



Writtle
University
College

Financial Regulations and Delegated Authority

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WRITTLE UNIVERSITY COLLEGE FINANCIAL REGULATIONS

DEFINITIONS:

‘The Corporation’	Writtle University College Higher Education Corporation
‘The University College’	Writtle University College, the abbreviated and commonly used title of above
‘Vice-Chancellor’	The University College’s Chief Officer with ultimate executive responsibility for the management of Writtle University College
‘Chief Financial Officer’	The senior financial officer of Writtle University Officer College, responsible for controlling and managing the University College’s financial affairs.
‘OfS’	The Office for Students
‘The Regulations’	The Financial Regulations for Writtle University College
‘Staff’	All employees, full or part-time, of Writtle University College Higher Education Corporation and its subsidiaries
‘Head of Department’	The head of an academic or non-academic department of Writtle University College who is responsible for the budget(s) of their whole department or area
‘Budget Holder’	A member of staff who has been assigned their own budget, either in their capacity as head of department, or in other cases as the individual deemed most appropriate to manage a delegated budget
‘Preferred Supplier’	Limited to property and estates management services. Provides the practical flexibility to place orders with a contractor/supplier of services where a tailored competitive process has been undertaken under the direction of the University College’s Procurement Officer.

1 BACKGROUND

Writtle University College (WUC) Higher Education Corporation was formed on 1 April 1993 as an exempt charity by virtue of the Further and Higher Education Act of 1992.

It is a trust corporation, and its structure of governance is determined in the Instrument and Articles of its incorporation. These can only be amended by the Secretary of State. Writtle University College is accountable through its Board of Governors which has ultimate responsibility for ensuring the effective management and administration of the University College through the Leadership Group (UCLG).

Originally part of the Further Education sector, WUC transferred to the Higher Education sector on 1 October 1994.

From 1 January 2018 the Office for Students (OfS) became the principal regulator for all higher education institutions (HEIs) in England that are exempt charities.

WUC registered with the OfS in December 2018 and was initially subject to enhanced monitoring due to the University College presenting a higher risk of breaching conditions of registration. Although WUC

is currently no longer subject to enhanced monitoring, that risk now principally concerns financial sustainability (Condition D).

The OfS also publishes an annual terms and conditions of funding document covering both recurrent and capital funding. The Board of Governors is responsible for ensuring that conditions of grant funding are met. As part of this process, WUC must adhere to the OfS's Audit Code of Practice which requires it to have sound systems of financial and management control. These Financial Regulations form part of this overall system of accountability.

2 STATUS OF THE FINANCIAL REGULATIONS

This document sets out the University College's Financial Regulations. It translates into practical guidance WUC's broad policies relating to financial control and is subject to approval by the Board of Governors.

These Regulations are subordinate to the University College's Instrument and Articles and to any restrictions contained within the University College's registration with OfS, the OfS terms and conditions of funding and the OfS's Audit Code of Practice.

The Regulations apply to all activities of Writtle University College, and to its subsidiaries. The purpose of these Financial Regulations is to provide control over the totality of the University College's resources and provide management with assurances that the resources are being properly applied for the achievement of the University College's approved strategic and business objectives and in terms of:

- financial viability;
- achieving value for money;
- fulfilling its responsibility for the provision of effective financial controls over the use of public funds;
- ensuring that the University College complies with all relevant legislation;
- safeguarding the assets of the University College.

Compliance with these Regulations is compulsory for all staff Board and committee members connected with the University College. Failure to comply with these Regulations may be subject to disciplinary action under the University College's disciplinary procedure. Any such breach will be notified to the Board of Governors through the Audit Risk and Compliance Committee. Staff are able to access these Regulations via "My WI".

The Finance and General Purposes Committee is responsible for maintaining a continuous review of the Financial Regulations through the Chief Financial Officer, and advising the Board of Governors of any additions or changes necessary.

The University College's detailed financial procedures set out precisely how the regulations will be implemented and are contained in a separate manual - the Financial Procedures Handbook.

The delegated powers and duties referred to in these regulations apply to all Board committees unless otherwise indicated.

3 BOARD OF GOVERNORS AND COMMITTEE ROLES

3.1 The Board of Governors

The Board of Governors is responsible for governing and regulating the finances, accounts, investments, property and financial affairs of the University College and for these purposes arranging for the appointment of bankers, auditors and other professional agents. Its financial responsibilities include:

- The effective and efficient use of resources, the solvency of the University College and safeguarding assets.

- Approving annual estimates of income and expenditure.
- The appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts.
- Setting a framework for the pay and conditions of service of all other staff.

The Board of Governors will annually approve, inter alia:

- The annual income and expenditure (operating or revenue) and capital budget;
- The audited financial statements;
- The annual internal audit plan;
- The Strategic Plan;
- The appointment / re-appointment of the internal auditors, external auditors and bankers.

Although it delegates some responsibilities to committees, the Board of Governors also has powers to:

- ensure high standards of corporate governance to include integrity, objectivity, openness and transparency;
- approve policies and strategies aimed at ensuring delivery of the approved Strategic Plan;
- monitor the delivery against the previously approved Strategic Plan;
- approve the Annual Report;
- receive monitoring reports from the OfS;
- monitor progress against the approved budget and action plans submitted to the OfS;
- ensure that funds provided by the OfS are used in accordance with the conditions of registration and funding, and that the conditions of funding of any other funding bodies are similarly met;
- ensure that the University College complies appropriately with other regulatory documents from the OfS which are for the time being in force, including the Audit Code of Practice;
- approve borrowing (subject to any requirements to obtain OfS approval for additional borrowing or variations to existing borrowing);
- approve contractual commitments over an agreed value and authorise signatories and use of the University College Seal;
- approve and monitor the Strategic Risk Register;
- approve policies and strategies designed to ensure good financial and risk management;
- approve the constitution of the Writtle Students Union and to approve the Memorandum of Understanding between the University College and Writtle Students Union;
- approve the Health and Safety Policy and Procedures and to monitor their implementation;
- approve the sale, purchase and lease of University College land over an agreed value and/or an agreed period of time;
- approve building projects over an agreed value and monitor their progress;
- approve employment policies and strategies to ensure compliance with employment legislation and guidance and to monitor their implementation;
- approve the appointment of the Vice-Chancellor and other members of the UCLG;

- ensure compliance with all legislation affecting the University College;
- act as charity trustees as appropriate for an exempt charity and to ensure the University College complies with the Charities Acts; and
- agree proposed changes to Writtle University College's governance documents.

3.2 Committee Structure

The Board of Governors has ultimate responsibility for the University College's Finances, but delegates some responsibilities to its committees. Details of the terms of reference, membership and responsibilities of the various committees can be found in the University College's governance records.

3.3 Audit Requirements

The Board of Governors appoints internal and external auditors to comply with the requirements of the OfS. Auditors have authority to:

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

Normally, any concern about a workplace matter at the University College should be raised with the relevant member of staff's immediate line manager or Head of Department. However, if a matter involves, or is thought to involve, irregularities or fraud concerning cash, stock or other assets and property of Writtle University College, the University College recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.

A member of staff may therefore make the disclosure to a member of staff designated for this purpose: for example, the University Registrar and Secretary or the Chief Financial Officer (there is a Fraud, Detection and Prevention Policy and a separate Whistleblowing Policy). These documents are available on MyWi or through the HR Department.

3.4 External audit

The University College undertakes to consider all major supplier contracts at least every five years, including External Auditors.

External audit arrangements in HEIs

The appointment or reappointment of external auditors takes place annually and is the responsibility of the Board of Governors. The Board will be advised by the Audit Risk and Compliance Committee.

From the OfS's perspective (Audit Code of Practice)

External audit must provide an opinion to the governing body on whether funds (including public funds) have been applied for the intended purposes and on whether the financial statements provide a true and fair view of the financial results for the year. External audit must also form a view about whether an HEI is a going concern. External auditors of HEIs do not have a duty of care to the OfS and Research England.

The primary role of external audit is to report on the University College's financial statements and to carry out such examination of the statements, underlying records and control systems as are necessary

to reach their opinion on the statements and on the appropriate use of funds. Their duties will be in accordance with the OfS Audit Code of Practice and recognised auditing standards.

The Chief Financial Officer shall be the person responsible for drawing up a timetable for financial statements purposes and advising staff and external auditors accordingly.

Following consideration by the Finance and General Purposes Committee, the financial statements should be reviewed by the Audit Risk and Compliance Committee. On the recommendation of these committees, the financial statements will be submitted to the Board of Governors for approval.

3.5 Internal audit

The University College undertakes to consider all major supplier contracts at least every five years, including Internal Auditors

From the OfS's perspective (Audit Code of Practice)

"Where internal audit is provided from an outside source, market testing should be undertaken at least every five years"

The internal auditor is appointed or reappointed annually by the Board of Governors on the recommendation of the Audit Risk and Compliance Committee.

The University College is required to have an effective internal audit function the duties and responsibilities of which must be in accordance with advice set out in the OfS Audit Code of Practice. The main responsibility of internal audit is to provide the Board of Governors, the Vice-Chancellor and UCLG with assurances on the adequacy of the internal control system and measures to secure efficiency, effectiveness and value for money.

The internal audit service remains independent in its planning and operation and has direct access to the Board of Governors, Vice-Chancellor and Chair of the Audit Risk and Compliance Committee.

The internal auditor must comply with the Government's Internal Auditing Standards as required in the OfS Audit Code of Practice.

3.6 Other audits

The University College may, from time to time, be subject to audit or investigation by external bodies that have the same rights of access as external and internal auditors.

3.7 Risk Management

The University College acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health.

The Board of Governors has overall responsibility for ensuring that there is an appropriate strategic approach to the management of risk throughout the University College through the development, implementation and embedding within the organisation of a formal, structured risk management process.

