Item 13
For Approval / Endorsement

Glasgow Kelvin College

Board of Management Meeting of 09 October 2024

Financial Regulations

Report by Vice Principal Operations and Head of Finance

1. Introduction

Board Members are aware that the College Financial Regulations are a key internal control document. It is important that these are reviewed and updated periodically. The purpose of this report is to seek approval for revised Financial Regulations as these are now due for routine review and re-approval. These were endorsed by the Finance and Resources Committee at its Meeting on 1 October 2024.

2. Financial Regulations

Appendix 1 provides members of the Board of Management with a copy of the revised Financial Regulations, with all of the changes tracked. **Appendix 2** provides members with a clean copy of the updated Financial Regulations. The main changes which have been made are summarised below.

- Role titles have been updated where appropriate;
- There are a number of formatting and nomenclature changes throughout which don't change the subsistence of the document;
- Section 6.2 has been updated, with incremental budgeting replacing the previous reference to zero based budgeting;
- Section 6.7 has been retitled Best Value;
- Section 8 has been updated, with forecasting replacing virement;
- Section 12 has been updated as the College now has minimal Petty Cash; and
- Section 13.2.11 EU Funded Projects has been removed.

No other substantive changes to the document have been made.

The document refers extensively to the Scottish Public Finance Manual (SPFM) this is available at the following web address:

http://www.gov.scot/Topics/Government/Finance/spfm/Intro

The College has not sought to embed the SPFM fully in its own Financial Regulations due to its size, however key staff are aware of its contents and refer to it on a regular basis. Members should also note the Financial Regulations are consistent with the Financial Memorandum which creates the formal accountability relationship between the Principal of the College and the Executive Officer of the GCRB.

Once approved the College will re-issue these to all budget holders, update the intranet and ensure all staff are made aware that they have been revised.

The Financial Regulations will next be reviewed in 2027.

3. Resource Implications

There are no resource implications associated with the revised Financial regulations.

4. Impact on Students

There are no negative impact on students identified as a consequence of anything within this report.

5. Risk and Assurance

There are no new risks arising from the content of this report, the Financial Regulations are an important part of the College's Governance and Financial Management Framework and are a mitigation against a number of Risks contained within the Risk Register.

6. Equality Impact

No negative impacts on people with protected characteristics have been identified as a consequence of this report.

7. Data Protection

There are no new data protection matters arising from the contents of this report.

8. Environmental and Sustainability

There are no new environmental and sustainability matters arising from the contents of this report.

9. Recommendations

Members of the Board of Management are recommended to:

i) note the contents of this report and its appendices; and
ii) approve the revised Financial Regulations.

10. Further Information

Members may obtain further information relating to the contents of this report from Jeanette Evans, Vice Principal Operations, jevans@glasgowkelvin.ac.uk, or the Head of Finance, acarr@glasgowkelvin.ac.uk.

JE/AC
Glasgow Kelvin College
October 2024

Appendix 1

Glasgow Kelvin College

Financial Regulations

Document Control Information	
Reviewed by the Finance & Resources Committee:	~~-~~October 2024
Date of Next Review:	October 2027~~4~~
Approved by the Board of Management:	~~7 October 2021~~

The persons/committee responsible for this document reserve the right to amend this document at any time should the need arise. All appropriate staff will be informed should this occur.

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1. Introduction

To conduct its business effectively the College needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. Part of this process is the establishment and maintenance of Financial Regulations which set out the financial policies of the College. The purpose of these Financial Regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's strategic and operational plans and objectives.

The College was reclassified as a Public Sector body on the 01 April 2014. This means that the College is subject to reporting and accountancy requirements and regulations set by the Scottish Government. They are detailed in the Scottish Public Finance Manual (SPFM) and must be followed except where any special actions or derogations have been agreed with the Scottish Ministers. The SPFM should be consulted for more detail about specific requirements referred to in these Financial Regulations and where there is any question regarding the applicability of the SPFM or Financial Memorandum the SFC / GCRB should be contacted. Any reference to Accountable Officer in the SPFM is a reference to the Chief Executive of the SFC. However, the Executive Officer of the Glasgow Colleges Regional Board (GCRB) performs many of the duties of the Chief Executive of the SFC in respect of the Glasgow Region. The Financial Memorandum provides further detail on this aspect of Governance in Glasgow. The SPFM requirements have been factored into these Financial Regulations.

This document outlines accountability and reporting requirements to both the SFC and GCRB. Generally, the College will report to GCRB in the first instance, however there are some requirements in place where the accountability or submission of data is to the SFC directly. The Financial Regulations refer to both organisations and it is the responsibility of the Principal and Strategic Management Team to ensure the requirements of both organisations are met.

The terms of the Further & Higher Education (Scotland) Act 1992 as modified by the Post-16 Education (Scotland) Act 2013 also apply. The legislation created a framework for further education Colleges offering full time and part time education and training to act as freestanding corporate bodies with the power to employ staff and own property. The College is primarily funded by the Scottish Funding Council (SFC) / GCRB via grant in aid. This is drawn down on a monthly basis as required and as a result the College is not funded in advance of need.

The Financial Memorandum between the SFC / GCRB and the College sets out the terms and conditions on which grant is made. The Board of Management is responsible for ensuring that conditions of grant are met. The Financial Regulations of the College form part of this overall system of accountability. They do not in themselves set standards or provide control information, but they do set up a financial control system within which management can delegate authority whilst informing staff of the correct financial procedures.

2. Observance of Financial Regulations

2.1 General

This document sets out the College's Financial Regulations. It provides practical guidance on the College's policies and requirements relating to financial control. The document is approved by the Board of Management and has the status of a Board of Management Policy.

The Financial Regulations are subordinate to statute and to any restrictions contained within the College's Financial Memorandum with the SFC / GCRB or the Scottish Public Finance Manual (SPFM). As a consequence they should be periodically reviewed by the Board's Internal Audit service as part of the Strategic Audit Plan to ensure that they continue to be relevant and in compliance with both statute and SFC/GCRB guidelines.

The Principal is ultimately responsible for communicating the Financial Regulations to staff and monitoring their application.

2.2 Responsibility of Strategic and Operational Managers

It is the duty of Strategic and Operational Managers to ensure that the existence and content of these regulations are made known to all persons within their area of responsibility, that they are adhered to.

2.3 Compliance with Regulations

Compliance with the Financial Regulations is compulsory for all members of staff. Any breach or non-compliance with these regulations must, on discovery, be reported immediately firstly to the Head of Finance then escalated to the Vice Principal Operations. Any member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the College's disciplinary procedures.

The Principal shall be advised of any material breach in the regulations as should the College's Internal Auditors.

3. Approval and Review of Financial Regulations

3.1 Responsibility

The Principal has prepared these Financial Regulations on the advice of the Vice Principal Operations and Head of Finance. They have been submitted to the Board of Management for approval. These Financial Regulations can be revoked, varied or carried by the Board of Management.

3.2 Variation of Regulations and Procedures

The Principal is responsible for maintaining a continuous review of the Financial Regulations and advising the Board of Management of any additions or changes necessary. The Principal shall seek the periodic assistance of the College's Internal Auditors in this respect as part of the Board's Strategic Audit Plan.

Amendments and/or suggestions to update and improve these regulations should, in the first instance, be submitted to the Head of Finance. No changes may be made by any member of staff to procedures put in place to comply with the College's Financial Regulations (except as described in the undernoted paragraph).

Any operational changes to such documentation and procedures should be proposed by the Head of Finance and formally agreed by the Vice Principal Operations. The Principal will be formally advised of any material changes made. Staff may, at any time, propose such changes to the Head of Finance. The College is interested in considering any suggestions which might improve both its administrative efficiency and its management of financial resources.

3.3 Review

The College's Board of Management approves the Financial Regulations. The College's strategic management, taking account of changes to the College's operational context, will review them every three years. The Strategic Management Team shall put in place procedures which will ensure compliance with the regulations.

4. Management and Financial Responsibilities

4.1 Board of Management

The Board of Management is responsible for the strategic management and governance of the College. Financial responsibilities which are solely reserved to the Board include:

- approval of the annual Strategic Plan;
- approval of the annual budget;
- ensuring the solvency of the College;
- safeguarding the College's assets and heritable property;
- ensuring the funds provided by SFC / GCRB are used in accordance with the terms of the terms and conditions stipulated in the Further & Higher Education (Scotland) Act 1992 as modified by the Post-16 Education (Scotland) Act 2013, the SFC / GCRB Financial Memorandum and any other conditions prescribed by the SFC or GCRB;
- appointing an Accounting Officer, usually the Principal, who is delegated many of the financial responsibilities of the Board of Management, including the obligation stipulated above;
- approving annual estimates of revenue expenditure and capital expenditure for work authorised by the Board;
- consideration of the annual Audit Report and approving the annual report and ~~financial statements~~Financial Statements; and
- disposal of heritable property and other Exchequer-funded assets (within the conditions set out in the SPFM and by the SFC).

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4.2 Committee Structure

The Board of Management has ultimate responsibility for the College's finances, but delegates duties, relating to this, to other standing committees as detailed below. These committees are accountable to the Board of Management.

4.3 Finance & Resources Committee

Subject to the terms of reference of Committees approved by the Board, the Finance & Resources Committee is responsible for regulating and controlling the finances of the College within the guidelines set by the Board of Management.

4.4 ~~Audit & Risk~~Audit and Risk Committee

Colleges are required by the SFC Financial Memorandum and SPFM to appoint an ~~Audit & Risk~~Audit and Risk Committee. The committee is independent, advisory and reports to the Board of Management.

The ~~Audit & Risk~~Audit and Risk Committee has the right to access all the information it deems necessary and to consult with the internal and external auditors. The Committee is responsible for identifying and approving the appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

The ~~Audit & Risk~~Audit and Risk Committee is subject to the guidance in the Audit Committee Handbook published by the Scottish Government, however a degree of flexibility is allowed in applying the guidance in the Handbook.

Where the ~~Audit & Risk~~Audit and Risk Committee considers it has identified a significant problem which may have wider implications it must at the earliest opportunity notify the SFC's Audit Committee and GCRB of this. **[SPFM: Audit Committees]**

4.5 Responsibility of Principal

The Principal shall have several financial responsibilities for the College. A summary of the main responsibilities are laid out below. He/she shall:

- report the findings of the College's Auditors to the Board of Management;
- be responsible for the everyday management of the College utilising delegation of duties where appropriate;
- be required by the Board of Management to control the College resources and ensure the resources are used in the intended area and ensure financial considerations must be taken into account when decisions are being made; and
- discharge general responsibilities assigned to the Principal which are:
  - he/she shall sign the annual College accounts along with a member of the Board of Management;
  - he/she shall ensure that accounting records which support the annual College accounts are produced;
  - he/she shall ensure the annual College accounts are presented in the correct format;
  - he/she shall advise the Board of Management of their responsibilities under the SFC/GCRB Financial Memorandum;
  - he/she has authority to write off losses within the limits laid out in the Scottish Pubic Finance Manual and make other special payments up to SFC/GCRB limits;
  - he/she shall notify the Board of Management and the SFC's Chief Executive / Executive Officer of GCRB, without delay, of any matters of serious concern, including fraud and irregularities, any significant and immediate threat to the College's financial position, significant accounting breakdowns or any material non-compliance with any requirement of the SFC/GCRB Financial Memorandum;

- he/she appear before the Scottish Parliament Audit Committee together with the Accountable Officer in relation to public funding issues; and
- he/she shall ensure the College complies with any recommendations made by Audit Scotland or other Government organisations which exercise a regulatory role in the use of public funds.

4.6 Responsibility of College Management

The College Principal (together with the strategic and operational management teams) is responsible for the operational management of the College.

College managers are responsible to the Principal for financial management in their own areas under the guidance of the Vice Principal Operations and the Head of Finance. The Head of Finance will supervise and advise on the financial systems and banking arrangements which will operate within all departments and ensure the accounts and financial records are kept in the correct format.

College managers must ensure they establish and maintain clear lines of responsibility in their own departments for all financial matters. Resources devolved to College managers are deemed to be their responsibility and shall be held accountable for their own budget by the Principal and the Board of Management.

College Managers shall ensure at all times they endeavour to secure value for money, for the College and for public expenditure, from their expenditure in terms of quality and cost of goods and services. The main objective of managers is to achieve the College objectives at minimum cost while achieving necessary quality. Environmental and sustainability implications must also be considered in relation to procurement, as described in the College's procurement strategy. Scottish Government Procurement and APUC contracts should always be used in the first instance. An explanation must be given if another contractor is used instead.

Except in an emergency or as authorised by the Standing Orders relating to contracting and the Scheme of Delegation, College managers shall consult with the Head of Finance on any matter affecting their section which is liable to affect the finances of the College before any commitment is incurred or reported to a Committee. College managers should at all times act within the Code of Conduct adopted by the College.

4.7 Responsibility of Vice Principal Operations

The Vice Principal Operations, in conjunction with the Head of Finance, controls day-to-day financial administration. They are responsible to the Principal for:

- preparation of annual budgets and financial plans derived from the Board's Strategic Plan;
- ensuring that the College provides budgeting and budget monitoring information to the SFC, GCRB and Scottish Government within the prescribed timescales;
- preparation of accounts, management information, financial forecasts, monitoring of expenditure against budgets and all financial operations;
- preparation of the College's annual accounts and other ~~financial statements~~Financial Statements and accounts which the College is required to submit to other authorities;
- ensuring that the College maintains satisfactory banking arrangements and financial systems;
- providing advice on matters relating to financial policies and procedures;
- allocating and controlling resources of the College;
- reporting financial matters to College Committees and the Board;
- providing advice on the application of accounting standards and guidelines;
- ensuring that the College adheres to procurement legislation and best practice guidance issued by the Scottish Government;
- ensuring the College management can perform the duties expected of them in a financial sense; and
- controlling the recording of College Fixed Assets.

5. Accounts, Audit Requirements and Certificates of Assurance

5.1 General

The Board of Management, through the ~~Audit & Risk~~Audit and Risk Committee it appoints, is responsible for making appropriate arrangements for the Colleges internal audit. Under the terms of the Public Finance and Accountability (Scotland) Act 2000, Audit Scotland is responsible for the appointment of the external auditors.

The Vice Principal Operations or her/his authorised representatives award authority for, external auditors and internal auditors on production of identification, to:

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

- access records belonging to third parties, such as bankers or contractors, when required.

The Vice Principal Operations and Head of Finance are responsible for drawing up a timetable for final accounts purposes and will advise relevant staff and the external auditors accordingly. The accounts should normally be submitted to the Finance & Resources and ~~Audit & Risk~~Audit and Risk Committees respectively for approval before being submitted to the Board of Management for review and approval. On approval the accounts shall be signed by the Chair of the Board of Management and the Principal and forwarded to the SFC / GCRB within the required timescale.

5.2 Accounts

The Vice Principal Operations is responsible for keeping proper accounting records. The Vice Principal Operations shall provide the SFC / GCRB with audited Annual Report and Financial Statements (ARFS)~~financial statements~~ as soon as possible following approval by the Board of Management.~~after the year end~~. The College shall take the steps necessary to make the ARFS~~its financial statements~~ publicly available. The Financial Statements~~accounts~~ shall contain a note of the College's accounting policies which will state the Financial Statements~~accounts~~ have been prepared in the form prescribed by the SFC and the Scottish Government.

A Governance Statement must be included in the ARFS~~annual Financial Statements~~ covering the governance framework and its operation, an assessment of corporate governance against relevant guidance, risk management and details of any significant lapses in data security

Special payments must be recorded in the F~~f~~inancial S~~s~~tatements, permission for making special payments must be sought in advance from the SFC / GCRB where they exceed the delegated limits. These include:

- bad debts written off;
- waiver by the College of any other amounts due to it (except
- fees foregone under the terms of the National Fee Waiver Policy);
- the writing down of any asset carrying value due to a permanent diminution in value;
- financial losses due to fraud, theft or other illegal activities by staff, students or third parties;
- any requirement to make a payment to a third party as a result of a financial guarantee it has given;
- gains/losses on disposals of assets;
- any ex-gratia payment made by the College; and
- any financial compensation paid in respect of employment termination in excess of normal amounts (within the terms of the

College's Severance Policies).

The notes to the accounts will include details of College Board members' and senior employees' emoluments and the fees paid to External Auditors for audit and non-audit work should be separately disclosed. The External Auditor's report shall include a section where the auditor gives an opinion on whether the grant income has been properly applied in accordance with the grant terms. Where information relating to individuals' salaries and pensions is disclosed in the annual Financial Statements (showing the individual's name) the College must obtain the prior consent of the individuals concerned to comply with the Data Protection Act 1998. An individual must be free to withhold consent, but where consent is withheld this fact must be disclosed in the notes to the Financial Statements. Individuals taking up such posts should be informed of these disclosure expectations.

The consolidated F~~f~~inancial S~~s~~tatements are prepared on the historical cost basis of accounting, modified for the revaluation of certain fixed assets, and in accordance with applicable accounting standards. This includes the relevant Statement of Recommended Practice (SORP), issued by the Accounting Standards Board, the Accounts Direction, issued by SFC annually and all relevant Financial Reporting Standards (FRS) in order to give a true and fair view. The Accounts must also comply with specific requirements of the Government's Financial Reporting Manual (FReM) where appropriate. **[SPFM: Annual Accounts]**

5.3 Accounting Returns

The Vice Principal Operations and Head of Finance are responsible for consolidating and ~~despatching~~dispatching financial returns and other periodic financial reports to the SFC and other agencies as required. The Vice Principal Operations and Head of Finance are also responsible for ensuring that all grants notified to the Finance Team by the SFC and other bodies are received. It is the responsibility of any member of staff submitting a claim for grant funding to notify the Finance Team.

5.4 External Audit

The primary role of External Audit is to report on the College's F~~f~~inancial S~~s~~tatements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. The External Auditor is appointed by Audit Scotland as prescribed by the Public Finance and Accountability (Scotland) Act 2000. Their duties will be in accordance with the advice set out in the Audit Scotland Code of Audit Practice and the Financial Reporting Council's International Standards on Auditing (UK and Ireland). Their duties may include additional work as directed from time to time by Audit Scotland and will refer to the Annual Accounts Direction from the SFC.

External auditors should not undertake non-external audit related work for the College except for in exceptional circumstances. **[SPFM: Internal Audit]**

5.5 Internal Audit

The College is required, in accordance with the SFC / GCRB financial memorandum, to have an Internal Audit function. The College's Internal Auditors shall be appointed periodically by the Board of Management following a recommendation from the Board's ~~Audit & Risk~~Audit and Risk Committee. The selection process will involve a competitive tender exercise.

Internal audit should provide an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It should provide an appraisal of the College's internal control system and take the action needed to provide the College with a continuing assurance that the organisation's risk management, control and governance arrangements are adequate and effective Responsibility for the operation of internal control rests fully with College management. The Board of Management is responsible for ensuring it has efficient systems of control in place to ensure:

- management policies are being followed;
- relevant policies, regulations and legislation is being complied with;
- the College is operating effectively on a day to day basis;
- resources are being used efficiently for agreed projects;
- correct procurement procedures are being followed;
- College assets and interests are being safeguarded from potential losses; and
- accounting and other records are being accurately maintained.

The Internal Auditors remain independent in their planning and operation. Each year an annual plan shall be produced by the Internal Auditors and agreed with the ~~Audit & Risk~~Audit and Risk Committee. This annual plan supports the Strategic Internal Audit plan approved by the Board when the internal auditors were appointed. The Strategic Internal Audit plan details the work to be undertaken by internal audit during the course of their appointment. Internal Audit shall have direct access to the Board of Management, the Principal and the Chair of the ~~Audit & Risk~~Audit and Risk Committee.

