Ayrshire College

Financial Regulations

Date of first issue:	12 August 2013
Revision number:	7
Date of last review:	January 2026
Date of approval by the Board of Management:	
Responsibility for Review:	Vice Principal – Finance and Infrastructure
Date of next review:	January 2027

FINANCIAL REGULATIONS

Contents

SECTION 1 – INTRODUCTIONS AND BACKGROUND 3
1 Introduction and Background 3
2 General Provisions 3
3 Status of Financial Regulations 3
SECTION 2 - CORPORATE GOVERNANCE 6
4. Responsibility of the Board of Management 6
5. Responsibility of the College Principal 7
6. Responsibility of the Vice-Principal Finance and Infrastructure 8
SECTION 3 – FINANCIAL MANAGEMENT AND CONTROL 14
14. Financial Planning 14
15 Financial Control 16
16. Accounting Arrangements 17
17. Audit Requirements 19
18. Treasury Management 21
19. Income 23
20. Project Grants and Contracts 27
21. Other Income-Generating Activity 28
22. Expenditure 29
23. Pay Expenditure 39
24. Assets 42
25. Funds Held in Trust 43
26. Other Matters 44
APPENDIX A: PRINCIPAL AND CHIEF EXECUTIVE'S SCHEME OF FINANCIAL DELEGATION .. 48
APPENDIX B: THE NINE PRINCIPLES OF PUBLIC LIFE FROM THE CODE OF CONDUCT FOR BOARD MEMBERS OF DEVOLVED PUBLIC BODIES 51
APPENDIX C: INTERNAL AUDIT RESPONSIBILITIES 53

SECTION 1 – INTRODUCTIONS AND BACKGROUND

1 Introduction and Background

1.1 The Further and Higher Education (Scotland) Act 1992('the Act') created a framework for further education colleges offering full-time and part-time education to act as free-standing corporate bodies with powers to employ staff and own land and buildings. From 1 April 1993, they have been funded directly by the Government through the Scottish Funding Council (SFC).

1.2 These Financial Regulations for Ayrshire College (the "College") should be read in conjunction with the Statement of Recommended Practice (SORP), relevant Accounting Standards, Office of Scottish Charity Regulators (OSCR) requirements, circulars and guidance issued by the Scottish Government and the SFC, including the Scottish Public Financial Manual, and the College's own financial procedures.

2 General Provisions

2.1 The College's structure is laid down in the Constitution and Governance Arrangements.

2.2 The Financial Memorandum between SFC and the College sets out the terms and conditions on which grants are made. In addition, the College requires to comply with the Addendum to the Financial Memorandum (September 2014), which sets out the revised delegated limits for incorporated colleges.

2.3 The Board of Management is responsible for ensuring that the conditions of grants are met. As part of this process, the College must adhere to the funding body's audit guidance, which requires it to have sound systems of internal financial and management controls. The College's Financial Regulations form part of this overall system of accountability and control.

3 Status of Financial Regulations

3.1 This document sets out the College's Financial Regulations. It translates the College's broad financial control policies into practical guidance.

3.2 These Financial Regulations are subordinate to the College's Constitution and Governance Arrangements, and to any restrictions contained within the SFC Financial Memorandum and the SFC guidance on audit requirements.

3.3 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 Plan and business objectives.

These assurances include:

- Achieving financial sustainability
- Achieving value for money
- Fulfilling the College's responsibility for the provision of effective financial controls over the use of public funds
- Ensuring that the College complies with all relevant legislation including but not limited to OSCR obligations
- Safeguarding the assets of the College.

3.4 Compliance with the Financial Regulations is compulsory for all staff connected with the College. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the College's Staff Disciplinary Policy. The Board of Management will be notified of any significant breaches through the Audit and Risk Committee.

3.5 It is the responsibility of the Senior Leadership Team to ensure that all staff are aware of the existence and content of the College's Financial Regulations. Budget Holders must ensure that their staff are made aware of the existence and content of the Financial Regulations. In this context Budget Holders includes any member of staff assigned budgetary responsibility.

3.6 The People, Infrastructure and Finance Committee (PIFPIF) is responsible for maintaining a continuous review of the Financial Regulations, through the Vice-Principal – Finance and Infrastructure and for advising the Board of Management of any amendments necessary. The Vice-Principal – Finance and Infrastructure is assisted in their responsibilities, as required, by the Chief Financial Controller.

3.7 In exceptional circumstances, PIF Committee may authorise a departure from the detailed provisions herein, such departure must be reported to the Board of Management at the earliest opportunity.

3.8 The College updates and maintains detailed financial procedures which set out precisely how the Financial Regulations are to be followed.

3.9 These Financial Regulations should be read in conjunction with relevant guidance on financial accountability or propriety issued by the:

- The Scottish Funding Council.
- The Scottish Government.
- Audit Scotland.
- The Scottish Parliament Audit Committee.
- SORP: Accounting for Further and Higher Education 2026.
- The Government Financial Reporting Manual (FReM).

3.10 The SFC issued the Financial Memorandum that had effect from 1 December 2014. The primary purpose of the Memorandum is to establish a formal relationship through which funds provided by the SFC are administered by the College in such a way as to ensure they are applied appropriately and are safeguarded. The Board of Management is aware that if the College fails to comply with any terms and conditions attached to the funds from the SFC or contained in the Financial Memorandum, the College may be required to:

- Repay to the SFC any sums received from it.
- Pay interest to the SFC in respect of any period during which a sum due to the SFC is unpaid.

SECTION 2 - CORPORATE GOVERNANCE

4. Responsibility of the Board of Management

4.1 The Board of Management of Ayrshire College (the "Board") shall ensure that the College provides the best possible education and learning environment for its students.

The Board approves the College's mission and strategic vision, including institutional and longer-term learning and teaching plans, the Outcome Agreement with the Scottish Funding Council, business plans, annual budgeting, annual accounts and key performance indicators. The Board ensures that the College meets the interests of all stakeholders, including students, staff, employers, Community Planning Partners, other key stakeholders, local communities and funding bodies.

The Board safeguards the College's good name and values through its Strategic Ambition 2024-2027.

The College plays a central role in building a strong, vibrant and inclusive Ayrshire. It achieves this by being bold in its ambitions for the region's people, communities and economy, and innovative in the solutions it provides.

4.2 The Board's financial responsibilities include:

- to plan and manage its activities to remain sustainable and financially viable. An institution is being managed on a sustainable basis if, year on year, it generates sufficient income to cover its costs and allow for maintenance of and investment in its infrastructure (physical, human and intellectual) at a level which enables it to maintain adaptive capacity necessary to meet future demands.

- appointing, grading, suspending, dismissing and determining the pay and conditions of service of the Principal and other senior post holders.

- setting a scheme of delegation for the Principal.

- setting a framework for pay and conditions of service for all other staff.

- ensuring that financial, planning, and other management controls, including financial controls against fraud and theft, are applied by the College to protect public funds and ensure they are spent on the purpose for which they were provided.

- ensure that the funds provided by the funding body are used in accordance with the terms and conditions specified in the SFC financial memorandum.

- securing efficient, economical, and effective management of all the College's resources and expenditure to safeguard the College's assets and equipment.

- approving the College's strategic plan, annual budget, and financial statements.
- approving the appointment of the College's internal auditors.
- determining tuition fees.
- monitoring, reviewing and reporting the general performance of the College.

5. Responsibility of the College Principal

5.1 The College Principal is the Chief Executive of the College and is responsible for the financial administration of the College's affairs as detailed within the Scheme of Financial Delegation. This is set out in Appendix A.

5.2 In this capacity, the Principal must advise the Board of Management if, at any time, any action or decision under consideration by the Board of Management appears to the Principal to be incompatible with the SFC Financial Memorandum. If the Board of Management decides nevertheless to proceed, the Principal (as accountable officer) must immediately inform the Chief Executive of the Scottish Funding Council (SFC) or the appropriate funding body in writing.

5.3 The Principal must ensure that annual budgets of income and expenditure are prepared for consideration and approval by PIFC and thereafter that the annual budget is presented for approval to the Board of Management.

5.4 As the designated accountable officer, the Principal may be required to justify any of the College's financial matters to the Scottish Parliament or other relevant body.

5.5 The Principal shall demonstrate their oversight of financial matters by signing the annual statutory financial statements in accordance with their responsibilities.

5.6 The Principal is directly responsible to the Board of Management for the control of resources, for seeking economy, efficiency and effectiveness in the use of the College's resources and for ensuring that financial considerations are taken into account at all stages of decision-making. In particular, the Principal shall:

- sign the annual statutory financial statements in accordance with their responsibilities.
- ensure that satisfactory and adequate records of the financial statements are retained in a form acceptable for presentation to the Scottish Parliament or other relevant body.
- advise the Board of Management on the proper discharge of its financial duties.
- be authorised, through a Scheme of Delegation, to write off losses and instruct special payments.

- be involved with the SFC Chief Executive on matters relating to public funding which arise before the Scottish Parliament.