Key principles observed by Board of Governors in determining the University College's approach to risk management are:

- the adoption of common terminology in relation to the definition of risk and risk management;
- the establishment of the University College wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis;

- a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes;
- a decision on the level of risk to be covered by insurance;
- development of risk management and contingency plans for all significant risks, including a designated 'risk owner' responsible and accountable for managing the risk in question;
- regular reporting to the Board of Governors of all strategic risks; and
- an annual review of the implementation of risk management arrangements.

Strategic risk management is strongly linked to planning. WUC has a risk management policy, a report on the strategic risk register is provided to each meeting of the Audit, Risk and Compliance Committee with an annual report on risk management provided to the Board.

Heads of Department must ensure that any agreements negotiated by their departments with external bodies cover all legal and financial risks and liabilities to which the University College may be exposed. Where there is any doubt on this, further advice from the UCLG should be obtained.

3.8 The Vice-Chancellor

The Vice-Chancellor is the University College's designated accounting officer and is responsible for the financial administration of the University College's affairs. In this capacity, the Vice-Chancellor must advise the Board of Governors if, at any time, any action or policy under consideration by them appears to the Vice-Chancellor to be incompatible with the conditions of registration with OfS, conditions of OfS recurrent and capital grant funding or other funding agency requirements. If the Board of Governors decides nevertheless to proceed, the Vice-Chancellor must immediately inform the Chief Executive of the OfS in writing.

The Vice-Chancellor must ensure that annual estimates of income and expenditure are prepared for consideration by the Board of Governors and for the management of budgets and resources within the estimates approved by the Board of Governors.

As the designated accounting officer, the Vice-Chancellor may be required to justify any of the University College's financial matters to the Public Accounts Committee at the House of Commons.

3.9 Chief Financial Officer

The Chief Financial Officer is responsible for the day-to-day financial administration of the University College, and is responsible to the Vice-Chancellor for:

- preparing annual capital and operating (revenue) budgets and financial plans;
- preparing accounts and management information;
- monitoring and control of income and expenditure against budgets and all financial operations;
- preparing the University College's annual accounts and other financial statements, which the University College is required to submit to other authorities;
- ensuring that the University College maintains satisfactory financial systems;
- providing professional advice on all matters relating to financial policies and procedures.

An organisational chart showing the structure of the Finance Department including all sections, staff and lines of responsibility is shown at Appendix B.

The Chief Financial Officer shall notify the Vice-Chancellor immediately of any loss or suspected loss resulting from any irregularity, mismanagement or breakdown in financial systems or internal controls. In addition, he/she has direct access to the University College's Board of Governors to report on financial matters should circumstances warrant it.

3.10 The University College Leadership Group

The University College's Leadership Group (UCLG) is responsible for developing and monitoring the University College's management and operational systems. It is involved with the production of the Strategic Plan and, approves and develops plans and policies directly related to it. It is responsible for monitoring and implementing agreed plans, policies and procedures of the University College.

The Vice-Chancellor chairs the team, which consists of, the Chief Financial Officer, the Registrar and Secretary, the Director of Human Resources and Student Services, the Director of Higher Education, the Director of Further Education, the Director of Admissions, Recruitment and Marketing, the Estates Director and the Director of Writtle for Business. The UCLG reports to the Vice-Chancellor on day-to-day management of the University College.

3.11 All members of staff

All members of staff should be aware and have a general responsibility for the security of the University College's property, for avoiding loss and for due economy, efficiency and effectiveness in the use of resources. The University College has a separate Value for Money Policy. They should ensure that they are aware of the University College's financial authority limits and the values of purchases for which quotations and tenders are required. They shall make available any relevant records or information to the Chief Financial Officer or his/her authorised representative in connection with the implementation of the University College's financial policies, these Financial Regulations and the system of financial control.

They shall provide the Chief Financial Officer with such financial and other information as he/she may deem necessary, from time to time, to carry out the requirements of the Board of Governors. They shall immediately notify the Chief Financial Officer whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the University College. The Chief Financial Officer shall take such steps as he/she considers necessary by way of investigation and report.

4 CONFLICT OF INTERESTS

The University College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the values established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe.

The University College has a register of interests, in which all staff and members of the Board of Governors members having financial interests in:

- (i) the supply of work or goods to or for the purposes of the University College;
- (ii) any contract or proposed contract concerning the University College; or
- (iii) any other matters relating to the University College

must declare their interest. The register will be open to inspection. The register for Governors is held by the Executive Governance Officer. The register for staff is held by the Human Resources Department. Both will be available for inspection by appointment.

5 DECLARATION OF GIFTS

Any member of staff who, in the course of or in connection with their employment at Writtle, either makes a 'Writtle University College funded' 'gift' of money, goods or service to an individual or organisation external to the University College or receives a 'gift' of money, goods or services from an individual or organisation external to the University College, must notify the University College Registrar and Secretary in writing, preferably by email.

Such declaration will be entered in a Gifts register and subject to audit. Declaration of any gift may be made but it is University College policy that it is compulsory to declare all gifts of a value of £50 or more or where the total value of 'gifts' given or received by an individual, exceeds £150 in any one year.

An annual summary is produced of all declarations made. Any member of staff concerned about the propriety of either making or receiving a gift, should consult the University College Registrar and Secretary beforehand.

6 BUDGETS

6.1 Resource Allocation

Budgets are allocated annually by the Board of Governors on the recommendation of the Finance and General Purposes Committee.

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

6.2 Budget Preparation

The Chief Financial Officer is responsible for preparing the annual income and expenditure (operating or revenue) budget and capital programme for consideration by the Finance and General Purposes Committee before submission to the Board of Governors. The budget should be in a fully integrated format, including cash flow forecast and balance sheet.

The Chief Financial Officer must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Budget Holders as soon as possible following their approval by the Board of Governors.

The Board of Governors will approve the budget by 31st July each year.

During the year the Chief Financial Officer will be responsible for producing Management Accounts including a commentary which will, inter alia, highlight significant variations from budget and if appropriate propose the remedial action being taken.

6.3 Capital Programmes

The Capital Programme includes all expenditure on land, buildings, IT, equipment, furniture, professional fees and other associated costs whether or not they are funded from capital grants. The annual minor capital expenditure programme (minor building works below £250,000 including VAT, IT and equipment) is usually presented to the Board for approval at the same time as the annual income and expenditure (operating or revenue budget).

The Chief Financial Officer is responsible for providing regular statements concerning all capital expenditure to the Finance and General Purposes Committee for monitoring purposes. The Chief Financial Officer is also responsible for liaising with the OfS to ensure that capital expenditure is undertaken in accordance with any OfS requirements including compliance with any OfS monitoring or audit requirements

Proposed major capital projects defined as those greater than £250,000 (including VAT) must be supported by a business case to include:

- a statement which demonstrates the project's consistency with the Strategic Plan and Estates strategy approved by the Board of Governors;
- an initial budget for the project for submission to the Finance and General Purposes Committee. The budget will normally include a breakdown of costs including professional fees and VAT, and sources of funding;
- Funding arrangements, to include an evaluation of alternative sources of finance, including Leasing;

- an investment appraisal indicating the projected cash flow including capital and operating income and expenditure and net present value (using the discount rate specified in the Treasury Green Book) and project payback period;
- a demonstration of compliance with normal tendering procedures and any OfS requirements;
- following completion of a major capital project, a post-completion report should be submitted to the Finance and General Purposes Committee, recording any variances between project delivery timescales, specifications, costs/funding arrangements, outcomes/benefits compared with those indicated in the project business case and any, resulting, lessons learned.

Budgetary allocations for capital expenditure shall fall within any one of three categories:

- Equipment: defined as any item of equipment costing £1,000 including VAT or more;
- Minor Works: defined as any capital building project costing less than £250,000 including VAT fees, IT, furniture and equipment;
- Major Projects: defined as any capital building project costing more than £250,000 including VAT, fees, IT, furniture and fittings.

The Chief Financial Officer will establish procedures for the use of project contingencies and for the approval of variation orders, including (if required) the notification of project cost variations to the OfS.

Where it appears that capital expenditure may materially exceed the approved budget, or that the anticipated benefits associated with the Capital Programme may be subject to significant variation, the Chief Financial Officer shall inform the Finance and General Purposes Committee as soon as practicable.

The progress of minor and major capital projects should be reported at least termly to the Finance and General Purposes Committee giving against each project, the latest estimate of cost compared with the approved cost, progress against approved 'start and finish' dates and any other relevant information.

Balances remaining on externally grant funded projects will be subject to 'matching' adjustments at the year-end, which will ensure that sums received for work as yet not undertaken will be carried forward to the following year.

6.4 Delegation of the University College Budget

The Vice-Chancellor may delegate responsibility for areas of the budget to appropriate members of staff, hereinafter referred to as 'Budget Holders'.

Budget Holders' responsibilities are defined in Section 6.7 and described in further detail in the Financial Procedures.

6.5 Budgetary Control

The Chief Financial Officer is responsible for providing budgetary reports in the form of Monthly Management Accounts on all aspects of the University College's finances to the Finance and General Purposes Committee, on a regular basis, but at least quarterly. These reports are also presented to the Board of Governors.

Monthly Managements Accounts shall be provided to the UCLG and individual Budget Holders as soon as possible after the period to which they relate.

Actions against significant variances from budget are to be formally agreed by both the Vice-Chancellor and the Board of Governors. Agreed actions should be monitored to ensure that they have been effective.

The Finance system is configured to automatically check expenditure requisitions against the available budget. The strategy around annual expenditure profiling and phased releases of the budget is

determined by the Chief Financial Officer, supported by the Finance Manager and Management Accountant.

