Body on governance issues. In line with the extant Audit & Risk Assurance Committee Handbook (NI), the Committee will focus upon:

- assurance arrangements over governance; financial reporting; annual reports and accounts, including the Governance Statement and
- ensuring there is an adequate and effective risk management and assurance framework in place.

3.4. The committee is independent, advisory and reports to the Governing Body. Members of the Audit & Risk Committee should not be members of the College's Finance & General Purposes Committee. The Chair of the Governing Body and the Principal & Chief Executive of the College cannot be a member or Chair of the Audit & Risk Committee.

3.5. The committee has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors.

3.6. The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

3.7. The duties of the Audit & Risk Committee are set out at Appendix B.

3.8. The audit requirements of the College are set out in the Department for the Economy's Further Education Audit Code for the Governing Bodies (and Audit and Risk Committees) of Further Education Colleges (dated 1 April 2018). The Audit & Risk Committee must comply with the arrangements determined in the Articles of Government and the Audit Code for the Governing Bodies of Further Education Colleges.

Finance & General Purposes Committee

3.9. Within the terms of its Articles and Instrument of Government the Governing Body has established a Finance & General Purposes Committee to monitor the College's financial position and financial control systems.

3.10. The committee will examine annual estimates and accounts and recommend their approval to the Governing Body. It will ensure that short-term budgets are in line with agreed longer term plans and that they are followed. It will consider the College's medium term and strategic plans and is responsible for ensuring that all financial implications of such plans are taken into account before their approval by the Governing Body.

3.11. It is responsible for considering the College's capital programme before it can be recommended to the Governing Body for approval and in addition it shall consider and make recommendations to the Governing Body on the allocation of resources.

3.12. The Finance & General Purposes Committee will consider any other matters relevant to the financial duties of the Governing Body and make recommendations accordingly. The committee will ensure that the Governing Body has adequate information to enable it to discharge its financial responsibilities. A more detailed list of the responsibilities of the Finance & General Purposes Committee is shown at Appendix C.

4. AUDIT REQUIREMENTS

4.1. External auditors and internal auditors shall have authority to:

- access the College's premises at reasonable times;
- access all assets, records, documents and correspondence relating to any financial and other transactions of the College;
- require and receive such explanations as are necessary concerning any matter under examination; and
- require any employee of the College to account for cash, stores or any other College property under his/her control.

4.2. The Head of Finance is responsible for drawing up a timetable for the preparation of the Annual Report and Accounts, in line with the timetable issued annually by the Department, and will advise staff and the external auditors accordingly.

4.3. Following consideration by the Finance & General Purposes Committee, the Annual Report and Accounts shall be reviewed by the Audit & Risk Committee. On the recommendation of the Finance & General Purposes and Audit & Risk Committees they will be submitted to the Governing Body for approval.

Externally Audited Annual Report and Accounts – 31 July

4.4. The Comptroller and Auditor General (C&AG) is appointed as the external auditor of the Further Education sector. The C&AG will liaise with the Head of Finance on the arrangements for completing the audit of the College's accounts. The audit will either be

undertaken by staff of the Northern Ireland Audit Office (NIAO) or a private sector firm appointed by the C&AG to undertake the audit on NIAO's behalf. The final decision on how such audits will be undertaken rests with the C&AG, who retains overall responsibility for the audit. and therefore the appointment of external auditors is the responsibility of the Northern Ireland Audit Office.

4.5. The C&AG will issue an independent opinion on the accounts. The C&AG passes the accounts to the Department who shall lay them before the NI Assembly together with the College's annual report.

4.6. The C&AG will also provide a Report to Those Charged with Governance (RTTCWG) to the College, which must be shared with the Department.

4.7. For the purposes of audit and other examinations, the C&AG has statutory access to documents as provided for under Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order 2003.

4.8. The role of the NIAO is set out in The Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008.

4.9. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the College has used its resources in discharging its functions. The C&AG may also carry out thematic examinations that encompass the functions of the College.

Internal Audit

4.10. The Partnership Agreement with the Department for the Economy requires the College to establish and maintain arrangements for internal audit in accordance with the Global Internal Audit Standards (GIAS.

4.11. The Internal Audit provider shall be procured at sectoral level, and the sector must ensure the Department is satisfied that the contract specification for the internal audit service meets the requirements of the GIAS.

4.12. The work of Internal Audit is carried out primarily for the benefit of the College's Accounting Officer and Governing Body.

4.13. The terms of reference for internal audit should enable the internal auditor to give the Governing Body and the Accounting Officer the desired quality of assurance on the adequacy, reliability and effectiveness of the College's internal control systems.

4.14. The scope of the internal audit service must embrace the whole internal control system of the College including all its operations, resources, staff, services and responsibilities. It must cover all activities in which the College has a financial interest including those not funded by the Department.

4.15. The internal audit remains independent in its planning and operation and has direct access to the Governing Body, Accounting Officer and Chair of Audit & Risk Committee. The Audit & Risk Committee has the right to meet with the Internal Auditors without a management presence.

4.16. The formal responsibilities of internal audit are detailed at Appendix D. The internal audit provision should conform to the standards for internal audit set out in the Global Internal Audit Standards.

Other Auditors

4.17. The College may, from time to time, be subject to audit or investigation by external bodies such as the Department for the Economy, European Court of Auditors, HM Revenue & Customs. They have the same rights of access as external and internal auditors.

5. RESPONSIBILITIES

The Governing Body

5.1. The Governing Body members are appointed in accordance with the 1997 Order and the Instrument for Government. As public appointees, the appointment process for the Governing Body Chair and Business, Industry and Professional (BIP) members must comply with the Code of Practice for Public Appointments in Northern Ireland. Governing Body members are classified as office holders rather than College employees.

5.2. The purpose of the Governing Body is to provide effective leadership and strategic direction to the College and to ensure that the policies and priorities set by the Minister for the Department are implemented. The Governing Body is responsible for ensuring that College has effective and proportionate governance arrangements in place. This includes responsibility for the employment of all College staff (as set out in the 1997 Order and the Articles of Government) and ensuring there is an internal control framework which allows risks to be effectively identified, managed, and where necessary, escalated to the Department.

5.3. The Governing Body is responsible for holding the Principal & Chief Executive to account for the management of the College and the delivery of agreed plans and outcomes. In addition, the Governing Body should support the Principal & Chief Executive in the exercise of their duties, as appropriate.

5.4. Governing Body members must act solely in the interests of the College and must not use the Governing Body as a platform to champion their own interests or pursue personal agendas. Governing Body members occupy a position of trust and their standards of action and behaviours must be exemplary and in line with the seven principles of public life (Nolan Principles).

The Chairperson of the Governing Body

5.5. The Chair is responsible for setting the agenda and managing the Governing Body to enable collaborative and robust discussion of issues. The Chair's role is to develop and motivate the Governing Body and ensure effective relationships in order the that Governing Body can work collaboratively to reach a consensus on decisions.