6. Responsibility of the Vice-Principal Finance and Infrastructure

6.1 Strategic financial planning is the responsibility of the Vice-Principal Finance and Infrastructure and is responsible to the Principal for:

- preparing annual capital, revenue budgets and financial plans.
- preparing accounts, management information, monitoring and control of income and expenditure against budgets and all financial operations.
- preparing the College's annual statutory financial statements, other financial statements and returns.
- ensuring that the College maintains satisfactory financial systems and processes.
- provision of advice on financial strategy and planning and liaison with internal and external auditors to achieve efficient processes.

The Vice Principal Finance and Infrastructure is supported in these responsibilities by the Chief Financial Controller, who is responsible for the day-to-day financial administration of the College.

7. Executive Leadership Team

7.1 The Executive Leadership Team (ELT) is responsible to the Principal for the operational and financial management of the areas or activities within their remit. They are advised by the Vice Principal Finance and Infrastructure on strategic financial matters. The ELT is responsible for establishing and maintaining clear lines of control and responsibility within the areas that they manage for all operational and financial matters, including the delegation of day-to-day budget control to other budget holders.

7.2 The ELT shall provide the Vice Principal Finance and Infrastructure with such information as may be required to enable:

- compilation of the College's financial statements.
- implementation of financial planning and budgeting.
- implementation of audit and financial reviews, projects and value for money.

8. Responsibility of Budget Holders

8.1 Budget holders are the designated lead for specific budget lines within the overall College budget. Budget Holders are responsible for establishing and maintaining clear lines of accountability across their areas for all financial matters.

Budget Holders are ultimately responsible, through their line management relationships, to the Principal for the financial management of the areas or activities they control.

Budget Holders are advised and supported, as appropriate, by the Vice Principal Finance and Infrastructure and the Chief Financial Controller in executing their financial duties.

8.2 Budget Holders will provide the Vice Principal Finance and Infrastructure with the information needed to establish:

- the compilation of the College's annual statutory financial statements.
- the implementation of financial planning.
- the implementation of audit and financial reviews, projects and value for money studies.

9. Responsibility of all Members of Staff

9.1 All members of staff should be aware and have a general responsibility for the security of the College's property, for avoiding loss and for due economy in the use of resources.

9.2 They should ensure that they are aware of the College's financial authority limits (see section 9), and the values of purchases for which quotations and tenders are required.

9.3 All members of staff shall make available any relevant records or information to the Vice-Principal Finance and Infrastructure, or their authorised representatives, in connection with the implementation of the College's financial policies, these financial regulations and the system of internal financial control.

9.4 All members of staff shall provide the Vice-Principal Finance and Infrastructure with such financial and other information as they may deem necessary to carry out the requirements of the Board of Management.

9.5 All members of staff shall immediately notify the Vice-Principal Finance and Infrastructure or Chief Financial Controller whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the College. The Vice-Principal Finance and Infrastructure or Chief Financial Controller shall take such steps as deemed necessary by way of investigation and report.

9.6 Budget Holders must ensure that agreements negotiated within their area with external bodies cover any legal liabilities to which the College may be exposed. Advice from the Vice-Principal, Finance and Infrastructure, or their authorised representative, should be sought to confirm this.

10. Committee Structure

10.1 The Board of Management has ultimate responsibility for the College's financial performance. However, the Board of Management delegates specific powers and responsibilities to various committees. Reference should be made to the Constitution and Governance Arrangements document of Ayrshire College, which provides the Terms of Reference under which each of the Board of Management's committees operates.

11. Risk Management

11.1 The Board of Management acknowledges the risks inherent in its business and is committed to managing risks that pose a significant threat to the achievement of its business objectives and financial sustainability.

11.2 The Board of Management has overall responsibility for risk management, including determining a common approach to the management of risk throughout the College through the development, implementation and embedding within the organisation of formal and structured risk management processes. The Audit & Risk Committee, under its Terms of Reference, is responsible for ensuring a system of risk management has been established and is being maintained.

11.3 The Board of Management requires that the risk management processes include:

- the adoption of a Risk Management Policy to embed common terminology in relation to the definition of risk and risk management.
- the determination of the risk appetite of the College.
- the establishment of a Strategic Risk Register which sets the criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence.
- detailed and regular review of risks across the College to identify significant risks associated with the achievement of key objectives and mitigation actions to manage these risks.
- a designated 'risk owner' who will be responsible and accountable for managing the risk in question.

- regular reporting to the Audit & Risk Committee and Board of Management of the Strategic Risk Register as approved by the members of College Committees.

12. Whistleblowing

12.1 Whistleblowing in the context of the Public Interest Disclosure Act 1998 is the disclosure by an employee (or other party) about alleged malpractice in the workplace. Whistleblowing can include crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether the information is confidential. Whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

12.2 Normally, any concern about a workplace matter at the College should be raised with the relevant member of staff's immediate line manager. The College recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.

12.3 A member of staff may, therefore, make the disclosure to one of the members of the Executive or Senior Leadership Team. If the member of staff does not wish to raise the matter with one of these individuals, or with the Principal or the Chair of the Board of Management, the matter may be raised directly with the Chair of the Audit & Risk Committee. If the concern relates to a member of the Board of Management (including the Principal), it should be raised with the College's Internal Auditors.

12.4 A copy of the Raising Matters of Concern (Whistleblowing) Policy can be found on the Ayrshire Way Hub and the College website.

13. Code of Conduct

13.1 The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Ethics and Integrity Commission, which members of staff at all levels are expected to observe. These principles are set out in Appendix B.

In addition, the College expects that staff at all levels will observe its code of conduct, which covers:

- probity and propriety
- selflessness, objectivity and honesty
- relationships.

13.2 Members of the Board of Management, Senior Leadership Team or those involved in procurement are required to disclose interests in the College's Register of Interests maintained by the Board Governance Advisor. These individuals will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly.

13.3 No person shall be a signatory to a College contract where they also have an interest in the activities of the other party.

Receiving Gifts or Hospitality

13.4 It is an offence under the Bribery Act 2010 for members of staff to accept any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity.

13.5 Staff must never canvass or seek gifts or hospitality. Staff should not accept any alcohol-related gifts from contractors or suppliers.

13.6 The conduct of individuals should not create suspicion of any conflict between their official duty and their private interest. The action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisations with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

13.7 Staff are responsible for ensuring they avoid any position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause such a position to arise.

13.8 The guiding principles to be followed by all members of staff must be that it is usually appropriate to refuse offers except:

- isolated gifts of a trivial character or inexpensive seasonal gifts (such as a calendar or diary) or other simple items of office equipment of modest value.
- Normal hospitality is associated with staff duties, which would reasonably be regarded as inappropriate to refuse.
- Gifts received on behalf of Ayrshire College.

13.9 When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the Vice-Principal Finance and Infrastructure or Chief Financial Controller. For the protection of those involved, the Vice-Principal Finance and Infrastructure through the Chief Financial Controller (or other designated officer) will maintain a register of gifts and hospitality received where the value is more than £25.

13.10 Members of staff in receipt of such gifts or hospitality are obliged to notify the Vice-Principal Finance and Infrastructure (or other designated officer) promptly.

SECTION 3 – FINANCIAL MANAGEMENT AND CONTROL

14. Financial Planning

General

14.1 The Vice-Principal Finance and Infrastructure is responsible to the Principal for preparing and recommending financial plans for onward approval by the Board of Management on the recommendation of the PIF Committee. The Vice-Principal Finance and Infrastructure is responsible for preparing any financial plans or forecasts for submission to the SFC or other appropriate body. Financial plans should be prepared in accordance with the College's strategic plans, as approved by the Board of Management.

Budget Objectives

14.2 The Board of Management will, from time to time, set budget objectives for the College through the approval of a Financial Strategy. These strategic directions will help guide the Vice-Principal – Finance and Infrastructure in preparing detailed financial plans for the College.

Resource Allocation

14.3 Resources are allocated annually throughout the College by the Executive Leadership Team and recommended to the Board of Management through the PIF Committee. Budget Holders are responsible for the economic, effective and efficient use of resources allocated to them.

Budget Preparation

14.4 The Vice-Principal Finance and Infrastructure is responsible for preparing each year an annual revenue budget and capital programme for the approval of the Senior Leadership Team prior to the consideration, scrutiny and approval of the PIF Committee. The PIF Committee requires to recommend the budget to the Board of Management. The budgets presented should include a detailed income and expenditure account, cash flow forecasts for the year and a projected year-end balance sheet.

14.5 The Vice-Principal Finance and Infrastructure must ensure that detailed information is prepared to support the resource allocation process. This information is to be communicated to Budget Holders following approval by the Board of Management.

14.6 During the year, and if required, the Vice-Principal Finance and Infrastructure is responsible for submitting revised budgets to the Executive Leadership Team for discussion and approval before submission to the PIF Committee.