The ~~Audit & Risk~~Audit and Risk Committee determines internal reporting arrangements. The Internal Audit Service must produce a report at the conclusion of each assignment and an annual report of its activities. Each report shall be discussed with the Vice Principal Operations and other appropriate members of the Strategic Management Team and thereafter presented to the ~~Audit & Risk~~Audit and Risk Committee along with management responses.

The Principal has overall responsibility for ensuring that prompt and effective action is taken on internal audit recommendations, and that the risks resulting from inaction are recognised and accepted.

The operation and conduct of the Internal Audit Service should conform to the Public Sector Internal Audit Standards and the SPFM. The Board of Management can remove the internal auditors from office at any time in the event they feel the service provided by Internal Audit is not adequate. The Chair shall immediately report on such an occurrence to the GCRB / SFC.

5.6 Irregularities, Corruption and Fraud

In broad terms, managing the risk of fraud involves:

- assessing the College's overall vulnerability to fraud;
- identifying the areas most vulnerable to fraud risk;
- evaluating the scale of fraud risk;
- responding to the fraud risk; and
- measuring the effectiveness of the approach to managing fraud risk**.**

The prime responsibility for controlling fraud is with managers, who should implement and monitor appropriate preventative and detection controls over areas of potential fraud. Managers should consult with Finance and / or internal audit where appropriate over the most appropriate controls to implement. All staff should be alert to fraud risks. **[SPFM: Fraud]**

Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the College or any suspected irregularity it will be notified immediately to the Vice Principal Operations who will be responsible for informing the Principal. Such irregularities will be dealt with in accordance with the approved procedures determined by the Board of Management. On the suspicion or discovery of any material areas of fraud or other irregularities the Principal shall contact the Internal Auditors immediately. Reference must be made to the Fraud and Corruption Policy, Anti-Bribery Policy and Whistleblowing Policy for the College's detailed approach to fraud **[SPFM: Fraud]**

All discovered cases of actual or attempted fraud will be notified to the ~~Audit & Risk~~Audit and Risk Committee and external auditors. Fraud losses of £5,000 or more must be reported annually. Any significant frauds should be reported to the SFC's Accountable Officer / GCRB without delay. **[SPFM: Fraud and FM]**

5.7 Other Auditors

The College may, from time-to-time, be subject to audit or investigation by external bodies such as, the SFC, Audit Scotland, the Scottish Government and its associated agencies and HM Revenues & Customs.

They have the same rights of access as External and Internal Auditors. Any reports produced by such auditors shall be made available for consideration at the Board's ~~Audit & Risk~~Audit and Risk Committee.

5.8 Certificates of Assurance

The Chief Executive of the SFC requires the College to complete a certificate of assurance regarding compliance with the SPFM and SFC / GCRB requirements and the adequacy of internal controls. **[SPFM: 'Certificates of Assurance']**

6. Budgeting & Reporting

The College is classified as a Public Sector Body. Under this classification the College has to prepare and submit a budget and yearly projected cash flow to the SFC / GCRB prior to the beginning of the financial year.

Spending plans shall be stipulated in the College's annual operational plan and associated annual budget. The annual operational plan, which includes a summary of the College's budget, shall be approved by the Board of Management.

The College will hold a series of planning events for senior and operational managers each year to undertake integrated academic, estates and financial planning (this will include workforce and equipment planning). Meetings will be held with all budget holders to discuss and agree budget levels on an incremental basis. This will involve considering activities and related costs for activities which have changed or ceased and considering the cost implications of new activities. Paragraph 4.6 above sets out the Responsibility of College Management particularly in relation to value for money. ~~from a zero base.~~

6.1 Resource Allocation

The Board of Management is required to approve the budget annually. Strategic and Operational Managers (and any other budget holders) are responsible for the economic, effective and efficient use of resources allocated to them.

6.2 Budget Preparation

The Principal and Vice Principal Operations are responsible for preparing annually a revenue budget and capital programme for submission to and consideration by the Board of Management. ~~The Budget preparation should be on a zero-based approach.~~

Strategic and Operational Managers will provide the Vice Principal Operations with such details as may be required for the purposes of his/her reporting to the Board of Management on the financial planning of revenue expenditure including data on the levels of existing services and of any increases in activity required by the funding body. Budget holders shall be closely involved in the establishment of annual targets and the associated development of their budgets, especially relating to staffing, supplies and services and income. This will facilitate the preparation of meaningful and achievable estimates and promote the close integration of both financial and academic planning.

The Vice Principal Operations must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Strategic and Operational Managers as soon as possible following approval by the Board of Management.

6.3 Budget Approval

The Board of Management shall approve the College's annual operational plan which shall include the College's revenue, capital and cash budget.

During the year, the Head of Finance is responsible for submitting quarterly forecasts to the Financial & Resources Committee for consideration and, if required, approval. This shall include virement which exceeds that defined in the Scheme of Delegation. Outwith the normal cycle of the Finance & Resources Committee the Board's Executive Committee may discharge such functions.

The approved budget will not show total expenditure exceeding total income. The terms of the Financial Memorandum require the College to plan and manage the deployment of its resources in a sustainable way. Details of the budget approved by the Board of Management shall be referred to the College's Joint Consultative Committee.

6.4 Financial Reporting

The Vice Principal Operations in conjunction with the Head of Finance will be responsible for the content of all financial reports submitted to the Financial Control Committee. The minutes of the Financial & Resources Committee shall routinely be provided to the Board of Management for information. The Board shall also receive a half-yearly financial report. The content of these reports will meet the approved requirements of the Board.

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6.5 Budgetary Control

The control of income and expenditure within each budget is the responsibility of the designated budget holder who must ensure that day to day monitoring is undertaken effectively and that items of expenditure in his/her budget are not overspent. Budget holders are responsible for the income and expenditure appropriate to their budget and for ensuring that they conform to the requirements of the Financial Regulations. The budget holder will be assisted in this duty by management information provided by the Head of Finance and the Finance Team. It will be the duty of the Head of Finance to establish appropriate management accounting procedures. The Head of Finance will provide regular and timeous budget monitoring statements to the Finance & Resources Committee, the Strategic Management Team and budget holders.

Where it appears that any income or expenditure may vary significantly from that appearing in the budget, the budget holder is responsible for reporting such departure immediately to the Head of Finance and, if necessary, taking corrective action. Details of such variances and any remedial action required will be reported to the Principal and the Finance & Resources Committee by the Head of Finance.

6.6 Reports to Committees

All reports presented to Committee must specifically identify the extent of any additional or unbudgeted financial implications. Any such implications must be clearly stated in the report to Committee identifying cost and income in current and future years, the impact on capital and revenue spending and whether or not, and exactly where, such resources are included in the Budget or, if not, how and from where it is proposed that such financial resources be obtained.

6.7 ~~Value for Money~~Best Value

The Best Value framework for continuous improvement in public services in Scotland requires the College:

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance, and
- To have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.

Further information is available within 'Guidance for Accountable Officers on the Duty of Best Value' on the Scottish Government website. **[SPFM 'Best Value'].** The SFC's Financial Memorandum requires the College to have a strategy for reviewing systematically management's arrangements for securing value for money. **[FM: section 2, para 23].** The College may be required to undergo economy, efficiency and effectiveness examinations undertaken by or on behalf of the Auditor General for Scotland. **[SPFM 'Auditor General for Scotland'].** The College's annual operational plan shall include proposals to explore value-for-money initiatives within the Board's Value-for-Money Strategy.

6.8 Risk Assessment

The College is required to carry out the Risk Assessments described in Section 17~~20~~ of these regulations. In addition, as part of its financial planning procedures it is also required to conduct risk assessment and management strategies. These shall seek to:

a) identify the assumptions which underpin budget planning;
b) assess the validity of income projections; and
c) carry out a risk analysis.

The Risk Assessment for the Budget exercise shall be undertaken by members of the senior and operational management teams as an integrated part of forward financial/academic planning.

At each Board of Management meeting and subsidiary committees, risk management is routinely considered as an agenda item per the Risk Management Strategy

6.9 Sensitivity Analysis and Scenario Planning

The College shall seek to conduct a sensitivity analysis of its financial planning assumptions (most specific its student activity projections). It shall seek to consider the implications for the College's annual and medium term financial plan / strategy

6.10 On-going returns to SFC / GCRB following ONS reclassification

The Head of Finance is responsible for collating and submitting required financial returns to the SFC / GCRB, these may change from time to time and will include:

- Annual and Monthly cash flow forecast~~drawdown~~;
- ~~Annual resource budget breakdown;~~
- Monthly cash flow reporting actuals against forecast identifying

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~~future cash requirements;~~

- ~~Quarterly resource return;~~
- Quarterly Capital Maintenance report;~~return; and~~
- ~~Annual Capital return.~~
- Annual Financial Forecast Return (FFR); and
- Annual Mid-year Return (MYR).

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7. Accounting and Accounting Records

7.1 General

The Principal, as Accounting Officer, is responsible for the propriety and regularity of public finances for which she/he is answerable; for the keeping of proper accounts; for prudent and economic administration; for the avoidance of waste and extravagance and for the efficient and effective use of all resources in his/her charge. She/he should ensure that effective management systems appropriate for the achievement of the College's objectives, including financial monitoring and control systems, have been put in place. She/he should also seek to achieve best value whenever possible in all strategic and operational decision making processes. The College should produce periodically a value-for-money strategy which sets out the Board's approach to obtaining best value for the information of budget holders.

7.2 Accounting Procedures and Records

The Principal/ on the basis of recommendations made by the Vice Principal Operations and Head of Finance will determine all accounting procedures and records of the College and she/he will compile or direct the compilation of all accounts and accounting records.

7.3 Segregation of Duties

The Head of Finance is responsible for ensuring that the following principles are observed in the allocation of duties (subject to any financial constraints placed upon him/her by the Principal or the Board of Management):

- procedures to be followed regarding the calculation, checking and recording of sums due by or to the College should be arranged in such a way that the work of any individual is proved independently or is complementary to the work of another and these operations should be separated from the duty of collecting or disbursing funds;
- employees charged with the duty of examining and checking the accounts of cash transactions must not themselves be engaged in any of these transactions; and
- suitable segregation of duties should be employed in the sales cycle (covering credit notes and credit control)/purchase cycle and in the preparation of management/annual accounts.

7.4 Accounting Records

The Head of Finance shall be responsible for the retention of all College financial documents in a form acceptable to the relevant authorities. The records shall be kept in accordance with the College Document Retention Schedule and Data Protection Policy. This retention schedule ensures that statutory requirements set by HMRC and others are met.

7.5 Suspense Accounts

Each suspense account, whether for expenditure or income, must be reconciled and reviewed at least every three months, with responsibility for this allocated to an appropriate Finance staff member. **[SPFM: suspense accounts]**

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8 ~~Virement~~Forecasting

8.1 ~~Virement Procedures~~Forecasting Process

Each budget holder is responsible for one or more budgets allocated to budget cost centres. On a quarterly basis a review of income and expenditure is carried out involving budget holders and the finance team. These forecasts are reviewed by both Head of Finance and Vice Principal Operations and discussed by the cross College finance group chaired by Vice Principal Operations. The group comprises Vice Principal Curriculum/Quality Enhancement, Directors, Head of Finance and Senior Accountant.

The quarterly forecasts are presented to the Finance and Resources committee and Board of Management for discussion and noting.
~~Where a budget holder is responsible for more than one budget, she/he may not vire between cost centres without the consent of senior management.~~

~~All requests for virement must be made through the Head of Finance. Virement between subjective heads within agreed budgets can be made with the approval of the Vice Principal Operations, subject to a maximum limit of 20% of the individual expenditure head (within the approved budget) from which the transfer is being made. Requests, which exceed the 20% level, will be submitted to the Finance & Resources Committee for consideration and approval. In addition, the Principal or Vice Principal Operations may determine restrictions on virement from certain other expenditure heads.~~

8.2 Treatment of Year End Under-spend~~Balances~~

At year end, budget holders do not have the authority to carry forward a balance on their budget/re-forecast to the following year.

9. Access to Accounting System

9.1 Authorised Users

Authorised users of the accounting system and e-procurement ordering system will be prescribed individual access rights by the Finance Manager and permissions set by the Budget Holder. Access to the systems will be gained via passwords which will be allocated and maintained by the Finance Manager, supported by ICT in this 2-stage process.

It is expressly forbidden for any user to access the system by any method other than via their own password. Authorised users must not divulge their password to any other individual without the consent of the Head of Finance. Users must log out of the system when leaving their desk unattended ~~for any length of time~~.

9.2 Financial Procedures Manual

Detailed guidance on the use of the computer accounting system and e-procurement ordering system is contained within the Financial Procedures Manual and the system user manual. The procedures in this manual is updated annually in June and must be followed at all times. Any deviation from these procedures must be authorised by the Head of Finance.

10. Income

10.1 General

All College employees have a general responsibility for ensuring that resources are properly used and contained within budget limitations whilst ensuring that all income due to the College is promptly invoiced and properly recovered.

Levels of charges for contracts, services rendered, goods supplied and rents and lettings are determined by procedures approved by Finance & Resources Committee and the Board of Management.

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

It is the responsibility of budget holders to ensure that the Head of Finance is notified of any grant claims. The Head of Finance is then responsible for ensuring that all grants received by the College from the SFC and other bodies are appropriately recorded in the College's accounts. It is the responsibility of budget holders to ensure that the Head of Finance is provided with sufficient information to enable all claims for funds to be made by the due date.

The Head of Finance is responsible for the prompt collection, security and banking of all income received.

10.2 Charges and Commercial Income

Each budget holder shall review, at least annually, the charges made for services provided by their department (in as far as these are not externally set other than by market forces or by the fees policy). Any resultant revision should be submitted for consideration by the Finance & Resources Committee unless otherwise provided for in specific SFC regulations and/or legislation.

The SPFM requires that usually charges for commercial services are set on a full cost recovery basis, with charges for the disclosure of information low or waived. If there is any deliberate public subsidy, there should be a clear rationale for why it has been granted and how long it should last and this should be fully documented. Refer to the SPFM for full requirements. **[SPFM: Fees and Charges section]**

10.3 Accounting Arrangements

It is the duty of the Head of Finance to make adequate financial and accounting arrangements to ensure the proper recording of all monies due to the college and the proper collection, custody, control and spend of all funds.

10.4 Recording of Funds Received

Monies received on behalf of the College should be paid to the administration office or the Finance section. Custody of all cash holdings must comply with the Financial Regulations and with the requirements of the College's insurers. All monies received on behalf of the College will be recorded and deposited immediately with the Head of Finance or the College's banker in accordance with the arrangements made by the Head of Finance. No deduction may be made for such money to meet expenditure of any kind. Cash discount must not be offered to any debtor. Personal or other cheques must not be cashed out of money received on behalf of the College.

10.5 Invoicing and Collection of Debts

It is essential that particulars of all work done or services provided by the College will be notified to the Head of Finance in a form approved by him/her. All accounts for income due to the College will be rendered by, or under arrangements approved by, the Head of Finance.

It is the responsibility of all budget holders to ensure that the Head of Finance is notified timeously of invoices to be issued in respect of monies due to the College. The Head of Finance should ensure that:

- debtor invoices are raised promptly in respect of all income due to the College;
- debts which exist have been raised on official College invoices;
- swift and effective action is taken to collect overdue debts in accordance with the College's formal procedures (detailed in the Financial Procedures Manual); and
- outstanding debts are monitored and reports prepared for the Finance & Resources Committee.

The Head of Finance is responsible for implementing credit arrangements and indicating a period in which different types of invoice must be paid. The Head of Finance may enter into arrangements with a debtor for the debt to be paid over a longer time than originally requested. In particular students will be offered a payment plan to suit their finances.

10.6 Write-offs

Sums above the delegated limit set by the SFC / GCRB of £3,000 must have approval of the Board's Finance & Resources Committee or its Executive Committee and be annually reported. All debts written off by the Principal and Vice Principal Operations below that level must be reported to the Finance & Resources Committee.

10.7 Fees Collection

Teaching staff must ensure that only properly registered students whose fees have been accounted for are admitted to and allowed to continue classes.

10.8 Consultancies

Staff with authority to enter into agreements for the provision of consultancies must ensure that the charges made are consistent with College policies.

10.9 Gifts Received/Made, Benefactions and Donations

The Director of Corporate Services is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the College and initiating claims for recovery of tax where appropriate. This function shall be discharged within the Board's Gifts and Hospitality Policy and staff should disclose all gifts received or declined to the Director of Corporate Services.

The guiding principles for disclosure should be: conduct should not foster the suspicion of any conflict between official duties and private interests; actions should not give the impression of having been influenced by a gift to show favour or disfavour to any person or organisation; and if an individual is in doubt about the propriety of accepting a gift Human Resources staff must be consulted. **[SPFM: Gifts]**

Any gifts made by the College should be disclosed in the notes to the ~~financial statements~~Financial Statements. As gifts made are ex gratia payments and any amount over £1,000 should be annually reported on to the SFC /GCRB.

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10.10 Grant income

The SFC's Financial Memorandum sets out the terms and conditions for grant in aid. Other grants may have their own specific conditions and clawback arrangements may apply if funds are not used or not used within the terms and conditions of the grant. Where assets acquired or developed with the SFC grant or grant in aid are disposed of, the proceeds - or an appropriate proportion of them if the grant was for less than the whole cost of acquisition or improvement - will normally be clawed back by the Council in accordance with conditions attached to the grant or grant in aid.

Where grant income is passed on to a third party to undertake work the College must ensure effective control systems are in place to ensure the propriety and regularity of expenditure in line with SPFM requirements. **[SPFM: Grant and Grant in Aid]**

11 Control and Legality of Expenditure

11.1 Legality

It is the duty of all budget holders to ensure that no expenditure or contractual obligation is incurred unless it is within the legal powers of the College. In cases of doubt, legal advice should be sought from the College solicitor, via the Vice Principal Operations before expenditure is incurred.

11.2 Control

Budget holders are responsible for the control of all expenditure within their area of responsibility. They must verify that there is a need for any purchase and that there are sufficient resources available for a purchase from funds for which they are responsible. No unnecessary stocks may be accumulated. They must also ensure that all resources are properly used and that expenditure both committed and incurred is fully within their approved faculty~~school~~/support section budget. The Head of Finance is responsible for operating a budget monitoring procedure which facilitates effective budgetary control.

11.3 Delegated Authority

Vice Principals and Directors, within their area of responsibility, are delegated strategic management responsibilities for:

- proposing objectives, priorities, outcomes and performance indicators;
- making plans and ensuring that adequate systems are in place to achieve these objectives effectively, efficiently and economically;
- ensuring that adequate internal control and risk management systems are in place, monitored and reviewed; and

- monitoring and reporting of performance to the Board.