All budget holder statements are reviewed and where the actual income and/or actual expenditure pattern is significantly at variance to the budget, explanations will be sought and proposed remedial actions identified for discussion and agreement with the UCLG.

6.6 Virement

The Chief Financial Officer can use his/her discretion to determine whether a budget virement (transfer) between income and expenditure cost codes is sanctioned or, within the control framework delineated in the Financial Regulations, refer the request to the Finance and General Purposes Committee for approval.

6.7 The roles and responsibilities of Budget Holders

The control of income and expenditure within an agreed budget is the responsibility of the Budget Holder who must ensure that day to day monitoring is undertaken effectively.

Budget Holders are responsible to their line manager for income and expenditure appropriate to their budget. The Budget Holder will be assisted in this by management information provided by the Finance Manager, the Management Accountant and by the web-based finance system (Resource 32000). The types of management information available to different levels of management are described in the University College's detailed Financial Procedures Handbook, together with the timing at which they can be expected.

Budgetary control responsibilities shall be held by managers who take the relevant spending decisions or are at least in a position to influence expenditure and income against budget.

Budget Holders and their line managers shall be made aware of and understand the meaning of budget responsibility and relevant University College regulations and procedures in this respect.

Persons with delegated budgetary control responsibilities shall be bound by the provisions of these Regulations, the Financial Procedures Handbook and by any other relevant directives issued from time to time by the Vice-Chancellor or his nominated representative.

Budget Holders and their line managers shall be made aware of budgets allocated to them. Line managers shall supervise the financial management of those reporting to them.

Budget Holders shall participate in detailed budget preparation and shall be encouraged to be self-reliant by meeting increased spending needs from savings within their control, or by the generation of additional income, as far as possible, while identifying remaining problem areas where a high-level decision to reduce costs or to provide additional resources is required.

Budget allocations shall be managed with prudence and savings made wherever possible (see section 11.4. Value for Money). Unnecessary or untimely expenditure should not be made to 'use up' unspent allocations and high levels of stock shall not be allowed to accumulate in this respect.

Budget Holders shall be responsible for ensuring that expenditure does not exceed approved budget heads under their control, and that income targets within their area of responsibility are achieved.

Only the Budget Holder has the authority to commit expenditure or to initiate the collection of income against a budget and the responsibility for approval of invoices for payment and requests to invoice shall lie with that Budget Holder.

Budget Holders shall carefully examine financial information made available to them and promptly refer any queries or anomalies to the Finance Manager, or Management Accountant. They shall examine their budgetary position at least monthly and refer any problems or concerns about the achievement of their targets, as soon as they arise, to the Management Accountant or Chief Financial Officer.

7 REVIEW OF PERFORMANCE AGAINST TARGETS

7.1 Third stream activity

Responsibility for the successful generation of third-stream income rests with the UCLG and ultimately with the Vice-Chancellor. As part of the budget process financial performance targets should be defined for all commercial activities and the pricing policies adopted should be such that these targets are achievable.

The Director of Writtle for Business will liaise with Budget Holders with operational responsibility for third stream income: notably the Halls of Residence, Equine Resource Centre, Farm, Conferencing & Events, Short Courses as well as apprenticeships. The Commercial Director will provide monitoring and performance reports to the Finance and General Purposes Committee. Action in respect of significant variances from targets should also be reported to the Committee.

7.2 Short Courses

Short Courses are generally considered to be those that are provided at full cost (unfunded), have no requirement for an existing level of qualification for entry, are for a duration of no more than 10 weeks and tend to be of a “licence to use specialist equipment” or “hobbyist” nature.

Procedures for the approval of these courses are laid down in the Financial Procedures Handbook. Responsibilities for managing these courses should be clearly defined. Standard rules should be agreed for the costs to be charged to these courses.

Estimates of costs for each course should be made before approval is given for the course to proceed.

8 ACCOUNTING POLICIES

The consolidated financial statements are prepared on an historical cost basis and in accordance with the latest Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and relevant accounting standards (FRS102).

The accounts are prepared for the financial year ending 31 July in the format required by the OfS, and in accordance with current legislation.

The consolidated financial statements consolidate the financial statements of the University College and all its subsidiary undertakings for the financial year.

Land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal instalments over their estimated remaining useful life. Land will not be depreciated.

Expenditure incurred on the acquisition of assets will be recorded in the balance sheet where the acquisition cost per item (or a related group of items) is above the capitalisation value indicated in the University College's Financial Statements). Capitalised assets other than land will be depreciated in line with recognised accounting principles.

In accordance with FRS102 the University College took the opportunity to carry out a one off valuation of land and buildings as at 01 August 2014. Other than for investment property there is no obligation to revalue each year thereafter.

A statement of specific accounting policies is shown at Appendix C.

8.1 Accounting Returns

The Chief Financial Officer is responsible for consolidating and despatching financial returns and other periodic financial reports to the OfS and other agencies as required.

The Chief Financial Officer is also responsible for ensuring that all grants notified by the OfS and other funding bodies are received.

8.2 Accounting Records

The Chief Financial Officer is responsible for the retention of all financial documents. These should be kept in a form acceptable to the relevant authorities.

The University College is required by law to retain prime documents either electronically or in hard copy for six years plus the current financial year. These include:

- official orders;
- paid invoices;
- accounts raised;
- bank statements;
- lecturer contracts;
- copies of receipts;
- payroll records, including lecturers' contracts.

Additionally, for auditing and other purposes, other financial documents should be retained for three years or until relevant audits have been completed if longer.

The Chief Financial Officer will make appropriate arrangements for the retention of electronic records. Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations.

8.3 Taxation

The Chief Financial Officer is responsible for providing advice, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues to the University College. Therefore, the Chief Financial Officer will issue instructions to departments on compliance with statutory requirements including those concerning VAT, Corporation Tax and import duty. The Chief Financial Officer is responsible for maintaining the University College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. The Director of Human Resources and Student Success is responsible for payroll and the submission of pensions' data to the Local Government Pension Scheme and the Teacher's Pension Scheme and for compliance with statutory requirements in relation to payroll and pensions (including PAYE and National Insurance).

9 BANKING

9.1 Appointment of bankers

The Board of Governors is responsible for the appointment of the University College's bankers on the recommendation of the Finance and General Purposes Committee. The appointment shall be for a specified period after which consideration shall be given by the Finance and General Purposes Committee to competitively tender the service.

9.2 Banking Arrangements

The Chief Financial Officer is responsible, on behalf of Finance and General Purposes Committee, for liaising with the University College's bankers in relation to the University College's bank accounts and the issue of cheques. Only the Chief Financial Officer may open or close a bank account for dealing with the University College's funds.

All bank accounts shall be in the name of the University College or one of its subsidiary companies. All cheques drawn on behalf of the University College must be signed in accordance with the bank mandate.

Details of authorised persons and limits shall be provided for in the University College's detailed Financial Procedures.

All automated transfers on behalf of the University College, such as BACS or CHAPS, must be authorised in the appropriate manner and in accordance with the Delegated Authorities at Appendix A. Details of authorised persons and limits shall be provided for in the University College's detailed Financial Procedures.

The Chief Financial Officer is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

As far as possible, the bank reconciliation shall be carried out by staff who are not involved in the issue of payments or receipt of income.

Arrangements shall be made with the bank to manage peak cash flow requirements, in accordance with the WUC Reserves Policy and Treasury Management Policy (Appendix D).

Any necessary borrowing (including overdrafts) and variations to existing borrowing arrangements shall be approved by the Board of Governors and where appropriate by the OfS.

The Treasury Management Policy (Appendix D) outlines the parameters for the investment of surplus University College funds.

10 ACCOUNTING FOR INCOME

10.1 General

The Finance and General Purposes Committee shall set and review annually any charges for tuition, accommodation, etc. within policy guidelines established by the Board of Governors.

The Chief Financial Officer is responsible for ensuring that appropriate procedures are in operation to enable the University College to receive all income to which it is entitled.

The Chief Financial Officer is responsible for:

- the prompt collection, security and banking of all income received;
- the receipt and appropriate recording in the University College's accounts, of all grants notified by the OfS and other funding agencies;
- ensuring that all claims for funds, including research grants and contracts are made by the due date.

10.2 Recording debt

The Chief Financial Officer shall ensure that:

- all credit references are obtained for customers likely to incur large debts - these shall be allocated a limit which must not be exceeded without the authorisation of the Chief Financial Officer;
- invoices shall be raised promptly and credit control procedures carried out at least monthly;
- by confirming against records maintained by the Student Registry team, that all expected income has been invoiced;

- regular reports are obtained from the sales ledger system to identify doubtful debts and make provision for them;
- credit notes are only raised where an official request has been received to amend or replace original invoices. Credit notes shall not be raised to clear bad debts. Any student who has not paid an account for fees or any other item owing to the University College will be subject to the agreed sanctions in place at that time until all outstanding debts have been cleared.

10.3 Amendments to Sales Ledger system

Any amendments to the sales ledger system must be authorised by the Finance Manager.

10.4 Collection

The Finance Manager shall ensure that:

- (i) all post is opened outside the Finance office by a member of Reception staff; and
- (ii) all cheques received by post shall be recorded immediately.

All monies received within departments from whatever source must be recorded by that department daily, together with the form by which they were received.

Money must be paid to the cashier and custody of all cash holdings must comply with the requirements of the University College's insurers.

All income shall be recorded at the time it is received in the Finance department.

Payments received in respect of invoices raised shall not be recorded by the member of staff responsible for raising those invoices.

An official receipt shall be given for all monies received wherever this is requested.

10.5 Tills

Tills shall be operated only by authorised till operatives during any session.

At the end of each session a 'Z' reading from the till must be taken by a member of staff independent of the till operator wherever possible.