Capital Programme

14.7 The Capital Programme includes all expenditure on land, buildings, equipment (including ICT), furniture and other associated capital expenditure. It includes all assets, whether these are secured from the funding bodies' capital grants or capitalised for inclusion in the College's annual statutory financial statements.

14.8 The Vice Principals of the College will establish protocols for the identification, prioritisation and inclusion of projects in the capital programme. This will be presented to the Senior Leadership Team for approval.

14.9 Thereafter, the capital programme shall be presented to the PIF Committee in line with the responsibilities as detailed within the committee terms of reference. The Board of Management requires to provide final approval for the capital expenditure programme.

14.10 The Vice-Principal Finance and Infrastructure will also establish protocols for the approval of variations to the Capital Programme (including the notification of variations) to the Principal and to the PIF Committee. If appropriate, it will be presented to the funding body, as detailed in the funding body's guidelines.

14.11 The Vice-Principal Finance and Infrastructure is also responsible for providing regular statements concerning all capital expenditure to the PIF Committee for scrutiny and monitoring purposes.

Overseas Activity

14.12 In planning and undertaking overseas activities, the College must have due regard to the relevant guidelines issued by the funding body.

Other Major Developments

14.13 Any new major development of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time should be presented for approval to the PIF Committee and the Board of Management.

14.14 All major developments shall be in accordance with the SFC Financial Memorandum between the funding body and the Board of Management.

15 Financial Control

Budgetary Control

15.1 The control of income and expenditure within an agreed budget is the responsibility of the Budget Holder supported by the Chief Financial Controller and Finance Team. Budget Holders must ensure that day-to-day monitoring is undertaken effectively. Budget Holders are accountable to their line managers, who in turn are accountable to the relevant Senior Leadership Team member. Ultimately, they are accountable to the Principal for the income and expenditure budgets appropriate to their areas of responsibility.

15.2 Significant departures from agreed budgetary targets must be reported immediately by the Budget Holder to the Vice-Principal Finance and Infrastructure. If deemed necessary, corrective action must be taken.

Financial Information

15.3 Budget Holders are assisted in their financial responsibilities by management information provided through the Chief Financial Controller. Monthly Budget statements will be provided to Budget Holders and they will be supported by the Finance Team.

15.4 The Vice-Principal Finance and Infrastructure is responsible for supplying budgetary reports on all aspects of the College's finances to the PIF Committee on a basis agreed by the PIF Committee. This is subject to any specific requirements of the funding body.

Significant Changes to the Approved Budgets

15.5 Significant changes proposed to the overall approved budgeted position, prior to the new Financial Year commencing, will be first considered by the Senior Leadership Team. If approved these will thereafter be referred to the PIF Committee for its scrutiny and approval. If required, advice will be taken from the Chair of the Committee.

15.6 Significant in-year changes required to the approved budget will be considered by the Executive Leadership Team and, if approved, will thereafter be referred to the PIF Committee for its scrutiny and approval. If required, advice will be taken from the Chair of the Committee.

Virement (In–Year Transfer between Budgets)

15.7 In-year consumables budgets cannot be used to fund staff appointments and any ring-fenced or designated funds must be used solely for the purpose provided.

15.8 The virement of budgets must not lead to any net change in the overall annual budget for the College. Senior Leadership Team members may vire budgets within a single cost centre or between cost centres. These virements should be within detailed budget headings within each of the three principle budget categories:

- income.
- staff costs, and
- other operating expenditure.

15.9 Transfers between budget categories (e.g. staff and other operating expenditure) require the approval of the Vice Principal Finance and Infrastructure. Virement between budgets held by different Senior Leadership Team members is permitted with the written approval of the transferring and receiving Senior Leadership Team members.

Treatment of Year-End Balances

15.10 At the year-end, Budget Holders will not have the authority to carry forward a balance on their budget to the following year unless the Vice-Principal Finance and Infrastructure specifically approved this.

16. Accounting Arrangements

Financial Year

16.1 The College's academic year runs from 1 August to 31 July.

Basis of Accounting

16.2 The College's consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards and the funding body's accounts direction.

Format of the Financial Statements

16.3 The financial statements are prepared in accordance with the *Statement of Recommended Practice Accounting for Further and Higher Education*, subject to any specific requirements of the funding body, current Accounting Standards, and in accordance with the provisions of the Further and Higher Education (Scotland) Act 1992, if appropriate.

Capitalisation and Depreciation

16.4 The accounting policies in relation to capitalisation and depreciation are noted within the College's statutory annual financial statements. From time to time, the main accounting policies may be presented for updating to the PIF Committee for approval.

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

16.6 Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet in line with approved accounting policies.

16.7 Certain tangible assets will be revalued. Where such a policy is adopted, it should be applied consistently to all tangible fixed assets of the same class, and the carrying amount should be its current value. A full valuation at least every 5 years and an interim valuation in year 3, with an interim valuation in the intervening years where it is likely that there has been a material change in value. Where an asset is found to have suffered impairment, the prospective impairment and background must be communicated to the SFC at the earliest opportunity.

Accounting Records

The Vice-Principal Finance and Infrastructure is responsible for the retention of financial documents. These documents should be kept in a form that is acceptable to the relevant authorities and complies with the requirements of the Freedom of Information (Scotland) Act 2002 and all data protection laws in force in the UK, including UK GDPR and the Data Protection Act 2018, as amended from time to time.

16.8

16.9 The College is required by law to retain primary documents for six years. These include:

- Bank account records
- Expenditure records
- Ledger records
- Receipts and revenue records
- Salaries and related records
- Stores records
- Other accountable financial records

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16.10 All members of staff are required to ensure that retention arrangements comply with any specific requirements of particular funding organisations.

16.11 Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder.

Public Access

16.12 The Board of Management is required to supply any member of the public with a copy of the College's most recent set of annual statutory financial statements within 20 days of a request, subject to the financial statements having been presented to Parliament. To ensure compliance with the Freedom of Information (Scotland) Act 2002, the College will also allow members of the public to inspect the financial statements during normal working hours. An electronic copy of the most recent set of financial statements will also be available on the College's website.

Taxation

16.13 The Vice-Principal Finance and Infrastructure is responsible for advising Budget Holders on all College-related taxation issues. This advice will be in line with guidance issued by the appropriate bodies and relevant legislation as it applies to the College.

16.14 Therefore, the Vice-Principal Finance and Infrastructure will issue instructions to Budget Holders and relevant staff members on compliance with statutory requirements. These include VAT, PAYE, national insurance, corporation tax and import duty, as required.

16.15 The Vice-Principal Finance and Infrastructure 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.

17. Audit Requirements

General

17.1 External Auditors and Internal Auditors shall have the authority to:

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

17.2 The Vice-Principal Finance and Infrastructure is responsible for agreeing a timetable for final accounts purposes with the External Auditors.

17.3 The PIF Committee is responsible for considering, scrutinising and approving the College's financial performance. The financial statements are required to be reviewed and approved by the Audit & Risk Committee, which shall receive all year-end audit reports.

17.4 On the recommendation of both the PIF and Audit & Risk Committees the annual statutory financial statements and relevant year-end audit reports will be submitted to the Board of Management for approval. Thereafter, they will be forwarded to SFC and other relevant bodies, such as Audit Scotland, who will present them to the Scottish Parliament.

External Audit

17.5 Under the terms of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General is responsible for appointing the External Auditors to the College.

17.6 The primary role of the external audit is to report on the College's annual statutory financial statements. An external audit conducts such examination of the statements and underlying records and control systems as are necessary to reach its opinion on the statements and to report on the appropriate use of funds.

17.7 The External Auditors address their report and opinion jointly to the Auditor General and the members of the Board of Management. The External Auditor's duties and responsibilities are in accordance with advice set out in the funding body's audit code of practice and the Auditing Practices Board's statements of auditing standards.

Internal Audit

17.8 The Internal Auditor is appointed by the Audit & Risk Committee on behalf of the Board of Management.

17.9 The SFC Financial Memorandum requires that the College has an effective internal audit function. The main responsibility of internal audit is to provide the Board of Management and the Executive Leadership Team with assurances on the adequacy of the internal control systems.

17.10 The internal audit service remains independent in its planning and operation. The service has direct access to the Chair of the Audit & Risk Committee and any other member of the Board of Management including the Chair of the Board of Management and the Principal as required. The formal responsibilities of internal audit are detailed in Appendix C. The internal auditor service will also comply with the Auditing Practices Board's auditing guideline *Internal Audit Code of Practice*

Fraud and Corruption

17.11 Full procedures and regulations for Counter Fraud, Bribery and Corruption are set out in the College's Counter Fraud, Bribery and Corruption Policy.

Value for Money

17.12 It is a requirement of the SFC Financial Memorandum that the Board of Management is responsible for delivering value for money from public funds. The Board of Management should keep under review its arrangements for managing all the resources under their control, taking into account guidance on good practice issued from time to time by the funding body, Audit Scotland, the Public Accounts Committee or other relevant bodies such as APUC.

