



Working Together

Financial Regulations

January 2018

History of Changes

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Section A – General Provisions

1 Background

- 1.1 Borders College is a further education corporation created under the provisions of the Further and Higher Education (Scotland) Act 1992, as amended by the Further and Higher Education (Scotland) Act 2005 and the Post-16 Education (Scotland) Act 2013. Its structure of governance is laid down in the instrument and articles of governance. The College is accountable through its Regional Board, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2 The College is a charity, number SC021180, registered with the Office of the Scottish Charity Regulator (OSCR).
- 1.3 The financial memorandum between the Scottish Further and Higher Education Funding Council (SFC) and the College sets out the terms and conditions on which grant is made. The Regional Board is responsible for ensuring that conditions of grant are met, including the requirement for the College to have sound systems of financial and management control. The financial regulations of the College form part of this overall system of accountability.

2 Status of Financial Regulations

- 2.1 This document sets out Borders College's financial regulations. It translates into practical guidance the College's broad policies relating to financial control. This document was approved by the Finance and General Purposes Committee on **26 November 2015**. It applies to the College and all its subsidiary undertakings.
- 2.2 These financial regulations are subordinate to the College's instruments and articles of government and to any restrictions contained within the College's financial memorandum with the SFC.
- 2.3 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 on a sustainable basis, including:
- Maintaining financial sustainability;
 - Achieving value for money;
 - Fulfilling its responsibility for the provision of effective financial controls over the use of public funds;
 - Ensuring that the institution complies with all relevant legislation; and
 - Safeguarding the assets of the institution.

Financial Regulations

- 2.4** Compliance with the financial regulations is compulsory for all staff of the College or its subsidiaries. Any member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the College's disciplinary policy. Any such breach may be notified to the Regional Board through the Audit Committee. It is the responsibility of all managers to ensure that their staff members are made aware of the existence and content of the College's financial regulations.
- 2.5** The Finance and General Purposes Committee is responsible for maintaining a continuous review of the Financial Regulations, through the Vice Principal – Finance and Corporate Services, and for advising the Regional Board of any additions or changes necessary.
- 2.6** In exceptional circumstances, this Committee may authorise a departure from the detailed provisions herein, such departure to be reported to the governing body at the earliest opportunity.
- 2.7** The College's detailed financial procedures set out precisely how these regulations will be implemented and are contained in a separate manual.
- 2.8** The Financial Regulations should be read in conjunction with relevant guidance on accountability or propriety issued by:
- The SFC
 - Audit Scotland
 - National Audit Office or the Scottish Parliament Public Audit Committee
 - Government Financial Reporting Manual
 - Government Internal Audit Manual
 - International GAAP & SORP: Accounting for Further and Higher Educational Institutions
 - Scottish Public Finance Manual

Section B – Corporate Governance

3 The Regional Board

- 3.1** The Regional Board is responsible for the oversight of the management and administration of the College. Its financial responsibilities are:
- Administering and managing the College, its property, rights, liabilities and obligations with the funds available from all sources.
 - Appointing, grading, suspending, dismissing and determining the pay and conditions of service of the Principal and other senior postholders.
 - Determining tuition fees where these are not set centrally and deciding on which individual courses should be offered.
 - Agreeing development plans for all College activities (including business plans for commercial activities).
 - Allocating finance and other resources to these planned activities.
 - Monitoring, reviewing and reporting on the general performance of the College and ensuring that its plans are being achieved.
 - Ensuring that the College has in place effective internal control systems to safeguard the assets of the College and to prevent and detect fraud.
 - Approving the appointment of an internal audit service.
 - Planning and conducting its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure.
 - Approving the College's strategic plans.
- 3.2** To assist the Regional Board in meeting these responsibilities, the Board will maintain an Audit Committee in accordance with the best practice principles of corporate governance. The Board will also maintain a Finance and General Purposes Committee, Remuneration Committee and other committees as appropriate. The responsibility of the Chairs of the Committees will be set out in the Board's Standing Orders.
- 3.3** The Regional Board shall be responsible for ensuring that funds from the SFC are used only in accordance with the Acts, The Financial Memorandum and any other conditions as prescribed by the SFC from time to time. It is also responsible for ensuring that the financial and other management controls applied by the College are sufficient to safeguard funds received from the SFC.
- 3.4** The Board shall, for the purposes stated above, require the Principal to exercise responsibility for the control of resources, for seeking economy, efficiency and effectiveness in the use of all the College's resources, and for ensuring that financial considerations are taken into account at all stages in framing and reaching decisions and in their implementations.
- 3.5** The Vice Principals shall be nominated representatives of the Principal when the latter is absent for any reason and shall be deemed to have the same authority for the purposes of these regulations in such eventualities.