5.6. The Governing Body Chair should ensure that:

- the Governing Body has an appropriate balance of skills appropriate to its business;
- Governing Body members are fully briefed on terms of appointment, duties, rights and responsibilities;
- Governing Body members receive and maintain appropriate training to keep their skills and knowledge up-to-date;
- Governing Body members receive adequate and timely information including the provision of feedback following Departmental meetings which include meetings with the Minister;

- the Department is advised of the College's needs when Governing Body vacancies arise;
- there is a Governing Body Operating Framework in place setting out the roles and responsibilities of the Governing Body in line with relevant guidance; and
- there is a Code of Conduct for Governing Body members in place, consistent with relevant guidance.

5.7. The role also requires the establishment of an effective working relationship with the Principal & Chief Executive that is simultaneously collaborative and challenging.

5.8. The Chair has a presence in the College and cultivates external relationships which provide useful links to the College. The Chair must be mindful of overstepping boundaries and becoming too involved in day-to-day operations and executive activities.

Principal & Chief Executive

5.9. The role of the Principal & Chief Executive is to run the College's business. The Principal & Chief Executive is responsible for all executive management matters affecting the College and for leadership of the executive management team.

5.10. The Principal & Chief Executive of the College is designated as the College's Accounting Officer by the Departmental Accounting Officer.

5.11. The Accounting Officer of the College is personally responsible for safeguarding the public funds in the post's charge and ensuring they are applied only to the purposes for which they were voted and, more generally, for efficient and economical administration.

5.12. As Accounting Officer, the Principal & Chief Executive shall exercise the following responsibilities in particular:

<u>Planning and Monitoring</u>

- establish, in agreement with the Department, the college's corporate and business plans in support of the Department's wider strategic aims and current Programme for Government (PfG) targets;

- inform the Department of the college's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives;

- ensure that timely forecasts and monitoring information on performance and finance are provided to the Department; that the Department is notified promptly if overspends or underspends are likely and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Department in a timely fashion;

<u>Advising the Governing Body</u>

- advise the governing body on the discharge of its responsibilities as set out in this document, in the 1997 Order and in any other relevant instructions and guidance that may be issued from time to time by the Department of Finance (DoF) or the Department;

- advise the governing body on the college's performance compared with its aim(s) and objectives;

- ensure that financial considerations are taken fully into account by the governing body at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately; and

- take action in line with Managing Public Money Northern Ireland (MPMNI) if the governing body, or its Chairperson, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness. The Accounting Officer should make their reservations clear in writing, and seek appropriate legal advice. If the Governing Body, or its Chairperson, is still minded to proceed, the Accounting Officer should then:

    - ask (preferably in writing), the Accounting Officer of the Department to consider intervening to resolve the difference in view, who in turn should seek advice from DoF;
    - if the Governing Body's decision stands, seek its written direction to carry it out, asking the Department to seek DoF approval;
    - proceed to implement without delay;
    - inform the Comptroller & Auditor General (C&AG); and
    - arrange for the existence of the direction to be published, no later than in the next Annual Report and Accounts, unless the matter must be kept confidential.

<u>Managing risk and resources</u>

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;

- ensure that an effective system of programme and project management and contract management is maintained;

- ensure compliance with the Northern Ireland Public Procurement Policy;

- ensure that all public funds made available to the college (including any income or other receipts) are used for the purpose intended by the Assembly, and that such monies, together with the college's assets, equipment and staff, are used economically, efficiently and effectively;

- ensure that adequate internal management and financial controls are maintained by the college, including effective measures against fraud and theft;

- maintain a comprehensive system of internal delegated authorities that are notified to all staff, together with a system for regularly reviewing compliance with these delegations; and

- ensure that effective personnel management policies are maintained;

<u>Accounting for the College's activities</u>

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Minister/the Department, or DoF;

- sign a Governance Statement regarding the College's system of internal control, for inclusion in the annual report and accounts;

- ensure that effective procedures for handling complaints about the college are established and made widely known within the college;

- act in accordance with the terms of this document and with the instructions and relevant guidance in MPMNI and other instructions and guidance issued from time to time by the Department and DOF. Annex 6 of the Partnership Agreement details other key guidance;

- ensure all relevant staff subscribe to the Accountability and Financial Management Division of DOF (AFMD) website of DoF and implement guidance as necessary;

- give evidence, normally with the Accounting Officer of the Department, if summoned before the Public Accounts Committee on the use and stewardship of public funds by the college;

- ensure that an Equality Scheme is in place, reviewed and equality impact assessed as required by the Equality Commission and The Executive Office (TEO);

- ensure that Lifetime Opportunities (the NI Executive's anti-poverty and social inclusion scheme) is taken into account; and

- ensure that the requirements of the Data Protection Act 2018, the Freedom of Information Act 2000, and General Data Protection Regulations (GDPR) are complied with.

5.13. For the purpose of Whole of Government Accounts and the DfE Group Accounts, the Principal & Chief Executive of the College is normally appointed by DoF/DfE as the College's Consolidation Officer and shall comply with the requirements of the Consolidation Officer Letter of Appointment.

5.14. The Principal & Chief Executive is accountable to the Governing Body for the College's performance against delivery of outcomes and targets whilst also responsible for implementing the decisions of the Governing Body and its Committees. The Principal & Chief Executive shall:

- maintain a dialogue with the Chair on the important strategic issues facing the organisation and for proposing Governing Body agendas to the Chair to reflect these;
- ensure effective communication with stakeholders and communication on this to the Governing Body; and
- ensure that the Chair is alerted to forthcoming complex, contentious or sensitive issues, including risks affecting the organisation.

5.15. The Principal & Chief Executive acts as a role model to other executives by exhibiting open support for the Chair and Governing Body members and the contribution they make. The Chair and Principal & Chief Executive will agree how they will work together in practice, understanding and respecting each other's role, including the Principal & Chief Executive's responsibility as Accounting Officer.

5.16. The Principal & Chief Executive is the Principal Officer for handling cases involving the NI Public Sector Ombudsman. This includes advising DfE Further Education Division of any complaints about the College accepted by the Ombudsman for investigation, and about the proposed response to any subsequent recommendations from the Ombudsman.

Deputy Chief Executive

5.17. Day to day financial administration is controlled by the Deputy Chief Executive. The Deputy Chief Executive should (in line with MPMNI Chapter 4, Annex 4.1):

- be professionally qualified;
- have presence on the College Management Team; and
- report directly to the Principal & Chief Executive.

5.18. The Deputy Chief Executive is responsible to the Principal & Chief Executive for:

- financial leadership at both a strategic and operational level;
- ensuring sound and appropriate financial governance and risk management;
- leading, motivating and developing the finance function, establishing its full commercial contribution to the business;
- planning and developing the financial framework agreed with the Department, against the defined strategic and operational criteria;
- challenging and supporting decision makers, especially on affordability and value for money, by ensuring policy and operational proposals with a significant financial implication are signed off by the finance function;
- co-ordinating the planning and budgeting processes;
- applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties;
- preparation of timely and meaningful management information;
- ensuring that delegated financial authorities are respected;
- selection, planning and oversight of any capital projects;
- ensuring efficiency and value for money in the organisation's activities;
- provision of information and advice to the Audit & Risk Committee;
- leading or promoting change programmes;
- preparing the Annual Report and Accounts, and consolidation data for the Department;
- liaison with the external audit; and
- liaison with the relevant Departmental committees, where appropriate.