17.13 The College's Internal Audit services have regard to value for money considerations in their programme of work. To fulfil this responsibility, the Audit & Risk Committee approves an Internal Audit Plan which includes value for money work that will provide evidence of compliance with the funding body's requirements. The Chair of the Audit & Risk Committee will refer to value for money considerations in the Committee's annual report.

Other Auditors

17.14 The College may, from time to time, be subject to audit or investigation by external bodies such as funding bodies, Audit Scotland, European Court of Auditors, and HM Revenue & Customs. These external bodies will have the same rights of access as external and internal auditors.

18. Treasury Management

General

18.1 The Vice-Principal Finance and Infrastructure is responsible for the College's treasury management activities.

18.2 All treasury management activities are required to be compliant with SFC rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the SFC Financial Memorandum. Any borrowing shall be undertaken in the name of the College and shall conform to any relevant funding body requirements.

18.3 The Vice-Principal Finance and Infrastructure will provide an annual report to the PIF Committee on treasury management activities as required.

Appointment of Bankers

18.4 All bodies to which the Scottish Public Finance Manual applies are required to use the Government Banking Service contract.

Banking Arrangements

18.5 The Chief Financial Controller is responsible for liaising with the College's bankers in relation to the College's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Vice-Principal, Finance and Infrastructure. The Vice-Principal Finance and Infrastructure shall make proper arrangements for their safe custody.

18.6 Only the Principal and the Vice-Principal Finance and Infrastructure may open or close a bank account for dealing with the College's funds. If required, this will be carried out in accordance with the bank's requirements. All bank accounts shall be in the name of the College or one of its associated entities (as appropriate).

18.7 All electronic payment instructions, including BACS and CHAPS payments, shall be signed or otherwise authorised by two duly authorised signatories from those set out on the list of authorised signatories for the bank account from which the payment is to be made.

Authorisation to make payments are as detailed in the table below:

AUTHORISATION TABLE				
	Student Funding Payments	**Payments Suppliers**	**Payroll**	**Bank Account Transfers**
Payroll Officer/ Finance Officer/ Assistant Accountant	<£10,000 Individual payment Limit £1,000	<£10,000 Individual payment Limit £1,000	<£0 Individual payment Limit £0	<£10,000
Finance Manager / Senior Accountant	>£10,000 to £50,000 Individual payment Limit £5,000	>£10,000 to £50,000 Individual payment Limit £5,000	<£1,000 Individual payment Limit £1,000	<£250,000
SLT	>£50,000	>£50,000 to £500,000 Individual Payment Limit £50,000	>£1,000 to £500,000 Individual Payment Limit £50,000	>£250,000 to £1,000,000
ELT	Dispensation from SSF	>£500,000	>£500,000	>£1,000,000

Making Payments

To ensure segregation of duties, system-generated batch payment files where in-built authorisation processes have been enforced by the table above (purchase ledger, payroll and student funding) will be uploaded to the BACS system by a member of the Finance Team. These payments will require two bank approvers, one from Group A and one from Group B, per the table below:

Group A	**Group B**
Payroll Officer	Finance Manager
Finance Officer	Senior Accountant
Assistant Accountant	Chief Financial Controller

In exceptional circumstances if there is no one available from Group B, then written permission must be obtained from a member of ELT before the file is sent by two members of Group A.

Other sundry payments, including bank transfers and urgent payments, where appropriate authorisation has been obtained per the Authorisation Table above, will be entered or imported into the online banking system by a member of the Finance Team. These payments will require two authorised electronic signatories, one of whom must be the Chief Financial Controller, Senior Accountant or Finance Manager.

If any of these three members of staff are unavailable, then written permission must be obtained from a member of ELT before the payment is sent by two finance team members.

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

19. Income

General

19.1 The Vice-Principal Finance and Infrastructure 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 and other official documents in use and electronic collection systems must have the prior approval of the Vice-Principal Finance and Infrastructure.

19.2 Levels of charges for services rendered, goods supplied, rents and lettings are determined by procedures approved by the Executive Leadership Team. These will be incorporated into the annual budget presented to the PIF Committee and, thereafter, the Board of Management.

19.3 The Vice-Principal Finance and Infrastructure is responsible for the prompt collection, security and banking of all income received. These processes are overseen by the

Chief Financial Controller.

19.4 The Vice-Principal Finance and Infrastructure is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the College's accounts.

19.5 The Vice Principals, based on remit, are responsible for ensuring that all claims for funds, including grants and contracts, are made by the due dates.

Maximisation of Income

19.6 It is the responsibility of all staff to ensure that revenue to the College is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. This requires prompt notification to the Vice- Principal Finance and Infrastructure of all sums due so that collection can be initiated.

Receipt of Cash, Cheques and other Negotiable Instruments

19.7 All money received within the College from whatever source must be recorded daily, for example, cash, cheques and other negotiable instruments.

19.8 All paperwork and monies received must be remitted to the Finance Team promptly, and in accordance with the format and timetable prescribed by the Vice-Principal Finance and Infrastructure and set out in these Financial Regulations. The custody and transit of all monies received must comply with the requirements of the College's insurers.

19.9 All sums received must be paid in and accounted for in full and must not be used to meet miscellaneous expenses or be paid into petty cash floats.

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

19.11 Receipts by credit or debit card: the College may only receive payments by debit or credit card using procedures approved by the Vice Principal Finance and Infrastructure.

Collection of Debts

19.12 The Vice-Principal Finance and Infrastructure shall ensure that:

- debtors' invoices are raised promptly on official invoices, in respect of all income due to the College.
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account.
- any credits granted are valid, properly authorised and completely recorded.
- VAT is correctly charged, where appropriate, and accounted for.
- monies received are posted to the correct debtor's account.
- swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the financial procedures.
- outstanding debts are monitored, and reports are prepared for management.

19.13 The Principal, through the Vice-Principal Finance and Infrastructure can agree on credit arrangements and indicate the periods in which different types of invoices must be paid. This will include standard instalment plans.

19.14 Requests to write off debts of more than £25,000 (i.e. an individual and not cumulative amount) must be referred in writing to the Vice-Principal Finance and Infrastructure and considered and approved by the Executive Leadership Team. If approved, the request must go to the PIF Committee for final approval. Debts between £10,000 and £24,999 may be written off with the permission, in writing, of the Principal. If below £10,000, by permission, in writing, of the Vice-Principal Finance and Infrastructure.

Student Fees

19.15 The procedures for collecting Student Fees (including but not limited to tuition fees) must be approved by the Vice-Principal Finance and Infrastructure. The procedures are detailed in the Student Fees and Debt Recovery Policy.

19.16 The Vice-Principal Finance and Infrastructure is responsible for ensuring that all student fees due to the College are received. Student fee levels require to be approved by the Executive Leadership Team as part of the annual budget processes.

19.17 Any student who has outstanding debts or any other item owed to the College shall not receive the certificate for any diploma or other qualification awarded by the College. This will only be given to the student when all outstanding debts have been cleared. Students with outstanding debts to the College shall be prevented from re-enrolling at the College. They will also be prevented from using any of the College's facilities unless appropriate arrangements have been made.

19.18 The Vice-Principal Finance and Infrastructure shall have the authority to issue certificates or allow re-enrolment of students up to an existing debt outstanding of £2,500 considering relevant circumstances.

19.19 Any student with a debt above this amount requires the approval of the Principal for both the issue of certificates and re-enrolment within the College.

Student Loans

19.20 Appropriate records are require to be maintained to support all transactions involving SAAS student loans.

20. Project Grants and Contracts

General

20.1 Where approaches are to be made to outside bodies for support for projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the Vice Principal(s) based on remit to ensure that the financial implications have been appraised by the Vice Principal Finance and Infrastructure.

20.2 This will include, but not be limited to, obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

20.3 The Vice Principal Finance and Infrastructure is responsible for examining every formal application for grant funding and shall ensure that there is adequate provision of resources to meet all commitments. Applicants are recommended to engage the support of the College's Financial Accountants in the development of the costings included within their applications. This should take place prior to examination by the Vice Principal Finance and Infrastructure.

20.4 The Vice Principal Finance and Infrastructure should ensure that the full cost of the project/contract is established. Grants and contracts shall be accepted on behalf of the College only by the Principal, or in their absence, by the Vice Principal – Finance and Infrastructure.

20.5 The Vice Principal Finance and Infrastructure shall maintain all financial records relating to grants and contracts. The Vice-Principal Finance and Infrastructure shall initiate all claims for reimbursement from sponsoring bodies by the due date. Each grant or contract will be assigned as a responsibility to a specific Director or Vice Principal.

20.6 Any overspend or under-recovery is to be the clear responsibility of the assigned Director or Vice Principal.

Recovery of Overheads

20.7 Overheads may be considered and charged to project activity. The Vice Principal Finance and Infrastructure shall ensure that the treatment of overheads is factored into the establishment of the full cost of the project/contract and the decision-making processes where appropriate.