The session's receipts shall be accounted for on an official income collection form signed by the till operator, and this, together with the income received and the till 'Z' reading, shall be promptly passed to the Finance section.

Any variance between the 'Z' reading and the actual takings shall be clearly explained on the income collection form at the time of submission.

10.6 Paying in

All money received shall be banked in the University College's name.

All income should be banked promptly and intact. Personal cheques may not be cashed from money received and no other encashments from income may be made.

Staff members who collect income should not, as far as possible, be responsible for banking the income.

Bank paying-in slips and counterfoils shall correspond clearly to the total amounts recorded on the cash sheets for the period.

Amounts banked should be independently reconciled to the amounts taken and to the anticipated income. (Note: Separation of duties issues).

Banking systems shall be consistent with any cash collection contracts in force.

Cash held in safes within the University College should not exceed insurance limits.

Receipts by credit or debit card: the University College may only receive payments by debit or credit card using procedures approved by the Chief Financial Officer.

Internet receipts: any member of staff wishing to arrange for payment to be made to the University College by the Internet should seek guidance from the Finance Manager at an early stage.

10.7 Doubtful and bad debts

Full provision is made in the Management Accounts for student debt (accommodation and fees) and for commercial debt where there are concerns about recoverability of the debt, usually more than three months old.

The Chief Financial Officer has the authority to institute legal proceedings to recover sums owing to the University College.

10.8 Writing-off debts

Signatories and their limits are set out in Appendix A.

11 EXPENDITURE

11.1 Authorities

The Board of Governors' approval of the budget authorises expenditure within the amount provided, as varied by any supplementary estimate or virement approved under these Financial Regulations.

The authorisation is effective only within the context of the Board of Governors' approved policies and is subject to any reservations placed on delegated powers or individual items of expenditure.

The Vice-Chancellor may delegate his powers to such other officers of the University College that he deems appropriate.

The limits of financial delegation approved by the Vice-Chancellor to appropriate management and other staff within the University College are set out in Appendix A.

No individual may commit the University College to any financial transaction other than those members of staff to whom budgetary responsibility has been delegated.

Financial commitments made by unauthorised persons will not be honoured by the University College and disciplinary procedures may be invoked in such instances.

Credit accounts operated by suppliers for University College transactions may not be used for personal or third party purchases.

Contracts for the supply of goods, services and works to the University College in excess of £12,000 including VAT shall be submitted to the Vice-Chancellor and Chief Financial Officer for review and approval.

11.2 Incurring Expenditure

The Vice-Chancellor may incur expenditure within present policies on any item within the current approved budget subject to:

- (i) any reservations or limitations required by the Board of Governors;
- (ii) expenditure on contracts being dealt with in accordance with Financial Regulations;
- (iii) the Chair or Deputy Chair of the Board of Governors' approval being sought in respect of incurring operating expenditure commitments exceeding £50,000 (including VAT);
- (iv) the Chair or Deputy Chair of the Board of Governors' approval being sought in respect of individual building work projects / equipment purchases exceeding £50,000 and up to £250,000 (including VAT) and within the approved annual minor capital programme.
- (v) the Chair or Deputy Chair of the Board of Governors' approval being sought in respect of individual minor building work projects / equipment purchases of any value which were not included in the approved annual minor capital programme and which would result in the overall approved value of that programme being exceeded.
- (vi) the submission of a list of and estimated costs of capital equipment / minor capital works including VAT (with a supporting justification evidencing appropriate internal consultation in each case) being submitted to the Finance and General Purposes Committee as part of the annual budget approval process.
- (vii) a full business case (paragraph 6.3) and elemental cost breakdown being presented to the Finance and General Purposes Committee for endorsement and Board for approval in respect of major capital investment projects in excess of £250,000 including VAT.

Notwithstanding Financial Regulation 11.2 above, the Vice-Chancellor shall be authorised to incur expenditure on emergencies, including emergency repairs to property, but shall report such action to the Finance and General Purposes Committee retrospectively as soon as possible.

The Vice-Chancellor may place orders for goods, equipment or services for delivery in a subsequent financial year for which the budget has not yet been approved by the Board of Governors, so long as the resultant commitment will not exceed a sum equivalent to the appropriate provision in the current year's approved budget.

11.3 Ordering

Orders may be initiated by raising an electronic requisition, which must be approved by authorised Budget Holders and with reference to the provisions elsewhere in these Regulations and in the Financial Procedures Handbook. Orders may not be initiated where there are insufficient funds available in the budget.

Where delivery of goods / services is planned for the start of the next financial year, orders may be initiated in the present financial year provided that the total amount committed will not exceed the budget allocated to that Budget Holder in the new financial year.

Official orders shall be issued for all work, goods, services, or works to be supplied, except where an exception is expressly permitted by the Chief Financial Officer such as for supplies of public utility services, for periodical payments such as rent or rates, catering provisions and for petty cash purchases.

11.4 Value For Money

Persons with delegated budgetary responsibility shall ensure that 'value for money' is obtained in all financial transactions and that, notwithstanding the provisions of these Regulations in respect of Contracts and Tendering, competitive quotes and price comparisons are made before making expenditure on the University College's behalf. Evidence of these comparisons shall be retained with copies of requisitions.

In the case of the regular supply of low value, high volume goods and services such as cleaning provisions and stationery, regular sample price comparisons shall be made to ensure continued 'best value' supply. Suppliers who have gone through a tender process and proven to be competitive on price and quality will be recognised as "Preferred Suppliers". Preferred suppliers are subject to regular reviews in order to maintain status.

An annual Value for Money Report will be submitted to the Audit Risk and Compliance and Finance and General Purposes Committees in accordance with the University College's Value for Money Policy. This will summarise value for money activities for the preceding year and planned activities during the following financial year.

11.5 Tendering

For purchases and contracts more than £12,000 (including VAT), but not exceeding £25,000 (including VAT), no tender process is required. However, where the purchase is not from a "*Preferred Supplier" for key property management/estates services (definition below) three competitive quotes are required to test value for money.

**To appoint a Preferred Supplier for key property management/estates services, a procurement exercise must be undertaken. The level/nature of the procurement exercise would be determined by the anticipated spend during the period of appointment, typically a 3 or 4 year period. The procurement exercise would not only take price into consideration, but also evaluate experience, competence, ongoing training for employees, membership or possession of trade associations or relevant standards, reputation and financial stability. Ideally, a price check would be undertaken every 12 – 18 months to ensure value for money continues to be obtained. The appointment should also be subject to a written contract including KPIs, which the Preferred Supplier would be obligated to meet."*

Any purchases or contracts estimated to exceed £25,000 (including VAT) in value shall not be made without consideration of competitive quotations in the form of a tender, except where the supplier is listed as a "Preferred Supplier" and has already been through a formal tender process or there is truly no suitable alternative available (in which case supporting evidence is required).

The official tendering procedure is detailed in the Financial Procedures Handbook.

11.6 Contracts

Applications and Exceptions

All contracts (including a written or verbal order) for the supply of goods, materials, services or the execution of any work, made by or on behalf of the Board of Governors shall comply with these financial regulations subject to:

- (i) compliance with any relevant United Kingdom legislation;
- (ii) other exceptions agreed by the Board of Governors.

The Find a Tender Service has replaced the European Union process (OJEU). Written competitive tenders are required following the Public Procurement guidelines from at least three suppliers in the form of an official tender or via a reputable framework.

This requirement applies to the following thresholds (which change on 1 January 2024 and biannually thereafter):

Contracts for Supplies and Services:	over £213,477 including VAT
Works:	over £5,336,937 including VAT

Assignment and sub-letting

Assignment of contracts and sub-letting, other than that which is customary in the trade concerned, shall be prohibited. Every written contract for the execution of work or the supply of goods, materials or services shall contain provisions whereby the contractor shall be prohibited from transferring or assigning, directly or indirectly, to any person or persons whatever, any portion of his contract or any benefit or interest accruing without the written permission of the Vice Chancellor or Chief Financial Officer.

11.7 British Standards

Where an appropriate British Standard Specification or British Standard Code of Practice issued by the British Standards Institution is current and applicable at the date of tender, every contract shall require that all goods and materials used or supplied, and all the workmanship shall be at least of the standard required by the appropriate British Standards Specification or Code of Practice.

Private interests

No member of the Board of Governors or University College staff shall take any personal or private benefit from any contract entered into by the Board of Governors with a third party for the supply of goods, materials or services, or the execution of work.

11.8 Leasing

The Vice-Chancellor or Chief Financial Officer have the authority to approve all operating leasing arrangements within the limits of the budgets approved by the Board of Governors.

All applications for such arrangements shall include a business case and shall be referred to the Chief Financial Officer and the signature of agreements shall be made only by the Vice-Chancellor, or the Chief Financial Officer. Procedures are detailed in the Financial Procedures Handbook.

Lease renewals shall be referred in the same way; it should not be considered that renewals will be automatically approved.

Operating leases

Applications for the approval of agreements for the supply of goods to the University College on a fixed term lease or rental basis shall be referred to the Chief Financial Officer.

Finance leases

Finance leases require the approval of the Board of Governors in accordance with the Treasury Management Policy (Appendix D).

11.9 Payments

Payments shall only be made through the Financial system against certified invoices or official payment requests and in accordance with the Financial Procedures Handbook.

Payments to suppliers shall be made as far as possible within agreed payment terms, or as requested by the Chief Financial Officer. Payment to contracted suppliers shall be made in line with EU Regulations of 30 days for valid undisputed invoices.

Cheques or BACS payments shall be made monthly by way of system-generated batch runs and urgent manual payments kept to a minimum. Manual cheques may only be issued in exceptional circumstances and with the approval of the Chief Financial Officer.