4 Accountable Officer

- 4.1** The College Principal is responsible for the detailed administration of the College and will act as the Chief Executive of the College and the Board's Chief Educational Adviser.
- 4.2** As Accountable Officer of the College, the Principal is responsible for satisfying the Regional Board that funds provided to the College are used only in accordance with the Act, the Financial Memorandum issued by the SFC and other SFC conditions. The Principal may be required to justify any of the institution's financial matters to the Public Audit Committee of the Scottish Parliament.
- 4.3** The Principal is ultimately responsible to the Board 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.
- 4.4** In particular, the Principal shall:
- Sign the accounts and ensure satisfactory and adequate records are retained in a form acceptable for presentation to the Scottish Government.
 - Advise the Regional Board on the proper discharge of their financial duties.
 - Satisfy the Board that there is compliance with all such terms and conditions to which reference is made in the Financial Memorandum and advise the Board if, at any time, in his/her opinion, any action or policy under consideration of the Board is incompatible with the terms and conditions of the Memorandum.
 - Notify the Board and the Chief Executive of the SFC, without delay, of any matters of serious concern, including irregularities and fraud, regarding the College's financial affairs.
 - Ensure that the requirements of Government Accounting are met.
 - Be authorised to write-off losses and instruct special payments (subject to limitations made by the SFC).
- 4.5** The Principal may be assisted in the exercise of these functions by employees of the Regional Board, but shall not assign absolutely to any person the responsibility set out in this section.

5 Committee Structure

5.1 The Regional Board has ultimate responsibility for the College's finances, but delegates specific powers and processes to the committees detailed below. These committees are accountable to the Regional Board. A diagram depicting the committee structure is included at **Appendix A**.

5.2 Finance and General Purposes Committee

Monitoring of the College's financial position and financial control systems is undertaken by the Finance and General Purposes Committee. The Committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the Regional Board. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the duties of the Board and make recommendations accordingly. The Committee will also ensure that the Board has adequate information to enable it to discharge its financial responsibilities. The Finance and General Purposes Committee's responsibilities are listed at **Appendix B**.

5.3 Audit Committee

Colleges are required by their financial memorandum with the SFC to appoint an Audit Committee. The Committee is independent and advisory and reports to the Regional Board. It has the right of access to obtain all information it considers necessary and to consult directly with the internal and external auditors. The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. It has a role in reviewing the College's systems of internal control and risk managements. The Audit Committee's duties are listed at **Appendix C**.

5.4 Remuneration Committee

Consideration of senior management pay and conditions is the responsibility of the Remuneration Committee. It has the power to make recommendations to the Regional Board on their remuneration, including pay and other benefits, as well as contractual arrangements. The Remuneration Committee's duties are listed at **Appendix D**.