Directors/Heads of Departments/Budget Holders

5.19. The Directors and Heads of Department are responsible to the Principal & Chief Executive for financial management in their own areas. They are advised by the Deputy Chief Executive in executing their financial duties. The Deputy Chief Executive will also supervise and approve the financial systems operating within their units including the form in which accounts and financial records are kept.

5.20. The Directors are responsible for establishing and maintaining clear lines of responsibility within their area of responsibility for all financial matters.

6. BUDGETING

Resource Allocation

6.1. Each year, in light of decisions by the Department on the Sector's Corporate Plan and the College Development Plan (CDP), the Department shall send to the College:

- a formal statement of the annual budgetary provision allocated by the Department in light of competing priorities across the Department and of any forecast income approved by the Department for the period 1 April – 31 March; and
- a statement of any planned change in policies affecting the College.

6.2. The Deputy Chief Executive is responsible for preparing the financial plan, as requested by DfE, for approval by the Governing Body on the recommendation of the Finance & General Purposes Committee, and for preparing financial forecasts for submission to the Department for the Economy as part of the College Development Plan. Financial plans should be consistent with the strategic plans included in the College Development Plan approved by the Governing Body.

6.3. Within the College, resources are allocated annually by the Governing Body on the recommendation of the Finance & General Purpose Committee.

6.4. The Directors and Budget Holders are responsible for the economic, effective and efficient use of resources allocated to them.

Budget Preparation

6.5. The Deputy Chief Executive is responsible for preparing annually a revenue budget and capital programme (major works) for consideration by Finance & General Purposes Committee before submission to the Governing Body. The budget should also include cash flow forecasts for the year end and a projected year-end Statement of Financial Position. The Deputy Chief Executive must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to the Directors, and Budget Holders as soon as possible following their approval by the Governing Body.

6.6. During the year, the Deputy Chief Executive is responsible for submitting revised forecasts where appropriate to Finance & General Purpose Committee for consideration before submission to the Governing Body for approval.

Capital Programmes

6.7. The Deputy Chief Executive is responsible for developing an annual capital expenditure programme, which is derived from:

- College Development Plan
- Curriculum Plan
- Estates Strategy

6.8. The capital expenditure programme must be within the Capital Departmental Expenditure Limit.

6.9. Proposed capital projects should be supported by a Business Case. The College is required to adopt Better Business Case NI guidance. The College will need to apply

proportionate effort. The effort required to assess a small expenditure is very much less than that needed to justify a large project.

6.10. Capital expenditure is approved in accordance with the delegated authority limits.

6.11. Proposals for large-scale individual capital projects or acquisitions must be considered within the College's Estates Strategy, as set out in FE Circular FE 01/21 and linked to the CDP process.

6.12. All large scale capital investment projects shall be managed through formal governance procedures, including the establishment of Project Boards with oversight through the Department's Capital Projects Steering Group, if deemed appropriate.

Budgetary Control

6.13. The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder who must ensure that day to day monitoring is undertaken effectively. The Directors and Budget Holders are responsible for the income and expenditure appropriate to their budget. The budget holder will be assisted in this duty by management information provided by the Deputy Chief Executive and Head of Finance. The types of management information available to different levels of management are described in the College's detailed financial procedures contained in the SERC Budget Policy and Procedures together with the timing at which they can be expected.

6.14. Significant departures from agreed budgetary targets must be reported immediately to the Deputy Chief Executive, by the Budget Holder concerned, and, if necessary, corrective action taken.

6.15. The Deputy Chief Executive is responsible for supplying budgetary reports on all aspects of the College's finances to the Finance & General Purposes Committee on a basis determined by that committee. These reports are presented to the Governing Body.

Treatment of Year End Balances

6.16. At year end, Budget Holders will not have the authority to carry forward a balance on their budget to the following year.

7. FINANCIAL AND MANAGEMENT ACCOUNTING SYSTEM

7.1. The Financial and Management Accounting System used by the College from 1 August 2008 is Agresso Business World (ABW).

7.2. Details of Budget Holders and the reporting/delegation lines are contained in the SERC Budget Policy and Procedure. Details of monthly reporting procedures are outlined also in this document.

8. ACCOUNTING POLICIES & RETURNS

Basis of Accounting

8.1. The financial statements are to be prepared on the historical cost convention except that certain freehold properties are shown at their revalued amounts. The financial statements are to be prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education, and in accordance with Financial Reporting Standard (FRS) 102. The College, as a public benefit entity, will apply the relevant public benefit entity requirements of FRS 102.

Format of the Accounts

8.2. The accounts are prepared for the financial year ending 31 July, in the format required by the Department for the Economy and in accordance with the provisions of the FE (NI) Order 1997 and the most recent Statement of Recommended Practice: Accounting for Further and Higher Education.

Accounting Returns

8.3. The Deputy Chief Executive is responsible for consolidating and despatching financial returns and other periodic financial reports to the Department for the Economy and other agencies as required. The Deputy Chief Executive is also responsible for ensuring that all grants notified by the Department for the Economy and other bodies are received.

Accounting Records

8.4. The Deputy Chief Executive is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities.

8.5. The College maintains the financial records in accordance with the Retention & Disposal Schedule Standard Operating Procedure.

9. BANKING

General

9.1. The Accounting Officer is responsible for ensuring that the College's banking arrangements are in accordance with the requirements of Managing Public Money NI.

9.2. The Accounting Officer shall ensure that the arrangements safeguard public funds and that their implementation ensures efficiency, economy and effectiveness.

9.3. The Accounting Officer shall ensure:

- the College's banking arrangements shall be kept separate and distinct from those of any other person or organisation; and
- adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.

Banking Arrangements

9.4. The Deputy Chief Executive is responsible for, on behalf of the Accounting Officer, liaising with the College's bankers in relation to the College's bank accounts. All bank accounts shall be in the name of the College. The Deputy Chief Executive will maintain a register of all College bank accounts held. All cheques shall be ordered on the authority of the Head of Finance who shall make proper arrangements for their safe custody.

9.5. Two signatories shall be required to authorise any transaction with the College's bankers. Authorised signatories have been designated by the Accounting Officer, details of which are retained in the Finance Office. The Deputy Chief Executive, with approval from the Accounting Officer, may open or close a bank account.

9.6. All cheques drawn on behalf of the College or BACS transactions must be signed in accordance with the mandate. This shall be that all cheques/BACS transmission reports must be signed by two authorised persons. Details of authorised persons and limits shall be provided for in the College's detailed financial procedures.

9.7. The Deputy Chief Executive is responsible for ensuring that all bank accounts are subject to monthly reconciliation and that large or unusual items are investigated as appropriate.

Cash Balances

9.8. Cash balances accumulated during the course of the year shall be kept at the minimum level consistent with the efficient operation of the College. This is deemed to be 30 cash days which should ensure the college holds sufficient cash for one month, and is approximated by a limit of 10% of prior year income.

Borrowing

9.9. Normally, the College will not be allowed to borrow, but when doing so the College shall observe the principles set out in MPMNI when undertaking borrowing of any kind.

9.10. Under the express authorisation of the Finance & General Purposes Committee, the College, if necessary, shall seek the approval of the Department and, where appropriate, the Department will liaise with DoF to seek approval to ensure that it has any necessary

authority and budgetary cover for any borrowing or the expenditure financed by such borrowing.

