Appendices to the

Management Statement and

Financial Memorandum between the Department for the Economy

and the Further Education Colleges

(Executive NDPBs)

1 October 2018

APPENDICES

The college must fully comply with all Governance Bulletins and guidance as issued by the Department for the Economy and the Department of Finance. All Guidance should be read appropriately for circumstances in the college and in the context of the MS/FM.

Appendix A Delegated Limits

Appendix B Delegated Limits for Losses and Special Payments

Appendix C Consultancy Approvals Limits

APPENDIX A: DELEGATED LIMITS

The delegated limits for FE colleges are below.

APPROVAL LIMITS:-

Type of Commitment	Total Government Expenditure	Level of Approval Required[1]
Capital projects; and new programmes, changes to programmes, revenue projects in the Department, NDPBs, Universities and St Marys University College	Up to £99k	G7 - College
	up to £499k	G5 - College
	£500k up to £999k	G3 – College AO
	Over £1m	Permanent Secretary G3, Casework Committee and Ministerial Approval DoF approval is required for capital expenditure greater than £2m, except for where it relates to University and Further Education College **buildings**, in which case DoF approval is required for expenditure greater than £5m.
ICT	As above. **Spend > £1 million requires DoF approval.**	
Research Agenda	Spend **> £50k requires Ministerial approval.** Spend > **£75k requires DoF approval.**	
Consultancy	All Departmental spend requires Ministerial approval irrespective of value. For NDPBs Ministerial approval is required for spend >£10k. Spend > **£75k requires DoF approval.**	
Special events	Up to £500k	Finance Director & G3 Resources.
	Over £500k	Finance Director, G3 Resources & Minister
Accommodation	To be discussed and agreed with Corporate Services and Finance.	

The principles of economic appraisal should be applied in all cases where expenditure is proposed, whether the proposal involves capital or current expenditure, or both. The effort put into economic appraisal should be commensurate with the size or importance of the needs or resources under consideration. The college should refer to DoF/Departmental guidance when preparing an economic appraisal

APPENDIX B: DELEGATED LIMITS FOR LOSSES AND SPECIAL PAYMENTS

All losses above the delegated limits for the college must be approved by the Department. Delegated limits for the college are provided below. If this level is exceeded the college must seek Departmental/DoF approval as required. Reference should be made to the department's Governance Bulletin on Guidance for Approval of Losses.

DELEGATED AUTHORITY IN RESPECT OF LOSSES AND SPECIAL PAYMENTS

SUMMARY:

The Accounting Officer of the College will have the authority to write off losses and make special payments up to:

a) Cash Losses – up to £7,000 per case/ incident (or £2,000 where fraud is suspected)

b) Stores/Equipment Losses - up to £7,000 per case/ incident (or £2,000 where fraud is suspected)

c) Constructive losses and fruitless payments - up to £7,000 per case/ incident (or £2,000 where fraud is suspected)

d) Compensation Payments:

   i) Made under legal obligation, e.g. by Court Order – up to £2,000 per case plus reasonable legal expenses

   ii) For damage to personal property of staff – up to £2,000 per case

   iii) Where written legal advice is that the College should not fight a court action because it is unlikely that it would win – up to £2,000 per case

e) Claims abandoned or waiver of claim – up to £2,000 per case

f) Extra contractual payments – up to £2,000 per case

g) Ex gratia payments – up to £2,000 per case (Pensions payments are not covered by this threshold)

h) Extra statutory and extra regulatory payments – up to £2,000 per case

The prior approval of the Department must be obtained for amounts above these values.

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

Details of all losses and special payments should be recorded in a Losses and Special Payments Register, which should be available to auditors. The Register should be kept up-to-date and should show evidence of the approval by the College's Accounting Officer and the Department, where appropriate.

APPENDIX C: CONSULTANCY APPROVALS LIMITS

All appointment of consultants above the delegated limits for the college must be approved by the Department/DoF approval as required. Delegated limits for the college are provided below. Reference should be made to the department's Governance Bulletin on Use of Consultants.

External Consultancy

The college has authority to appoint consultants for a single contract without recourse to the Department in line with the delegated limits below and subject to any guidance as may be issued by DoF or the Department.

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

- In terms of Colleges:

  expenditure of **< £10k** and which is not a Single Tender Action (STA) does not require Departmental approval but must be approved by the Accounting Officer of the relevant NDPB;

  expenditure of **< £10k** in terms of consultancy, which is a STA, must be approved by the Permanent Secretary

  expenditure of **£10k or more** must have the prior approval of the Minister; and

  expenditure **> £75k** requires DoF approval

Single Tender Action:-

A tabular summary of the approval requirements is given below:- **Value**	**Body**	**Category of expenditure**	**CPD advice via DAC1**	**College AO Approval**	**Perm Sec Approval**	**Disclosure to DfE Board**	**Ministerial Approval**
£<5k	Dept	Not external consultancy	X	N/A	√	√	X
£<5k	Dept	External consultancy	X	N/A	√	√	√4
£<5k	College	Not external consultancy	X	√	N/A	√	X
£<5k	College	External consultancy	X	√	√	√	X
£>5k	Dept	Not external consultancy	√	N/A	√	√	X
£>5k	Dept	External consultancy	√	N/A	√	√	√5
£>5k	College	Not external consultancy	√	√	N/A	√	X
£5-10k	College	External consultancy	√	√	√	√	X
£>10k	College	External Consultancy	√	√	√	√	√6

4 The DfE Minister must also approve all Departmental external consultancy assignments irrespective of value and NDPB consultancies over £10k irrespective of whether they are a STA or not.

5/6 The DfE Minister must also approve all Departmental external consultancy assignments irrespective of value and NDPB consultancies over £10k irrespective of whether they are an STA or not.

NOTE: DfE approval limits are inclusive of VAT but procurement thresholds are exclusive of VAT