Cheques shall be examined by the cheque signatory, who should not be involved in the preparation of cheques. Cheque signatories should be in accordance with the bank mandate.

The member of staff issuing cheque payments shall not raise orders, receive goods or authorise invoices for payment.

11.10 Petty Cash/ Float

The Chief Financial Officer may authorise the setting up of petty cash accounts within the University College to defray petty expenses as approved by them.

Payments shall be made in accordance with the following principles:

- (i) the account shall be kept on an imprest system and shall be reconciled and reimbursed at regular intervals.
- (ii) payments shall normally be limited to minor items of expenditure where an order could not reasonably have been used and shall not relate to payments for remuneration (other than trainee expenses) unless at the direct request of the Board of Governors.

A member of staff granted a petty cash float is personally responsible for its safekeeping. The petty cash box must be kept locked in a secure place in compliance with the University College's insurers when not in use, and must be subject to periodic check by the head of department or other person nominated by him or her.

Comprehensive instructions for the use of petty cash are detailed in the Financial Procedures Handbook.

12 DATA PROTECTION ACT

The University College Registrar and Secretary shall ensure that the University College conforms to the requirements of the Data Protection Act 2018 and has registered under the same.

13 SECURITY OF COMPUTER SYSTEMS

The Chief Financial Officer, in conjunction with the Information Systems Manager, shall ensure that:

- (i) all computer systems relating to the Finance function are, as far as possible, secure;
- (iii) adequate backup systems are in place to enable the University College to retrieve information if data loss should occur; and
- (iv) all computer systems relating to the finance function are properly documented (access, backup arrangements, emergency maintenance, supplier details, contractual arrangements, etc.)

14 PAYROLL AND OTHER EMPLOYEE EXPENSES

14.1 Appointments

The Board of Governors shall be responsible for the appointment and contractual amendment of the Vice-Chancellor, the Chief Financial Officer and Clerk to the Governing Body.

The Vice-Chancellor shall be responsible for the appointment and contractual amendment of all other categories of staff.

14.2 Human Resources

Procedures shall be established for the administration of personnel activities, including appointments, terminations, promotions and the administration of the payroll. Note: Separation of duties issues

Promotions, increments and merit awards shall only be approved by staff separate from those processing the request for payment.

The Director of Human Resources and Student Services shall ensure that all staff are issued with, and sign, a contract of employment.

Human Resources and payroll records shall be kept securely e.g. in lockable cabinets and accessed only by authorised staff.

Access to the Human Resources' computer system shall be restricted to authorised staff.

Arrangements shall be made for effective back up of payroll data to be maintained to safeguard any loss of information by the payroll system.

All salaries, wages and emoluments shall be paid through the payroll system.

All part time lecturers' pay claims and overtime claims shall be made on official forms and authorised by appropriate staff.

All changes to individuals' pay details shall be authorised by the appropriate staff.

All additions to and deletions from the payroll shall be supported by authorised documentation.

Human Resources' records shall be periodically checked to payroll records.

14.3 Travel and subsistence claims

All claims shall be made on official forms detailing the purpose of the trip and each expense incurred. They shall be checked and approved by the line manager before submission to the Finance department.

The certifications shall ensure that:

- (i) the journeys and expenses have been authorised and were properly and necessarily incurred; and
- (ii) the claims are arithmetically correct and payable

Claims should be accompanied by original receipts.

Detailed notes and guidance are available which outline staff entitlement to mileage and subsistence - see Financial Procedures Handbook.

14.4 Benefits in kind

The Director of Human Resources and Student Services shall identify any payments to staff which might attract taxation as 'benefits in kind' and account for these in statutory returns.

15 ACCOUNTING FOR ASSETS AND PROPERTY

15.1 General

The Vice-Chancellor is responsible for maintaining security of all assets, property and equipment belonging to the University College.

The University College shall make provision for the depreciation of fixed assets each year in accordance with recognised methods and the depreciation policy. Details of the University College's depreciation policies are set out in Appendix C.

The Chief Financial Officer is responsible for the maintenance of the University College's Fixed Asset Register and the application of annual depreciation of all assets recorded in the University College's accounts.

Assets must be securely held and properly insured.

All University College property, equipment and other facilities shall only be used for University College purposes and removed only in the course of University College business, unless authorised by the Board of Governors see also Financial Procedures Handbook.

15.2 Inventories

With reference to the University College fixed asset register, heads of departments are responsible for maintaining asset inventories for all plant, equipment, furniture and vehicles in their department - see also Financial Procedures Handbook.

The inventory must include all items donated or held on trust.

The Chief Financial Officer shall ensure that inventories of property and equipment are maintained and checked at least annually and the inventory noted accordingly - see Financial Procedures Handbook.

15.3 Stocks and stores

Budget holders and/or Heads of department are responsible for establishing adequate arrangements for the custody and control of stocks within their departments. The systems used for stores accounting in departments must have the approval of the Chief Financial Officer.

Budget holders and/or Heads of department are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate Health and Safety requirements and security checks.

The levels of stock kept should be carefully monitored and not exceed reasonable levels.

Accurate records of all stocks kept must be maintained in an approved form and updated regularly.

Where appropriate, Budget Holders shall undertake a stock valuation at 31 July annually and in accordance with the University College's valuation policy. This information shall be provided to the Chief Financial Officer by way of an official certificate as soon as possible after the stock take has taken place. (Trading activities may be required to value stocks and stores at more regular intervals throughout the year).

Authority for adjustments to the value of stocks and stores for the purposes of maintaining accurate accounting records and for the disclosures contained within the annual financial statements are referred to in the Delegated Authorities at Appendix A.

15.4 Disposal of surplus equipment

Authorities for the disposal of surplus equipment are referred to in the Delegated Authorities at Appendix A.

16 TREASURY MANAGEMENT (INVESTMENTS, LOANS AND BORROWING)

The Finance and General Purposes Committee is responsible for approving a Treasury Management Policy Statement (based on CIPFA's Treasury Management in Higher Education: a Statement of Best Practice) setting out a strategy and policies for cash management, long-term investments and borrowings. The Finance and General Purposes Committee has a responsibility to ensure implementation, monitoring and review of such policies. The Treasury Management Policy agreed by the Finance and General Purposes Committee forms part of the Financial Regulations (see Appendix D).

The Chief Financial Officer will report at least once per annum to the Finance and General Purposes Committee on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him/her.

The Vice-Chancellor has the responsibility for borrowing within limits approved by the Board of Governors, and where appropriate, the OfS.

All borrowing and loans, including hire/lease purchase agreements, shall be effected in the name of the University College and signed by the Vice-Chancellor or the Chief Financial Officer.

The Chief Financial Officer will consider the implications of all borrowings with regard to present levels of borrowing and the future requirements of the University College arising from the provisions of the Strategic Plan.

17 INSURANCE

The Chief Financial Officer shall ensure that adequate insurance cover is obtained for buildings and contents, for employees and public liability; and for other risks which the Board of Governors may identify. All insurance cover will comply with any requirements of the OfS or other funding agencies.

Reports on WUC's insurance arrangements will be provided to the Finance and General Purposes Committee at least annually.

The appointment of brokers / insurers will be approved by the Board of Governors.

18 OTHER

18.1 Subsidiary Companies

In certain circumstances it may be advantageous to the University College to establish one or more companies to undertake services on its behalf.

The Board of Governors is responsible for approving the establishment of companies and the procedure to be followed in order to do so. The arrangements for monitoring and reporting on the activities of subsidiary undertakings are documented in the University College's Financial Procedures.

It is the responsibility of the Board of Governors to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the University College.

The directors of companies where the University College is the majority shareholder must submit, via the Finance and General Purposes Committee, an annual report to the Board of Governors.

18.2 Code of Conduct for Staff and Members of the Board of Governors

The University College expects that staff at all levels will observe the University College's code of conduct. This reflects the seven fundamental principles underlying all aspects of public life as follows:

- selflessness
- integrity
- objectivity
- accountability
- openness
- honesty
- leadership

18.3 Hospitality

Staff providing hospitality to official visitors should normally use the University College's catering facilities. Where this is not the case reasons must be stated if a claim is submitted for re-imbursement.

Full details covering the circumstances under which hospitality may be provided are set out in Financial Procedures Guide.

18.4 Students' Union

The Students' Union will conduct and manage its own affairs and funds in accordance with its constitution approved by the Board of Governors.

Accounts for the Unions' funds will be presented annually to the Chief Financial Officer and to the Board of Governors.

The Union will receive an annual grant from the University College, payable in three termly instalments. Payment of these instalments will be made on the approval of financial reports for the previous period.

18.5 Use of the University College's Seal

Where a deed or document requires the University College's seal, it must be sealed by the Clerk to the Governing Body or, in his or her absence, the Chief Financial Officer in the presence of a member of the Board of Governors.

The Clerk to the Governing Body is responsible for submitting a report to each meeting of the Board of Governors detailing the use of the University College's seal since the last meeting.

18.6 Foreign Travel

All tickets and expenses for foreign travel should be bought and paid for directly by the Finance Department (as far as possible).

The Health and Safety Officer must be informed about all proposed foreign travel for insurance purposes.

Class of travel and accommodation should be obtained with value for money in mind and any cash-backs (such as air miles) should accrue to the University College.

Any foreign journey of the Vice-Chancellor (where total cost is expected to exceed £1,000), should have prior authorisation in a recorded form, from the Chair or Deputy Chair of the Board of Governors. All other foreign journeys must have prior authorisation of the Chief Financial Officer.

19 INTERNAL SCHEME OF DELEGATION

19.1 General Provisions

The terms of delegation set out below shall be adopted and exercised subject to the following overriding provisions:

Any decision by the Vice-Chancellor under delegated powers will be in accordance with policies already approved by the Board of Governors and be conditional upon appropriate financial provision for any expenditure being available.