9.11. Medium or long term private sector or foreign borrowing is subject to the value for money test in MPMNI.

9.12. Where exceptionally the College is allowed to borrow, the spending financed by borrowing scores gross in budgets. This applies whatever the source of borrowing. The cash raised by borrowing does not score as negative DEL. This means that any expenditure by the College financed by borrowing will need DEL budget cover (provided this is the normal budgeting treatment for such expenditure).

10. INCOME

General

10.1. The Deputy Chief Executive is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled. All receipt forms, invoices, or other official documents in use must have the approval of the Head of Finance.

10.2. Levels of charges, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Finance & General Purposes Committee and are approved by the Governing Body.

10.3. The Deputy Chief Executive is responsible for the prompt collection, security and banking of all income received.

10.4. The Deputy Chief Executive is responsible for ensuring that all grants notified by the Department for the Economy and other bodies are received and appropriately recorded in the College's accounts.

10.5. The Deputy Chief Executive is responsible for ensuring that all claims for funds, including grants and contracts, are made by the due date.

Grant in Aid

10.6. Grant-in-aid will be paid to the College monthly, on the basis of the College showing evidence of need. The application to the Department shall certify that the conditions applying to the use of grant-in-aid have been observed to date and that further grant-in-aid is now required for purposes appropriate to the College's functions.

10.7. The Deputy Chief Executive is responsible for having regard to relevant DoF guidance and to the general principle enshrined in MPMNI that the College should seek grant-in-aid according to need.

10.8. Grant-in-aid not drawn down by the end of the year shall lapse. However, where draw-down of grant-in-aid is delayed to avoid excess cash balances at year-end, the Department will make available in the next financial year (subject to approval by the Assembly of the relevant Estimates provision) any such grant-in-aid required to meet any liabilities at year end, such as creditors.

10.9. Fees and Charges

10.10. Fees or charges for any service supplied by the College shall be determined in accordance with Chapter 6 of MPMNI.

10.11. The procedures for collecting tuition, examination and other fees must be in accordance with the College's Fees Policy and approved by the Deputy Chief Executive who is responsible for ensuring that all student fees due to the College are received.

Gifts, Benefactions and Donations

10.12. The College is free to retain any gifts, bequests or similar donations, but must consider any associated costs in doing so or any conflicts of interests arising.

10.13. The Deputy Chief Executive is responsible for maintaining written records of gifts, bequests and donations and of their estimated value and whether they are disposed of or retained. The Deputy Chief Executive is responsible for initiating any claims for recovery of tax where appropriate. All staff are required to comply with the College's Gifts and Hospitality Policy.

Interest Earned

10.14. Interest earned on cash balances cannot necessarily be retained by the College. Depending on the budgeting treatment of interest earned, and its impact on the College's cash requirement, it may lead to commensurate reduction of gran-in-aid or be required to be surrendered to the NI Consolidated Fund via the Department. If the receipts are used to finance additional expenditure by the College, the Department will need to ensure it has the necessary budget cover.

Cash Receipts

10.15. All monies received within units, from whatever source, must be recorded by the unit on a daily basis together with the form in which they were received and remitted to the Finance Office at least weekly or more frequently should the value of receipts be significant.

10.16. Custody of all cash holdings must comply with the College's policy and the requirements of the College's insurers.

10.17. No deductions may be made from any cash collected on behalf of the College prior to remittance to the Finance Office except in exceptional circumstances and with prior approval from the Head of Finance.

10.18. Personal or other cheques must not be cashed out of money received on behalf of the College.

The Collection of Debts

10.19. The Deputy Chief Executive must ensure that:

- debtors' invoices are raised promptly in respect of income due to the College;
- debtors are raised on official College invoices;
- swift effective action is taken to collect overdue debts in accordance with the College's formal procedures (detailed in the financial procedures); and
- outstanding debts are monitored and reports are prepared for managers.

10.20. The Head of Finance is responsible for implementing credit arrangements and indicating a period in which different types of invoice must be paid.

10.21. The Deputy Chief Executive must ensure that the following essential features of the system for collecting sums due are in place (as per MPMNI):

- adequate records to enable claims to be made and pursued in full;
- routines to prevent unauthorised deletions and amendments to claims;
- credit management systems to manage and pursue amounts outstanding;
- controls to prevent diversion of funds and other frauds;

- clear lines for responsibility for making decisions about pressing claims increasingly more firmly, and for deciding on any abatement or abandonment of claims which be merited

10.22. Requests to write-off debts in excess of £100 must be referred in writing, by the Head of Finance, to the Deputy Chief Executive for submission to the Accounting Officer for consideration and approval. Debts below this level may be written off with the approval of the Deputy Chief Executive. All such requests must be made in writing by the Head of Finance.

10.23. Requests to write off debts in excess of £7,000, in any single case, are required to be approved by the Department for the Economy in accordance the Partnership Agreement (Annex 3).

10.24. Losses shall not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful.

10.25. Where total losses exceed £2,000 in any financial year, an explanatory note must be included in the College's accounts. Explanations are necessary for individual losses in excess of £2,000.

10.26. The College will maintain a Losses and Special Payments Register.

11. EXPENDITURE

General

11.1. The Deputy Chief Executive is responsible for making payment to suppliers for goods and services to the College.

Authorities

11.2. Budget Holders are responsible for purchases within his/her unit. Purchasing authority may be delegated to named individuals within the unit.

11.3. The Deputy Chief Executive shall maintain a register of persons authorised to approve expenditure. Any changes to the approvers list must be notified to the Finance Department immediately.

11.4. Budget Holders are not authorised to commit the College to expenditure without first reserving sufficient funds to meet the purchase cost.

11.5. Expenditure must comply with the College's purchasing regulations as detailed below.

11.6. There are three delegated lines of responsibility:

i. Procurement and Award of Contracts
ii. Expenditure (non Consultancy)
iii. Consultancy Procurement/Award of Contracts and Expenditure

11.7. In accordance with the Partnership Agreement the day-to-day administration of the duties of the Accounting Officer may be delegated to other employees in the College for a period of up to four weeks.

Therefore, where the Accounting Officer is absent (for example annual leave) for a period of up to four weeks he can delegate the above AO responsibility to either a Deputy Director or the Deputy Chief Executive in the first instance. Where circumstances demand, this delegation may be to another member of the College Management Team. Records will be maintained that detail the delegation and the Head of Finance will be informed.