Those with delegated budgetary authority must:

- ensure proper financial procedures are followed and compliance with relevant guidance, in particular these Financial Regulations and the SPFM;
- ensure due regard to Best Value economy, efficiency and effectiveness;
- ensure funds and assets are properly managed and safeguarded; and
- ensure risks are identified and effectively managed. **[SPFM: 'Delegated Authority]**

The College is required by the SFC's Financial Memorandum to establish appropriate documented internal delegated authority arrangements consistent with the Delegated Authority section of the SPFM and the Financial Memorandum, and these are set out in the Scheme of Delegation**. [FM: Section 3B para 21]**

The College is required to seek written permission, in advance, from the SFC /–GCRB where proposed payments exceed the delegated authority outlined below:-

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External Business and management consultancies	£100,000
Special Severance payments	£1,000
Operating lease – non property	£250,000
Procurement non-competitive action	£25,000

In addition the following_categories of expenditure above the limits set out below must be reported by the College annually:

Extra contractual payments	£5,000
Compensation payments	£5,000
Ex-gratia payments	£1,000
Claims waived or abandoned	£3,000
Write of a bad debt	£3,000
Losses	£3,000
Overseas student irrecoverable loss limit	£6,000
Fraud Loss	£5,000

[SPFM: Delegated Authority and Appendix A]

Transactions that are 'novel', 'contentious', repercussive or which have or could have significant future cost implications may not be delegated within the College and approval must be received from the GCRB / SFC. **[SPFM: Delegated Authority and FM: Section 3B para 18]**

12. Petty Cash

12.1 ~~12.1~~ Re-imbursement of Expenditure

~~As of session 2020/21 there are restrictions on cash handling due to COVID19. This will continue to be reviewed an should this change the following will apply.~~

~~12.1 Provision of Imprests~~~~Re-imbursement of Expenditure~~

Petty Cash is no longer used. Payments are made to re-imburse individuals for approved and receipted expenditure.
~~On the request of a budget holder, the Head of Finance may make available to departments such Imprests as are considered necessary for thedisbursement of petty cash expenses. Nominated employees of the College may use such impress for petty and minor expenses.~~

~~12.2 Safekeeping of Imprests~~

~~The member of staff granted a float is personally responsible for its safe keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the College's insurers when not in use, and will be subject to periodic checks by the Head of Finance or another person nominated by him or her. Imprests holders must always keep College funds separate from his/her own personal monies.~~

~~12.3 Exclusion of Payments~~

~~No payments to the College should be paid into an imprest account, but must be lodged in the main College bank account. Any bank interest earned on imprest accounts will be transferred immediately to the College bankers and will not be left in the imprest balance.~~

~~12.4 Limit on Expenditure~~

~~Payments from imprest accounts will be limited to minor items of expenditure and only to such amounts as the Head of Finance may approve, normally the limit for petty cash expenditure is £60. The limits and procedures for petty cash expenses are detailed in the College's Financial Procedures Manual. An authorised voucher must support payments. Imprest accounts must not be used to pay major expense claims or any supplier invoices. The Head of~~

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~~Finance may prescribe an upper limit for individual items of expenditure to be met out of imprest funds.~~

~~12.5 Recording of Expenditure and Reimbursement~~

~~Requisitions for reimbursement must be sent to the Head of Finance or delegate, together with appropriate receipts or vouchers at the end of each month. However, reimbursement may be requested more frequently than this, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.~~

~~Standard College petty cash documentation is supplied by the Finance Section and must be used for recording all impress accounts. At the end of the financial year a final reimbursement form, noting the balances held should be completed by the member of staff responsible for the imprest account and submitted to the finance department.~~

~~12.6~~12.2 Statement of Account

The Head of Finance may, at any time, request a certificate of the balance from any employee charged with the holding of an imprest account.

~~12.7~~12.3 Termination of Impress Holder

An employee leaving the employment of the College or otherwise ceasing to be entitled to hold an imprest account is responsible for

accounting to the Head of Finance for the amount advanced to him/her. A formal record of this accounting should be prepared and retained in the Finance Section for inspection.

13. Procurement

13.1 Procurement Requirements and Financial Procedures

13.1.1 Procurement Regulations

The procurement of goods or services on behalf of the College by those so authorised must be made in accordance with the College's Procurement Strategy and Financial Procedures, which must reflect relevant guidance issued by Advanced Procurement for Universities and Colleges (APUC) and the requirements of the Procurement (Scotland) Regulations 2016, Procurement Reform (Scotland) Act 2015 and the Public Contracts (Scotland) Regulations. The Scottish Procurement Policy Handbook must also be followed, and should be read in conjunction with the Procurement Journey (a toolkit providing practical guidance on procurement procedures). The Scottish Government's Construction Procurement Manual for managing or delivering construction / works projects is also mandatory. Scottish Government Consultancy Procedures should be taken into account as relevant good practice guidance when appointing consultants, and they require that consultants can only be justified where required knowledge and expertise is not available in-house. **[SPFM: Procurement]**

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The Head of Finance, assisted by the Procurement Manager, is responsible for the production and maintenance of the College Procurement Strategy. The Procurement Strategy is driven by the objectives contained within the College Strategic Plan, the Value-for-Money Strategy and Budget.

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13.1.2 Financial Responsibility

The Head of Finance is responsible for the production and maintenance of the Financial Procedures. These detail how day to day transactions are processed and recorded by the Financial System. These detail the day to day procedures that must be followed in the area of purchasing and procurement.

13.2 Expenditure

13.2.1 General

No expenditure may be incurred without the approval of an appropriate employee, as authorised by the Scheme of Delegation. The Head of Finance is responsible for making payment to suppliers of goods and services to the institution.

Budget holders are responsible for purchases within their area of responsibility. The Director of Digital Services must be informed of all ICT orders to ensure they are consistent with the College ICT strategy.

The Head of Finance is responsible for maintaining a register of authorised signatories. These will be based on the College hierarchy, in accordance with the Scheme of Delegation. This allows for low level authorisation of minor transactions whilst all significant or material transactions require senior management authorisation, often by more than one individual. Currently the level of authorisation limits are set as follows:

- **Level 1 Up to £999.99 Budget Holders**
- **Level 2 ~~£1,000~~Up to £9,999.00 SMT Member with Budget Holders with Direct Reports**
- **Level 3 ~~£10,000~~Up to £99,999.99 Vice Principals**
- **Level 4 Over £100,000 Principal**

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~~<£2,000 approval by budget holder~~
~~>£2,000 approval by a member of the Strategic Management Team also required~~

The ~~Principal~~ Vice Principal Operations must approve any changes to authorities to sign. Specimen signatures of those authorised must be supplied to the Head of Finance and kept up-to-date to allow checks to be made on invoice certification.

Should a member of staff incur expenditure on behalf of the College that is not properly authorised he/she can be held to be personally liable for this expenditure.

Budget holders are not authorised to commit the College to expenditure without first ensuring that sufficient funds are available in his/her budget to meet the purchase cost.

13.2.2 Official Orders and Exemptions

With the exception of petty cash purchases, supplies of public utility services and periodic payments such as rent and rates and, subject to the provisions relating to contractual terms, all goods (materials or services) supplied to, or work executed for the College, must be ordered in accordance with the Financial Procedures. This position is reviewed each quarter.

The Vice Principal Operations may authorise alternative arrangements with budget holders in exceptional circumstances, these must be confirmed in writing.

Official College purchase orders must be used for the purchase of goods or services, except those referred to above. The use of retrospective purchase orders shall be kept to a minimum and used only in emergency situations to purchase goods or services urgently needed to maintain the College services. The ~~Head of Finance~~Vice Principal Operations shall investigate any pattern in the use of such a facility to ascertain if this facility is being abused. All College official orders must be processed through the College's P2P system and are subject to the normal approval routes outlined at 13.2.1~~signed by a member of the Strategic Management Team~~.

13.2.3 Method of Payment

The Head of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. With the exception of petty cash purchases, the normal method of payment of money due from the College will be made by the College BACS system.

In setting up a BACS system the College should ensure that it is registered with both BACS and the relevant sponsoring bank: this will ensure that payments are made directly from the account held at the GBS. The College must also ensure that transaction and file limits are set at an appropriate level and are recorded with the GBS. **[SPFM 'Banking']**

In exceptional circumstances, the Head of Finance will prepare cheques manually for urgent payments. The College may also use a credit card to make payment to suppliers in line with College procedures. On an exceptional basis, a beneficiary can request payment by cheque and may request this to be an open cheque. The College will not accept responsibility for loss of any such cheques.

Direct debits from College accounts should not be accepted except in a few situations where direct debiting by a private sector body is a condition of the service provided by that body, and no alternative means of payment is offered, or where it provides additional value for money. If direct debits are accepted from a GBS bank account the account should be checked on a daily basis to ensure that only approved debits are being taken.

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If direct debits are to be accepted from a commercial bank account the Treasury and Banking Branch of the Scottish Government should be consulted about the need to open a separate bank account from where such debits can be paid. The balance on such an account should be no more than is needed to cover direct debits expected to be presented in the near future **[SPFM 'Banking']**

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Payments should be made promptly and creditors paid at least twice per month **(SPFM: 'Expenditure and Payments']**

13.2.4 Checking of Goods, Materials and Services Received

It is the duty of the Finance Assistant (Purchase Ledger) with, if required, the aid of the employee who initiates purchase ordering to ensure that all goods, materials and services received are as ordered in respect of price, quantity and quality. Where goods do not match those ordered remedial action should be taken to correct this situation.

13.2.5 Central Purchasing and Standardisation

All purchase orders must conform to the direction of the College (Financial Procedures Manual) with respect to central purchasing of goods and services. Attention is drawn to the Contract Register for information on contracted suppliers and the procurement policy.

13.2.6 Certification

Payment will only be made by the Head of Finance against invoices for payment which have been certified in accordance with the Financial Procedures Manual. It is the responsibility of the budget holder to certify that all payment vouchers for expenditure incurred by their department comply with the following:

- a purchase order was raised through appropriate channels and approved prior to receipt of invoice;
- expenditure incurred is INTRA VIRES (within the legal powers of the College); the goods/ services for which payment is to be made have been received, examined and approved and are in accordance with those ordered;
- the price, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
- the relevant expenditure has been properly incurred and is within the relevant budget provision;
- appropriate entries are made in the equipment inventory/stores records as required; and

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- the appropriate expenditure account code is entered on the document for payment. This must be one of the cost centre codes included in the budget holder's area of responsibility and must correspond with the type of goods or service described on the invoice.

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13.2.7 Cash Discount

It is the responsibility of the budget holder to provide certification timeously to allow the Finance Section to maximise cost savings through meeting cash discount conditions whilst, as far as possible, maintaining creditor goodwill as appropriate to the circumstances.

13.2.8 Invoices

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Where suppliers send invoices to departments, the budget holder must notify the supplier that future invoices should be sent to the Finance Section. All paper purchase invoices will be stamped and scanned as a record in the Finance system. However, the majority of invoices are now electronic.

13.2.9 Finance Section Checks

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The Head of Finance or delegate will supplement checks on payments of accounts to ensure the controls over the propriety, regularity and accuracy of financial transactions are operating effectively such as review of error reports from finance related

IT systems. Checking should be undertaken by staff independent of the person originating the transaction. **[SPFM: 'Checking Financial Transactions']**

13.2.10 Contractor / Supplier Bankruptcy or Liquidation

If a payee is identified as being in bankruptcy, sequestration or liquidation all payments should be suspended pending confirmation of this, and once confirmed ensure that payment is made only to the proper person, and that any claim is properly lodged. The College should also consider, in consultation with its legal advisers, whether any contract should be terminated. **[SPFM: 'Bankruptcy']**

~~13.2.11 EU Funded Projects~~

~~GCRB/SFC must be informed of any existing or planned EU funding applications and schemes. Individual EU projects must be able to demonstrate added value i.e. that they would not be able to go ahead – or only in a reduced form – without EU funding. **[SPFM: 'EU funding'].** Where the College is in receipt of European Social Fund funding it must follow the SFC's ESF guidance **[FM: Section 2, para 14]**~~

~~13.2.12~~13.2.11 Expenditure Using Foundation and Commercial Income

The Glasgow Kelvin Learning Foundation (the Foundation) is required to be independent of the public sector, including the College. If it was judged that the Foundation was not independent, then its net assets would be consolidated with the College's ~~financial statements~~Financial Statements and this may lead to payments being required to be made to the Scottish Government. If expenditure is financed from the Glasgow Kelvin Learning Foundation or commercial income then budget cover is not required.

Any surplus on the College's income and expenditure account can be transferred to the Foundation by way of donation. This must be approved by the Board of Management and GCRB / SFC must be consulted in advance. No disaggregation of the surplus of commercial and taxpayer funding activities is required, although surpluses will be subject to adequate cash and budget cover. Commercial activity fees and charges should at least cover commercial activity costs in line with the requirements on costing and pricing contained in the SPFM.

~~13.2.13~~13.2.12 Losses and Special Payments

Losses should only be written off or special payments authorised after careful appraisal of the facts and all reasonable action must have been taken to try to recover losses.

A record of all losses (including stock losses) and special payments should be maintained centrally by Finance and total losses or special payments exceeding £250,000 should be disclosed in notes to the annual accounts. Further details on losses and special payments and the different categories that must be used for annual accounts disclosure, where required, are set out in the SPFM. **[SPFM: 'Losses and Special Payments]** Section 11.3 above sets out the limits for losses and special payments and any proposed payment above these limits requires SFC / GCRB approval.

~~13.2.14~~13.2.13 Maladministration

The College is required to set clear service performance standards and have a clear accessible complaints procedure with appropriate redress for users in the event of something going wrong. Payments of financial redress qualify as ex gratia payments and are therefore subject to the SPFM guidance on Losses and Special Payments. Where the complainant has suffered actual financial loss, or faced costs which would otherwise not have been incurred (and which are reasonable in the circumstances) the general approach should be to restore the complainant to the position they would have been in had the issue not occurred. Payment on grounds other than actual financial loss or costs should only arise in exceptional circumstances. **[SPFM: Maladministration]**

~~13.2.15~~13.2.14 Overpayments

Any overpayments made by the College should be pursued unless the cost outweighs the amount. Any material overpayments to a group of individuals or organisations should be informed to the SFC/GCRB. The SPFM contains more guidance on how to act regarding overpayments. **[SPFM: overpayments]**

~~13.3~~13.2.15 Contracts and Tendering

~~13.3.1~~13.2.16 Record of Contracts

The Procurement Manager is responsible for maintaining a register of all on-going contracts and yearly total payments made on such contracts by the College.

~~13.3.2~~13.2.17 Variations to Contracts

The Procurement Manager, using the appropriate variation order detailed in the Financial Procedures manual on contracts, must issue all instructions to contractors on capital works and major revenue projects. The financial effect of such variation must be formally reported to the Head of Finance.

~~13.3.3~~13.2.18 Claims from Contractors

Claims from contractors in respect of matters not clearly within the term of any existing contract must be referred to the Procurement Manager and where necessary the College's Solicitor for consideration of the College's liability before a settlement is reached.

~~13.3.4~~13.2.19 Delay of Contract

Where completion of a contract is delayed it is the responsibility of the Project Manager to consult the Procurement Manager prior to taking any action in respect of claims for liquidation or other damages.

~~13.3.5~~13.2.20 Interim Payments

The Head of Finance must certify any interim payments to contractors.

~~13.3.6~~13.2.21 Tendering Procedures

~~13.3.6.1~~13.2.21.1 Tender Limits

Works or services offered for tender by the College should comply with Scottish Government and EU procurement requirements.

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All works contracts exceeding the EU thresholds for goods and services should be advertised in a suitable forum, and the College tender procedures followed. Competitive tenders, or formal comparable quotations as appropriate, should always be sought for all projects where the costs of:

- new work exceeds £25,000 (including VAT); or
- alteration work exceeds £25,000 (including VAT);

At least three competitive tenders or quotations should be sought for each project.

Firm price tenders should be invited for contracts over two years and for contracts less than two years if the Procurement Manager judges this the most appropriate course of action. Tenders are not necessary if any member of the College Strategic Management team deems there to be a danger to life or College property if the contract is not undertaken right away.

The Board of Management can exempt any contract from the tendering process if they are satisfied the circumstances merit the exemption. SFC / GCRB agreement should be sought at the earliest possible stage.

~~13.3.6.2~~13.2.21.2 Tender Procedures

The College will utilise a number of forms of contract to obtain best value and value for money in any procurement. The forms and types of contracts likely to be used are:

- National Contracts (Category A) Negotiated by the National Procurement Centre of Excellence. Normally accessed by Purchase Order or Letter of Acceptance;
- Sector Contracts (Category B) Negotiated by the Advanced Procurement for Universities and Colleges. Normally accessed by Purchase Order or Letter of Acceptance;
- Office of Government Commerce Contracts. Normally accessed by Purchase Order or Letter of Acceptance;
- Office of Government Commerce ICT Framework Contract. Normally accessed by mini-tender;
- Other Procurement Group's Contracts. Normally accessed by Purchase Order;
- Works Contracts above £4m. This would be competitively tendered in the Public Contracts Scotland – Tender portal (PCS-T) and be accompanied with appropriate selection criteria for progression to the pre-qualification stage and full tender stage. This would result in a detailed contract normally on the College's terms;

Services Contracts above £189k. These would be competitively tendered in the PCS-T. This would be accompanied with appropriate selection criteria for progression to the pre-qualification stage and full tender stage.

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This would result in a detailed contract normally on the College's terms;

- Works Contracts below £4m but above College tender limits. By inclusion in the PCS-T. This would normally result in a detailed contract normally on the College's terms;
- Services Contracts below £189k but above College tender limits. By inclusion in the PCS-T. This would normally result in a detailed contract normally on the College's terms;
- Works Contracts below College tender limits. Normally accessed by seeking three competitive quotations on the basis of a description of works. Organisations selected from Construction Line Scotland, or previous successful contracts or local knowledge. This would normally result in a Purchase Order or a Letter of Contract;
- Services Contracts below College tender limits. Normally accessed by seeking three competitive quotations on the basis of a description of services. Organisations selected from Construction Line Scotland, or previous successful contracts or local knowledge. This would normally result in a Purchase Order or a Letter of Contract.

In some cases the College may utilise consultants to undertake a tendering and contracting process on its behalf. This would normally be where there is a lack of technical expertise in the College or the exercise is beyond the resources of the College.

The College will utilise a Single Tender where this is considered to be most appropriate. This would not be the College's normal tender action and will be used where there is a requirement for urgent action or where there is believed to be only one specialist contractor. It may also be used when selecting a local contractor over a more distant contractor (unless the contract value exceeds EU thresholds). Single Tender Action will be reported to the Board of Management's Finance & Resources Committee (or to the Board's Executive Committee). Single tender action must be approved by Procurement Manager using appropriate Single Source Justification form prior to any purchase order raised.

13.3.7. Tender Acceptance

The Scheme of Delegation gives the composition of the College's tender approval panel and the level of post required to make the decision on the successful tender. The lowest priced tender may not always be chosen, as it may not be in the best interests of the College. A tender evaluation process will be established for each contract, this will take into account factors such as quality, delivery and sustainability as well as price. All tender results will be reported to the Board of Management or Executive Committee.

Scottish Government and EU procurement regulations will be followed in relation to informing both successful and unsuccessful bidders of the outcome of the tendering exercise.

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13.3.8 Fraud, Collusion or Malpractice

Staff at the College should always be on guard for any signs of fraud, collusion or malpractice. Any signs should be reported to the Head of Finance or Procurement Manager. Such practices shall always be regarded as gross misconduct within the terms of the College's disciplinary procedures and are likely to lead dismissal the staff or Board Member concerned.

13.3.9 EU Regulations

The Procurement Manager and Head of Finance are responsible for ensuring the College complies with the legal obligations covering European procurement legislation. The College procurement procedures provide detailed information on this. These procedures must be followed diligently by all members of staff involved in the procurement of goods and services in excess of the thresholds outlined in the procurement procedure.