6 Chief Financial Officer

6.1 The Vice Principal – Finance and Corporate Services is the College's designated Chief Financial Officer. The Vice Principal – Finance and Corporate Services is responsible for the administration of the financial affairs of the College, including:

- Developing and implementing the College's Financial Strategy;
- Preparing annual capital and revenue budgets and financial plans;
- Preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- Preparing the College's annual accounts and other financial statements and accounts which the College is required to submit to the SFC and other authorities;
- Ensuring that the College maintains satisfactory financial systems;
- Providing professional advice on all matters relating to financial policies and procedures; and
- Day-to-day liaison with internal and external auditors in order to create efficient processes.

The implementation of operational financial management may be delegated to the Head of Finance and Procurement.

Appendix E shows the Finance Department's organisational structure.

7 Other College Management and Staff

7.1 College Management Team

All members of the College Management Team (CMT) are responsible to the Principal for financial management for the areas or activities they control. They are advised by the Vice Principal – Finance and Corporate Services in executing their financial duties. The Vice Principal – Finance and Corporate Services will also supervise and approve the financial systems operating within their departments including the form in which accounts and financial records are kept. CMT members are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.

Where resources are devolved to budget holders, they are accountable to their managing CMT member for their own budget and for complying with approved financial procedures.

CMT members shall provide the Vice Principal – Finance and Corporate Services with such information as may be required to enable:

- Compilation of the College's financial statements;
- Implementation of financial planning; and
- Implementation of audit and financial reviews, projects and value for money studies.

7.2 All Members of Staff

All members of staff should be aware of 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.

They should ensure that they are aware of and comply with the College's financial authority limits and the value of purchases for which quotations and tenders are required (see **Appendix M**).

They shall make available any relevant records or information to the Vice Principal – Finance and Corporate Services or his or her authorised representative in connection with the implementation of the College's financial policies, these Financial Regulations and the system of internal control.

They shall provide the Vice Principal – Finance and Corporate Services with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Regional Board.

They shall immediately notify the Vice Principal – Finance and Corporate Services 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 Corporate Services shall take such action as he or she deems necessary by way of investigation and report.

8 Risk Management

8.1 Risk management can be defined as '*coordinated activities to direct and control an organisation with regards to risk.*' The institution acknowledges the risks inherent in its business, and is committed to managing those risks which pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable or unacceptable by the institution will be set out in a separate risk management strategy.

8.2 The Regional Board has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the College through the development, implementation and embedding within the organisation of a formal, structured risk management process.

- 8.3** In line with this policy, the Regional Board requires that the risk management strategy and supporting procedures include:
- the adoption of common terminology in relation to the definition of risk and risk management;
 - the establishment of College-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis;
 - a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measureable outcomes (see above);
 - a decision on the level of risk to be covered by insurance (see 23.1);
 - detailed regular review of faculty or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas;
 - development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question;
 - regular reporting to the governing body of all risks above established tolerance levels;
 - an annual review of the implementation of risk management arrangements; and
 - the capability for independent verification.

9 Whistleblowing

- 9.1** Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party, see **Appendix F**) about malpractice in the workplace. A whistle-blower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment **or breach of the financial regulations** and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 9.2** Normally, any concern about a workplace matter at the institution should be raised with the relevant member of staff's immediate line manager or head of department. However, the institution recognises that because of the seriousness or sensitivity of some issues, together with the knowledge of whom the member of staff thinks may be involved, may make this difficult or impossible.
- 9.3** A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose. If the member of staff does not wish to raise the matter with the designated member of staff, or with the Principal or the Chair of the Regional Board, it may be raised with the Chair of the Audit Committee.

9.4 The full procedure for whistleblowing is set out in the College's separate whistleblowing policy, which is available through the Human Resources department. Further details of the Public Interest Disclosure Act are set out at **Appendix F**.

10 Code of Conduct

10.1 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 Committee on Standards in Public Life (formerly known as the Nolan Committee) which governing body members and members of staff at all levels are expected to observe. These principles are set out at **Appendix G**. In addition, the College expects that staff at all levels will observe its code of conduct, contained in its detailed financial procedures, which covers:

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

Regional Board members are also charity trustees and as such are subject to obligations imposed by charity law. Their dual role may introduce potential conflicts of interest which they will need to manage appropriately.