Notwithstanding the availability of delegated powers, the Vice-Chancellor will seek the approval of the Committee or Committee Chair concerned whenever he/she considers this appropriate.

A delegation to the Vice-Chancellor shall permit further delegation provided the terms of delegation are clearly documented.

The general operation of the delegation arrangements shall be reviewed from time to time by the Board of Governors. All delegated powers will be exercised in accordance with these Financial Regulations.

19.2 The delegated powers of the Vice-Chancellor

To incur expenditure on any item within the approved operating (or revenue) estimates or the approved capital programme, subject to any reservations or limitations which may have been required by the Finance and General Purposes Committee.

To incur expenditure on emergencies, including emergency repairs to property, but to report such action to the Finance and General Purposes Committee (11.2).

To appoint, terminate and agree conditions of service in respect of all staff graded except as stated in the Financial Regulations (14.1).

To approve purchase orders for single items within limits prescribed in Financial Regulations 11.2.

Subject to obtaining approval from the governors when required in accordance with the expenditure thresholds specified in paragraph 11.2, to accept a tender and enter into a contract for goods, materials, services or work provided that:

- (i) it is the tender that ensures best 'value for money' (the highest in the case of a disposal); and
- (ii) is within the approved revenue estimate.

To excuse (authorise the write-off) of a debt, and to authorise fee waivers and discounts if deemed appropriate up to £5,000 including VAT

To authorise expenditure for official hospitality, subject to consultation with the Chair of the Finance and General Purposes Committee, where the expenditure exceeds £1,000 including VAT for any one occasion. This authority will not extend to approval of expenditure unless the occasion involves some persons other than employees or Governors of the University College.

To grant discretionary or ex-gratia payments not exceeding £5,000 including VAT.

To declare equipment and materials surplus to requirements up to a limit of £5,000 including VAT in each case.

To adjust stocks and stores accounts so as to bring into account surpluses or to write off deficiencies, subject to the limit of £5,000 including VAT in any one financial year.

To write off an item in an inventory subject to the limit of £5,000 including VAT in total in any one financial year.

To authorise the use of WUC premises by outside bodies providing such use is of a minor sessional or temporary nature and that in no case is a tenancy created or exclusive possession granted nor is the use of the premises altered.

To give any necessary indemnity on behalf of the University College, after consultation with the Chair of the Board of Governors.

To institute legal proceedings to recover sums owing to the University College in line with instruction from the Finance and General Purposes Committee.

This policy supersedes any other policy and procedural guidelines, which may be in other existing University College documents. Writtle University College may amend this policy from time to time and any such amendments will be notified via the website, through Writtle Weekly or by email.

If this information is difficult to access, read or understand, it can be provided in another format, for example in Braille, in large print, on audiotape, in another language or by someone talking it through with you.

VERSION CONTROL

Version Number	Purpose/Amendment	Date
1	Substantially updated – Treasury Policy (Appendix D), definition of “Preferred Supplier” for property management and estates services, Delegated Authority Schedule (Appendix A) converted to tabular format, some minor adjustments to delegated authority thresholds, latest EU tendering levels incorporated, HEFCE replaced with OfS and differing OfS regulatory requirements incorporated and current staffing structures and job titles included.	September 2020
2	Minor updates, including replacement of EU (OJEU) requirements with the new UK Find a Tender Service and current composition of the UCLG and other management positions, including the planned new Commercial Director.	June 2022
3	Minor updates mainly limited to job titles only.	August 2023

Policy Owner	Department
David Holmes	Vice Chancellors Office
Version Number	Date drafted/Date of review
3.0	04/08/23
Date Equality Impact Assessed	Has Prevent been considered (see Policies Guidance if unsure)
-	Yes
Reviewed and Approved by (see Policies Guidance for approval process)	Date
UCLG Board	09/08/2023 August 2023
Access (tick as appropriate)	
Public access (website) <input type="checkbox"/> And/Or Internal access (My Wi) <input checked="" type="checkbox"/>	Staff and Student access <input type="checkbox"/> Or Staff access only <input checked="" type="checkbox"/>

APPENDIX A – SCHEDULE OF DELEGATED AUTHORITY

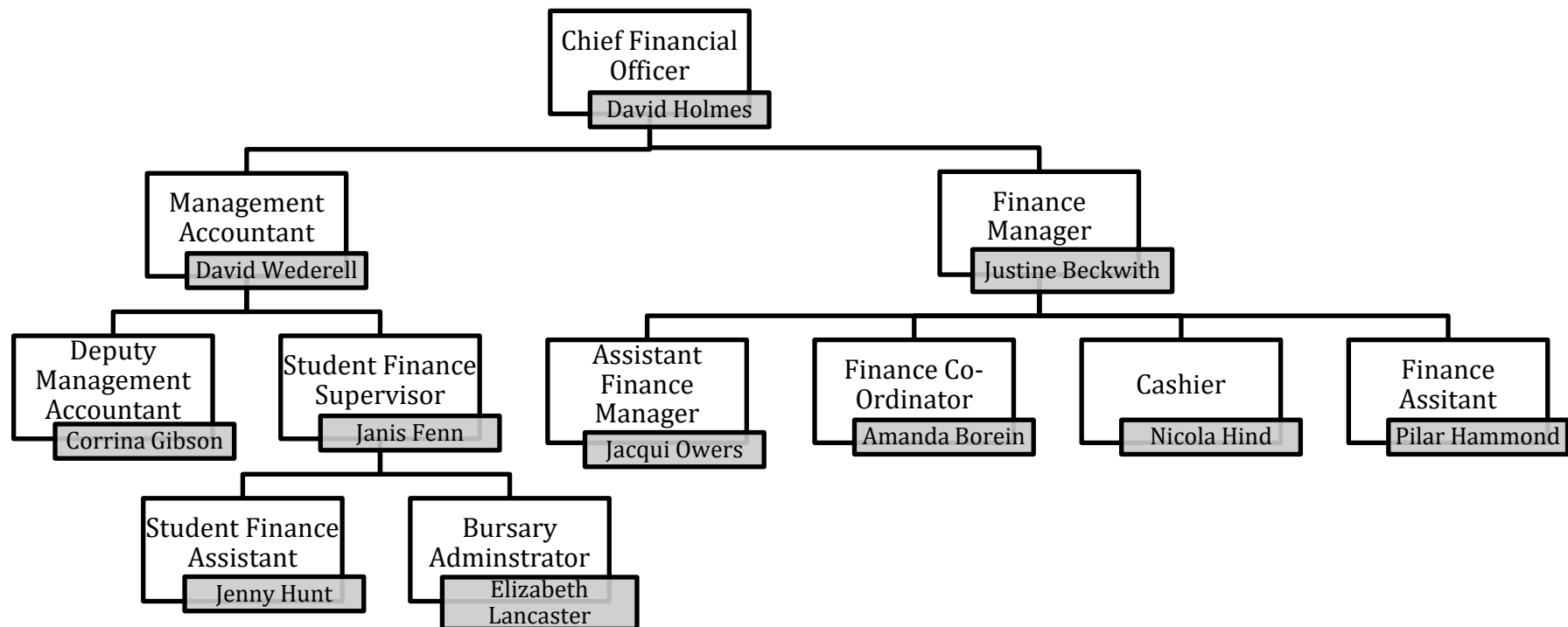
Category	Value	*Delegated Authority	Notes
Operating Expenditure (Section 11.2)			
(a) Commitment of operating expenditure over £50,000	Over £50,000 (including VAT)	Budget Holder, Head of Department, Chief Financial Officer and Vice Chancellor and the Chair or Deputy Chair of the Board	Within the approved annual operating budget. Approval from the Chair or Deputy Chair of the Board may take the form of authorisation via e-mail. In such cases delegated Chair or Deputy Chair approvals will be reported to the following Board of Management meeting
(b) Commitment of operating expenditure up to £50,000	Over £12,000 and up to £50,000 (including VAT)	Budget Holder, Head of Department, Chief Financial Officer and Vice Chancellor	Within the approved annual operating budget
(c) Commitment of operating expenditure up to £12,000	Over £3,000 and up to £12,000 (including VAT)	Budget Holder, Head of Department and Chief Financial Officer	Within the approved annual operating budget
(d) Commitment of operating expenditure up to £3,000	Over £1,000 and up to £3,000 (including VAT)	Budget Holder and Head of Department	Within the approved annual operating budget
(e) Commitment of operating expenditure up to £1,000	Up to £1,000 (including VAT)	Budget Holder only	Within the approved annual operating budget
Capital Expenditure (Sections 6.3 and 11.2)			
(f) Commitment of capital expenditure projects or individual items up to £50,000 and included within the annual minor works, IT and equipment budget approved by the Board	Up to £50,000 (including VAT)	Budget Holder, Head of Department, Chief Financial Officer and Vice Chancellor	Annual minor works, IT and equipment budget typically approved co-terminus with the annual operating budget
(g) Commitment of capital expenditure projects or individual items over £50,000 and up to £250,000 and included within the annual minor	Over £50,000 and up to £250,000 (including VAT in both cases) for items within the	Budget Holder, Head of Department, Chief Financial Officer and Vice Chancellor and the Chair or Deputy Chair of the Board	Approval from the Chair or Deputy Chair of the Board may take the form of authorisation via e-mail. In such cases delegated Chair or Deputy Chair approvals will be reported to the