~~13.4~~13.3 Fixed Assets and Capital Expenditure

~~13.4.1~~13.3.1 Procedures for Capital Projects

As a matter of good practice the College will adopt the SFC and Scottish Government guidance on the procedures for all capital projects. The SPFM sets out specific requirements for 'major investment projects' which are defined as those over £5m including fees and VAT and for the acquisition of property. **[SPFM: 'Major Investment Projects' and 'Acquisition of Property']**

Project evaluation should be undertaken from the outset of each project, and should normally include the following steps:

- establish exactly what is to be evaluated and measured;
- compare the actual outturn with the target outturn; and
- report the findings to the Finance & Resources Committee. **[SPFM: 'Appraisal and Evaluation']**

~~13.4.2~~13.3.2 Capital Planning

The procedure for the preparation annually of a financial plan for capital expenditure to conform with SFC and SPFM requirements will be determined by the Vice Principal Operations. The annual capital estimates will correspond to the first year of the financial plan and detail the committed capital projects and new capital projects on which the College intends to incur expenditure.

The Principal in consultation with the Vice Principal Operations will determine the detailed form of the financial plan and capital estimates. Appraisals for larger projects should include financing, project management arrangements

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and plans for project monitoring and evaluation. **[SPFM: 'Appraisal and Evaluation']**

All Strategic and Operational Management staff will provide such information as may be required for the purpose of preparation of the financial plan and capital estimates.

The financial plan and capital estimates, along with reports by the appropriate members of staff, will be considered by the Board of Management for approval.

The approval of the financial plan by the College will permit preliminary expenses and design costs to be incurred in respect of projects.. ~~included in years two and three of the plan. These expenses must be included in year one of the financial plan.~~ The approval of the capital estimates by the Board of Management and the receipt of consent from the SFC will permit the College to proceed with projects within the capital estimates unless:

- the actual tender costs of the project or the revised estimate of the project exceeds the provision of the capital estimates; or
- the nature of the capital project has changed substantially from that envisaged when the capital estimates were approved.

In these cases fresh approval will be necessary from the Finance & Resources Committee before the project proceeds. Approval will be given only if the capital expenditure can be contained within the total capital allocation for that year.

The College must also comply with the SPFM requirements in respect of the purchase of land and buildings.

~~13.4.3~~13.3.3 Capital Accounting

The College will comply with Financial Reporting Standards in relation to the accounting for tangible fixed assets, their revaluation and impairment. The College will also comply with the SPFM in this regard.

14. Borrowing, Lending, Investments and Leasing

14.1 Borrowing, Lending and Investments

The College is classified as a public body and is not permitted to borrow money without permission from Scottish Ministers. If any overdraft facilities are put in place they must be explicitly guaranteed by the Scottish Ministers.

No investments of a speculative nature may be entered into. **[SPFM: 'Borrowing, lending and Investment']**

14.2 Leasing

The Principal, in accordance with the Scheme of Delegation, should undertake

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all leasing of equipment or capital assets.

A value-for-money financial appraisal should be carried out in relation to all material leasing arrangements, this must be reviewed by the Head of Finance and approved by the Strategic Management Team.

Formal consideration of the impact on the College's budget limits (as agreed with the SFC and Scottish Government) must be given to all new leases. The delegated authority limits must also be adhered to.

15. Salaries and Wages

15.1 Payroll Administration

The Vice Principal Operations is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered.

All College staff will be appointed to the salary scales approved by the Board of Management and in accordance with appropriate conditions of service. The Principal must approve all appointments unless the power to appoint is reserved by the Board of Management. Human Resources must issue all letters of appointment contracts and Job Descriptions. The Human Resources Director will be responsible for ensuring that the Vice Principal Operations is informed of all matters relating to personnel for payroll purposes. In particular these include:

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

15.2 Form and Certification of Records

All time sheets and other pay documents will be in a form prescribed or approved by the relevant budget holder.

All timesheets and overtime claims must be signed by the employee and certified by the appropriate line manager. Such signatures will be taken to mean that the work was authorised, properly and necessarily incurred, and that the payment is properly payable by the College.

The Human Resources Director and Vice Principal Operations are responsible for keeping all records relating to payroll including those of a statutory nature. All

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payments must be made in accordance with the College's detailed payroll procedures and comply with Inland Revenue regulations.

Changes in the pay and conditions of senior management shall be approved and certified by the Board of Management's Remuneration Committee.

15.3 Arrangements for Payment

The payment of all salaries, wages, pensions, compensation or other emoluments to all employees (current or past) will be made by the Vice Principal Operations or under arrangements made by him/her.

He/she shall authorise payments to be made only when satisfied that all College procedures have been followed and the necessary checks on the accuracy of the data have been made by staff in both the College's Payroll and Finance Sections. No payments shall be made without the formal authorisation of a Vice Principal. There shall be a record of the formal authorisation of all such payments for audit purposes.

15.4 Recovery of Overpayment

The Vice Principal Operations will be responsible for ensuring that any overpayment of salary or other emolument is recovered in full as quickly as possible.

15.5 Superannuation

The Board of Management is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

The Payroll section is responsible for superannuation matters including:

- ensuring contributions to various authorised superannuation schemes are made; and
- preparing the annual returns to various superannuation schemes.

The College will offer all staff the opportunity to join either the Scottish Teachers Superannuation Scheme or the Strathclyde Pension Fund scheme in accordance with the rules for eligibility. The College will ensure that its payroll procedures comply with auto-enrolment legislation.

15.6 Travel, Subsistence and Other Allowances

All claims for payment of subsistence allowances, travelling and incidental expenses will be processed by the Payroll Team in accordance with the relevant

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procedures. Claims by members of staff must be certified by their appropriate Budget Holder. The signature / electronic approval will be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the College.

In addition, the signature / electronic approval of the claimant will be taken as acceptance that the amounts claimed are in accordance with the scheme of approved allowances and that the claimant holds a valid license and motor insurance for business purposes where car mileage is claimed. The Payroll team will not process payments unless a valid insurance certificate and MOT are provided once per year.

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15.7 Severance, Early Retirement and Redundancy Terms

In considering terms for settlement agreements, severance, early retirement or redundancy packages regularity, propriety and value for money must be fully taken into account. Any questions relating to the terms or value for money of any proposed agreement must be referred to the SFC / GCRB prior to making any written or verbal offer. Compensation is not normally payable when someone resigns voluntarily.

Where appropriate, packages should be based on the terms and conditions of employment, be transparent and be negotiated in a way which avoids conflicts of interest. Any undertakings about confidentiality should leave transactions open to proper public scrutiny. Offers of subsequent work to those who received severance should be exceptional. The College must also have regard to the principles of good practice in managing early departures of staff contained in Audit Scotland's May 2013 report: 'Managing early departures from the Scottish public sector'.

Any severance scheme, and any special severance payment over £1,000, must be approved by the SFC and GCRB. See further information in the SPFM and Appendix A of the SFC's Financial Memorandum. **[SPFM: Severance, Early Retirement and Redundancy terms and FM: Section 3B para 26-28]**

15.8 Non-salary Rewards

If non-salary awards (such as gifts, vouchers, subscriptions to clubs / gyms, charity donations and cars) are offered the College must be open and transparent about these, with clear policies on disclosure of information about the awards made and the procedures adopted for making those awards. The tax implications of schemes should be considered and no bias given towards the use of services of any organisation(s).

Although the Public Sector Pay Policy does not apply to non-salary awards, the College is expected to have regard to it and ensure any non-salary rewards are affordable.

The SFC / GCRB should be consulted prior to the implementation of any non-salary reward scheme. **[SPFM: Non Salary Awards]**

16. Assets

16.1 Land, Buildings, Fixed Plant and Machinery

The purchase, lease or rent of land or buildings or fixed plant can only be undertaken with authority from the Board of Management.

In order to minimise the risk of misappropriation of the College's assets a physical~~fixed~~ asset register is maintained by the Director of Estates and Corporate Services.~~Head of Finance~~. This lists the details of all assets which meet the College's tangible fixed assets definition. It is the responsibility of all College staff to take appropriate steps to ensure the safekeeping of all College assets, including those which are not classified as fixed assets for accounting purposes. The estates team will perform an ongoing fixed asset survey and liaise with the ~~Management~~ Senior Accountant to ensure the accuracy of the physical fixed asset register.

The Board of Management shall ensure the College's Estate Strategy involves reviewing College land and buildings with the objective of rationalising holdings which are not in line with the Estate Strategy. Any property acquisitions should be based on needs identified in the Estate Strategy in line with strategic service delivery and SPFM requirements. **[SPFM: Acquisition of Property]**

The College estate shall be maintained in accordance with a maintenance programme which has been approved by the Board of Management and is consistent with the College Estate Strategy.

16.2 Inventories

In addition to the asset register, the Head of Finance, with assistance from the estates team are responsible for maintaining inventories for all items of College equipment in conjunction with operational managers.

The inventory must include items donated or held on trust. Inventories must be checked regularly, at least annually, and records retained in the form prescribed by the Head of Finance.

Budget holders along with the estates team have overall responsibility for the management and control of stocks and equipment although the Head of Finance is responsible for the control systems in place.

16.3 Stocks and Stores

Budget holders should not carry excessive levels of stock. Budget holders are, however, responsible for establishing adequate arrangements for the custody and control of stocks and stores within their school section. The systems used

for stores accounting must have the approval of the Head of Finance.

Budget holders and the estates team 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 security checks. Those responsible for the security of stock will be subject to College disciplinary procedures should any of the stock be lost.

16.4 Stocktaking

Stocks will be counted and valued as required by the Head of Finance.

16.5 Valuation

Stocks should be valued at the lower of cost or~~and~~ net realisable value. Stock held by the College that is obsolete or otherwise not in use will be carried at a nil value and should be disposed at the earliest opportunity.

16.6 Movements

All transfer of equipment between locations or departments must be informed and transacted through the estates team to ensure that the inventory records are updated to reflect the move where appropriate.

16.7 Asset Disposal

Disposal of equipment, furniture and motor vehicles must be in accordance with procedures agreed by Finance & Resources Committee and contained in the College's detailed Financial Procedures. Plant and equipment assets which are surplus to requirements should normally be sold by public auction or tender **[SPFM 'PROPERTY: ACQUISITION, DISPOSAL AND MANAGEMENT' and 'Management of assets']**

Disposal of land, buildings and other heritable property must only take place with the authorisation of the Board of Management and within SFC and Scottish Government Guidance as specified in the SPFM.

16.8 Banking Arrangements

The SPFM requires the College to have its core bank accounts with the Government Banking Service (GBS), except where the Scottish Government's Treasury and Banking Branch can be persuaded that the holding of such an account would not be cost effective. **[SPFM: 'Banking' and FM section 3B**

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para 11]. The College will not therefore operate a commercial bank account without prior consent from the Board of Management and GCRB/SFC.

Subject to the above, the Board, through the Finance & Resources Committee, is responsible for appointing bankers to the College.

Appropriate controls must operate over all banking transactions, including to prevent fraud. These include monthly reconciliations between bank statements and College ledgers with these being reviewed by Senior Finance Staff not involved with their preparation. In addition, bank statements should be examined periodically by a senior member of staff who is not involved at all in operating the account, to ensure that the account is being used solely for authorised purposes **[SPFM 'Banking']**

Two signatures must be required to authorise payments from a commercial bank account (cheques, direct debits), and for electronic transactions / payments there is required separate individuals for input and authorisation. **[SPFM 'Banking']**

All cash income should have a receipt provided and cash takings reconciled to receipts or cash register end of period slips. **[SPFM: INCOME RECEIVABLE AND RECEIPTS]**

17. Risk Management

17.1 Introduction

The College's internal control systems ~~should~~ includes embedded arrangements for identifying, assessing and managing risks and risk management should be closely linked to the business planning process. The risk management process involves:

- initial and ongoing risk identification;
- specific actions to address the risks identified. All risks, once identified, should be assigned to an owner who has responsibility for ensuring that the risk is managed and monitored over time;
- likelihood and impact are considered for each risk and that the assessment of risk is recorded in a way that facilitates monitoring and prioritisation;
- risks are reviewed regularly to monitor for changes in risk profile, gain assurance that risk management is effective, and identify if further action is necessary; and
- The highest priority risks should be given regular attention at the Board level.

The concept of 'risk appetite' (the level of exposure which is considered tolerable and justifiable) is key to achieving effective risk management and it is essential to consider it before determining how risks can be addressed. **[SPFM: Risk management]**

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The College will adopt a Risk Management Strategy which has been considered and approved by the College's Board of Management. This document shall be reviewed periodically as defined within its terms.

17.2 Risk Register

The College shall also undertake a systematic review of the risks which it faces. It shall, as a consequence, compile a risk register. Matters considered relevant to the risk register will be considered at each ~~Audit & Risk~~Audit and Risk Committee and at two Board of Managements per annum. Risk Management will be considered at other College Meetings and Risks identified reported to the Director of Corporate Services and/or the Vice Principal Operations and the risk register will be adjusted as appropriate.

The Board of Management own the risk register and will approve changes to it a minimum of twice per year. The Board are also required to have in place a Risk Appetite Statement and this will likewise be reviewed twice per year by the Board of Management.

Risk registers for capital projects will be used where considered appropriate.
[SPFM: Major investment projects]

17.3 Contingency Plan

The College shall maintain a Business Continuity Plan within the terms of the Board's Risk Management Strategy. The Director of Corporate Services shall have responsibility for ensuring that this document is in place and reviewed and updated at least once per year.

17.4 Risk Management Group

The College shall operate a Risk Management Group which will meet a minimum of three (3) times per year to review the College's operational environment to consider, identify and to manage risks.

17.5 Insurance

Subject to instruction from the SFC in respect of the College's ability to purchase commercial insurance, the Director of Corporate Services, is responsible for making all appropriate insurance agreements for all aspects of the College's activities. She/he is also responsible for arranging the negotiation of all insurance claims.

The Strategic Management Team shall be responsible for developing a risk management strategy in order to identify the risks facing the College and types of protection required to cover these risks. The strategy may include cover for potential liabilities and be sufficient to meet potential risks to assets. Insurance cover will be considered and approved by Finance & Resources Committee or the Executive Committee on an annual basis.

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The Director of Corporate Services will be responsible for keeping records necessary for insurance purposes.

17.6 Guarantees, Letters of Comfort and Indemnities

All contingent commitments such as guarantees, letters of comfort and indemnities require appraisal and SFC/GCRB consent before accepting, except for such arrangements where the indemnity is of a standard type contained in contracts and agreements for 'day-to-day' procurement of goods and services in the normal course of business.

Contingent liabilities are normally expected to be met from College resources and must be within the College's legal powers **[SPFM: Contingent Liabilities and FM: section 3B paras 14-16]**

Strategic and Operational Managers must ensure that any agreements negotiated within their sections with external bodies consider any legal liabilities and indemnities to which the College may be exposed. No contract which contains a guarantee, letter of comfort or an indemnity can be signed without prior permission of a Vice Principal.

Strategic and Operational Managers must give prompt notification to the Principal of any potential new risks and additional property and equipment which may require insurance and any alterations affecting existing risks.

17.7 Notification of Claims

Strategic and Operational Managers must advise the Director of Corporate Services, immediately, of any event which may give rise to an insurance claim. The Director of Corporate Services will notify the College's insurance provider and, if appropriate, prepare a claim in conjunction with the Strategic and Operational Managers for transmission to the brokers.

17.8 Record Keeping

The Director of Corporate Services shall keep a register of all insurances effected by the College and the property and risks covered.

The Estates Manger is responsible for keeping suitable records of plant, which is subject to inspection by an insurance company, and for ensuring that inspection is carried out in the periods prescribed.

17.9 Use of Private Vehicles

All staff using their own vehicles on behalf of the College must maintain appropriate insurance cover for business use if travelling expenses are claimed

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from the College. This shall be a condition of reimbursement of such expenses.

18. Security

18.1 General

All staff, irrespective of grade, have a general responsibility for the security of all College property, although certain senior staff will have more specifically defined responsibilities.

18.2 Responsibility for Security

Strategic and Operational Managers have responsibility for maintaining proper security, custody and control at all times of the plant, buildings, materials, stores, furniture, equipment, cash, etc. under their control. They should consult with the Estates Manager in any cases where security is considered to be defective or where it is considered that special security arrangements may be required.

18.3 Security of Documents

The Director of Corporate Services is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Director of Corporate Services. All such documents will be held in an appropriately secure location.

Key documents may also be held by external agencies (such as banks, lawyers) on the Board's behalf. In all such cases the Director of Corporate Services and/or Vice Principal Operations shall maintain adequate records of such deposits.

18.4 Limits to Cash Holdings

The Head of Finance is responsible for determining the maximum amount of cash to be held on the College premises at any point in time. Such limits must comply with the College's insurance requirements. The Head of Finance will notify all departmental heads of the maximum amount to be held under their control and this agreed amount must not be exceeded without the written agreement of the Vice Principal Operations.

18.5 Safe Keys

Keys to safes and similar receptacles such as cash boxes containing cash or valuable documents or articles must be securely stored. The loss of any such keys must be reported immediately to the Head of Finance. A register of all key holders will be kept in the Finance Section.

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18.6 Data Protection Act

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Employees are responsible for maintaining proper security and privacy of information held on computer. The access to computer areas limited only to authorised persons by the use of passwords is the type of security control available that is used. Information relating to individuals held on computer or in paper records will be subject to the provisions of the Data Protection Act and General Data Protection Regulations.

The Director of Corporate Services has overall responsibility for Data Protection within the College. Service managers are responsible for maintaining proper custody, security and control of all personal data output within their teams. The collection, use, security and processing of personal data must comply with the Data Protection Policy and supporting procedures.

19. Fee Income

19.1 General

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The procedures for collecting tuition fees must be approved by the Strategic Management Team. The Head of Finance is responsible for ensuring that all student fees due to the College are received. Where applicable, the Financial Memorandum with the SFC/GCRB requires that the College must charge student tuition fees at the levels set by the Scottish Ministers. **[FM: section 2 para 8]**

The SPFM requires that usually charges for commercial services are set on a full cost recovery basis, with charges for the disclosure of information low or waived. If there is any deliberate public subsidy, there should be a clear rationale for why it has been granted and how long it should last and this should be fully documented. **[SPFM: Fees and Charges section]**

The Head of Finance will attempt to collect all fees in line with the College's debt recovery procedures outlined in the Financial procedures.

19.2 Fees Policy

College staff are required to implement the College Fees Policy which is reviewed and approved by the Board annually. It shall be the responsibility of the Head of Finance to propose amendments of the Fees Policy annually to an appropriate meeting of the Board.

19.3 Fee Waivers

The College waives the fees of students who meet the criteria of the National Fee Waiver Policy or additional criteria which is approved annually by the Board of Management.

In all cases, the student must be able to provide proof of eligibility in accordance with the College Fee Waiver Policy. In exceptional circumstances, the College Principal may authorise the waiver of fees for students who do not meet the criteria but who are suffering hardship. Procedures in this respect are detailed in the Fee Waiver Policy.

19.4 Full Cost Courses

In this context a full cost course is any course which does not form part of the core teaching activity of the College and does not contribute to the College's teaching activity target. The Director of Business Development shall be responsible for managing all such courses and will ensure all fees due are timeously invoiced by the Finance Department.

Any staff wishing to run a full cost course must have the permission of their Head of Faculty, who in turn must have formal authorisation from a member of the Strategic Management Team. The Director of Business Development must be informed of these courses to ensure the College is recovering full direct and overhead costs relating to this activity.