Costing/Transparency

20.8 The College's principles on costing and pricing should be approved by the Vice Principal Finance and Infrastructure.

20.9 Each member of the Senior Leadership Team and their staff undertaking project activity is responsible for maintaining the records specified within the documentation/grant agreement to enable compilation of any returns to the funding body.

Grant and Contract Conditions

20.10 Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of reports or the provision of other relevant information. Failure to respond to these conditions could mean that the College will suffer a significant financial penalty. It is the responsibility of the assigned Vice Principal, Assistant Principal or Service Head to ensure that conditions of funding are met.

20.11 Any loss to the College resulting from a failure to meet conditions of funding is the responsibility of the assigned Vice Principal, Assistant Principal or Service Head.

21. Other Income-Generating Activity

Off-site Collaborative Provision

21.1 Any contract or arrangement whereby the College provides education to students away from College premises, or with the assistance of persons other than the College's own staff or with independent contractors (partner organisations), must be subject to the following procedure.

21.2 After a written recommendation from the relevant Vice Principal, and approval by the Executive Leadership Team, there shall be a contract signed by the Principal and on behalf of any partner organisation. The signed contract must at least comply with the funding body model contract (as amended from time to time) in place before any provision is made.

21.3 The relevant Vice Principal shall ensure that all funding body obligations are met, including the provision of information and reporting requirements.

21.4 The form of the contract shall be scrutinised in advance of signature by the relevant Vice Principal based on remit. Any concerns regarding contract provisions shall be raised immediately with the Vice Principal Finance and Infrastructure who may decide to take a legal view on the provisions of the contract.

Community/European and Other Match Funding Projects

21.5 Any such project, out with SFC led European projects, requires the approval of the Executive Leadership Team prior to any commitment being entered into. Approval should be gained through a written business case. The business case must demonstrate that eligible matching funds are available, that the project is deliverable in terms of outputs, financially viable and strategically beneficial to the College's aims and objectives.

Profitability and Recovery of Overheads

21.6 All income-generating activities must be self-financing or surplus-generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the Executive Leadership Team.

21.7 Other income-generating activities organised by members of staff must be costed and agreed with the Vice Principal Finance and Infrastructure based on remit, before any commitments are made. Staff are recommended to engage the support of the College's Financial Accountants in the development of the costings included within their applications. This should take place prior to examination by the Vice Principal Finance and Infrastructure.

Deficits

21.8 Any unplanned deficits incurred on other income-generating activities will be reported to the Senior Leadership Team. The forward actions/decisions taken by the Senior Leadership Team will depend on the reasons for the deficit.

Additional Payments to Staff

21.9 Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the relevant Assistant Principal or Service Head. For an Assistant Principal, the relevant Vice Principal must approve the payment.

21.10 If work is undertaken by a member of staff, under agreement for a third party, and not during annual leave, any payment due should be remitted to the College and not be retained by the member of staff.

22. Expenditure

General

22.1 The Vice Principal Finance and Infrastructure is responsible for ensuring appropriate systems are in place for making payments to suppliers of goods and services to the College. The application of these systems is overseen by the Chief Financial Controller.

Scheme of Delegation/Financial Authorities

22.2 Budget Holders are accountable for purchases within their areas of responsibility. Budget Holders are not authorised to commit the College to expenditure without first identifying sufficient funds are available to them to meet the purchase cost.

22.3 When raising a purchase order on the Finance System, the Purchase Order (PO) will automatically route to the relevant signatory(s) based on the authorisation levels below. Any changes to the authorisation levels for Purchase Orders are to be approved by the Executive Leadership Team. The authorisation levels are as follows:

Requisition Value	Authorised by
Up to £5,000	Budget holders
Up to £35,000	Senior Leadership Team
Up to £75,000	Executive Leadership Team
Over £75,000	Principal

For the avoidance of doubt where the Budget Holder is a Vice Principal or Assistant Principal, they should sign as Budget Holder and within the limits noted above. The Internal Requisition thereafter should be signed by the Vice Principal Finance and Infrastructure and where required due to the value another Vice Principal and Principal. Normally authorisation should reflect relevant line management structures, although other Vice Principals or Directors can be used, if required.

All values above are **inclusive of VAT** at the prevailing rate.

22.4 The Chief Financial Controller, on behalf of the Vice Principal Finance and Infrastructure, shall ensure that all authorised signatories and Budget Holders use a digital signature for the purposes of authorising POs or any other documentation requiring signature.

22.5 The Vice Principal Finance and Infrastructure must be notified immediately of any changes to the authorisations to commit expenditure.

Financial Authority Limits

22.6 The Principal may enter into a contract for the supply of goods and services where the value of the contract does not exceed £250,000. The Principal, on behalf of the Board of Management or one of the Board's committees, has authority to sign other contracts in excess of £250,000 for the supply of goods and services which have been previously approved by the Board of Management or the authorised sub-committee.

22.7 Expenditure on single items or contracts of £250,001-£1,000,000 not previously approved shall require the approval of the PIF Committee.

22.8 The Board of Management must approve expenditure or contracts not previously approved in excess of £1,000,000.

22.9 The approvals to contract will be secured where possible in advance by highlighting such expenditure items in the annual budget or capital programme at PIF Committee or Board of Management.

Procurement Strategy, Policy and Processes

22.10 The College has separate documents which describe in detail the Procurement Framework and the Procurement Policy and Procedures that are required to be adopted. The Procurement Policy complies with Audit Scotland requirements, the College Financial Regulations and with the SFC Financial Memorandum which confirms the revised delegated limits for incorporated colleges. It is important that staff read and understand the requirements of the Procurement Policy and Procedure. Relevant staff are also required to undertake regular procurement training.

22.11 The College requires all Senior Leadership Team members, irrespective of the source of funds, to obtain goods and services that offer Value for Money and have been purchased in accordance with Scottish and UK procurement legislation and regulation.

22.12 The Vice Principal Finance and Infrastructure is responsible for:

- ensuring that the College's procurement procedures are known and observed by all staff involved in procuring for the College.
- advising teaching and support departments on matters of College procurement procedures and practice.
- developing and managing contract and supplier arrangements on behalf of the College to assist Senior Leadership Team members in meeting their value for money objectives.
- the drafting and negotiation of all large-scale procurement contracts undertaken by the College.
- ensure that the College complies with relevant procurement legislation and regulations.

22.13 The Vice Principal Finance and Infrastructure is responsible for ensuring that the College complies with its legal obligations under Scottish and UK procurement legislation. Scottish procurement regulations apply to contracts with a value of £50,000 or greater up to UK procurement regulations which apply to written contracts for all forms of procurement, purchase or hire with a total value exceeding the current UK threshold value.

22.14 The Scottish regulations require that the value of same or similar purchases over any 4-yearperiod must be aggregated and that where that calculation exceeds £50,000 then the Scottish procurement regulations will apply to all future purchases. It is the responsibility of Senior Leadership Team members to ensure that their members of staff comply with the Scottish and UK regulations by notifying the Vice Principal Finance and Infrastructure of any purchase that is likely to exceed the thresholds This will need to be done well in advance in order to permit for the mandatory timescales that must be followed for and above threshold procurement

22.15 The Vice Principal Finance and Infrastructure is also required to annually submit to the Scottish Funding Council and include in the Annual Procurement Report details on expenditure which exceeds the threshold.

22.16 The Scottish regulations require that the College publishes an Annual Procurement Framework and must confirm to the Scottish Government it has done so. The Scottish regulations require that the College provides the Scottish Government with an Annual Procurement Report that details all regulated procurement. The report must also be published on the College's website.

22.17 Procurement Non-Competitive Action requires prior consultation with the SFC if the anticipated spend is greater than £25,000 (per SFC guidance). Goods and services should firstly be sourced through APUC, Government and other framework agreements, prior to any alternative procurement route being taken**.**

Quotations and Tenders

22.18 Budget holders must comply with the College's Procurement Policy and the Scottish Government Procurement Journey. To avoid conflict with applicable procurement legislation and regulation guidance from College procurement team must be sought before making a purchase. The procurement procedure to be followed for the value threshold of a particular contract is as follows:

For goods/services/works

Value incl. VAT	Action	Responsibility	Authorisation
£0 to £4,999	1 Quote	Devolved to Department	Budget Holders
£5,000 to £34,999	3 Quotes Consider quality and price	Devolved to Department	Senior Leadership Team
£35,000 to £207,720 for goods and services and £35,000 to £5,193,000 for works	Tender issued via Public Contracts Scotland	Procurement Manager	Senior Leadership Team and Procurement
£207,720 and over for goods and services/ £5,193,000 and over for works	Tender- Open advert or if deemed appropriate restricted procedure via my Tender and Public Contracts Scotland	Procurement Manager	Principal or Vice Principal and Procurement

Over EU threshold - the contract will be subject to full EU tendering procedures unadvertised using the Public Contracts Scotland website.