Category	Value	*Delegated Authority	Notes
works, IT and equipment budget approved by the Board or any <u>additional proposed minor capital expenditure items where the overall value of the approved minor capital budget will be exceeded as a result</u>	approved annual minor capital programme. Any value for any additional proposed minor capital items, where the overall value of the approved minor capital budget will be exceeded as a result		following Board of Management meeting
(h) For major expenditure on capital works or equipment in excess of £250,000, a business case (including an elemental cost breakdown report) is required	Over £250,000 (including VAT)	Budget Holder, Head of Department, Chief Financial Officer and Vice Chancellor and the Finance and General Purposes Committee and Board	Business case (including elemental cost breakdown) to be presented to Finance and General Purposes Committee for endorsement and the Board for approval
<u>Writing-Off Debts, Authorising Fee Waivers or Discounts, Writing-Off Assets</u>			
(i) Writing-off debts, authorising fee waivers or discounts up to £2,000	Up to £2,000 (including VAT)	Finance Manager or Management Accountant	Following written justification from Budget Holder or Head of Department
(j) Writing-off debts, authorising fee waivers or discounts up to £5,000	Up to £5,000 (including VAT)	Chief Financial Officer and Vice Chancellor	Following written justification from Budget Holder and Head of Department
(k) Writing-off debts, authorising fee waivers or discounts over £5,000	Over £5,000 (including VAT)	Chief Financial Officer and Vice Chancellor and the Chair or Deputy Chair of the Board	Following written justification from Budget Holder and Head of Department, endorsed by VC and CFO. Approval from the Chair or Deputy Chair of the Board may take the form of authorisation via e-mail. In such cases delegated Chair or Deputy Chair approvals will be reported to the following Board of Management meeting
(l) Writing-off assets with a current economic value of up to £2,000	Up to £2,000 (including VAT)	Chief Financial Officer	Following written justification from Budget Holder or Head of Department

Category	Value	*Delegated Authority	Notes
(m) Writing-off assets with a current economic value of up to £5,000	Up to £5,000 (including VAT)	Chief Financial Officer or Vice Chancellor	Following written justification from Budget Holder and Head of Department
(n) Writing-off assets with a current economic value of over £5,000	Over £5,000 (including VAT)	Chief Financial Officer or Vice Chancellor and the Chair or Deputy Chair of the Board	Following written justification from Budget Holder and Head of Department endorsed by VC and CFO. Approval from the Chair or Deputy Chair of the Board may take the form of authorisation via e-mail. In such cases delegated Chair or Deputy Chair approvals will be reported to the following Board of Management meeting
Adjustments to the Value of Stocks and Stores (Sections 10.8, 15.3, 15.4, 19.2)			
(o) Adjustments to the valuation of stocks and stores up to £2,000	Up to £2,000 (including VAT)	Chief Financial Officer	Following written justification from the Finance Department
(p) Adjustments to the valuation of stocks and stores up to £5,000	Up to £5,000 (including VAT)	Chief Financial Officer or Vice Chancellor	Following written justification from the Finance Department
(q) Adjustments to the valuation of stocks and stores over £5,000	Over £5,000 (including VAT)	Chief Financial Officer or Vice Chancellor and the Chair or Deputy Chair of the Board	Following written justification from the Finance Department and endorsed by VC and CFO. Approval from the Chair or Deputy Chair of the Board may take the form of authorisation via e-mail. In such cases delegated Chair or Deputy Chair approvals will be reported to the following Board of Management meeting
Borrowing (Treasury Management Policy – Appendix D)			
(r) Approval of Bank Overdrafts or Revolving Credit Facilities	Any	Finance and General Purposes Committee and Board	Conditions of registration or grant funding requirements may necessitate OfS approval
(s) Approval of or amendments to Term Loan Facilities	Any	Finance and General Purposes Committee and Board	Conditions of registration or grant funding requirements may necessitate OfS approval
(t) Approval of Finance Leases	Any	Finance and General Purposes Committee and Board	Conditions of registration or grant funding

Category	Value	*Delegated Authority	Notes
			requirements may necessitate OfS approval

APPENDIX B – FINANCE DEPARTMENT STAFF STRUCTURE



APPENDIX C – STATEMENT OF ACCOUNTING POLICIES

Accounting Convention

The financial statements are prepared in accordance with the latest Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and in accordance with Financial Reporting Standards FRS102.

Going Concern

Further information on the activities of the University College, together with the factors likely to affect its future development and performance, are set out in the Strategic Report – Nature, Objectives, Strategies and Financial Position. The financial position of the University College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

The financial statements do not include those of Writtle University College Students' Union as it is a separate unincorporated association in which the University College has no direct financial interest. The University College has no control or significant interest over policy decisions made by the Students' Union. The Students' Union presents Income and Expenditure accounts to the Governing Body on an annual basis.

Basis of Consolidation

Consolidated financial statements should be prepared for the University College and any subsidiary companies. Writtle College Services has not traded for a number of years and is currently dormant, therefore the financial statements of the University College are not currently prepared on a consolidated basis. All financial statements are made up to 31 July.

Recognition of Income

The Statement of Comprehensive Income and Expenditure has been drawn up in line with the SORP and with classifications based on the requirements of the annual financial return made to the OfS.

Income from, research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the Statement of Comprehensive Income and Expenditure in the period in which it is earned. Recurrent grants from the ESFA and OfS are recognised in line with the latest estimates of grants receivable for the academic year.

Income received from endowments is credited to the Statement of Comprehensive Income and Expenditure in the period in which it is earned. Income from specific endowments not expended in the year is transferred from Statement of Comprehensive Income and Expenditure to a specific endowment reserve.

Pension Schemes

Retirement benefits to employees of the University College are provided by The Teachers' Pensions Scheme (TPS) for teaching staff and the Local Government Pension Scheme (LGPS) for non-teaching staff. These are defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the TPS are charged to the Statement of Comprehensive Income and Expenditure so as to spread the cost of pensions over employees' working lives with the University College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by actuarial valuation, no less than every four years using the projected benefit method. For financial reporting purposes, approximate actuarial assessment is accepted in the intervening years, using updated membership numbers.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is included in the operating surplus or deficit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in interest and other finance costs and are, therefore, similarly included in the operating surplus or deficit. Actuarial gains and losses are recognised separately in the Statement of Comprehensive Income and Expenditure and in the Statement of Changes in Reserves.

Tangible Fixed Assets

a. Land and Buildings

Land and buildings inherited from the Local Education Authority, together with land and buildings acquired since incorporation are stated in the Balance Sheet at cost or at valuation under FRS102 on the basis of depreciated replacement cost or the open market value as appropriate. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful life to the College of between 10 to 80 years. Assets under construction are not depreciated. Once completed, assets under construction are transferred to freehold land and buildings and then depreciated.

Where buildings are acquired with the aid of specific grants these are capitalised and depreciated in accordance with the above policy, with the related grants being credited directly to the Statement of Comprehensive Income and Expenditure on execution of the performance condition (FRS102) For example a capital grant received for the purpose of funding capital build will be credited on completion of the building work. Prior to completion of the project capital grants are held as deferred income and included as a liability in the Balance Sheet.

In accordance with FRS102 the University College took the opportunity to carry out a one-off valuation of land and buildings as at 01 August 2014. Other than for investment property there is no obligation to revalue each year thereafter.

b. Equipment

Equipment costing less than £1,000 (including VAT) per individual item is written off to the Statement of Comprehensive Income and Expenditure in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority was originally included in the Balance Sheet at valuation.

Exceptionally, PC's are considered as a capital purchase due to annual bulk procurement connected with the IT cyclical replacement and upgrade programme, even if purchased individually at a cost less than £1,000 each (including VAT)

Equipment, including computers and software, is depreciated on a straight-line basis over its useful economic life to the University College ranging between 2 to 15 years. Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited directly to the Statement of Comprehensive Income and Expenditure on execution of the performance condition.

c. Detailed Policies

Detailed policies have been written for capitalisation of fixed assets and fixed assets disposals, these should be read in conjunction with this policy summary and are included as appendices to the Financial Procedures document.

Stocks

Stocks (standing crops, livestock, and consumables) are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Maintenance of Premises

The University College is developing a revised ten-year rolling maintenance plan, which will be reviewed on an annual basis. The cost of routine corrective maintenance is charged to the Statement of Comprehensive Income and Expenditure as incurred.

Foreign Currency Translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the Statement of Comprehensive Income and Expenditure in the period in which they arise.

Taxation

The University College meets the definition of a charitable company for UK corporation tax purposes as it is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010. Accordingly, the University College is potentially exempt from taxation in respect of income or capital gains received with categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Charitable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The University College is partially exempt in respect of Value Added Tax, as its main activity is the supply of education which is an exempt supply for the purposes of VAT. Accordingly, it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on supplies and services received is included in the related costs in the financial statements. It is also added to the cost of tangible fixed asset as appropriate, where the inputs themselves are tangible fixed assets by nature.

As the VAT on supplies and services received exceeds the VAT on sales, VAT represents a net cost to the University College.

Any subsidiary company of the University College would potentially be liable to corporation tax and VAT in the same way as a commercial organisation.

Investments

Endowment asset investments in the Balance Sheet are at market value.

Leases and Hire Purchase Contracts

Fixed assets held under finance leases and hire purchase contracts and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges, which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to the Statement of Comprehensive Income and Expenditure in equal amounts over the periods of the leases.

Provisions

A provision is recognised if, as the result of a past event, the University College has a present or legal constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. A restructuring provision is recognised when the University College has approved a detailed and formal restructuring plan.

APPENDIX D – TREASURY MANAGEMENT POLICY

Introduction

This policy is intended to cover the Treasury Management activities of the University College and its subsidiary companies.

Assistance in drafting the policy is acknowledged from the Code of Practice for Treasury Management in the Public Services. (Chartered Institute of Public Finance Accountants, CIPFA).

Approved Activities of the Treasury Function

WUC has adopted the CIPFA definition of treasury management activities:

‘The management of the University College’s Cashflows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with these risks’.