The College should be able to defend the provision of a commercial service as being an appropriate use of resources and ensure it complies with competition law. In addition, any proposals to recover less than the full cost plus an appropriate rate of return for a commercial service provided in competition with the private sector must be submitted to the SFC/GCRB for approval. Refer to the SPFM for more details. **[SPFM: Fees and Charges section]**

20. Student Support Funds

All student support funds provided by the SFC/GCRB will be administered within the policy rules and guidance issued by the Scottish Government, SFC and Student Award Agency Scotland (SAAS). The Financial Procedures Manual provides detailed guidance on the administration of these funds. Reports will be prepared for the Finance and Resources Committee providing details of committed spend against the allocation. Use of these funds is subject to external audit.

The Colleges Equalities Policies will be strictly applied to the administration of student funds.

21. Miscellaneous

21.1 Code of Conduct

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The College expects that staff at all levels will observe the College's Code of Conduct.

21.2 Register and Declaration of Interests

Members of the College's Board of Management and senior members of staff are required to disclose interests in the College's Register of Interests. The Register of Interests must be updated at least annually. Members should, however, notify changes as soon as they occur.

Further guidance on these matters is contained in the Code of Conduct for Board members.

21.3 Hospitality

All requests for hospitality must be authorised by the appropriate budget holder.

21.4 Students' Association

The Students' Association is a constituent part of the College and as such is responsible and accountable to the Board of Management.

Subject to the constraints imposed by the SFC / GCRB, the Board will determine the level of grant to be paid annually to the Students' Association. The Students' Association will not be permitted to carry any underspending forward except in exceptional circumstances. The Association will not normally be permitted to commit expenditure beyond the current financial year. All expenditure will be approved by the designated budget holder which will be a member of the Colleges Management Team.

The Students' Association is required to follow the College's approved Financial Procedures in respect of purchasing of goods and services. The Students' Association will not hold a separate bank account. The Finance Section will prepare regular financial reports for Association office holders. At year end the Students' Association accounts will be audited as part of the overall annual College audit.

The College's internal auditors will have access to records and assets within the students' association in the same way as all other aspects of College activity.

21.5 Taxation

The Head of Finance is responsible for advising College managers in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. The Head of Finance will issue instructions to faculties/support teams on compliance with statutory requirements including those concerning VAT, PAYE, national insurance,

corporation tax and import duty.

The Head of Finance is responsible for maintaining the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

All individuals who are classified as employees for tax purposes must be paid through the College's payroll with tax deducted at source.

The SPFM requires the College to avoid tax avoidance arrangements and the SFC should be contacted before using tax advisors or implementing tax schemes. Particular care should be taken with transactions involving bodies with tax residence in offshore financial centres.

Transfer of real estate or assets that are likely to appreciate in value can often give rise to specific tax issues, in particular the liability to capital gains tax, and GCRB / SFC should be informed in these situations. **[SPFM: Tax Planning and Tax Avoidance]**

21.6 Charitable Status

The Director of Corporate Services is responsible for ensuring that the College complies with all requirements relating to its Charitable status. This includes the submission of annual returns to the Office of the Scottish Charity Regulator (OSCR) and complying with all mandatory guidance issued by OSCR.

21.7 Time of in Lieu and Leave Shift

The College has detailed policies regarding the operation of Time off in Lieu (TOIL), paid overtime and Leave Shift.

TOIL occurs where an employee is required, and authorised, to work additional hours over and above their contracted commitment and is authorised to take time off at a future date in compensation. The College TOIL procedures specify the authorisation procedures and the limits on the amount of TOIL that can be worked and the length of time it can be carried. Leave shift occurs where a member of the College academic staff is required to work during normal holiday time. The member of staff will normally be able to take days worked as annual leave at any time during the academic year, subject to operational constraints.

All College line managers have responsibility for ensuring compliance with these procedures. The Human Resources Director will monitor the operation of the procedures and will report on any deviation from them. Any staff member in breach of the procedures will be subject to the College disciplinary procedures.

21.8 Mobile Phones

The College will monitor the use of mobile phones and staff may be required to pay for personal use of their mobile phone.

Appendix 2

Financial Regulations

Document Control Information	
Reviewed by the Finance & Resources Committee:	October 2024
Date of Next Review:	October 2027
Approved by the Board of Management:	09 October 2024 – TBC

The persons/committee responsible for this document reserve the right to amend this document at any time should the need arise. All appropriate staff will be informed should this occur.

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1. Introduction

To conduct its business effectively the College needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. Part of this process is the establishment and maintenance of Financial Regulations which set out the financial policies of the College. The purpose of these Financial Regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's strategic and operational plans and objectives.

The College was reclassified as a Public Sector body on the 01 April 2014. This means that the College is subject to reporting and accountancy requirements and regulations set by the Scottish Government. They are detailed in the Scottish Public Finance Manual (SPFM) and must be followed except where any special actions or derogations have been agreed with the Scottish Ministers. The SPFM should be consulted for more detail about specific requirements referred to in these Financial Regulations and where there is any question regarding the applicability of the SPFM or Financial Memorandum the SFC / GCRB should be contacted. Any reference to Accountable Officer in the SPFM is a reference to the Chief Executive of the SFC. However, the Executive Officer of the Glasgow Colleges Regional Board (GCRB) performs many of the duties of the Chief Executive of the SFC in respect of the Glasgow Region. The Financial Memorandum provides further detail on this aspect of Governance in Glasgow. The SPFM requirements have been factored into these Financial Regulations.

This document outlines accountability and reporting requirements to both the SFC and GCRB. Generally, the College will report to GCRB in the first instance, however there are some requirements in place where the accountability or submission of data is to the SFC directly. The Financial Regulations refer to both organisations and it is the responsibility of the Principal and Strategic Management Team to ensure the requirements of both organisations are met.

The terms of the Further & Higher Education (Scotland) Act 1992 as modified by the Post-16 Education (Scotland) Act 2013 also apply. The legislation created a framework for further education Colleges offering full time and part time education and training to act as freestanding corporate bodies with the power to employ staff and own property. The College is primarily funded by the Scottish Funding Council (SFC) / GCRB via grant in aid. This is drawn down on a monthly basis as required and as a result the College is not funded in advance of need.

The Financial Memorandum between the SFC / GCRB and the College sets out the terms and conditions on which grant is made. The Board of Management is responsible for ensuring that conditions of grant are met. The Financial Regulations of the College form part of this overall system of accountability. They do not in themselves set standards or provide control information, but they do set up a financial control system within which management can delegate authority whilst informing staff of the correct financial procedures.

2. Observance of Financial Regulations

2.1 General

This document sets out the College's Financial Regulations. It provides practical guidance on the College's policies and requirements relating to financial control. The document is approved by the Board of Management and has the status of a Board of Management Policy.

The Financial Regulations are subordinate to statute and to any restrictions contained within the College's Financial Memorandum with the SFC / GCRB or the Scottish Public Finance Manual (SPFM). As a consequence they should be periodically reviewed by the Board's Internal Audit service as part of the Strategic Audit Plan to ensure that they continue to be relevant and in compliance with both statute and SFC/GCRB guidelines.

The Principal is ultimately responsible for communicating the Financial Regulations to staff and monitoring their application.

2.2 Responsibility of Strategic and Operational Managers

It is the duty of Strategic and Operational Managers to ensure that the existence and content of these regulations are made known to all persons within their area of responsibility, that they are adhered to.

2.3 Compliance with Regulations

Compliance with the Financial Regulations is compulsory for all members of staff. Any breach or non-compliance with these regulations must, on discovery, be reported immediately firstly to the Head of Finance then escalated to the Vice Principal Operations. Any member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the College's disciplinary procedures.

The Principal shall be advised of any material breach in the regulations as should the College's Internal Auditors.

3. Approval and Review of Financial Regulations

3.1 Responsibility

The Principal has prepared these Financial Regulations on the advice of the Vice Principal Operations and Head of Finance. They have been submitted to the Board of Management for approval. These Financial Regulations can be revoked, varied or carried by the Board of Management.

3.2 Variation of Regulations and Procedures

The Principal is responsible for maintaining a continuous review of the Financial Regulations and advising the Board of Management of any additions or changes necessary. The Principal shall seek the periodic assistance of the College's Internal Auditors in this respect as part of the Board's Strategic Audit Plan.

Amendments and/or suggestions to update and improve these regulations should, in the first instance, be submitted to the Head of Finance. No changes may be made by any member of staff to procedures put in place to comply with the College's Financial Regulations (except as described in the undernoted paragraph).

Any operational changes to such documentation and procedures should be proposed by the Head of Finance and formally agreed by the Vice Principal Operations. The Principal will be formally advised of any material changes made. Staff may, at any time, propose such changes to the Head of Finance. The College is interested in considering any suggestions which might improve both its administrative efficiency and its management of financial resources.

3.3 Review

The College's Board of Management approves the Financial Regulations. The College's strategic management, taking account of changes to the College's operational context, will review them every three years. The Strategic Management Team shall put in place procedures which will ensure compliance with the regulations.

4. Management and Financial Responsibilities

4.1 Board of Management

The Board of Management is responsible for the strategic management and governance of the College. Financial responsibilities which are solely reserved to the Board include:

- approval of the annual Strategic Plan;
- approval of the annual budget;
- ensuring the solvency of the College;
- safeguarding the College's assets and heritable property;
- ensuring the funds provided by SFC / GCRB are used in accordance with the terms of the terms and conditions stipulated in the Further & Higher Education (Scotland) Act 1992 as modified by the Post-16 Education (Scotland) Act 2013, the SFC / GCRB Financial Memorandum and any other conditions prescribed by the SFC or GCRB;
- appointing an Accounting Officer, usually the Principal, who is delegated many of the financial responsibilities of the Board of Management, including the obligation stipulated above;
- approving annual estimates of revenue expenditure and capital expenditure for work authorised by the Board;
- consideration of the annual Audit Report and approving the annual report and Financial Statements; and
- disposal of heritable property and other Exchequer-funded assets (within the conditions set out in the SPFM and by the SFC).

4.2 Committee Structure

The Board of Management has ultimate responsibility for the College's finances, but delegates duties, relating to this, to other standing committees as detailed below. These committees are accountable to the Board of Management.

4.3 Finance & Resources Committee

Subject to the terms of reference of Committees approved by the Board, the Finance & Resources Committee is responsible for regulating and controlling the finances of the College within the guidelines set by the Board of Management.

4.4 Audit and Risk Committee

Colleges are required by the SFC Financial Memorandum and SPFM to appoint an Audit and Risk Committee. The committee is independent, advisory and reports to the Board of Management.

The Audit and Risk Committee has the right to access all the information it deems necessary and to consult with the internal and external auditors. The Committee is responsible for identifying and approving the appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

The Audit and Risk Committee is subject to the guidance in the Audit Committee Handbook published by the Scottish Government, however a degree of flexibility is allowed in applying the guidance in the Handbook.

Where the Audit and Risk Committee considers it has identified a significant problem which may have wider implications it must at the earliest opportunity notify the SFC's Audit Committee and GCRB of this. **[SPFM: Audit Committees]**

4.5 Responsibility of Principal

The Principal shall have several financial responsibilities for the College. A summary of the main responsibilities are laid out below. He/she shall:

- report the findings of the College's Auditors to the Board of Management;
- be responsible for the everyday management of the College utilising delegation of duties where appropriate;
- be required by the Board of Management to control the College resources and ensure the resources are used in the intended area and ensure financial considerations must be taken into account when decisions are being made; and
- discharge general responsibilities assigned to the Principal which are:
  - he/she shall sign the annual College accounts along with a member of the Board of Management;
  - he/she shall ensure that accounting records which support the annual College accounts are produced;
  - he/she shall ensure the annual College accounts are presented in the correct format;
  - he/she shall advise the Board of Management of their responsibilities under the SFC/GCRB Financial Memorandum;
  - he/she has authority to write off losses within the limits laid out in the Scottish Pubic Finance Manual and make other special payments up to SFC/GCRB limits;
  - he/she shall notify the Board of Management and the SFC's Chief Executive / Executive Officer of GCRB, without delay, of any matters of serious concern, including fraud and irregularities, any significant and immediate threat to the College's financial position, significant accounting breakdowns or any material non-compliance with any requirement of the SFC/GCRB Financial Memorandum;

- he/she appear before the Scottish Parliament Audit Committee together with the Accountable Officer in relation to public funding issues; and
- he/she shall ensure the College complies with any recommendations made by Audit Scotland or other Government organisations which exercise a regulatory role in the use of public funds.

4.6 Responsibility of College Management

The College Principal (together with the strategic and operational management teams) is responsible for the operational management of the College.

College managers are responsible to the Principal for financial management in their own areas under the guidance of the Vice Principal Operations and the Head of Finance. The Head of Finance will supervise and advise on the financial systems and banking arrangements which will operate within all departments and ensure the accounts and financial records are kept in the correct format.

College managers must ensure they establish and maintain clear lines of responsibility in their own departments for all financial matters. Resources devolved to College managers are deemed to be their responsibility and shall be held accountable for their own budget by the Principal and the Board of Management.

College Managers shall ensure at all times they endeavour to secure value for money, for the College and for public expenditure, from their expenditure in terms of quality and cost of goods and services. The main objective of managers is to achieve the College objectives at minimum cost while achieving necessary quality. Environmental and sustainability implications must also be considered in relation to procurement, as described in the College's procurement strategy. Scottish Government Procurement and APUC contracts should always be used in the first instance. An explanation must be given if another contractor is used instead.

Except in an emergency or as authorised by the Standing Orders relating to contracting and the Scheme of Delegation, College managers shall consult with the Head of Finance on any matter affecting their section which is liable to affect the finances of the College before any commitment is incurred or reported to a Committee. College managers should at all times act within the Code of Conduct adopted by the College.

4.7 Responsibility of Vice Principal Operations

The Vice Principal Operations, in conjunction with the Head of Finance, controls day-to-day financial administration. They are responsible to the Principal for:

- preparation of annual budgets and financial plans derived from the Board's Strategic Plan;
- ensuring that the College provides budgeting and budget monitoring information to the SFC, GCRB and Scottish Government within the prescribed timescales;
- preparation of accounts, management information, financial forecasts, monitoring of expenditure against budgets and all financial operations;
- preparation of the College's annual accounts and other Financial Statements and accounts which the College is required to submit to other authorities;
- ensuring that the College maintains satisfactory banking arrangements and financial systems;
- providing advice on matters relating to financial policies and procedures;
- allocating and controlling resources of the College;
- reporting financial matters to College Committees and the Board;
- providing advice on the application of accounting standards and guidelines;
- ensuring that the College adheres to procurement legislation and best practice guidance issued by the Scottish Government;
- ensuring the College management can perform the duties expected of them in a financial sense; and
- controlling the recording of College Fixed Assets.

5. Accounts, Audit Requirements and Certificates of Assurance

5.1 General

The Board of Management, through the Audit and Risk Committee it appoints, is responsible for making appropriate arrangements for the Colleges internal audit. Under the terms of the Public Finance and Accountability (Scotland) Act 2000, Audit Scotland is responsible for the appointment of the external auditors.

The Vice Principal Operations or her/his authorised representatives award authority for, external auditors and internal auditors on production of identification, to:

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

- access records belonging to third parties, such as bankers or contractors, when required.

The Vice Principal Operations and Head of Finance are responsible for drawing up a timetable for final accounts purposes and will advise relevant staff and the external auditors accordingly. The accounts should normally be submitted to the Finance & Resources and Audit and Risk Committees respectively for approval before being submitted to the Board of Management for review and approval. On approval the accounts shall be signed by the Chair of the Board of Management and the Principal and forwarded to the SFC / GCRB within the required timescale.

5.2 Accounts

The Vice Principal Operations is responsible for keeping proper accounting records. The Vice Principal Operations shall provide the SFC / GCRB with audited Annual Report and Financial Statements (ARFS) as soon as possible following approval by the Board of Management.. The College shall take the steps necessary to make the ARFS publicly available. The Financial Statements shall contain a note of the College's accounting policies which will state the Financial Statements have been prepared in the form prescribed by the SFC and the Scottish Government.

A Governance Statement must be included in the ARFS covering the governance framework and its operation, an assessment of corporate governance against relevant guidance, risk management and details of any significant lapses in data security

Special payments must be recorded in the Financial Statements, permission for making special payments must be sought in advance from the SFC / GCRB where they exceed the delegated limits. These include:

- bad debts written off;
- waiver by the College of any other amounts due to it (except
- fees foregone under the terms of the National Fee Waiver Policy);
- the writing down of any asset carrying value due to a permanent diminution in value;
- financial losses due to fraud, theft or other illegal activities by staff, students or third parties;
- any requirement to make a payment to a third party as a result of a financial guarantee it has given;
- gains/losses on disposals of assets;
- any ex-gratia payment made by the College; and
- any financial compensation paid in respect of employment termination in excess of normal amounts (within the terms of the College’s Severance Policies).

The notes to the accounts will include details of College Board members' and senior employees' emoluments and the fees paid to External Auditors for audit and non-audit work should be separately disclosed. The External Auditor's report shall include a section where the auditor gives an opinion on whether the grant income has been properly applied in accordance with the grant terms. Where information relating to individuals' salaries and pensions is disclosed in the annual Financial Statements (showing the individual's name) the College must obtain the prior consent of the individuals concerned to comply with the Data Protection Act 1998. An individual must be free to withhold consent, but where consent is withheld this fact must be disclosed in the notes to the Financial Statements. Individuals taking up such posts should be informed of these disclosure expectations.

The consolidated Financial Statements are prepared on the historical cost basis of accounting, modified for the revaluation of certain fixed assets, and in accordance with applicable accounting standards. This includes the relevant Statement of Recommended Practice (SORP), issued by the Accounting Standards Board, the Accounts Direction, issued by SFC annually and all relevant Financial Reporting Standards (FRS) in order to give a true and fair view. The Accounts must also comply with specific requirements of the Government's Financial Reporting Manual (FReM) where appropriate. **[SPFM: Annual Accounts]**

5.3 Accounting Returns

The Vice Principal Operations and Head of Finance are responsible for consolidating and dispatching financial returns and other periodic financial reports to the SFC and other agencies as required. The Vice Principal Operations and Head of Finance are also responsible for ensuring that all grants notified to the Finance Team by the SFC and other bodies are received. It is the responsibility of any member of staff submitting a claim for grant funding to notify the Finance Team.

5.4 External Audit

The primary role of External Audit is to report on the College's Financial Statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. The External Auditor is appointed by Audit Scotland as prescribed by the Public Finance and Accountability (Scotland) Act 2000. Their duties will be in accordance with the advice set out in the Audit Scotland Code of Audit Practice and the Financial Reporting Council's International Standards on Auditing (UK and Ireland). Their duties may include additional work as directed from time to time by Audit Scotland and will refer to the Annual Accounts Direction from the SFC.

External auditors should not undertake non-external audit related work for the College except for in exceptional circumstances. **[SPFM: Internal Audit]**

5.5 Internal Audit

The College is required, in accordance with the SFC / GCRB financial memorandum, to have an Internal Audit function. The College's Internal Auditors shall be appointed periodically by the Board of Management following a recommendation from the Board's Audit and Risk Committee. The selection process will involve a competitive tender exercise.

Internal audit should provide an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It should provide an appraisal of the College's internal control system and take the action needed to provide the College with a continuing assurance that the organisation's risk management, control and governance arrangements are adequate and effective Responsibility for the operation of internal control rests fully with College management. The Board of Management is responsible for ensuring it has efficient systems of control in place to ensure:

- management policies are being followed;
- relevant policies, regulations and legislation is being complied with;
- the College is operating effectively on a day to day basis;
- resources are being used efficiently for agreed projects;
- correct procurement procedures are being followed;
- College assets and interests are being safeguarded from potential losses; and
- accounting and other records are being accurately maintained.