10.2 Additionally, members of the Regional Board and senior management are required to disclose interests in the College's register of interests maintained by the Clerk to the Board and Principal's office respectively. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.

10.3 In particular, no person shall be a signatory to an institution contract where he or she also has an interest in the activities of the other party.

10.4 Receiving Gifts or Hospitality

The Bribery Act 2010 came into force on 1 July 2011. The Act introduced new offences for acts of bribery by individuals, or persons associated with relevant organisations. The penalties are severe for any employee convicted under the Act, which could mean a criminal record with ten years' imprisonment and unlimited fines. The institution's anti-bribery policy is detailed at **Appendix H**.

The guiding principles to be followed by all members of staff must be:

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

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 them to reach a 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. The frequency and scale of hospitality accepted should not be significantly greater than the institution would be likely to provide in return.

When it is not easy to decide between what is and is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the Vice Principal – Finance and Corporate Services, or the Principal. Guidance on acceptable hospitality is contained in the detailed financial procedures. For the protection of those involved, the Principal's office will maintain a register of gifts and hospitality received where the value is in excess of £10.00. Members of staff in receipt of such gifts or hospitality are obliged to notify the Principal's office promptly.

Section C – Financial Management and Control

11 Financial Planning

11.1 Budgeting Period

The Vice Principal – Finance and Corporate Services is responsible for preparing annually a rolling three-year financial plan for approval by the Regional Board on the recommendation of the Finance and General Purposes Committee and for preparing financial forecasts for submission to the SFC. Financial plans should be consistent with the strategic plans and estates strategy approved by the Regional Board.

11.2 Budget Objectives

The Regional Board will, from time to time, set budget objectives for the institution. These will help the Vice Principal – Finance and Corporate Services in preparing his or her more detailed financial plan for the institution.

11.3 Resource Allocation

Resources are allocated annually by the Regional Board on the recommendation of the Finance and General Purposes Committee, and on the basis of the above objectives. Budget holders are responsible for the economic, effective and efficient use of resources allocated to them.

11.4 Budget Preparation

The Vice Principal – Finance and Corporate Services is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Finance and General Purposes Committee before submission to the Regional Board. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Vice Principal – Finance and Corporate Services will ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to budget holders as soon as possible following their approval by the Board.

During the year, the Vice Principal – Finance and Corporate Services is responsible for submitting revised budgets to the Finance and General Purposes Committee for consideration.

11.5 Capital Programme

The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the College's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the Regional Board.

The Vice Principal – Finance and Corporate Services will establish protocols for the inclusion of capital projects in the capital programme for approval by the Regional Board. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. They are summarised at **Appendix I** and are shown in more detail in the financial procedures.

The Vice Principal – Finance and Corporate Services will also establish procedures for the approval of variations, including the notification of large variations to the funding body, as laid down in funding body guidelines.

The Vice Principal – Finance and Corporate Services is responsible for providing regular statements concerning all capital expenditure to the Finance and General Purposes Committee for monitoring purposes.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Finance and General Purposes Committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in SFC guidelines.

11.6 Other Major Developments Including Overseas Activity

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £50,000 should be presented for approval to the Finance and General Purposes Committee. The College must have due regard to the relevant guidelines issued by the SFC.

The Vice Principal – Finance and Corporate Services will establish protocols for these major developments to enable them to be considered for approval. These will set out the information that is required for each proposed development including a business plan, using a risk based approach and covering risk and accountability issues, as well as the financial criteria they are required to meet. They are summarised at **Appendix J** and are shown in more detail in the financial procedures.

12 Financial Control

12.1 Budgetary Control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively.

Significant departures from agreed budgetary targets must be reported immediately to the Vice Principal – Finance and Corporate Services and, if necessary, corrective action taken.