Delegated Lines of Responsibility – Procurement and Award of Contracts

11.8. The delegated lines of financial responsibility for procurement and award of contracts are as follows:

Category	Head of Finance Approval	Director	Accounting Officer Approval	Governing Body Approval	DfE Approval	DoF Approval
Resource Spend over £5k and less than £30k	✓					
Resource Spend over £30k and under £100k	✓	✓				
Resource Spend over £100k and under £1m	✓		✓			
Resource Spend over £1m	✓		✓	✓	✓	
ICT Spend up to £1m	✓		✓			
ICT Spend over £1m	✓		✓	✓	✓	
ICT Spend over £10m	✓		✓	✓	✓	✓
Capital Expenditure up to £1m	✓		✓			
Capital expenditure over £1m and under £2m (or if College buildings under £5m)	✓	✓	✓	✓	✓	
Capital Expenditure over £2m (non-College buildings)	✓		✓	✓	✓	
Capital Expenditure on College buildings over £5m	✓		✓	✓	✓	
Capital Expenditure over £10m	✓		✓	✓	✓	✓
PFI / PPP projects (new contracts only)	✓		✓	✓	✓	✓

Delegated Lines of Responsibility – Single Tender Action / Direct Award Contracts

Contract Value	CPD Advice	Head of Finance Approval	Accounting Officer Approval	Permanent Secretary Approval	Minister Approval
Non-Construction Goods/Services Contract under £30k		✓	✓		
Non-Construction Goods/Services Contract between £30k - £50k		✓	✓	✓	
Non-Construction Goods/Services Contract greater than £50k	✓	✓	✓	✓	
Construction Related goods or services of any value	✓	✓	✓	If greater than £30k ✓	

Delegated Lines of Responsibility – Expenditure (Non Consultancy)

11.9. The delegated lines of financial responsibility for making expenditure (non consultancy) are as follows [the delegated lines of responsibility for procurement and award of contracts must be followed prior to following lines being actioned) :

Less than £30k

Expenditure Level	Budget Holder	Head of Finance	Director
Under £5,000	✓		
£5,000 to £10,000	✓	✓	
£10,001 to £30,000	✓	✓	✓

Above £30k

Category	Budget Holder Approval	Head of Finance Approval	Director Approval	Accounting Officer Approval
£30k - £1m	✓	✓	✓	✓
Resource spend > £1m	✓	✓	✓	✓
Capital expenditure >£1m	✓	✓	✓	✓
PFI / PPP projects	✓	✓	✓	✓

Delegated Lines of Responsibility – Consultancy

11.10. The College has authority to appoint consultants for a single contract without recourse to the Department in line with the delegated limits below. The College shall adhere to the guidance issued by DoF, as well as any produced by the Department, in relation to the use of consultants.

11.11. A full business case should be prepared for all consultancy assignments expected to exceed £10,000. A proportionate business case should be prepared for all assignments below this threshold.

Category	Accounting Officer Approval	Permanent Secretary Approval	Ministerial Approval	DoF Approval
Expenditure of less than £10k and which **is not** a Single Tender Action / Direct Award Contract	✓			
Expenditure of less than £5k, which **is** a Single Tender Action / Direct Award Contract	✓			
Expenditure of above £5k and less than £10k, which **is** a Single Tender Action / Direct Award Contract (to include CPD advice)	✓			
Expenditure of £10k or more, irrespective of whether it is a Single Tender Action / Direct Award Contract	✓	✓	✓	
Expenditure of £75k or more, irrespective of whether it is a Single Tender Action / Direct Award Contract	✓	✓	✓	✓

Petty Cash

11.12. Petty cash should be used only in exceptional circumstances.

11.13. The limit for petty cash expenditure is £30 and must be supported by acceptable receipts or vouchers.

11.14. All petty cash expenditure must be authorised, in advance, by the appropriate budget holder.

11.15. Petty cash vouchers must be brought to the petty cash officer for reimbursement, having already been authorised by the appropriate budget holder. The voucher should be exchanged for cash and the recipient must sign the voucher to indicate reimbursement has been made.

11.16. Requests by the petty cash officer for reimbursement of the petty cash float must be sent to the Finance Office, together with appropriate receipts or vouchers, before the total amount held in the float has been expended, in order to retain a working balance pending receipt of the amount claimed.

11.17. The petty cash officer is personally responsible for the safe keeping of petty cash in their possession. The petty cash box must be kept locked in a secure place in compliance with the requirements of the College's insurers when not in use, and will be subject to periodic checks by the finance staff.

11.18. At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter signed by a designated member of finance staff.

Purchase Orders

11.19. The ordering of goods and services shall be in accordance with the College's detailed financial procedures/procurement procedure.

11.20. Official College orders must be used for the purchase of all goods or services.

11.21. There is no requirement for the College to accept liability for the payment of goods/services ordered by a staff member without an official purchase order.

11.22. It is the responsibility of the Head of Finance to ensure that all purchase orders comply with the financial procedures.

Procurement

11.23. The College Procurement policies reflect the public procurement policy adopted by the Northern Ireland Executive; Procurement Guidance/Policy Notes; and any other guidelines or guidance issued by the Department of Finance.

11.24. The College's procurement activity (over £50k) shall be carried out either via the Service Level Agreement the Department (DfE) has with CPD, or via the Education Authority CoPE (as agreed with DfE). The use of a CoPE is to ensure compliance with relevant UK and international Procurement Rules.

11.25. Procurements for contracts under £50k shall remain the responsibility of the College.

11.26. All construction related procurement contracts should be procured through the College's approved partners/suppliers.

11.27. For reactive maintenance, planned preventative maintenance and minor works construction schemes, the NI Further Education sector has introduced specialist sector wide procurement frameworks. All such schemes should be progressed through the College's designated partners/suppliers.

11.28. Larger construction schemes (i.e. schemes of work typically higher than £400k or new builds) should be progressed through CPD, which is the designated Centre of Procurement Expertise for such schemes.

11.29. Contracts shall be awarded on a competitive basis and tenders accepted from suppliers who provide best value for money overall or the most advantageous tender.

11.30. Single tender action, or Direct Award Contract (DAC), is the process where a contract is awarded to an economic operator (i.e. supplier/contractor) without competition. In light of their exceptional nature, all DAC's must be subject to Accounting Officer approval.

11.31. The Deputy Chief Executive is responsible for sending a report to the Department, after each financial year, explaining any contracts above £5,000 in which competitive tendering was not employed.

11.32. The Head of Finance will seek assurance for the College Accounting Officer that the use of a Direct Award Contract is legitimate in a particular case.

11.33. The procurement thresholds are detailed within the Procurement SOP.

11.34. Any purchases above the Purchasing Thresholds must comply fully with Public Procurement Procedures.

11.35. It is the responsibility of the Heads of Department to ensure that their members of staff comply with all procurement rules by notifying the Head of Finance of any purchases likely to exceed the thresholds noted above.

Payment of Invoices

11.36. The procedures for making all payments shall be in a form specified by the Deputy Chief Executive.

11.37. The Head of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS electronic transfer on a weekly basis. In exceptional circumstances the Head of Finance will authorise the preparation of manual cheques for urgent payments.

11.38. Suppliers should be instructed to submit invoices for goods or services to the Finance Office, via email to accountspayable@serc.ac.uk, and not to named individuals or units.

11.39. Budget Holders are responsible for ensuring that expenditure within their unit does not exceed funds available.

11.40. Payments will only be made against invoices which have been approved for payment in line with the delegated lines of authority (section 11).

11.41. Approval of an invoice means that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory;
- it is matched to the order;
- invoice details (quantity, price, discount) are correct;
- the invoice is addressed to South Eastern Regional College (SERC);
- the invoice includes the correct purchase order number;
- the invoice is arithmetically correct;
- the invoice has not previously been passed for payment;
- where appropriate, an entry has been made on a stores record or departmental inventory; and
- an appropriate cost centre and account code is quoted. These must be included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

11.42. Where expenditure on an item shall exceed the appropriate budget, it is not permitted to amend the coding of the expenditure to another budget in which there is a residual.