The Internal Auditors remain independent in their planning and operation. Each year an annual plan shall be produced by the Internal Auditors and agreed with the Audit and Risk Committee. This annual plan supports the Strategic Internal Audit plan approved by the Board when the internal auditors were appointed. The Strategic Internal Audit plan details the work to be undertaken by internal audit during the course of their appointment. Internal Audit shall have direct access to the Board of Management, the Principal and the Chair of the Audit and Risk Committee.

The Audit and Risk Committee determines internal reporting arrangements. The Internal Audit Service must produce a report at the conclusion of each assignment and an annual report of its activities. Each report shall be discussed with the Vice Principal Operations and other appropriate members of the Strategic Management Team and thereafter presented to the Audit and Risk Committee along with management responses.

The Principal has overall responsibility for ensuring that prompt and effective action is taken on internal audit recommendations, and that the risks resulting from inaction are recognised and accepted.

The operation and conduct of the Internal Audit Service should conform to the Public Sector Internal Audit Standards and the SPFM. The Board of Management can remove the internal auditors from office at any time in the event they feel the service provided by Internal Audit is not adequate. The Chair shall immediately report on such an occurrence to the GCRB / SFC.

5.6 Irregularities, Corruption and Fraud

In broad terms, managing the risk of fraud involves:

- assessing the College's overall vulnerability to fraud;
- identifying the areas most vulnerable to fraud risk;
- evaluating the scale of fraud risk;
- responding to the fraud risk; and
- measuring the effectiveness of the approach to managing fraud risk**.**

The prime responsibility for controlling fraud is with managers, who should implement and monitor appropriate preventative and detection controls over areas of potential fraud. Managers should consult with Finance and / or internal audit where appropriate over the most appropriate controls to implement. All staff should be alert to fraud risks. **[SPFM: Fraud]**

Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the College or any suspected irregularity it will be notified immediately to the Vice Principal Operations who will be responsible for informing the Principal. Such irregularities will be dealt with in accordance with the approved procedures determined by the Board of Management. On the suspicion or discovery of any material areas of fraud or other irregularities the Principal shall contact the Internal Auditors immediately. Reference must be made to the Fraud and Corruption Policy, Anti-Bribery Policy and Whistleblowing Policy for the College's detailed approach to fraud **[SPFM: Fraud]**

All discovered cases of actual or attempted fraud will be notified to the Audit and Risk Committee and external auditors. Fraud losses of £5,000 or more must be reported annually. Any significant frauds should be reported to the SFC's Accountable Officer / GCRB without delay. **[SPFM: Fraud and FM]**

5.7 Other Auditors

The College may, from time-to-time, be subject to audit or investigation by external bodies such as, the SFC, Audit Scotland, the Scottish Government and its associated agencies and HM Revenues & Customs.

They have the same rights of access as External and Internal Auditors. Any reports produced by such auditors shall be made available for consideration at the Board's Audit and Risk Committee.

5.8 Certificates of Assurance

The Chief Executive of the SFC requires the College to complete a certificate of assurance regarding compliance with the SPFM and SFC / GCRB requirements and the adequacy of internal controls. **[SPFM: 'Certificates of Assurance']**

6. Budgeting & Reporting

The College is classified as a Public Sector Body. Under this classification the College has to prepare and submit a budget and yearly projected cash flow to the SFC / GCRB prior to the beginning of the financial year.

Spending plans shall be stipulated in the College's annual operational plan and associated annual budget. The annual operational plan, which includes a summary of the College's budget, shall be approved by the Board of Management.

The College will hold a series of planning events for senior and operational managers each year to undertake integrated academic, estates and financial planning (this will include workforce and equipment planning). Meetings will be held with all budget holders to discuss and agree budget levels on an incremental basis. This will involve considering activities and related costs for activities which have changed or ceased and considering the cost implications of new activities. Paragraph 4.6 above sets out the Responsibility of College Management particularly in relation to value for money.

6.1 Resource Allocation

The Board of Management is required to approve the budget annually. Strategic and Operational Managers (and any other budget holders) are responsible for the economic, effective and efficient use of resources allocated to them.

6.2 Budget Preparation

The Principal and Vice Principal Operations are responsible for preparing annually a revenue budget and capital programme for submission to and consideration by the Board of Management.

Strategic and Operational Managers will provide the Vice Principal Operations with such details as may be required for the purposes of his/her reporting to the Board of Management on the financial planning of revenue expenditure including data on the levels of existing services and of any increases in activity required by the funding body. Budget holders shall be closely involved in the establishment of annual targets and the associated development of their budgets, especially relating to staffing, supplies and services and income. This will facilitate the preparation of meaningful and achievable estimates and promote the close integration of both financial and academic planning.

The Vice Principal Operations must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Strategic and Operational Managers as soon as possible following approval by the Board of Management.

6.3 Budget Approval

The Board of Management shall approve the College's annual operational plan which shall include the College's revenue, capital and cash budget.

During the year, the Head of Finance is responsible for submitting quarterly forecasts to the Financial & Resources Committee for consideration and, if required, approval. This shall include virement which exceeds that defined in the Scheme of Delegation. Outwith the normal cycle of the Finance & Resources Committee the Board's Executive Committee may discharge such functions.

The approved budget will not show total expenditure exceeding total income. The terms of the Financial Memorandum require the College to plan and manage the deployment of its resources in a sustainable way. Details of the budget approved by the Board of Management shall be referred to the College's Joint Consultative Committee.

6.4 Financial Reporting

The Vice Principal Operations in conjunction with the Head of Finance will be responsible for the content of all financial reports submitted to the Financial Control Committee. The minutes of the Financial & Resources Committee shall routinely be provided to the Board of Management for information. The Board shall also receive a half-yearly financial report. The content of these reports will meet the approved requirements of the Board.

6.5 Budgetary Control

The control of income and expenditure within each budget is the responsibility of the designated budget holder who must ensure that day to day monitoring is undertaken effectively and that items of expenditure in his/her budget are not overspent. Budget holders are responsible for the income and expenditure appropriate to their budget and for ensuring that they conform to the requirements of the Financial Regulations. The budget holder will be assisted in this duty by management information provided by the Head of Finance and the Finance Team. It will be the duty of the Head of Finance to establish appropriate management accounting procedures. The Head of Finance will provide regular and timeous budget monitoring statements to the Finance & Resources Committee, the Strategic Management Team and budget holders.

Where it appears that any income or expenditure may vary significantly from that appearing in the budget, the budget holder is responsible for reporting such departure immediately to the Head of Finance and, if necessary, taking corrective action. Details of such variances and any remedial action required will be reported to the Principal and the Finance & Resources Committee by the Head of Finance.

6.6 Reports to Committees

All reports presented to Committee must specifically identify the extent of any additional or unbudgeted financial implications. Any such implications must be clearly stated in the report to Committee identifying cost and income in current and future years, the impact on capital and revenue spending and whether or not, and exactly where, such resources are included in the Budget or, if not, how and from where it is proposed that such financial resources be obtained.

6.7 Best Value

The Best Value framework for continuous improvement in public services in Scotland requires the College:

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance, and
- To have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.

Further information is available within 'Guidance for Accountable Officers on the Duty of Best Value' on the Scottish Government website. **[SPFM 'Best Value'].** The SFC's Financial Memorandum requires the College to have a strategy for reviewing systematically management's arrangements for securing value for money. **[FM: section 2, para 23].** The College may be required to undergo economy, efficiency and effectiveness examinations undertaken by or on behalf of the Auditor General for Scotland. **[SPFM 'Auditor General for Scotland'].** The College's annual operational plan shall include proposals to explore value-for-money initiatives within the Board's Value-for-Money Strategy.

6.8 Risk Assessment

The College is required to carry out the Risk Assessments described in Section 17 of these regulations. In addition, as part of its financial planning procedures it is also required to conduct risk assessment and management strategies. These shall seek to:

a) identify the assumptions which underpin budget planning;
b) assess the validity of income projections; and
c) carry out a risk analysis.

The Risk Assessment for the Budget exercise shall be undertaken by members of the senior and operational management teams as an integrated part of forward financial/academic planning.

At each Board of Management meeting and subsidiary committees, risk management is routinely considered as an agenda item per the Risk Management Strategy

6.9 Sensitivity Analysis and Scenario Planning

The College shall seek to conduct a sensitivity analysis of its financial planning assumptions (most specific its student activity projections). It shall seek to consider the implications for the College's annual and medium term financial plan / strategy

6.10 On-going returns to SFC / GCRB following ONS reclassification

The Head of Finance is responsible for collating and submitting required financial returns to the SFC / GCRB, these may change from time to time and will include:

- Annual and Monthly cash flow forecast;
- Monthly cash flow reporting actuals against forecast identifying

- Quarterly Capital Maintenance report;
- Annual Financial Forecast Return (FFR); and
- Annual Mid-year Return (MYR).

7. Accounting and Accounting Records

7.1 General

The Principal, as Accounting Officer, is responsible for the propriety and regularity of public finances for which she/he is answerable; for the keeping of proper accounts; for prudent and economic administration; for the avoidance of waste and extravagance and for the efficient and effective use of all resources in his/her charge. She/he should ensure that effective management systems appropriate for the achievement of the College's objectives, including financial monitoring and control systems, have been put in place. She/he should also seek to achieve best value whenever possible in all strategic and operational decision making processes. The College should produce periodically a value-for-money strategy which sets out the Board's approach to obtaining best value for the information of budget holders.

7.2 Accounting Procedures and Records

The Principal/ on the basis of recommendations made by the Vice Principal Operations and Head of Finance will determine all accounting procedures and records of the College and she/he will compile or direct the compilation of all accounts and accounting records.

7.3 Segregation of Duties

The Head of Finance is responsible for ensuring that the following principles are observed in the allocation of duties (subject to any financial constraints placed upon him/her by the Principal or the Board of Management):

- procedures to be followed regarding the calculation, checking and recording of sums due by or to the College should be arranged in such a way that the work of any individual is proved independently or is complementary to the work of another and these operations should be separated from the duty of collecting or disbursing funds;
- employees charged with the duty of examining and checking the accounts of cash transactions must not themselves be engaged in any of these transactions; and
- suitable segregation of duties should be employed in the sales cycle (covering credit notes and credit control)/purchase cycle and in the preparation of management/annual accounts.

7.4 Accounting Records

The Head of Finance shall be responsible for the retention of all College financial documents in a form acceptable to the relevant authorities. The records shall be kept in accordance with the College Document Retention Schedule and Data Protection Policy. This retention schedule ensures that statutory requirements set by HMRC and others are met.

7.5 Suspense Accounts

Each suspense account, whether for expenditure or income, must be reconciled and reviewed at least every three months, with responsibility for this allocated to an appropriate Finance staff member. **[SPFM: suspense accounts]**

8 Forecasting

8.1 Forecasting Process

Each budget holder is responsible for one or more budgets allocated to budget cost centres. On a quarterly basis a review of income and expenditure is carried out involving budget holders and the finance team. These forecasts are reviewed by both Head of Finance and Vice Principal Operations and discussed by the cross College finance group chaired by Vice Principal Operations. The group comprises Vice Principal Curriculum/Quality Enhancement, Directors, Head of Finance and Senior Accountant.

The quarterly forecasts are presented to the Finance and Resources committee and Board of Management for discussion and noting.

8.2 Treatment of Year End Under-spend

At year end, budget holders do not have the authority to carry forward a balance on their budget/re-forecast to the following year.

9. Access to Accounting System

9.1 Authorised Users

Authorised users of the accounting system and e-procurement ordering system will be prescribed individual access rights by the Finance Manager and permissions set by the Budget Holder. Access to the systems will be gained via passwords which will be allocated and maintained by the Finance Manager, supported by ICT in this 2-stage process.

It is expressly forbidden for any user to access the system by any method other than via their own password. Authorised users must not divulge their password to any other individual without the consent of the Head of Finance. Users must log out of the system when leaving their desk unattended.

9.2 Financial Procedures Manual

Detailed guidance on the use of the computer accounting system and e-procurement ordering system is contained within the Financial Procedures Manual and the system user manual. The procedures in this manual is updated annually in June and must be followed at all times. Any deviation from these procedures must be authorised by the Head of Finance.

10. Income

10.1 General

All College employees have a general responsibility for ensuring that resources are properly used and contained within budget limitations whilst ensuring that all income due to the College is promptly invoiced and properly recovered.

Levels of charges for contracts, services rendered, goods supplied and rents and lettings are determined by procedures approved by Finance & Resources Committee and the Board of Management.

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

It is the responsibility of budget holders to ensure that the Head of Finance is notified of any grant claims. The Head of Finance is then responsible for ensuring that all grants received by the College from the SFC and other bodies are appropriately recorded in the College's accounts. It is the responsibility of budget holders to ensure that the Head of Finance is provided with sufficient information to enable all claims for funds to be made by the due date.

The Head of Finance is responsible for the prompt collection, security and banking of all income received.

10.2 Charges and Commercial Income

Each budget holder shall review, at least annually, the charges made for services provided by their department (in as far as these are not externally set other than by market forces or by the fees policy). Any resultant revision should be submitted for consideration by the Finance & Resources Committee unless otherwise provided for in specific SFC regulations and/or legislation.

The SPFM requires that usually charges for commercial services are set on a full cost recovery basis, with charges for the disclosure of information low or waived. If there is any deliberate public subsidy, there should be a clear rationale for why it has been granted and how long it should last and this should be fully documented. Refer to the SPFM for full requirements. **[SPFM: Fees and Charges section]**

10.3 Accounting Arrangements

It is the duty of the Head of Finance to make adequate financial and accounting arrangements to ensure the proper recording of all monies due to the college and the proper collection, custody, control and spend of all funds.

10.4 Recording of Funds Received

Monies received on behalf of the College should be paid to the administration office or the Finance section. Custody of all cash holdings must comply with the Financial Regulations and with the requirements of the College's insurers. All monies received on behalf of the College will be recorded and deposited immediately with the Head of Finance or the College's banker in accordance with the arrangements made by the Head of Finance. No deduction may be made for such money to meet expenditure of any kind. Cash discount must not be offered to any debtor. Personal or other cheques must not be cashed out of money received on behalf of the College.

10.5 Invoicing and Collection of Debts

It is essential that particulars of all work done or services provided by the College will be notified to the Head of Finance in a form approved by him/her. All accounts for income due to the College will be rendered by, or under arrangements approved by, the Head of Finance.

It is the responsibility of all budget holders to ensure that the Head of Finance is notified timeously of invoices to be issued in respect of monies due to the College. The Head of Finance should ensure that:

- debtor invoices are raised promptly in respect of all income due to the College;
- debts which exist have been raised on official College invoices;
- swift and effective action is taken to collect overdue debts in accordance with the College's formal procedures (detailed in the Financial Procedures Manual); and
- outstanding debts are monitored and reports prepared for the Finance & Resources Committee.

The Head of Finance is responsible for implementing credit arrangements and indicating a period in which different types of invoice must be paid. The Head of Finance may enter into arrangements with a debtor for the debt to be paid over a longer time than originally requested. In particular students will be offered a payment plan to suit their finances.

10.6 Write-offs

Sums above the delegated limit set by the SFC / GCRB of £3,000 must have approval of the Board's Finance & Resources Committee or its Executive Committee and be annually reported. All debts written off by the Principal and Vice Principal Operations below that level must be reported to the Finance & Resources Committee.

10.7 Fees Collection

Teaching staff must ensure that only properly registered students whose fees have been accounted for are admitted to and allowed to continue classes.

10.8 Consultancies

Staff with authority to enter into agreements for the provision of consultancies must ensure that the charges made are consistent with College policies.

10.9 Gifts Received/Made, Benefactions and Donations

The Director of Corporate Services is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the College and initiating claims for recovery of tax where appropriate. This function shall be discharged within the Board's Gifts and Hospitality Policy and staff should disclose all gifts received or declined to the Director of Corporate Services.

The guiding principles for disclosure should be: conduct should not foster the suspicion of any conflict between official duties and private interests; actions should not give the impression of having been influenced by a gift to show favour or disfavour to any person or organisation; and if an individual is in doubt about the propriety of accepting a gift Human Resources staff must be consulted. **[SPFM: Gifts]**

Any gifts made by the College should be disclosed in the notes to the Financial Statements. As gifts made are ex gratia payments and any amount over £1,000 should be annually reported on to the SFC /GCRB.

10.10 Grant income

The SFC's Financial Memorandum sets out the terms and conditions for grant in aid. Other grants may have their own specific conditions and clawback arrangements may apply if funds are not used or not used within the terms and conditions of the grant. Where assets acquired or developed with the SFC grant or grant in aid are disposed of, the proceeds - or an appropriate proportion of them if the grant was for less than the whole cost of acquisition or improvement - will normally be clawed back by the Council in accordance with conditions attached to the grant or grant in aid.

Where grant income is passed on to a third party to undertake work the College must ensure effective control systems are in place to ensure the propriety and regularity of expenditure in line with SPFM requirements. **[SPFM: Grant and Grant in Aid]**

11 Control and Legality of Expenditure

11.1 Legality

It is the duty of all budget holders to ensure that no expenditure or contractual obligation is incurred unless it is within the legal powers of the College. In cases of doubt, legal advice should be sought from the College solicitor, via the Vice Principal Operations before expenditure is incurred.

11.2 Control

Budget holders are responsible for the control of all expenditure within their area of responsibility. They must verify that there is a need for any purchase and that there are sufficient resources available for a purchase from funds for which they are responsible. No unnecessary stocks may be accumulated. They must also ensure that all resources are properly used and that expenditure both committed and incurred is fully within their approved faculty/support section budget. The Head of Finance is responsible for operating a budget monitoring procedure which facilitates effective budgetary control.

11.3 Delegated Authority

Vice Principals and Directors, within their area of responsibility, are delegated strategic management responsibilities for:

- proposing objectives, priorities, outcomes and performance indicators;
- making plans and ensuring that adequate systems are in place to achieve these objectives effectively, efficiently and economically;
- ensuring that adequate internal control and risk management systems are in place, monitored and reviewed; and

- monitoring and reporting of performance to the Board.

Those with delegated budgetary authority must:

- ensure proper financial procedures are followed and compliance with relevant guidance, in particular these Financial Regulations and the SPFM;
- ensure due regard to Best Value economy, efficiency and effectiveness;
- ensure funds and assets are properly managed and safeguarded; and
- ensure risks are identified and effectively managed. **[SPFM: 'Delegated Authority]**

The College is required by the SFC's Financial Memorandum to establish appropriate documented internal delegated authority arrangements consistent with the Delegated Authority section of the SPFM and the Financial Memorandum, and these are set out in the Scheme of Delegation**. [FM: Section 3B para 21]**

The College is required to seek written permission, in advance, from the SFC/GCRB where proposed payments exceed the delegated authority outlined below:-

External Business and management consultancies	£100,000
Special Severance payments	£1,000
Operating lease – non property	£250,000
Procurement non-competitive action	£25,000

In addition the following_categories of expenditure above the limits set out below must be reported by the College annually:

Extra contractual payments	£5,000
Compensation payments	£5,000
Ex-gratia payments	£1,000
Claims waived or abandoned	£3,000
Write of a bad debt	£3,000
Losses	£3,000
Overseas student irrecoverable loss limit	£6,000
Fraud Loss	£5,000

[SPFM: Delegated Authority and Appendix A]

Transactions that are 'novel', 'contentious', repercussive or which have or could have significant future cost implications may not be delegated within the College and approval must be received from the GCRB / SFC. **[SPFM: Delegated Authority and FM: Section 3B para 18]**

12. Petty Cash

12.1 Re-imbursement of Expenditure

Petty Cash is no longer used. Payments are made to re-imburse individuals for approved and receipted expenditure.