12.2 Financial Information

Budget holders are assisted in their duties by management information provided by the Vice Principal – Finance and Corporate Services. The type of management information available is described in the detailed financial procedures, together with the timing at which they can be expected.

The Vice Principal – Finance and Corporate Services is responsible for supplying budgetary reports on all aspects of the College's finances to the Finance and General Purposes Committee on a basis determined by the Committee but subject to any specific requirements of the SFC.

12.3 Changes to the Proposed Budget

Changes proposed to the approved budget will be first considered by the Finance and General Purposes Committee, which will make proposals to the governing body as appropriate.

13 Accounting Arrangements

13.1 Financial Year

The College's financial year will run from 1 August until 31 July the following year.

13.2 Basis of Accounting

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

13.3 Format of the Financial Statements

The financial statements are prepared in accordance with Statement of Recommended Practice Accounting for Further and Higher Education, subject to any specific requirements of the SFC.

13.4 Capitalisation and Depreciation

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

13.5 Accounting Records

The Vice Principal – Finance and Corporate Services is responsible for the retention of financial documents. These will be kept in a form that is acceptable to the relevant authorities. These include:

- Official purchase orders;
- Paid invoices;
- Accounts raised;
- Bank statements;
- Copies of receipts;
- Paid cheques; and
- Payroll records including part-time lecturers contracts.

The Vice Principal – Finance and Corporate Services will make appropriate arrangements for the retention of electronic records.

The College is required by law to retain prime documents for the previous six years. Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder. Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations.

13.6 Public Access

Under the terms of the Charities Act 1993, the Regional Board is required to supply any person with a copy of the College's most recent financial statements within two months of a request. The College will also allow members of the public to inspect the statement of accounts during normal working hours and publish them on its website.

13.7 Taxation

The Vice Principal – Finance and Corporate Services is responsible for advising the College Management Team on all taxation issues, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to the institution. The Vice Principal – Finance and Corporate Services will issue instructions on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, corporation tax and import duty.

The Vice Principal – Finance and Corporate Services 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.

14 Audit Requirements

14.1 General

External auditors and internal auditors shall have 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 institution to account for cash, stores or any other institution property under his or her control.; and
- access records belonging to third parties, such as contractors when required.

The Vice Principal – Finance and Corporate Services is responsible for drawing up a timetable for final accounts purposes and will advise staff and external auditors accordingly.

Following consideration by the Finance and General Purposes Committee, the financial statements should be reviewed by the Audit Committee. On the recommendation of the Finance and General Purposes Committee and Audit Committee they will be submitted to the Regional Board for approval.

14.2 External Audit

Under the terms of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General is responsible for the appointment of the external auditors of the College.

The primary role of external audit is to report on the institution's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. The external auditors address their report and opinion jointly to the Auditor General for Scotland and the members of the Regional Board. Their duties will be in accordance with advice set out in the SFC's Code of Audit Practice and the Auditing Practices Board's Statement of Auditing Standards.

14.3 Internal Audit

The internal auditor is appointed by the Regional Board on the recommendation of the Audit Committee.

The College's Financial Memorandum with the SFC requires that it has an effective internal audit function and that the duties and responsibilities of that function are in accordance with advice set out in the SFC's Code of Audit Practice. The main responsibility of internal audit is to provide the Regional Board, the Principal and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Regional Board, the Principal and the Chair of the Audit Committee. The formal responsibilities of internal audit are detailed at Appendix K.

14.4 Fraud and Corruption

It is the duty of all members of staff, management and the Regional Board to notify the Vice Principal – Finance and Corporate Services immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. The College's Policy and Response Plan is included at **Appendix L**.

The Vice Principal – Finance and Corporate Services shall immediately invoke the fraud response plan, which incorporates the following key elements (see **Appendix L** for fuller details):

- He or she will notify the Principal and the Audit Committee (through its Chair) of the suspected fraud or irregularity and shall take such steps as he or she considers necessary by way of investigation and report;
- The Principal shall involve the police if a criminal offence is suspected of having been committed;
- Any significant case of fraud shall be reported to the SFC in accordance with its requirements;
- The Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate;
- The internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Vice Principal – Finance and Corporate Services and/or the Principal, the member of staff shall notify the Chair of the Audit Committee directly of their concerns regarding irregularities.