The Board approves the college borrowing and investment strategy, including all new loan agreements. All new loan agreements may also require the approval of the Office for Students (OfS).

The Chief Financial Officer (CFO) is responsible for the implementation of loan agreements, including drawdown of finance, arranging fixed charges and compliance with covenants.

The CFO is responsible for the investment of cash balances within the parameters set out by this Policy.

Formulation of Treasury Management Strategy

In drafting this policy, WUC is seeking to adhere to the four principal drivers of policy:

- compliance with statute, regulation and best practice
- security of financial assets
- provision of adequate liquidity to meet financial obligations
- effectiveness and efficiency in the use of financial resources

The combination of these principles is weighted towards minimising risk, preserving asset values and liquidity levels while minimising costs within these parameters.

While this policy outlines the general approach towards Treasury Management, Treasury Management arrangements will be reviewed and approved on an annual basis, normally coterminous with the approval of the Budget, Financial Forecast and Reserves Policy.

Approved Methods of Raising Capital Finance

The primary means of raising finance are:

- Long-term loan (the term of the loan is in excess of five years)
- Short-term loan (the term of the loan is less than five years)
- Lease finance
- Bank overdraft
- Revolving credit facility

In general, WUC will seek to obtain almost all its long-term financing from long term conventional debt since this is available from a mature funding market at more favourable margins. This could include bank debt and public sector borrowing vehicles, such as the Public Works Loan Board.

Short term loans and overdraft finance may be used where this provides cheaper or more flexible funding.

The quantum of overall debt will be determined by WUC's ability to meet total debt charges, with due regard to the interest rate risk referred to in Section 7. The Financial Forecast (particularly the Cash Flow forecast) and Reserves Policy will reflect this requirement.

Approved Sources of Finance

Generally, WUC will look to established banks active in the higher education funding market for its long-term facilities or to the Local Authority (Chelmsford City Council or Chelmsford County Council) to enable WUC to access Public Works Loan Board or other public sector funding where it is not possible to access this directly.

In addition, the University College may consider sources of lease finance for small funding requirements (e.g., IT, telephone system and other equipment replacement upgrade programmes), although it is generally accepted that this is more expensive than conventional debt finance.

Approved Financial Counterparties

Building and other capital project requirements will generally mean that the level of surplus cash will fluctuate particularly during major capital project building construction periods and the summer period (when accommodation remodelling and IT and other equipment procurement is usually undertaken) and in the Spring of each calendar year (due to the funding agency and Student Loan Company income profiles).

Given the current uncertain economic, policy and funding climate, in the context of the continuing global pandemic, and the ongoing work on the revised WUC Strategic Plan and the growth ambitions within that Plan, it is expected that in the short to medium-term cash backed reserves will be limited.

In that context, requirements for the investment of surplus funds are:

- They will be placed on deposit directly with banks, or through a cash management service, usually on a short-term basis (i.e., usually up to six months)
- Or they will be utilised to defer the point at which funds available through any revolving credit facilities are required to be drawn-down.
- If WUC has significant surplus funds available for deposit (in excess of £5 million) an institutional limit of £1 million will apply. The institutional limit will not apply to any banks where the University College has day to day banking facilities, a loan or a revolving credit facility.
- Whenever WUC funds are available for deposit, the CFO is responsible for ensuring that the funds are deposited with a banking institution which has a Standard and Poor's long-term credit rating of at least 'A', the definition of which is at Annex 1 and the country in which the institution is based is in the UK or has a sovereign debt rating of AAA.

In this regard, it is considered that the report by the Treasury and Civil Service Committee of the House of Commons on the BCCI closure during the 1980s is still pertinent, wherein it was stated

that: **'In balancing risk against return, public sector organisations should be more concerned to avoid risks than to maximise returns.'**

Types of Financial Instruments

A key risk is that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the WUC's finances, against which WUC has failed to protect itself adequately.

Apart from the approved types of finance outlined in paragraph 4 above, subject to compliance with the Instrument and Articles of Governance and Board (and if required OfS) approval, WUC may, therefore, use interest rate swaps, interest rate collars, interest rate caps and interest rate floors to mitigate the impact of potential interest rate fluctuations (interest hedging).

It is intended that such instruments will be entered into using the current lenders and that such instruments will be embedded within existing loan agreements.

Use of External Intermediaries

In order to minimise risks in relation to the placing of deposits with institutions, WUC may use brokers, a cash management service or a fund manager. In such circumstances a Purchasing Consortium framework agreement for cash and short-term investment management may be used.

WUC may use a specialist Treasury advisor if new loan facilities, a re-financing or the use of a Financial Instrument (see Section 7, above) is contemplated.

Internal Delegation of Authority

Endorsement will be sought via the Finance and General Purposes Committee (F&GP) and approval obtained from the Board for all Treasury Management activities listed below:

New loans	F&GP / Board
New overdraft or revolving credit facility (RCF)	F&GP / Board
New finance leases	F&GP / Board
Variation of existing approved loan, overdraft or RCF arrangements	F&GP / Board
Charging of WUC property	F&GP / Board
WUC Treasury Management Policy	F&GP / Board
Interest rate hedging	F&GP / Board
Use (drawdown) of overdraft or RCF	F&GP / Board

Approval from the OfS may also be required for any additional borrowing or variations to existing borrowing.

Liquidity Policy

WUC will ensure it has adequate cash resources and adequate but not excessive borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its educational/professional support service objectives. (WUC has a separate Reserves Policy).

As indicated in section six above, surplus cash balances are invested on deposit or used to delay revolving credit facility drawdowns to maximise income or minimise interest payable for the college.

The Finance Department will be responsible for the regular reporting of debtors and creditors.

A debt collection agency may be used for individual debtors in accordance with procedures agreed by the CFO.

Payments to suppliers of goods and services (creditors) will be in accordance with WUC terms and conditions.

Risk Management

The Treasury Management Policy is to be consistent with the WUC Risk Management Policy and Reserves Policy.

Key Performance Indicators

WUC will seek to minimise its borrowing costs and maximise its income from surplus funds subject to the other constraints imposed by this Policy. In particular it is proposed to set overall targets as follows:

Borrowing costs - to be quantified in Financial Forecast, annual budget and monthly management accounts

Interest on surplus funds - overall target for all WUC funds within 25 basis points of average Base Rate

Policy Review and Reporting

An annual review of Treasury arrangements will be undertaken which will incorporate a review of this Policy.

In addition, Treasury Management activities will be reported in the monthly Management Accounts, including:

- Rolling monthly (24 month) cash flow forecast
- Performance against Treasury KPIs (Section 12)
- Compliance against loan covenants

Banking Services

The college currently makes use of the banking facilities provided by Barclays Bank (loan facility and 'day to day' banking services).

ANNEX 1 - ISSUE CREDIT RATING DEFINITIONS

Standard & Poor's

A Standard & Poor's issue credit rating is a current opinion of the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium-term note programs and commercial paper programs). It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The issue credit rating is not a recommendation to purchase, sell, or hold a financial obligation, inasmuch as it does not comment as to market price or suitability for a particular investor.

Issue credit ratings are based on current information furnished by the obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any credit rating and may, on occasion, rely on unaudited financial information. Credit ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Issue credit ratings can be either long term or short term. Short-term ratings are generally assigned to those obligations considered short-term in the relevant market. In the U.S., for example, that means obligations with an original maturity of no more than 365 days—including commercial paper. Short-term ratings are also used to indicate the creditworthiness of an obligor with respect to put features on long-term obligations. The result is a dual rating, in which the short-term rating addresses the put feature, in addition to the usual long-term rating. Medium-term notes are assigned long-term ratings.

Long-Term Issue Credit Ratings

Issue credit ratings are based, in varying degrees, on the following considerations:

- Likelihood of payment—capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;
- Nature of and provisions of the obligation;
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

The issue rating definitions are expressed in terms of default risk. As such, they pertain to senior obligations of an entity. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation applies when an entity has both senior and

subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.) Accordingly, in the case of junior debt, the rating may not conform exactly with the category definition.

AAA

An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

BB, B, CCC, CC, and C

Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB

An obligation rated 'BB' is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B

An obligation rated 'B' is more vulnerable to non-payment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

CCC

An obligation rated 'CCC' is currently vulnerable to non-payment, and is dependent upon favourable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC

An obligation rated 'CC' is currently highly vulnerable to non-payment.

C

A subordinated debt or preferred stock obligation rated 'C' is currently highly vulnerable to non-payment. The 'C' rating may be used to cover a situation where a bankruptcy petition has been filed or similar action taken, but payments on this obligation are being continued. A 'C' also will be assigned to a preferred stock issue in arrears on dividends or sinking fund payments, but that is currently paying.

D

An obligation rated 'D' is in payment default. The 'D' rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.

Plus (+) or minus (-)

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

NR

This indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that Standard & Poor's does not rate a particular obligation as a matter of policy.

Short-Term Issue Credit Ratings

A-1

A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2

A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3

A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

B

A short-term obligation rated 'B' is regarded as having significant speculative characteristics. Ratings of 'B-1', 'B-2', and 'B-3' may be assigned to indicate finer distinctions within the 'B' category. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B-1. A short-term obligation rated 'B-1' is regarded as having significant speculative characteristics, but the obligor has a relatively stronger capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

B-2. A short-term obligation rated 'B-2' is regarded as having significant speculative characteristics, and the obligor has an average speculative-grade capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

B-3. A short-term obligation rated 'B-3' is regarded as having significant speculative characteristics, and the obligor has a relatively weaker capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

C

A short-term obligation rated 'C' is currently vulnerable to non-payment and is dependent upon favourable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

D

A short-term obligation rated 'D' is in payment default. The 'D' rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.