11.43. Invoices are approved through the Agresso web portal for processing, however if a manual invoice requires approval it must be returned to the finance office as soon as possible. Care must be taken by the budget holder to ensure that discounts receivable are obtained.

11.44. The College shall pay all matured and properly authorised invoices in accordance with MPMNI (i.e. aiming to ensure the payment period does not exceed 30 calendar days after the date of receipt of invoice) and any guidance issued by DOF or the Department. The College shall adhere to the Northern Ireland Executive's commitment to paying suppliers whenever possible, within 10 working days.

Overpayments

11.45. In the case of an overpayment in error, the College shall pursue recovery of overpayments, irrespective of they how they came to be made. Each case will be considered on its on permits. In all instances, the College shall follow the guidance in MPMNI.

12. STAFF COSTS

General

12.1. Subject to its delegated levels of authority, the College shall ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them.

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

12.3. The staff of the College, whether on permanent or temporary contract, shall be subject to levels of remuneration as approved by the Department and DoF. Current terms and conditions for staff of the College are those set out in the Northern Ireland College Employers' Forum Circulars. The College shall provide the Department and DoF with a copy of all relevant circulars agreed by the Negotiating Committees.

12.4. Annual pay increases for College staff must be in accordance with the annual Dear Finance Director (FD) letter on Pay Remit Approval Process and Guidance issued by DoF. Therefore, all proposed pay awards must have prior approval of the Department and the Minister for Finance before implementation.

12.5. The College shall comply with the EU Directive on Contract Works [Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)] and any other relevant guidance.

12.6. All letters of appointment must be issued by the Human Resources Department. The Human Resources Department is responsible for keeping the Deputy Chief Executive informed of all matters relating to personnel for payroll purposes.

In particular, these include:

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

12.7. No payments will be made to an individual outside of the payroll system. All casual and part-time employees will be included on the payroll.

12.8. The Deputy Chief Executive shall be responsible for keeping all records relating to payroll including those of a statutory nature.

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

Pensions

12.10. The College staff will be eligible for a pension provided by one of the following:

- Northern Ireland Teachers' Pension Scheme (NITPS), an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the Teachers' Superannuation Regulations (NI) 1998 (as amended);
- Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC), a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations (Northern Ireland) 2002, as amended; or
- Any other suitable and approved pension (e.g. National Employment Savings Trust).

12.11. The Head of Finance is responsible for day to day pension matters including:

- paying of contributions to various authorised pension schemes; and
- preparing the annual return to various pension schemes.

Redundancy / Compensation

12.12. Teaching staff: as per the Teachers' (Compensation for Redundancy and Premature Retirement) Regulations (NI) 2010, the Governing Body is both the Employing Authority and the Compensating Authority.

12.13. Non teaching staff: all entitlements/payments are a matter for the College as the Employing Authority and the pension administrator.

Travel, Subsistence and Other Allowances

12.14. All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed via a method (i.e. online claim form) approved by the Head of Finance.

12.15. Claims by members of staff must be approved by their Budget Holder (or designated person) and by the Principal & Chief Executive in the case of Directors. Claims by the Principal & Chief Executive must be approved by the Chair of the Governing Body. Claims by Governing Body members, excluding the Chair, must be approved by the Chair. Claims by Chair must be approved by the Principal & Chief Executive.

12.16. The certification by the Budget Holder shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the College.

12.17. Payments and reimbursements of travel and subsistence shall be in accordance with the College's travel and subsistence policy and shall be paid at the rates which are agreed at sector level.

Private Consultancies and Other Paid Work

12.18. Unless otherwise stated in a member of staff's contract, outside (private) consultancies or other paid work may not be accepted without prior consent.

12.19. Applications for permission to undertake other work, including consultancies, must be submitted to the Head of Department and be approved by the Deputy Chief Executive, and include the following information:

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

Overpayments of Salaries & Wages

12.20. In the case of an overpayment in error, the College shall pursue recovery of overpayments, irrespective of how they came to be made. Each case will be considered on its on permits. In all instances, the College shall follow the guidance in MPMNI.

13. ASSETS

Land, Buildings, Fixed Plant and Machinery

13.1. Subject to being above the agreed capitalisation threshold, as advised by the Department, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis in accordance with relevant accounting standards.

13.2. Expenditure to be capitalised shall normally include the a) acquisition, reclamation or laying out of land; b) acquisition, construction, preparation or replacement of buildings and other structures of their associated fixtures and fittings; and c) acquisition, installation or replacement of moveable or fixed plant, machinery, vehicles and vessels.

13.3. Proposals for large-scale individual capital projects or acquisitions must be considered within the College's Estates Strategy as set out in FE Circular FE 01/21 and linked to the annual College development Plan process. Subject to delegated limits, applications for approval by the Department and, DOF if necessary, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Governing Body. All large scale capital investment projects shall be managed through formal governance procedures, including the establishment of Project Boards with oversight through the Department's Capital Projects Steering Group if deemed appropriate.

13.4. The Deputy Chief Executive is responsible for regular reporting on the progress of projects to the Department.

13.5. Within its overall resources limit the College shall have delegated authority to spend up to £1m on any individual capital project or acquisition. Beyond that delegated limit, the Departments' and where necessary, DoF's prior authority must be provided through a formal allocation notification before expenditure on an individual project of acquisition is incurred. There is separate delegated limit in respect of capital expenditure on IT projects – this should be referred to the Head of Finance.

13.6. The Finance Department is responsible for maintaining an accurate and up-to-date register of its fixed assets on Agresso Business World.

13.7. In addition, the Estates Department and IT Infrastructure Department are responsible for maintaining inventories for all plant, equipment and furniture and stores in the College.

13.8. The College is free to retain any gifts, bequests of similar donations (subject to section 10.12). Items shall be capitalised at fair value on receipt, if applicable, and must be notified to the Department.

13.9. A sample of fixed assets must be checked at least annually by the Finance Department.

Asset Disposal

13.10. The College shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. Generally, assets shall be sold by auction or competitive tender, unless otherwise agreed by the Department, and in accordance with the principles of MPMNI.

13.11. All receipts from the sale of assets (including grant financed assets) shall be declared to the Department.

13.12. Disposal of land and buildings must only take place with the authorisation of the Governing Body and the Department for the Economy.

13.13. Where the College has financed expenditure on capital assets by a third party, the College shall set conditions and make appropriate arrangements to ensure that any such assets individually are not disposed of by the third party without the College's prior consent. The College shall therefore ensure that such conditions and arrangements are sufficient to secure the repayment of the NI Consolidated Fund's due share of the proceeds of the sale, in order that funds may be surrendered to the Department.

Leasing

13.14. The College must secure prior Departmental approval for all property leases. The treatment of office accommodation leases must be in line with relevant DoF guidance.

13.15. The College must ensure it has adequate Capital DEL budget provision for finance leases and other transactions which are, in substance, borrowing.

13.16. Before entering into any lease (including an operating lease) the College shall demonstrate that the lease offers better value for money than purchase.

14. TREASURY MANAGEMENT

14.1. The Finance & General Purposes Committee is responsible for approving a treasury management policy statement setting out a strategy and policies for cash management, long term investments and borrowings. It has a responsibility to ensure implementation, monitoring and review of such policies.