Capital Projects (in excess of £250,000) and Key Stage Reviews (KSRs)

22.19 All Capital Projects greater than £250,000 require to be approved by the PIF Committee in line with the Committee's Terms of Reference.

22.20 Design team professionals such as architects and quantity surveyors/cost consultants should be appointed if the project is considered to be too large or too specialised for the in-house Estates Team. All appointments shall be subject to the provisions of the Procurement Policy and Procedure.

22.21 Proposals for large projects shall be presented in the form of strategic rationale including costings and where appropriate investment appraisals. Project proposals should be prepared by the relevant vice principal supported by the College's financial accountants in the development of the costings. Any requirement for Investment appraisals should comply with appropriate funding body guidance.

22.22 All Capital Projects over £250,000 shall be subject to a series of key stage review processes and project sponsor appointed for each. The key stage review will include five distinct stages out with the formal committee structures. These are as follows:

- Outline business case approval
- Pre-tender review stage
- Tender evaluation and contract award
- Project review on project completion
- Post occupancy

22.23 The key stage reviews will include initial scope versus developing proposals, change management and control arrangements, authorisation requirements, continued project relevance, risks and timelines, status updates and financial analysis including costs and funding requirements.

Overseas Regulations

22.24 The Vice Principal Finance and Infrastructure is responsible for ensuring the College complies with its legal obligations concerning any relevant overseas procurement legislation. The College Procurement Policy includes detailed information on the overseas requirements and the processes to be adopted by the College.

22.25 The Vice Principal Finance and Infrastructure may also be required to submit annually to the funding body details on relevant overseas expenditure. Copies of the relevant documentation falling into this category are the responsibility of the relevant budget holder. This documentation must be provided by Budget Holders to the Vice Principal Finance and Infrastructure within the required timescales.

Receipt of Goods

22.26 All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

22.27 All goods received shall be entered into the Finance System as a GRN (Goods Received Note). This would be completed by Central Stores team or receiving department. If the goods are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

Payment of Invoices

22.28 The procedures for making all payments shall be in a form specified by the Vice Principal Finance and Infrastructure.

22.29 The Chief Financial Controller is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will be made by BACS payment.

22.30 Budget Holders are responsible for ensuring that expenditure within their areas of accountability does not exceed the budgeted funds made available to them.

22.31 The operation and control of the College's credit cards is the responsibility of the Vice Principal Finance and Infrastructure. This does not, however limit the responsibilities of the card holders.

22.32 Holders of credit cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Cards must not be loaned to another person. Cards must not be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant Budget Holder and should ensure that there is sufficient budget available to meet the costs. The Chief Financial Controller shall determine the information required on purchases made with credit cards and deadlines for receipts to be submitted in the Finance Team. This is to enable proper financial control.

22.33 Suppliers should be instructed by the Budget Holders to submit invoices for goods or services to the Finance Team. Should invoices be received in other curriculum/service areas, these must be passed to the Finance Team as soon as they have been authorised. Care must be taken by the Budget Holders to ensure that discounts receivable are obtained.

22.34 Payments will only be made by the Finance Team against invoices that have been certified for payment by the appropriate Budget Holder in line with the authorisation procedures. Payments will only be made by the Finance Team against invoices that can be matched to a receipted order. Certification of an invoice or receipting of an electronic order will confirm that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory.
- where appropriate, it is matched to the order.

- invoice details (quantity, price discount etc.) are correct.
- the invoice is arithmetically correct.
- the invoice has not previously been passed for payment.
- where appropriate, an entry has been made on the Finance System for the GRN
- an appropriate cost centre is quoted (this must be one of the cost centre codes included in the Budget Holder's areas of responsibility and must correspond with the type of goods or service described on the invoice).

Staff Reimbursement

22.35 The College's payment procedures are in place to enable the majority of non-pay supplies to be procured through the purchase ledger without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 10.5).

22.36 Where such purchases by staff are planned, the Finance Manager and the relevant Budget Holder may jointly approve cash advances to staff who are going to incur expenditure on the College's behalf. Such an advance will only be made on the completion of a Cash Advance Form (available on the College's intranet). Upon completion of the travel or purchase to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under NO circumstances will an advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

Petty Cash

22.37 In exceptional circumstances, where a single item is for less than £50, it can be reimbursed from petty cash. It must be supported by a completed and authorised Payment Request Form and the relevant receipts or vouchers. Any other incidental expenditure more than £50, incurred by staff will be re-imbursed direct to the member of staff's bank account using the details held within the payroll system. It must be supported by a completed and authorised Payment Request Form and the relevant receipts or vouchers

22.38 The Chief Financial Controller shall make available to curriculum/service areas such imprests as they consider necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum. A completed Float Reimbursement From must be sent to the Chief Financial Controller or their nominated representatives together with appropriate receipts or vouchers. This must be sent before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.

22.39 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. The floats will be subject to periodic checks/audits by the relevant manager or another person nominated by him or her.

22.40 Petty cash floats may be subject to random checks and audits at any time. Members of staff granted a float must ensure that all paperwork is up to date, that the float is correct and that there is no undue delay in responding to the check or audit. Any discrepancies will result in an internal review by the Finance Team.

22.41 Standard College petty cash forms are supplied by the Chief Financial Controller and must be used for recording all imprest accounts.

22.42 At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float. This must be provided to the Finance Team within the required timelines

Other Payments

22.43 Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Vice Principal Finance and Infrastructure, supported by detailed claims approved by the Budget Holder.

Late Payment Rules

22.44 The Late Payment of Commercial Debts (Interest) Act 1998 gives small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

- Small businesses can charge interest on overdue invoices.
- The rate of interest is currently 8% per annum above the official daily rate of the Bank of England.
- The Act also applies to overseas organisations.
- The College can be sued for non-payment.

In view of the penalties in this Act, invoices must be passed for payment as soon as possible after receipt.

Project Cash Advances

22.45 Budget Holders may approve cash advances for projects carried out away from the College where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or a College credit card (if applicable).

22.46 Receipts or paid invoices will be retained for all sums expended in this way. A final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. This must be finalised within one month of completion of the project to which the advance relates. Under no circumstances will an advance be approved when the final accounting for an earlier advance to a project or individual is outstanding.

Giving Hospitality

22.47 Staff entertaining guests from external bodies at lunch/diner time should normally use the College's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement. All claims by staff must be approved by the relevant member of the Executive Leadership Team prior to reimbursement.

23. Pay Expenditure

Remuneration Policy

23.1 All College staff will be appointed to the approved salary scales and in accordance with the appropriate conditions of service. All letters of appointment must be issued by the Human Resources and Organisational Development Team.

23.2 Salaries and other benefits for the Senior Leadership Team will be determined by the Performance Review and Remuneration Committee of the Board of Management.

Appointment of Staff (Permanent and Temporary)

23.3 All contracts of service shall be concluded in accordance with the College's approved human resources practices and procedures. All offers of employment with the College shall be made in writing by the Principal, or Principal's designate. All staff shall ensure that the Vice Principal Finance and Infrastructure – and the Vice Principal People, Performance and Transformation are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

Salaries and Wages

23.4 The Vice Principal People, Performance and Transformation and Vice Principal Finance and Infrastructure (as appropriate) are responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners or visiting lecturers, will be in a form prescribed or approved by the Vice Principal Finance and Infrastructure.

23.5 The Vice Principal People, Performance and Transformation is responsible for keeping the Vice Principal Finance and Infrastructure informed of all matters relating to personnel for payroll purposes. In particular these include:

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

23.6 The Vice Principal Finance and Infrastructure is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll (this excludes self-employed workers). All self-employed workers require the written approval of the Principal.

23.7 The Vice Principal Finance and Infrastructure shall be responsible for keeping all records relating to payroll, including those of a statutory nature.

23.8 All payments must be made in accordance with the College's detailed payroll financial procedures and comply with HM Revenue and Customs regulations.

Superannuation Schemes

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

23.10 The Vice Principal Finance and Infrastructure is responsible for day-to-day superannuation matters, including:

- paying contributions to various authorised superannuation schemes.
- preparing the annual return to various superannuation schemes.

23.11 The Vice Principal People, Performance and Transformation, or their representative is responsible for administering pension arrangements and arranging when deductions should begin or cease for staff.

23.12 The Vice Principal People, Performance and Transformation or their representative, is responsible for advising any changes to employees' terms and conditions to the relevant superannuation agencies.

Travel, Subsistence and Other Allowances

23.13 All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed using the College's i-Trent system. Claims will be approved by the relevant line manager for each individual staff member.

23.14 Claims by members of staff must be completed in line with the relevant College Policy and authorised online using i-Trent by their Line Manager. The authorisation by the line manager shall be taken to mean that:

- The journeys were authorised.
- The expenses were properly and necessarily incurred.
- The allowances are properly payable by the College.
- Consideration has been given to value for money in choosing the mode of transport.

23.15 Travel claims by the Principal shall be approved by the Chair of the Board of Management. Arrangements for travel by the Chair of the Board of Management shall be approved by the Chair or Vice Chair of the Audit & Risk Committee.