12.2 Statement of Account

The Head of Finance may, at any time, request a certificate of the balance from any employee charged with the holding of an imprest account.

12.3 Termination of Impress Holder

An employee leaving the employment of the College or otherwise ceasing to be entitled to hold an imprest account is responsible for accounting to the Head of Finance for the amount advanced to him/her. A formal record of this accounting should be prepared and retained in the Finance Section for inspection.

13. Procurement

13.1 Procurement Requirements and Financial Procedures

13.1.1 Procurement Regulations

The procurement of goods or services on behalf of the College by those so authorised must be made in accordance with the College's Procurement Strategy and Financial Procedures, which must reflect relevant guidance issued by Advanced Procurement for Universities and Colleges (APUC) and the requirements of the Procurement (Scotland) Regulations 2016, Procurement Reform (Scotland) Act 2015 and the Public Contracts (Scotland) Regulations. The Scottish Procurement Policy Handbook must also be followed, and should be read in conjunction with the Procurement Journey (a toolkit providing practical guidance on procurement procedures). The Scottish Government's Construction Procurement Manual for managing or delivering construction / works projects is also mandatory. Scottish Government Consultancy Procedures should be taken into account as relevant good practice guidance when appointing consultants, and they require that consultants can only be justified where required knowledge and expertise is not available in-house. **[SPFM: Procurement]**

The Head of Finance, assisted by the Procurement Manager, is responsible for the production and maintenance of the College Procurement Strategy. The Procurement Strategy is driven by the objectives contained within the College Strategic Plan, the Value-for-Money Strategy and Budget.

13.1.2 Financial Responsibility

The Head of Finance is responsible for the production and maintenance of the Financial Procedures. These detail how day to day transactions are processed and recorded by the Financial System. These detail the day to day procedures that must be followed in the area of purchasing and procurement.

13.2 Expenditure

13.2.1 General

No expenditure may be incurred without the approval of an appropriate employee, as authorised by the Scheme of Delegation. The Head of Finance is responsible for making payment to suppliers of goods and services to the institution.

Budget holders are responsible for purchases within their area of responsibility. The Director of Digital Services must be informed of all ICT orders to ensure they are consistent with the College ICT strategy.

The Head of Finance is responsible for maintaining a register of authorised signatories. These will be based on the College hierarchy, in accordance with the Scheme of Delegation. This allows for low level authorisation of minor transactions whilst all significant or material transactions require senior management authorisation, often by more than one individual. Currently the level of authorisation limits are set as follows:

- **Level 1 Up to £999.99 Budget Holders**
- **Level 2 Up to £9,999.00 SMT Member with Budget Holders with Direct Reports**
- **Level 3 Up to £99,999.99 Vice Principals**
- **Level 4 Over £100,000 Principal**

The Vice Principal Operations must approve any changes to authorities to sign. Specimen signatures of those authorised must be supplied to the Head of Finance and kept up-to-date to allow checks to be made on invoice certification.

Should a member of staff incur expenditure on behalf of the College that is not properly authorised he/she can be held to be personally liable for this expenditure.

Budget holders are not authorised to commit the College to expenditure without first ensuring that sufficient funds are available in his/her budget to meet the purchase cost.

13.2.2 Official Orders and Exemptions

With the exception of petty cash purchases, supplies of public utility services and periodic payments such as rent and rates and, subject to the provisions relating to contractual terms, all goods (materials or services) supplied to, or work executed for the College, must be ordered in accordance with the Financial Procedures. This position is reviewed each quarter.

The Vice Principal Operations may authorise alternative arrangements with budget holders in exceptional circumstances, these must be confirmed in writing.

Official College purchase orders must be used for the purchase of goods or services, except those referred to above. The use of retrospective purchase orders shall be kept to a minimum and used only in emergency situations to purchase goods or services urgently needed to maintain the College services. The Vice Principal Operations shall investigate any pattern in the use of such a facility to ascertain if this facility is being abused. All College official orders must be processed through the College's P2P system and are subject to the normal approval routes outlined at 13.2.1.

13.2.3 Method of Payment

The Head of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. With the exception of petty cash purchases, the normal method of payment of money due from the College will be made by the College BACS system.

In setting up a BACS system the College should ensure that it is registered with both BACS and the relevant sponsoring bank: this will ensure that payments are made directly from the account held at the GBS. The College must also ensure that transaction and file limits are set at an appropriate level and are recorded with the GBS. **[SPFM 'Banking']**

In exceptional circumstances, the Head of Finance will prepare cheques manually for urgent payments. The College may also use a credit card to make payment to suppliers in line with College procedures. On an exceptional basis, a beneficiary can request payment by cheque and may request this to be an open cheque. The College will not accept responsibility for loss of any such cheques.

Direct debits from College accounts should not be accepted except in a few situations where direct debiting by a private sector body is a condition of the service provided by that body, and no alternative means of payment is offered, or where it provides additional value for money. If direct debits are accepted from a GBS bank account the account should be checked on a daily basis to ensure that only approved debits are being taken.

If direct debits are to be accepted from a commercial bank account the Treasury and Banking Branch of the Scottish Government should be consulted about the need to open a separate bank account from where such debits can be paid. The balance on such an account should be no more than is needed to cover direct debits expected to be presented in the near future **[SPFM 'Banking']**

Payments should be made promptly and creditors paid at least twice per month **(SPFM: 'Expenditure and Payments']**

13.2.4 Checking of Goods, Materials and Services Received

It is the duty of the Finance Assistant (Purchase Ledger) with, if required, the aid of the employee who initiates purchase ordering to ensure that all goods, materials and services received are as ordered in respect of price, quantity and quality. Where goods do not match those ordered remedial action should be taken to correct this situation.

13.2.5 Central Purchasing and Standardisation

All purchase orders must conform to the direction of the College (Financial Procedures Manual) with respect to central purchasing of goods and services. Attention is drawn to the Contract Register for information on contracted suppliers and the procurement policy.

13.2.6 Certification

Payment will only be made by the Head of Finance against invoices for payment which have been certified in accordance with the Financial Procedures Manual. It is the responsibility of the budget holder to certify that all payment vouchers for expenditure incurred by their department comply with the following:

- a purchase order was raised through appropriate channels and approved prior to receipt of invoice;
- expenditure incurred is INTRA VIRES (within the legal powers of the College); the goods/ services for which payment is to be made have been received, examined and approved and are in accordance with those ordered;
- the price, extensions, calculations, trade discounts, other allowances, credits and tax are correct;

- the relevant expenditure has been properly incurred and is within the relevant budget provision;
- appropriate entries are made in the equipment inventory/stores records as required; and
- the appropriate expenditure account code is entered on the document for payment. This must be one of the cost centre codes included in the budget holder's area of responsibility and must correspond with the type of goods or service described on the invoice.

13.2.7 Cash Discount

It is the responsibility of the budget holder to provide certification timeously to allow the Finance Section to maximise cost savings through meeting cash discount conditions whilst, as far as possible, maintaining creditor goodwill as appropriate to the circumstances.

13.2.8 Invoices

Where suppliers send invoices to departments, the budget holder must notify the supplier that future invoices should be sent to the Finance Section. All paper purchase invoices will be stamped and scanned as a record in the Finance system. However, the majority of invoices are now electronic.

13.2.9 Finance Section Checks

The Head of Finance or delegate will supplement checks on payments of accounts to ensure the controls over the propriety, regularity and accuracy of financial transactions are operating effectively such as review of error reports from finance related

IT systems. Checking should be undertaken by staff independent of the person originating the transaction. **[SPFM: 'Checking Financial Transactions']**

13.2.10 Contractor / Supplier Bankruptcy or Liquidation

If a payee is identified as being in bankruptcy, sequestration or liquidation all payments should be suspended pending confirmation of this, and once confirmed ensure that payment is made only to the proper person, and that any claim is properly lodged. The College should also consider, in consultation with its legal advisers, whether any contract should be terminated. **[SPFM: 'Bankruptcy']**

13.2.11 Expenditure Using Foundation and Commercial Income

The Glasgow Kelvin Learning Foundation (the Foundation) is required to be independent of the public sector, including the College. If it was judged that the Foundation was not independent, then its net assets would be consolidated with the College's Financial Statements and this may lead to payments being required to be made to the Scottish Government. If expenditure is financed from the Glasgow Kelvin Learning Foundation or commercial income then budget cover is not required.

Any surplus on the College's income and expenditure account can be transferred to the Foundation by way of donation. This must be approved by the Board of Management and GCRB / SFC must be consulted in advance. No disaggregation of the surplus of commercial and taxpayer funding activities is required, although surpluses will be subject to adequate cash and budget cover. Commercial activity fees and charges should at least cover commercial activity costs in line with the requirements on costing and pricing contained in the SPFM.

13.2.12 Losses and Special Payments

Losses should only be written off or special payments authorised after careful appraisal of the facts and all reasonable action must have been taken to try to recover losses.

A record of all losses (including stock losses) and special payments should be maintained centrally by Finance and total losses or special payments exceeding £250,000 should be disclosed in notes to the annual accounts. Further details on losses and special payments and the different categories that must be used for annual accounts disclosure, where required, are set out in the SPFM. **[SPFM: 'Losses and Special Payments]** Section 11.3 above sets out the limits for losses and special payments and any proposed payment above these limits requires SFC / GCRB approval.

13.2.13 Maladministration

The College is required to set clear service performance standards and have a clear accessible complaints procedure with appropriate redress for users in the event of something going wrong. Payments of financial redress qualify as ex gratia payments and are therefore subject to the SPFM guidance on Losses and Special Payments. Where the complainant has suffered actual financial loss, or faced costs which would otherwise not have been incurred (and which are reasonable in the circumstances) the general approach should be to restore the complainant to the position they would have been in had the issue not occurred. Payment on grounds other than actual financial loss or costs should only arise in exceptional circumstances. **[SPFM: Maladministration]**

13.2.14 Overpayments

Any overpayments made by the College should be pursued unless the cost outweighs the amount. Any material overpayments to a group of individuals or organisations should be informed to the SFC/GCRB. The SPFM contains more guidance on how to act regarding overpayments. **[SPFM: overpayments]**

13.2.15 Contracts and Tendering

13.2.16 Record of Contracts

The Procurement Manager is responsible for maintaining a register of all on-going contracts and yearly total payments made on such contracts by the College.

13.2.17 Variations to Contracts

The Procurement Manager, using the appropriate variation order detailed in the Financial Procedures manual on contracts, must issue all instructions to contractors on capital works and major revenue projects. The financial effect of such variation must be formally reported to the Head of Finance.

13.2.18 Claims from Contractors

Claims from contractors in respect of matters not clearly within the term of any existing contract must be referred to the Procurement Manager and where necessary the College's Solicitor for consideration of the College's liability before a settlement is reached.

13.2.19 Delay of Contract

Where completion of a contract is delayed it is the responsibility of the Project Manager to consult the Procurement Manager prior to taking any action in respect of claims for liquidation or other damages.

13.2.20 Interim Payments

The Head of Finance must certify any interim payments to contractors.

13.2.21 Tendering Procedures

13.2.21.1 Tender Limits

Works or services offered for tender by the College should comply with Scottish Government and EU procurement requirements.

All works contracts exceeding the EU thresholds for goods and services should be advertised in a suitable forum, and the College tender procedures followed. Competitive tenders, or formal comparable quotations as appropriate, should always be sought for all projects where the costs of:

- new work exceeds £25,000 (including VAT); or
- alteration work exceeds £25,000 (including VAT);

At least three competitive tenders or quotations should be sought for each project.

Firm price tenders should be invited for contracts over two years and for contracts less than two years if the Procurement Manager judges this the most appropriate course of action. Tenders are not necessary if any member of the College Strategic Management team deems there to be a danger to life or College property if the contract is not undertaken right away.

The Board of Management can exempt any contract from the tendering process if they are satisfied the circumstances merit the exemption. SFC / GCRB agreement should be sought at the earliest possible stage.

13.2.21.2 Tender Procedures

The College will utilise a number of forms of contract to obtain best value and value for money in any procurement. The forms and types of contracts likely to be used are:

- National Contracts (Category A) Negotiated by the National Procurement Centre of Excellence. Normally accessed by Purchase Order or Letter of Acceptance;
- Sector Contracts (Category B) Negotiated by the Advanced Procurement for Universities and Colleges. Normally accessed by Purchase Order or Letter of Acceptance;
- Office of Government Commerce Contracts. Normally accessed by Purchase Order or Letter of Acceptance;
- Office of Government Commerce ICT Framework Contract. Normally accessed by mini-tender;
- Other Procurement Group's Contracts. Normally accessed by Purchase Order;
- Works Contracts above £4m. This would be competitively tendered in the Public Contracts Scotland – Tender portal (PCS-T) and be accompanied with appropriate selection criteria for progression to the pre-qualification stage and full tender stage. This would result in a detailed contract normally on the College's terms;

- Services Contracts above £189k. These would be competitively tendered in the PCS-T. This would be accompanied with appropriate selection criteria for progression to the pre-qualification stage and full tender stage. This would result in a detailed contract normally on the College's terms;
- Works Contracts below £4m but above College tender limits. By inclusion in the PCS-T. This would normally result in a detailed contract normally on the College's terms;
- Services Contracts below £189k but above College tender limits. By inclusion in the PCS-T. This would normally result in a detailed contract normally on the College's terms;
- Works Contracts below College tender limits. Normally accessed by seeking three competitive quotations on the basis of a description of works. Organisations selected from Construction Line Scotland, or previous successful contracts or local knowledge. This would normally result in a Purchase Order or a Letter of Contract;
- Services Contracts below College tender limits. Normally accessed by seeking three competitive quotations on the basis of a description of services. Organisations selected from Construction Line Scotland, or previous successful contracts or local knowledge. This would normally result in a Purchase Order or a Letter of Contract.

In some cases the College may utilise consultants to undertake a tendering and contracting process on its behalf. This would normally be where there is a lack of technical expertise in the College or the exercise is beyond the resources of the College.

The College will utilise a Single Tender where this is considered to be most appropriate. This would not be the College's normal tender action and will be used where there is a requirement for urgent action or where there is believed to be only one specialist contractor. It may also be used when selecting a local contractor over a more distant contractor (unless the contract value exceeds EU thresholds). Single Tender Action will be reported to the Board of Management's Finance & Resources Committee (or to the Board's Executive Committee). Single tender action must be approved by Procurement Manager using appropriate Single Source Justification form prior to any purchase order raised.

13.3.7. Tender Acceptance

The Scheme of Delegation gives the composition of the College's tender approval panel and the level of post required to make the decision on the successful tender. The lowest priced tender may not always be chosen, as it may not be in the best interests of the College. A tender evaluation process will be established for each contract, this will take into account factors such as quality, delivery and sustainability as well as price. All tender results will be reported to the Board of Management or Executive Committee.

Scottish Government and EU procurement regulations will be followed in relation to informing both successful and unsuccessful bidders of the outcome of the tendering exercise.

13.3.8 Fraud, Collusion or Malpractice

Staff at the College should always be on guard for any signs of fraud, collusion or malpractice. Any signs should be reported to the Head of Finance or Procurement Manager. Such practices shall always be regarded as gross misconduct within the terms of the College's disciplinary procedures and are likely to lead dismissal the staff or Board Member concerned.

13.3.9 EU Regulations

The Procurement Manager and Head of Finance are responsible for ensuring the College complies with the legal obligations covering European procurement legislation. The College procurement procedures provide detailed information on this. These procedures must be followed diligently by all members of staff involved in the procurement of goods and services in excess of the thresholds outlined in the procurement procedure.

13.3 Fixed Assets and Capital Expenditure

13.3.1 Procedures for Capital Projects

As a matter of good practice the College will adopt the SFC and Scottish Government guidance on the procedures for all capital projects. The SPFM sets out specific requirements for 'major investment projects' which are defined as those over £5m including fees and VAT and for the acquisition of property. **[SPFM: 'Major Investment Projects' and 'Acquisition of Property']**

Project evaluation should be undertaken from the outset of each project, and should normally include the following steps:

- establish exactly what is to be evaluated and measured;
- compare the actual outturn with the target outturn; and
- report the findings to the Finance & Resources Committee.
  [SPFM: 'Appraisal and Evaluation']

13.3.2 Capital Planning

The procedure for the preparation annually of a financial plan for capital expenditure to conform with SFC and SPFM requirements will be determined by the Vice Principal Operations. The annual capital estimates will correspond to the first year of the financial plan and detail the committed capital projects and new capital projects on which the College intends to incur expenditure.

The Principal in consultation with the Vice Principal Operations will determine the detailed form of the financial plan and capital estimates. Appraisals for larger projects should include financing, project management arrangements and plans for project monitoring and evaluation. **[SPFM: 'Appraisal and Evaluation']**

All Strategic and Operational Management staff will provide such information as may be required for the purpose of preparation of the financial plan and capital estimates.

The financial plan and capital estimates, along with reports by the appropriate members of staff, will be considered by the Board of Management for approval.

The approval of the financial plan by the College will permit preliminary expenses and design costs to be incurred in respect of projects.. The approval of the capital estimates by the Board of Management and the receipt of consent from the SFC will permit the College to proceed with projects within the capital estimates unless:

- the actual tender costs of the project or the revised estimate of the project exceeds the provision of the capital estimates; or
- the nature of the capital project has changed substantially from that envisaged when the capital estimates were approved.

In these cases fresh approval will be necessary from the Finance & Resources Committee before the project proceeds. Approval will be given only if the capital expenditure can be contained within the total capital allocation for that year.

The College must also comply with the SPFM requirements in respect of the purchase of land and buildings.

13.3.3 Capital Accounting

The College will comply with Financial Reporting Standards in relation to the accounting for tangible fixed assets, their revaluation and impairment. The College will also comply with the SPFM in this regard.

14. Borrowing, Lending, Investments and Leasing

14.1 Borrowing, Lending and Investments

The College is classified as a public body and is not permitted to borrow money without permission from Scottish Ministers. If any overdraft facilities are put in place they must be explicitly guaranteed by the Scottish Ministers.

No investments of a speculative nature may be entered into. **[SPFM: 'Borrowing, lending and Investment']**

14.2 Leasing

The Principal, in accordance with the Scheme of Delegation, should undertake all leasing of equipment or capital assets.

A value-for-money financial appraisal should be carried out in relation to all material leasing arrangements, this must be reviewed by the Head of Finance and approved by the Strategic Management Team.

Formal consideration of the impact on the College's budget limits (as agreed with the SFC and Scottish Government) must be given to all new leases. The delegated authority limits must also be adhered to.

15. Salaries and Wages

15.1 Payroll Administration

The Vice Principal Operations is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered.

All College staff will be appointed to the salary scales approved by the Board of Management and in accordance with appropriate conditions of service. The Principal must approve all appointments unless the power to appoint is reserved by the Board of Management. Human Resources must issue all letters of appointment contracts and Job Descriptions. The Human Resources Director will be responsible for ensuring that the Vice Principal Operations is informed of all matters relating to personnel for payroll purposes. In particular these include:

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

15.2 Form and Certification of Records

All time sheets and other pay documents will be in a form prescribed or approved by the relevant budget holder.