14.2. All operational decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Deputy Chief Executive and an appropriate reporting system set up.

14.3. The Deputy Chief Executive will report to the Accounting Officer and Finance & General Purposes Committee in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him/her.

Financial Investments

14.4. The College shall not make any investments in traded financial instruments without the prior written approval of the Department and where appropriate DOF, nor shall it build up cash balances or net assets in excess of what is required for operational purposes.

14.5. Equity shares in ventures which further the objectives of the College shall equally be subject to Departmental and DoF approval unless covered by a specific delegation.

15. OTHER

Subsidiary companies and Joint Ventures

15.1. In certain circumstances it may be advantageous to the College to establish a company to undertake services on its behalf. The College shall follow the guidance of FE 09/15 (College companies and joint venture companies) and shall not establish subsidiary companies or joint ventures without the express approval of the Department and DoF. The

Department will have regard to the Department's wider strategic aims and current PfG outcomes when judging such proposals.

15.2. The Governing Body is responsible for approving the establishment of companies and seeking the express approval of the Department. It is the responsibility of the Governing Body to establish the shareholding arrangements and appoint Principals of Companies wholly or partly owned by the College.

15.3. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and the College.

15.4. The Principals of Companies where the College is the majority shareholder must submit, via the Finance & General Purposes Committee, an annual report to the Governing Body.

15.5. For public expenditure accounts purposes, any subsidiary company or joint venture controlled or owned by the College shall be consolidated with it in accordance with UK GAAP, subject to any particular treatment required by UK GAAP. Where the judgement over the level of control is difficult, the Department will consult DoF.

15.6. Unless specifically agreed with the Department and DoF, subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this Financial Governance Policy and the Partnership Agreement with the Department for the Economy.

15.7. The College must inform the Department when a company or joint venture ceases to trade, is wound up or is struck off the Register of Companies.

Risk Management

15.8. The College shall ensure that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Treasury guidance: 'The Orange Book – Management of Risk, Principle and Concepts' along with supporting guidance aligned with the Orange Book principles and the NIAO Best Practice Guidance.

15.9. The College Management Team is responsible for developing a risk management strategy in order to identify the risks facing the College and actions required to mitigate these risks. This will be considered monthly by the College Management Team and reported to the Audit & Risk Committee regularly.

15.10. As required by MPMNI, all cases of attempted, suspected or proven fraud shall be reported to the Department who shall report it to DoF and the NIAO as soon as it is discovered, irrespective of the amount involved.

15.11. The College shall take proportionate and appropriate steps to assess the financial and economic standing of any organisation or other body with which it intends to enter into a contract or to which it intends to give grant or grant-in-aid.

15.12. The Deputy Chief Executive is responsible for effecting insurance cover in line with the Partnership Agreement

15.13. The Deputy Chief Executive, in conjunction with the Head of Finance, will keep a register of all insurances effected by the College and the property and other assets covered.

Taxation

15.14. The College is regarded by His Majesty's Revenue & Customs (HMRC) as a charity for tax purposes and therefore may not be subject to corporation tax.

15.15. The College is registered with HMRC as an employer and is a VAT registered organisation.. Should another company be established it may not be regarded as a charity for tax purposes and therefore other taxes may accrue.

15.16. The Head of Finance is responsible for advising Budget Holders of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College.

15.17. The Deputy Chief Executive is responsible for maintaining the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

Security

15.18. Budget Holders are responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, cash, etc. under his or her control. He or she shall consult the Deputy Chief Executive, Head of Finance or Head of Estates as appropriate in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

15.19. Keys to safes or other similar containers are to be carried with the person responsible at all times and should not be left unattended at any time. The loss of such keys must be reported to the Head of Finance immediately.

Code of Conduct for Staff

15.20. The College expects that staff at all levels will observe the College's Code of Conduct. This reflects the three fundamental principles of openness, integrity and accountability as well as the Nolan Principles. In addition, all staff are required to comply with the College's Anti-Fraud Policy.

15.21. Additionally, all members of staff and Governing Bod members must comply with the requirements of the Conflicts of Interest Policy.

Hospitality & Gifts

15.22. The basic requirement for all Governors, employees, or associates of SERC is that they should conduct themselves with honesty and impartiality in the exercise of their duties. As a consequence, Governors and staff must not use public resources for personal benefit, or receive benefits of any kind from a third party which right reasonably be seen to compromise their personal judgement, integrity or impartiality.

15.23. All Governors and staff members must comply with the Hospitality and Gifts Policy.

Trust Funds

15.24. The Deputy Chief Executive is responsible for maintaining a record of the requirements for any trust fund and for advising the Finance & General Purposes Committee on the control and investment of fund balances.

15.25. The Finance & General Purpose Committee is responsible for ensuring that all the College's trust funds are operated within any relevant legislation and the specific requirements for each trust.

Monthly Reporting

15.26. The monthly procedures are contained in the College's Budget Policy and Procedures.

Losses and Special Payments

15.27. Losses shall not be written off until all reasonable attempts to make a recovery have been made and proved unsuccessful.

15.28. Annex 3 of the Partnership Agreement details the main types of losses and special payments which the College may incur and the limits above which Department approval is required.

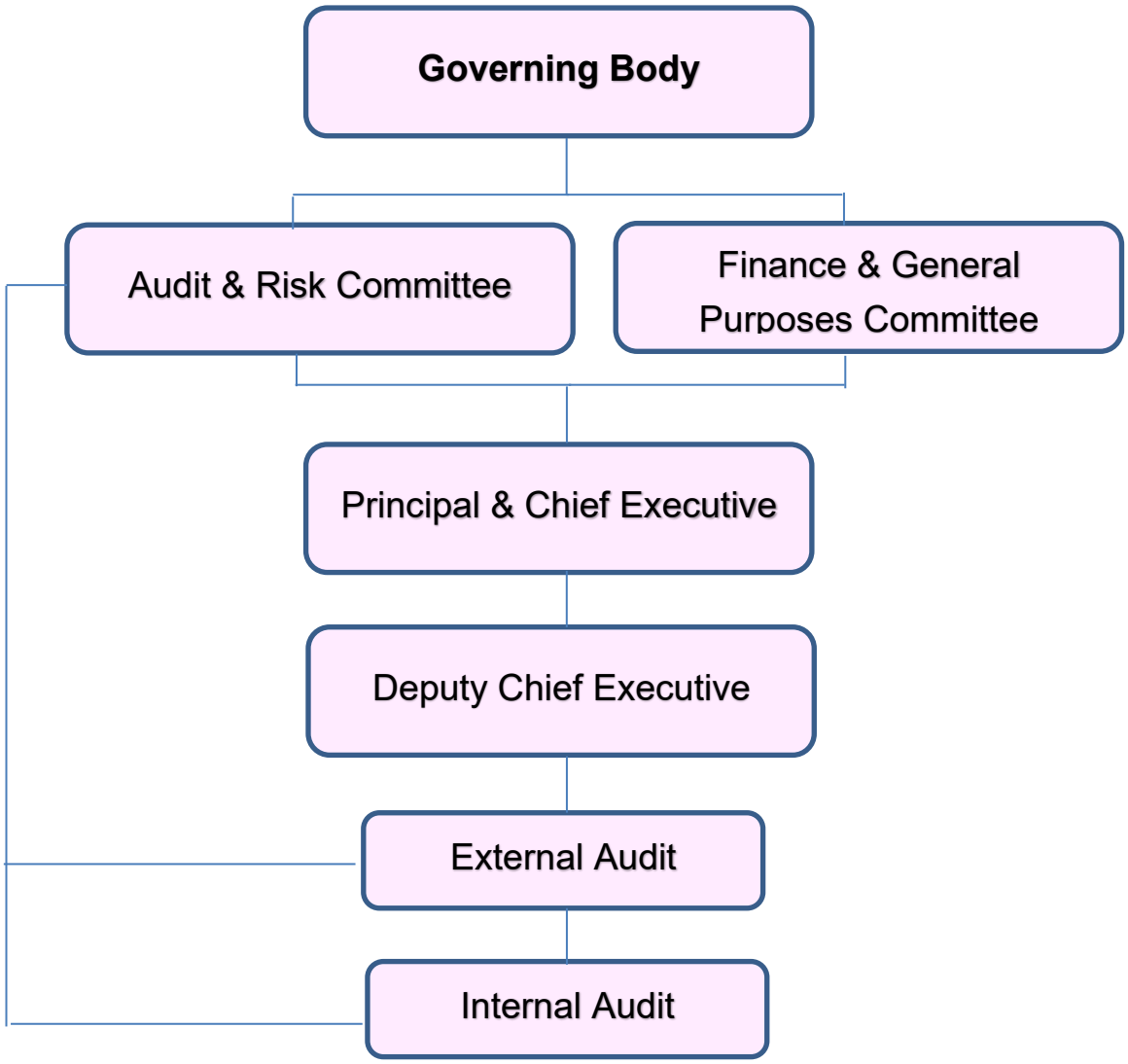
15.29. The Accounting Officer of the College is responsible for authorisation of losses and special payments up to these limits.