Overseas Travel

23.16 All arrangements for overseas travel must be approved by the Principal in advance of committing the College to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Principal or members of the Board of Management shall be approved by the Chair of the Board of Management.

23.17 Where spouses, partners or other persons unconnected with the College intend to participate in a trip, this must be clearly identified in the approval request. The College must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings. Any additional costs must be fully incurred by staff or board member.

Expenses for Members of the Board of Management

23.18 Claims for members of the Board of Management, including the Chair will be authorised by the Board Governance Advisor. These will then be submitted to the Finance Team for processing.

Severance and Other Non-Recurring Payments

23.19 Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Board of Management and the SFC. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose. All such payments shall be authorised by the Principal and calculations checked by the Vice Principal People, Performance and Transformation and the Vice Principal Finance and Infrastructure or their authorised representation.

23.20 All amounts paid should, where appropriate, be declared in the financial statements in the prescribed format.

23.21 All matters referred to an employment tribunal shall be notified to the PIF Committee at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be notified to the Board of Management.

24. Assets

Land and Buildings

24.1 The purchase, lease or rent of land and buildings under £250,000 per annum can be approved by the Principal after an appropriate recommendation and approval by the Senior Leadership Team.

24.2 The purchase, lease or rent of land and buildings over £250,000 per annum can only be undertaken with authority from the PIF Committee and Board of Management.

Fixed Asset Register

24.3 The Vice Principal Finance and Infrastructure is responsible for maintaining the College's register of land, buildings, fixed plant and machinery. All Staff will provide the Vice Principal Finance and Infrastructure with any information they need to maintain the register.

Stocks and Stores

24.4 Staff are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their curriculum/service area. The systems used for Stores accounting must have the approval of the Chief Financial Controller.

24.5 Allocated staff 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.

24.6 Where stocks require valuation in the balance sheet the allocated staff member must ensure that the stock-taking procedures in place have the approval of the Chief Financial Controller. The staff member must also ensure that instructions to appropriate staff within their curriculum/service areas are issued. These instructions must, in accordance with advice, be contained in the College's detailed financial procedures.

Safeguarding Assets

24.7 All staff are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the Vice Principal Finance and Infrastructure in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

24.8 Assets owned by the College shall, so far as is practical, be effectively marked to identify them as College property.

Personal Use

24.9 Assets owned or leased by the College shall not be subject to personal use without proper authorisation.

Asset Disposal

24.10 Disposal of equipment and furniture must be in accordance with the College's relevant policies and procedures. All such disposals require the written authorisation of the Vice Principal Finance and Infrastructure.

24.11 Disposal of land and buildings must only take place with the authorisation of the Board of Management. SFC consent will be required in advance of any planned sale.

All Other Assets

24.12 All staff are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the College. This includes tangible assets (such as stock) and intangible assists (such as software), including electronic data.

25. Funds Held in Trust

Gifts, Benefactions and Donations

25.1 The Vice Principal Finance and Infrastructure 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.

Student Support Funds

25.2 The Vice Principal Finance and Infrastructure will prescribe the format for recording the use of Student Support Funds.

25.3 Detailed records require to be held to support the payment of funds to students and these records require to comply with funding body requirements.

Voluntary Funds

25.4 The Vice Principal Finance and Infrastructure shall be informed of any fund that is not an official fund of the College but which is controlled wholly or in part by a member of staff in relation to their function in the College.

25.5 The accounts of any such fund shall be audited/verified by an independent external person and shall be submitted with a certificate of audit/verification to the appropriate body. The Vice Principal Finance and Infrastructure shall be entitled to verify that this has been done.

26. Other Matters

Insurance

26.1 The Vice Principal Finance and Infrastructure is responsible for the College's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets.

26.2 The Vice Principal Finance and Infrastructure is responsible for effecting insurance cover and reporting to the Executive Leadership Team. The Vice Principal Finance and Infrastructure (or their nominated representative which in most cases will be the Chief Financial Controller) is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Vice Principal Finance and Infrastructure will keep a register of all insurances effected by the College and the property and risks covered.

26.3 The Vice Principal Finance and Infrastructure (or their nominated representative) will also deal with the College's insurers and advisers about specific insurance issues.

26.4 All staff involved must ensure that any agreements negotiated within their curriculum/service areas with external bodies cover any legal liabilities to which the College may be exposed. The Vice Principal Finance and Infrastructure advice should be sought to ensure that this is the case.

26.5 All staff involved must give prompt notification to the Vice Principal Finance and Infrastructure of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. All staff involved must advise the Vice Principal Finance and Infrastructure (or their nominated representative, in most cases the Chief Financial Controller) immediately of any event that may give rise to an insurance claim. The Vice Principal Finance and Infrastructure (or their nominated representative) will notify the College’s insurers and, if appropriate, prepare a claim in conjunction with the staff member’s manager for transmission to the insurers. Staff should ensure that all insurance claims are notified immediately to the Chief Financial Controller.

26.6 The Vice Principal Finance and Infrastructure (or their nominated representative) is responsible for keeping suitable records of plant which is subject to inspection by insurance companies or their representatives and for ensuring that inspection is carried out in the periods prescribed.

26.7 All staff using their own vehicles on behalf of the College shall maintain appropriate insurance cover for business use. All staff are required to adhere to the relevant Policy. No personal car mileage claim will be reimbursed where a member of staff does not have business insurance cover.

Companies and Joint Ventures

26.8 In certain circumstances, it may be advantageous to the College to establish a company or a joint venture to undertake services on behalf of the College. Any member of staff considering the use of a company or a joint venture should first seek the advice of the Vice Principal Finance and Infrastructure. The Vice Principal Finance and Infrastructure when assessing any such request should have due regard to guidance issued by the SFC.

26.9 The Board of Management, following a recommendation from the Senior Leadership Team, is responsible for approving the establishment of all companies or joint ventures and the procedure to be followed in order to do so. This will have regard to any guidance provided by the funding bodies. The process involved in forming a company or a joint venture, and arrangements for monitoring and reporting on the activities of these undertakings, will be documented in the College's financial procedures.

26.10 It is the responsibility of the Board of Management to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the College. Where the College is the majority shareholder, the directors must submit, via the PIF Committee, an annual report to the Board of Management. They will also submit business plans or budgets as requested to enable the Committee to assess the risk to the College. Internal and external auditors shall also be appointed to such companies.

26.11 Where the College is the majority shareholder in a company, that company's financial year shall be consistent with that of the College.

Security

26.12 Keys to safes or other similar containers are to be held securely by the person responsible at all times. The loss of such keys must be reported to the Vice Principal Finance and Infrastructure (or in their absence the Chief Financial Controller) immediately.

26.13 The Vice Principal Finance and Infrastructure shall be responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the GDPR legislation. The Vice Principal Finance and Infrastructure has responsibility to ensure compliance with relevant legislation and the safety of documents.

26.14 The Vice Principal Finance and Infrastructure 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 Vice Principal Finance and Infrastructure and held in an appropriately secure location.

Students' Association

26.15 The Students' Association is recognised as fulfilling a valuable role within the College.

26.16 Subject to any constraints imposed by the funding body, the Senior Leadership Team shall determine the level of grant to be paid annually to the Students' Association. This grant will be included within the annual budgets presented to the PIF Committee and Board of Management in line with the arrangements noted in these Financial Regulations.

26.17 The Students' Association must adhere to the Financial Regulations in all matters.

Provision of Indemnities

26.18 Any member of staff asked to give an indemnity on behalf of the College, for whatever purpose, should consult the Vice Principal Finance and Infrastructure before any such indemnity is given.

Intellectual Property Rights

26.19 Intellectual Property is the product of thought, creativity, and intellectual effort. In the course of their studies at the College, Students may generate Intellectual Property (e.g. "results") which is of some commercial value. A variety of legal rights protect applications of ideas and information that may be of commercial value. Those most relevant to the College's activities include patents, registered designs, copyright and 'know how'. The law is clear that intellectual property created by staff 'in the course of their employment' belongs to their employer.

Students are not normally employees of the College. Any assignment of Student Intellectual Property must be done by a specific contract. Colleges must seek to strike a balance between a duty of care to the Student and a duty to exploit (e.g. sell, transfer, assign or license) Intellectual Property for the College's good, this balance being best achieved by selective assignment arising out of a specific contract in cases where the College's input in the creation of the Intellectual Property is very clear.

In the event of the College deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the College and contained in the College's detailed financial procedures. Initial guidance should be sought from the SFC should this situation arise.

Intellectual Property Rights by Students

26.20 Where a Student generates Intellectual Property, the Student has a duty to promptly inform the College of the Intellectual Property. The College will explain to the Student the issue of ownership in respect of all types of Intellectual Property through the development of appropriate documentation. When considering any Intellectual Property generated by one of its Students, the College will seek to strike a balance between fulfilling its duty of care to the Student and exploiting intellectual property for the good of the College. In each case, the College will be mindful of protecting any third-party rights that may be relevant in the generation of the Intellectual Property.