All timesheets and overtime claims must be signed by the employee and certified by the appropriate line manager. Such signatures will be taken to mean that the work was authorised, properly and necessarily incurred, and that the payment is properly payable by the College.

The Human Resources Director and Vice Principal Operations are responsible for keeping all records relating to payroll including those of a statutory nature. All payments must be made in accordance with the College's detailed payroll procedures and comply with Inland Revenue regulations.

Changes in the pay and conditions of senior management shall be approved and certified by the Board of Management's Remuneration Committee.

15.3 Arrangements for Payment

The payment of all salaries, wages, pensions, compensation or other emoluments to all employees (current or past) will be made by the Vice Principal Operations or under arrangements made by him/her.

He/she shall authorise payments to be made only when satisfied that all College procedures have been followed and the necessary checks on the accuracy of the data have been made by staff in both the College's Payroll and Finance Sections. No payments shall be made without the formal authorisation of a Vice Principal. There shall be a record of the formal authorisation of all such payments for audit purposes.

15.4 Recovery of Overpayment

The Vice Principal Operations will be responsible for ensuring that any overpayment of salary or other emolument is recovered in full as quickly as possible.

15.5 Superannuation

The Board of Management is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

The Payroll section is responsible for superannuation matters including:

- ensuring contributions to various authorised superannuation schemes are made; and
- preparing the annual returns to various superannuation schemes.

The College will offer all staff the opportunity to join either the Scottish Teachers Superannuation Scheme or the Strathclyde Pension Fund scheme in accordance with the rules for eligibility. The College will ensure that its payroll procedures comply with auto-enrolment legislation.

15.6 Travel, Subsistence and Other Allowances

All claims for payment of subsistence allowances, travelling and incidental expenses will be processed by the Payroll Team in accordance with the relevant procedures. Claims by members of staff must be certified by their appropriate Budget Holder. The signature / electronic approval will be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the College.

In addition, the signature / electronic approval of the claimant will be taken as acceptance that the amounts claimed are in accordance with the scheme of approved allowances and that the claimant holds a valid license and motor insurance for business purposes where car mileage is claimed. The Payroll team will not process payments unless a valid insurance certificate and MOT are provided once per year.

15.7 Severance, Early Retirement and Redundancy Terms

In considering terms for settlement agreements, severance, early retirement or redundancy packages regularity, propriety and value for money must be fully taken into account. Any questions relating to the terms or value for money of any proposed agreement must be referred to the SFC / GCRB prior to making any written or verbal offer. Compensation is not normally payable when someone resigns voluntarily.

Where appropriate, packages should be based on the terms and conditions of employment, be transparent and be negotiated in a way which avoids conflicts of interest. Any undertakings about confidentiality should leave transactions open to proper public scrutiny. Offers of subsequent work to those who received severance should be exceptional. The College must also have regard to the principles of good practice in managing early departures of staff contained in Audit Scotland's May 2013 report: 'Managing early departures from the Scottish public sector'.

Any severance scheme, and any special severance payment over £1,000, must be approved by the SFC and GCRB. See further information in the SPFM and Appendix A of the SFC's Financial Memorandum. **[SPFM: Severance, Early Retirement and Redundancy terms and FM: Section 3B para 26-28]**

15.8 Non-salary Rewards

If non-salary awards (such as gifts, vouchers, subscriptions to clubs / gyms, charity donations and cars) are offered the College must be open and transparent about these, with clear policies on disclosure of information about the awards made and the procedures adopted for making those awards. The tax implications of schemes should be considered and no bias given towards the use of services of any organisation(s).

Although the Public Sector Pay Policy does not apply to non-salary awards, the College is expected to have regard to it and ensure any non-salary rewards are affordable.

The SFC / GCRB should be consulted prior to the implementation of any non-salary reward scheme. **[SPFM: Non Salary Awards]**

16. Assets

16.1 Land, Buildings, Fixed Plant and Machinery

The purchase, lease or rent of land or buildings or fixed plant can only be undertaken with authority from the Board of Management.

In order to minimise the risk of misappropriation of the College's assets a physical asset register is maintained by the Director of Estates and Corporate Services.. This lists the details of all assets which meet the College's tangible fixed assets definition. It is the responsibility of all College staff to take appropriate steps to ensure the safekeeping of all College assets, including those which are not classified as fixed assets for accounting purposes. The estates team will perform an ongoing fixed asset survey and liaise with the Senior Accountant to ensure the accuracy of the physical fixed asset register.

The Board of Management shall ensure the College's Estate Strategy involves reviewing College land and buildings with the objective of rationalising holdings which are not in line with the Estate Strategy. Any property acquisitions should be based on needs identified in the Estate Strategy in line with strategic service delivery and SPFM requirements. **[SPFM: Acquisition of Property]**

The College estate shall be maintained in accordance with a maintenance programme which has been approved by the Board of Management and is consistent with the College Estate Strategy.

16.2 Inventories

In addition to the asset register, the Head of Finance, with assistance from the estates team are responsible for maintaining inventories for all items of College equipment in conjunction with operational managers.

The inventory must include items donated or held on trust. Inventories must be checked regularly, at least annually, and records retained in the form prescribed by the Head of Finance.

Budget holders along with the estates team have overall responsibility for the management and control of stocks and equipment although the Head of Finance is responsible for the control systems in place.

16.3 Stocks and Stores

Budget holders should not carry excessive levels of stock. Budget holders are, however, responsible for establishing adequate arrangements for the custody and control of stocks and stores within their school section. The systems used for stores accounting must have the approval of the Head of Finance.

Budget holders and the estates team 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 security checks. Those responsible for the security of stock will be subject to College disciplinary procedures should any of the stock be lost.

16.4 Stocktaking

Stocks will be counted and valued as required by the Head of Finance.

16.5 Valuation

Stocks should be valued at the lower of cost or net realisable value. Stock held by the College that is obsolete or otherwise not in use will be carried at a nil value and should be disposed at the earliest opportunity.

16.6 Movements

All transfer of equipment between locations or departments must be informed and transacted through the estates team to ensure that the inventory records are updated to reflect the move where appropriate.

16.7 Asset Disposal

Disposal of equipment, furniture and motor vehicles must be in accordance with procedures agreed by Finance & Resources Committee and contained in the College's detailed Financial Procedures. Plant and equipment assets which are surplus to requirements should normally be sold by public auction or tender **[SPFM 'PROPERTY: ACQUISITION, DISPOSAL AND MANAGEMENT' and 'Management of assets']**

Disposal of land, buildings and other heritable property must only take place with the authorisation of the Board of Management and within SFC and Scottish Government Guidance as specified in the SPFM.

16.8 Banking Arrangements

The SPFM requires the College to have its core bank accounts with the Government Banking Service (GBS), except where the Scottish Government's Treasury and Banking Branch can be persuaded that the holding of such an account would not be cost effective. **[SPFM: 'Banking' and FM section 3B para 11].** The College will not therefore operate a commercial bank account without prior consent from the Board of Management and GCRB/SFC.

Subject to the above, the Board, through the Finance & Resources Committee, is responsible for appointing bankers to the College.

Appropriate controls must operate over all banking transactions, including to prevent fraud. These include monthly reconciliations between bank statements and College ledgers with these being reviewed by Senior Finance Staff not involved with their preparation. In addition, bank statements should be examined periodically by a senior member of staff who is not involved at all in operating the account, to ensure that the account is being used solely for authorised purposes **[SPFM 'Banking']**

Two signatures must be required to authorise payments from a commercial bank account (cheques, direct debits), and for electronic transactions / payments there is required separate individuals for input and authorisation. **[SPFM 'Banking']**

All cash income should have a receipt provided and cash takings reconciled to receipts or cash register end of period slips. **[SPFM: INCOME RECEIVABLE AND RECEIPTS]**

17. Risk Management

17.1 Introduction

The College's internal control systems includes embedded arrangements for identifying, assessing and managing risks and risk management should be closely linked to the business planning process. The risk management process involves:

- initial and ongoing risk identification;
- specific actions to address the risks identified. All risks, once identified, should be assigned to an owner who has responsibility for ensuring that the risk is managed and monitored over time;
- likelihood and impact are considered for each risk and that the assessment of risk is recorded in a way that facilitates monitoring and prioritisation;

- risks are reviewed regularly to monitor for changes in risk profile, gain assurance that risk management is effective, and identify if further action is necessary; and
- The highest priority risks should be given regular attention at the Board level.

The concept of 'risk appetite' (the level of exposure which is considered tolerable and justifiable) is key to achieving effective risk management and it is essential to consider it before determining how risks can be addressed. **[SPFM: Risk management]**

The College will adopt a Risk Management Strategy which has been considered and approved by the College's Board of Management. This document shall be reviewed periodically as defined within its terms.

17.2 Risk Register

The College shall also undertake a systematic review of the risks which it faces. It shall, as a consequence, compile a risk register. Matters considered relevant to the risk register will be considered at each Audit and Risk Committee and at two Board of Managements per annum. Risk Management will be considered at other College Meetings and Risks identified reported to the Director of Corporate Services and/or the Vice Principal Operations and the risk register will be adjusted as appropriate.

The Board of Management own the risk register and will approve changes to it a minimum of twice per year. The Board are also required to have in place a Risk Appetite Statement and this will likewise be reviewed twice per year by the Board of Management.

Risk registers for capital projects will be used where considered appropriate.
[SPFM: Major investment projects]

17.3 Contingency Plan

The College shall maintain a Business Continuity Plan within the terms of the Board's Risk Management Strategy. The Director of Corporate Services shall have responsibility for ensuring that this document is in place and reviewed and updated at least once per year.

17.4 Risk Management Group

The College shall operate a Risk Management Group which will meet a minimum of three (3) times per year to review the College's operational environment to consider, identify and to manage risks.

17.5 Insurance

Subject to instruction from the SFC in respect of the College's ability to purchase commercial insurance, the Director of Corporate Services, is responsible for making all appropriate insurance agreements for all aspects of the College's activities. She/he is also responsible for arranging the negotiation of all insurance claims.

The Strategic Management Team shall be responsible for developing a risk management strategy in order to identify the risks facing the College and types of protection required to cover these risks. The strategy may include cover for potential liabilities and be sufficient to meet potential risks to assets. Insurance cover will be considered and approved by Finance & Resources Committee or the Executive Committee on an annual basis.

The Director of Corporate Services will be responsible for keeping records necessary for insurance purposes.

17.6 Guarantees, Letters of Comfort and Indemnities

All contingent commitments such as guarantees, letters of comfort and indemnities require appraisal and SFC/GCRB consent before accepting, except for such arrangements where the indemnity is of a standard type contained in contracts and agreements for 'day-to-day' procurement of goods and services in the normal course of business.

Contingent liabilities are normally expected to be met from College resources and must be within the College's legal powers **[SPFM: Contingent Liabilities and FM: section 3B paras 14-16]**

Strategic and Operational Managers must ensure that any agreements negotiated within their sections with external bodies consider any legal liabilities and indemnities to which the College may be exposed. No contract which contains a guarantee, letter of comfort or an indemnity can be signed without prior permission of a Vice Principal.

Strategic and Operational Managers must give prompt notification to the Principal of any potential new risks and additional property and equipment which may require insurance and any alterations affecting existing risks.

17.7 Notification of Claims

Strategic and Operational Managers must advise the Director of Corporate Services, immediately, of any event which may give rise to an insurance claim. The Director of Corporate Services will notify the College's insurance provider and, if appropriate, prepare a claim in conjunction with the Strategic and Operational Managers for transmission to the brokers.

17.8 Record Keeping

The Director of Corporate Services shall keep a register of all insurances effected by the College and the property and risks covered.

The Estates Manger is responsible for keeping suitable records of plant, which is subject to inspection by an insurance company, and for ensuring that inspection is carried out in the periods prescribed.

17.9 Use of Private Vehicles

All staff using their own vehicles on behalf of the College must maintain appropriate insurance cover for business use if travelling expenses are claimed from the College. This shall be a condition of reimbursement of such expenses.

18. Security

18.1 General

All staff, irrespective of grade, have a general responsibility for the security of all College property, although certain senior staff will have more specifically defined responsibilities.

18.2 Responsibility for Security

Strategic and Operational Managers have responsibility for maintaining proper security, custody and control at all times of the plant, buildings, materials, stores, furniture, equipment, cash, etc. under their control. They should consult with the Estates Manager in any cases where security is considered to be defective or where it is considered that special security arrangements may be required.

18.3 Security of Documents

The Director of Corporate Services is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Director of Corporate Services. All such documents will be held in an appropriately secure location.

Key documents may also be held by external agencies (such as banks, lawyers) on the Board's behalf. In all such cases the Director of Corporate Services and/or Vice Principal Operations shall maintain adequate records of such deposits.

18.4 Limits to Cash Holdings

The Head of Finance is responsible for determining the maximum amount of cash to be held on the College premises at any point in time. Such limits must comply with the College's insurance requirements. The Head of Finance will notify all departmental heads of the maximum amount to be held under their control and this agreed amount must not be exceeded without the written agreement of the Vice Principal Operations.

18.5 Safe Keys

Keys to safes and similar receptacles such as cash boxes containing cash or valuable documents or articles must be securely stored. The loss of any such keys must be reported immediately to the Head of Finance. A register of all key holders will be kept in the Finance Section.

18.6 Data Protection Act

Employees are responsible for maintaining proper security and privacy of information held on computer. The access to computer areas limited only to authorised persons by the use of passwords is the type of security control available that is used. Information relating to individuals held on computer or in paper records will be subject to the provisions of the Data Protection Act and General Data Protection Regulations.

The Director of Corporate Services has overall responsibility for Data Protection within the College. Service managers are responsible for maintaining proper custody, security and control of all personal data output within their teams. The collection, use, security and processing of personal data must comply with the Data Protection Policy and supporting procedures.

19. Fee Income

19.1 General

The procedures for collecting tuition fees must be approved by the Strategic Management Team. The Head of Finance is responsible for ensuring that all student fees due to the College are received. Where applicable, the Financial Memorandum with the SFC/GCRB requires that the College must charge student tuition fees at the levels set by the Scottish Ministers. **[FM: section 2 para 8]**

The SPFM requires that usually charges for commercial services are set on a full cost recovery basis, with charges for the disclosure of information low or waived. If there is any deliberate public subsidy, there should be a clear rationale for why it has been granted and how long it should last and this should be fully documented. **[SPFM: Fees and Charges section]**

The Head of Finance will attempt to collect all fees in line with the College's debt recovery procedures outlined in the Financial procedures.

19.2 Fees Policy

College staff are required to implement the College Fees Policy which is reviewed and approved by the Board annually. It shall be the responsibility of the Head of Finance to propose amendments of the Fees Policy annually to an appropriate meeting of the Board.

19.3 Fee Waivers

The College waives the fees of students who meet the criteria of the National Fee Waiver Policy or additional criteria which is approved annually by the Board of Management.

In all cases, the student must be able to provide proof of eligibility in accordance with the College Fee Waiver Policy. In exceptional circumstances, the College Principal may authorise the waiver of fees for students who do not meet the criteria but who are suffering hardship. Procedures in this respect are detailed in the Fee Waiver Policy.

19.4 Full Cost Courses

In this context a full cost course is any course which does not form part of the core teaching activity of the College and does not contribute to the College's teaching activity target. The Director of Business Development shall be responsible for managing all such courses and will ensure all fees due are timeously invoiced by the Finance Department.

Any staff wishing to run a full cost course must have the permission of their Head of Faculty, who in turn must have formal authorisation from a member of the Strategic Management Team. The Director of Business Development must be informed of these courses to ensure the College is recovering full direct and overhead costs relating to this activity.

The College should be able to defend the provision of a commercial service as being an appropriate use of resources and ensure it complies with competition law. In addition, any proposals to recover less than the full cost plus an appropriate rate of return for a commercial service provided in competition with the private sector must be submitted to the SFC/GCRB for approval. Refer to the SPFM for more details. **[SPFM: Fees and Charges section]**

20. Student Support Funds

All student support funds provided by the SFC/GCRB will be administered within the policy rules and guidance issued by the Scottish Government, SFC and Student Award Agency Scotland (SAAS). The Financial Procedures Manual provides detailed guidance on the administration of these funds. Reports will be prepared for the Finance and Resources Committee providing details of committed spend against the allocation. Use of these funds is subject to external audit.

The Colleges Equalities Policies will be strictly applied to the administration of student funds.

21. Miscellaneous

21.1 Code of Conduct

The College expects that staff at all levels will observe the College's Code of Conduct.

21.2 Register and Declaration of Interests

Members of the College's Board of Management and senior members of staff are required to disclose interests in the College's Register of Interests. The Register of Interests must be updated at least annually. Members should, however, notify changes as soon as they occur.

Further guidance on these matters is contained in the Code of Conduct for Board members.

21.3 Hospitality

All requests for hospitality must be authorised by the appropriate budget holder.

21.4 Students' Association

The Students' Association is a constituent part of the College and as such is responsible and accountable to the Board of Management.

Subject to the constraints imposed by the SFC / GCRB, the Board will determine the level of grant to be paid annually to the Students' Association. The Students' Association will not be permitted to carry any underspending forward except in exceptional circumstances. The Association will not normally be permitted to commit expenditure beyond the current financial year. All expenditure will be approved by the designated budget holder which will be a member of the Colleges Management Team.

The Students' Association is required to follow the College's approved Financial Procedures in respect of purchasing of goods and services. The Students' Association will not hold a separate bank account. The Finance Section will prepare regular financial reports for Association office holders. At year end the Students' Association accounts will be audited as part of the overall annual College audit.

The College's internal auditors will have access to records and assets within the students' association in the same way as all other aspects of College activity.

21.5 Taxation

The Head of Finance is responsible for advising College managers in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. The Head of Finance will issue instructions to faculties/support teams on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

The Head of Finance is responsible for maintaining the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

All individuals who are classified as employees for tax purposes must be paid through the College's payroll with tax deducted at source.

The SPFM requires the College to avoid tax avoidance arrangements and the SFC should be contacted before using tax advisors or implementing tax schemes. Particular care should be taken with transactions involving bodies with tax residence in offshore financial centres.

Transfer of real estate or assets that are likely to appreciate in value can often give rise to specific tax issues, in particular the liability to capital gains tax, and GCRB / SFC should be informed in these situations. **[SPFM: Tax Planning and Tax Avoidance]**

21.6 Charitable Status

The Director of Corporate Services is responsible for ensuring that the College complies with all requirements relating to its Charitable status. This includes the submission of annual returns to the Office of the Scottish Charity Regulator (OSCR) and complying with all mandatory guidance issued by OSCR.

21.7 Time of in Lieu and Leave Shift

The College has detailed policies regarding the operation of Time off in Lieu (TOIL), paid overtime and Leave Shift.

TOIL occurs where an employee is required, and authorised, to work additional hours over and above their contracted commitment and is authorised to take time off at a future date in compensation. The College TOIL procedures specify the authorisation procedures and the limits on the amount of TOIL that can be worked and the length of time it can be carried. Leave shift occurs where a member of the College academic staff is required to work during normal holiday time. The member of staff will normally be able to take days worked as annual leave at any time during the academic year, subject to operational constraints.

All College line managers have responsibility for ensuring compliance with these procedures. The Human Resources Director will monitor the operation of the procedures and will report on any deviation from them. Any staff member in breach of the procedures will be subject to the College disciplinary procedures.

21.8 Mobile Phones

The College will monitor the use of mobile phones and staff may be required to pay for personal use of their mobile phone.