Official & Legal Documents

15.30. The Deputy Chief Executive is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must therefore be forwarded to the Deputy Chief Executive to be held in a secure location.

APPENDIX A

COMMITTEE STRUCTURE FOR FINANCIAL GOVERNANCE PURPOSES:



APPENDIX B

DUTIES OF THE AUDIT & RISK COMMITTEE

In accordance with the Articles and Instrument of Government the Audit & Risk Committee is responsible for:

- Reviewing the processes for ensuring the effectiveness of the financial and other internal control systems;

- Discussing if necessary with the external auditors, before the audit begins, the nature and scope of the audit

- To discuss with the external auditors' problems and reservations arising from the interim and final audits, including a review of the management letter incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary).

- Advising the Governing Body on the criteria for the selection and appointment of the internal audit service;

- Reviewing the scope and effectiveness of internal audit's work including planning and operation of the work and the internal audit annual report;

- Ensuring that the college has efficient and effective procedures in place so as to ensure that statistical returns are accurate, timely and prepared in accordance with agreed procedures;

- Ensuring that the college has systems and procedures to promote economy, efficiency and effectiveness- this may require identifying specific value for money studies;

- Considering the college's annual financial statements [after review by the Finance Committee if there is one] and prior to submission to the Governing Body, focusing in particularly on any changes in accounting policy, major judgmental areas, significant audit adjustments, the going concern assumption and compliance with accounting standards and the Accounts Direction;

- Reviewing the external auditor's Management Letter and management's response and having direct access to the external auditor;

- Reviewing relevant reports from the Department, NIAO and other organisations;

- Monitoring and reporting on annually, the performance and effectiveness of external and internal audit.

- Keeping under review the effectiveness of the risk management, control and governance arrangements, and in particular to review the external auditors' management letter, the internal auditors' annual report, and management responses.

- Monitoring and reporting on the implementation of agreed audit-based recommendations, from whatever source.

- Ensuring that all significant losses have been properly investigated and that the Department and auditors have been notified.

The Audit & Risk Committee should ensure that all significant losses have been properly investigated and that the internal and external auditors and the Department have been fully informed of the matter.

APPENDIX C

DUTIES OF THE FINANCE & GENERAL PURPOSES COMMITTEE

In accordance with the Articles and Instrument of Government the Finance & General Purposes Committee is responsible for:

- Reviewing and making recommendations to the Governing Body in relation to the budget setting process of the College;
- Monitoring and reporting on behalf of the Governing body on expenditure against budgets on a quarterly basis or more frequently as circumstances require;
- Reviewing the College's financial procedures;
- Establishing and monitoring a system of delegated authority;
- Making recommendations in relation to the College property;
- Considering and approving matters in relation to purchases and acquisitions outside the authority levels delegated to the executive; and
- Approving proposals and tenders /quotations in relation to contracts outside the authority levels delegated to the college management.

APPENDIX D

INTERNAL AUDIT RESPONSIBILITIES

1. The internal auditor is required to give an annual opinion to the Governing Body and Accounting Officer, through the Audit & Risk Committee, on the adequacy and effectiveness of the college's internal control system and the extent to which they can rely on it.

2. In order to provide the required opinion, the internal audit service will undertake a programme of work over a cycle in line with the Audit Needs Assessment authorised by the Governing Body, on the advice of the Audit & Risk Committee, to achieve the following objectives:

   - to review and appraise the soundness, adequacy and application of accounting, financial and other controls;
   - to ascertain the extent to which systems of control ensure compliance with established policies and procedures;
   - to ascertain the extent to which systems the assets and interests entrusted to or funded by the College are properly controlled and safeguarded from losses of all kinds;
   - to ascertain that accounting and other information is reliable as a basis for the production of accounts and other returns;
   - to ascertain the integrity and reliability of financial and other information provided to management including that used in decision-making; and
   - to ascertain that systems of control are laid down and operate to achieve the most economic, efficient and effective use of resources.
   - to provide the required assurance, internal audit will undertake a programme of work which will evaluate the arrangements in place:
   - to establish and monitor the achievement of organisational objectives.
   - to identify, assess and manage risks to those objectives.
   - advise on, formulate and evaluate policy within the responsibilities of the designated officer.
   - to ensure compliance with policies, laws and regulations.
   - to ascertain the integrity and reliability of financial and other information provided to management and stakeholders, including that used in decision making.
   - to ascertain that systems of control are laid down and operate to promote the economic, efficient and effective use of resources and to safeguard assets.

3. To provide the required assurance, internal audit will undertake a programme of work which will evaluate the arrangements in place:
   - to establish and monitor the achievement of organisational objectives.
   - to identify, assess and manage risks to those objectives.
   - advise on, formulate and evaluate policy within the responsibilities of the designated officer.
   - to ensure compliance with policies, laws and regulations.
   - to ascertain the integrity and reliability of financial and other information provided to management and stakeholders, including that used in decision making.
   - to ascertain that systems of control are laid down and operate to promote the economic, efficient and effective use of resources and to safeguard assets.

4. The Internal Auditor will make available to the Department, any working papers completed in relation to the work carried out. The auditor will also make available to the Department on request, any auditors involved in the audit of the college.

APPENDIX E

MANAGING PUBLIC MONEY NORTHERN IRELAND

Managing Public Money NI (MPMNI) | Department of Finance (finance-ni.gov.uk)