APPENDIX A: PRINCIPAL AND CHIEF EXECUTIVE'S SCHEME OF FINANCIAL DELEGATION

The Principal and Chief Executive is authorised:

1 to take such measures as may be required in emergencies subject to advising the Chair where possible and reporting to the appropriate Committee or to the Board as soon as possible thereafter on any items for which approval of the Committee or the Board would normally be necessary;

2 to approve the provision of reasonable hospitality to representatives of other Colleges, organisations, members of staff of the College or others and also within the UK to make visits and to authorise members of staff of the College to make visits as representatives of the College if he or she considers it would be in the interest of the Board to do so. To make visits abroad or authorise such visits subject to reports being made to the Board of Management;

3 to sign all deeds and other documents binding the Board in line with authority, funding body regulations and relevant Acts

4 to appoint staff of the College within complements approved by the Board;

5 to engage the services of outside persons, firms or organisations when it is necessary to carry out the functions of the Board in cases where the power to engage such services is not delegated to a Committee or is not reserved to the Board;

6 to approve initial salary placing within approved salary scales;

7 to administer in accordance with College policy the disbursement of monies to students of the College;

8 to administer in accordance with College policy the provision to students of financial or other assistance;

9 to set and amend as necessary the level of tuition fees, examination expenses, maintenance and contribution scales for all courses offered by the College and to waive or grant remission of such fees or expenses in special cases within guidelines set by the Scottish Funding Council;

10 to authorise students to attend and to make grants to students to enable them to attend courses and conferences and to undertake educational visits and excursions at home or abroad within the approved estimates and policies of the Board;

11 to authorise leave of absence with salary for staff to accompany students of the College to courses, conferences, visits and excursions;

12 to ensure arrangements are in place to enable appropriate disciplinary action to be taken, including expulsion, against students in accordance with any policies of the College;

13 to provide financial and other assistance to the Students' Association of the College;

14 to grant the use of College accommodation to outside bodies or persons for the purpose of holding meetings and functions on such terms and conditions as are reasonable in the circumstances;

15 to allocate and apportion accommodation within the College among the various departments of the College;

16 to arrange for any necessary alterations or adaptations to College property at a cost of up to £250,000 in respect of one project, provided the alteration or adaptation does not affect any material change in the character of the College;

17 to apply to the appropriate authority for any necessary statutory consents;

18 to lodge with the appropriate authority, objections to the grant of any permission, licence, warrant etc. where it is competent and in the interests of the College to do so;

19 to determine and control the standard of furniture, furnishings and equipment within the College;

20 to grant any way leave or servitude over the property of the College on such terms as may be appropriate;

21 to seek and, in the company of another member of staff of the College when competitive tenders are sought, to open tenders for contracts with the Board;

22 to enter into contracts on behalf of the Board or to authorise another to enter into contracts on behalf of the Board after all necessary approvals have been obtained;

23 to terminate contracts or to authorise the termination of contracts, when it is in the interests of the Board to do so;

24 to check the financial standing of potential contractors;

25 to purchase necessary equipment at a cost of up to £250,000;

26 to dispose of equipment which is surplus to requirements;

27 to enter into agreements for rental, hire or leasing of items of equipment when the rental or hire charge does not exceed £250,000 per annum and to sign agreement forms for such rentals, hires or leases, all in accordance with the College's Procurement Policy and Procedures

28 to enter into contracts for the supply of goods and services to the College where the value of the contract does not exceed £250,000 per annum and to sign such contracts, all in accordance with the College's Procurement Policy and Procedures

29 To sign such other contracts for the supply of goods and services and other items as may be approved by a Committee or the Board, all having been procured in accordance with the College's Procurement Policy.

30 to provide courses as requested by outside agencies and to negotiate appropriate charges thereof;

31 to administer any educational endowment which transferred to and vested in the Board in terms of section 19(1) of the 1992 Act;

32 to raise funds for and to apply them to any of the activities which the Board has power to carry on;

33 to sign cheques;

34 to take out any necessary insurance;

35 to make arrangements with insurance companies concerning the settlement of claims;

36 to write off bad debts due to the College up to the value of £25,000;

37 to vire monies from expenditure headings within agreed budgets taking account of and complying with the College's Financial Regulations;

38 to sign and date the report of the Board of the Annual Accounts in terms of the accounts direction given by the Scottish Ministers under paragraph 18 of Schedule 2 to the Further and Higher Education (Scotland) 1992 Act;

39 to pay expenses to members of the Board, and the Board's Committees on receipt of valid claims taking into account guidance from the SFC.

APPENDIX B: THE NINE PRINCIPLES OF PUBLIC LIFE FROM THE CODE OF CONDUCT FOR BOARD MEMBERS OF DEVOLVED PUBLIC BODIES

SELFLESSNESS

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

INTEGRITY

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties.

OBJECTIVITY

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

ACCOUNTABILITY

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS

Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

HONESTY

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP

Holders of public office should promote and support these principles by leadership and example.

DUTY (PUBLIC SERVICE)

Holders of public office have a duty to act in the interests of the public body of which they are a Board member and to act in accordance with the core tasks of the body.

RESPECT

Holders of public office must respect fellow members of their public body and employees of the body and the role they play, treating them with courtesy at all times.

APPENDIX C: INTERNAL AUDIT RESPONSIBILITIES

The prime responsibility of the internal audit service is to provide the Board of Management, the designated officer and the other managers of the College with assurance on the adequacy and effectiveness of the internal control system, including risk management and governance.

Responsibility for internal control remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management to improve systems of internal control and so to reduce the potential effects of any significant risks faced by the College through to provision of tailored recommendations. It should be noted that internal audit are not responsible for implementing said. Risk management provides the opportunity for internal audit work to be efficient and focused where this plays an integral part in the annual planning process with high-risk areas being prioritised. . It does not necessarily imply that internal audit activity has to be increased.

Internal audit can also provide independent and objective consultancy advice specifically to help management improve the internal control system, including risk management and governance. In such circumstances, internal auditors apply their professional skills in a systematic and disciplined way to contribute to the achievement of corporate objectives. This comes in the form of advisory pieces of work where the goal is defined prior to the fieldwork commencing.

Such advisory work contributes to the opinion that internal audit provides on internal control, including risk management and governance.

Requirement for an Internal Audit Service

1 In accordance with the SFC Financial Memorandum, the Board of Management is required to secure the provision of an effective internal audit service (IAS). The prime responsibility of the IAS is to provide the Board of Management, the Accountable Officer and other senior management of the College, with an objective assessment of the adequacy and effectiveness of management's internal control systems.

2 Internal audit is an independent appraisal function established by the Audit and Risk Committee to review the College's internal control systems. The IAS will objectively examine, evaluate and report on the adequacy of internal control, thus contributing to the economic, efficient and effective use of resources and to the mitigation of the potential risks faced by the College. Internal audit is a key control mechanism, as well as a service to the Audit and Risk Committee, with a scope covering most of the activities of the College including those not funded by the Council.

Coverage includes most of the College’s operations, resources, staff, services and responsibilities to other bodies although does not extend to the academic process.

3 To be effective, the IAS must be distinct from and independent of the College's external audit provision and should have no executive responsibilities. However Internal Audit will work closely with the external audit function where required and ensure that working papers and reports are made available during the completion of the annual accounts.

4 Internal audit is not a substitute for good management, the operational responsibility for which rests fully with senior management.

5 The IAS can deliver significant benefits to a College through its primary focus on the internal control systems, often resulting in improved performance and better management of risk. The IAS can also add value to the College by its involvement in value for money studies and special investigations. Further, the IAS may be requested by management (and approved by the Audit and Risk Committee) to provide advice on the appropriate standards of controls to be implemented in relation to new systems, or review procedures before they are implemented to minimise the risk of control weaknesses being introduced, provided that its independence and objectivity in performing future internal audit work will not be compromised.

6 The IAS must not be directly involved in designing, installing and operating systems or the drafting of procedures for systems. Performing such duties will compromise audit objectivity.

Terms of Reference

7 The IAS must have formal terms of reference agreed by the Board of Management, on the recommendation of the Audit & Risk Committee, which should have regard to the provisions of this Code in drawing up and approving the terms of reference. The terms of reference should form part of the letter of engagement for the provision of internal audit services by external providers, or the job description of the Head of IAS where the service is provided in-house.

8 The scope and detail of the terms of reference must be such that they enable the Head of the IAS to provide the Board of Management with an objective assessment of the adequacy, reliability and effectiveness of the College's internal control system.

9 The Head of IAS must advise the Board of Management of the risks to which they, and the College, may be exposed if the scope of the audit coverage is limited in any way. Where the Head of IAS believes that any limitations are unacceptable, his or her views and opinion on the associated risks must be formally reported to the Chairman of the Board of Management, the Chairman of the Audit & Risk Committee and the Accountable Officer.