14.5 Value for Money

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

Internal audit is to have regard to value for money in its programme of work. This will be used to enable the Audit Committee to refer to value for money in its annual report.

14.6 Other Auditors

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

15 Treasury Management

15.1 Treasury Management Policy

The Finance and General Purposes Committee is responsible for approving a Treasury Management Policy (based on CIPFA's Treasury Management in the Public Services: Code of Practice) together with cross-sector guidance and sector specific guidance) setting out a strategy and policies for cash management, long-term investments and borrowings.

The Policy and any treasury management activity must comply with principles of the Scottish Public Finance Manual, including:

- The College must minimise cash balances held, drawing down cash from the SFC monthly to match anticipated monthly cash outflows;
- Commercial borrowing is not permitted, except in exceptional circumstances and with the prior approval of SFC and Scottish Government;
- Long-term investment is not normally permitted.

15.2 Appointment of Bankers and Other Professional Advisers

Wherever possible, the College is expected to utilise the Scottish Government Banking Services facilities. Any additional appointment of bankers and other professional advisers will be made by the Regional Board on the recommendation of the Finance and General Purposes Committee, having due regard to competitive tendering requirements.

15.3 Banking Arrangements

The Vice Principal – Finance and Corporate Services is responsible, on behalf of the Finance and General Purposes Committee, for liaising with the College's bankers in relation to the College's bank accounts.

On approval of the Finance and General Purposes Committee, only the Vice Principal – Finance and Corporate Services may open and close a bank account for dealing with the College's funds. All bank accounts will be in the name of the College or its subsidiaries and instructions on the account will require two signatories.

All automated transfers on behalf of the College, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Finance and General Purposes Committee. Details of authorised persons and limits shall be provided for in the College's detailed financial procedures.

The Vice Principal – Finance and Corporate Services is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

16 Income

16.1 General

The Vice Principal – Finance and Corporate Services is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled. All receipt forms, invoices or other official documents in use and electronic collection systems must have the prior approval of the Vice Principal – Finance and Corporate Services.

Levels of charges for commercial contracts, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Finance and General Purposes Committee.

The Vice Principal – Finance and Corporate Services is responsible for the prompt collection, security and banking of all income received.

The Vice Principal – Finance and Corporate Services is responsible for ensuring that all grants notified by the SFC and other bodies are received and appropriately recorded in the College's accounts.

The Vice Principal – Finance and Corporate Services is responsible for ensuring that all claims for funds are made by the due date.

16.2 Maximisation of Income

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. In particular, this requires the prompt notification to the Vice Principal – Finance and Corporate Services of sums due so that collection can be initiated.

16.3 Receipts of Cash, Cheques and Other Negotiable Instruments

All monies received within departments or faculties from whatever source must be recorded on a daily basis together with the form in which they were received, for example cash, cheque and other negotiable instruments.

All monies received must be paid to the Finance Department promptly, and in accordance with the timetable laid out by the Vice Principal – Finance and Corporate Services. The custody and transit of all monies received must comply with the requirements of the College's insurers.

All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous expenses or paid into a petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the College.

16.4 Receipts by Credit or Debit Card

The College can receive payments by debit or credit card in person or over the telephone using merchant terminals provided by the College's banker. These terminals support primary account number (PAN) truncation where the card number is partially obscured on the customer receipt. A copy of the receipt should be retained to support evidence of payment.

In operating this facility, the College is bound by the Payment card Industry Data Security Standard (PCI DSS), which is designed to ensure cardholder information is stored, processed and transmitted securely.

The Vice Principal – Finance and Corporate Services is responsible for ensuring the College maintains PCI DSS compliance, which is monitored by the bank's merchant services unit.

16.5 Collection of Debts

The Vice Principal – Finance and Corporate Services will ensure that:

- debtor invoices are raised promptly on official invoices, in respect of all income due to the College;
- invoices are prepared and recorded completely and accurately, showing the correct amount due and are credited to the appropriate income code;
- 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 debtors account;
- swift and effective action is taken in collecting overdue debts, in accordance with the financial procedures; and
- outstanding debts are monitored and reports prepared for management.

Only the Vice Principal – Finance and Corporate Services can implement credit arrangements and indicate the periods in which different types of invoice must be paid.

Requests to write off debts in excess of £5,000 must be referred in writing to the Vice Principal – Finance and Corporate Services for submission to the Finance and General Purposes Committee for consideration. Debts below this level may be written off with the permission of the Vice Principal – Finance and Corporate Services.

In accordance with the Financial Memorandum, the College must also report annually detailing all debts written off at a value in excess of £3,000 (£6,000 in the case of overseas student fees)

16.6 Student Fees

The procedures for collecting tuition fees must be approved by the Vice Principal – Finance and Corporate Services. He or she is responsible for ensuring that all student fees due to the College are received.

Any student who has not paid an account for fees or any other item owing to the College shall be prevented from re-enrolling at the College and from using any of the College's facilities unless appropriate arrangements have been made.

16.7 Refunds

The College seeks to minimise the opportunities for money laundering in accordance with the Money Laundering Regulations 2007. Where refunds are required, they should be made to the original payer and follow the method by which the money was received.

16.8 Emergency/Hardship Loans

The College's scheme for emergency/hardship loans must be approved by the Regional Board. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made other than in accordance with the approved scheme.

The Vice Principal – Finance and Corporate Services is responsible for ensuring the adequacy of the systems in place for:

- approving loans in accordance with the scheme;
- paying loans that have been approved; and
- recovering loans that have been paid.

17 Commercial Contracts and Other Income-Generating Activity

17.1 Private Consultancies and Other Paid Work

Unless otherwise stated in a member of staff's contract:

- Outside consultancies or other paid work may not be accepted without the consent of Principal;
- Outside consultancies must not conflict with the work of the College; and
- Applications for permission to undertake work as a purely private activity must be submitted to the Principal, and include the following information:
 - the name of the member(s) of staff concerned;
 - title of the project and a brief description of the work involved;
 - the proposed start date and duration of the work;
 - full details of any institution resources required (for the calculation of the full economic cost); and
 - an undertaking that the work will not interfere with the teaching and normal institutional duties of the member(s) of staff concerned.

17.2 Short Courses

In this context a short course is any course that does not form part of the award-bearing teaching load of the Faculty.

Any staff wishing to run a short course must have the permission of his or her Faculty. The course organiser will be responsible to the Faculty for day-to-day management of the course.

17.3 Collaborative Provision Including Franchising

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

- There shall be a contract signed by the Principal or Vice Principal – Finance and Corporate Services and on behalf of any partner organisation that shall comply with the funding body model contract (as amended from time to time) in place before any provision is made. Contracts for significant changes in franchising activity shall be approved in advance by the governing body.
- The form of the contract shall be scrutinised in advance of its operation by the Audit Committee and approved by the Finance and General Purposes Committee or Regional Board.
- The impact of the contract(s) shall be subject to scrutiny by Finance and General Purposes Committee or Regional Board. The format for regular reports shall be as stated in funding body guidance. They shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the institution's financial forecast.
- Where the partnership would represent a significant departure from the institution's strategic plan, the Regional Board shall approve the departure, and the Principal shall seek the views of and inform the funding body.

17.4 European Union and Other 'Match Funding'

Any such project requires the approval of the appropriate officer prior to any commitment being entered into. Such approval shall be dependent upon the relevant Head of Faculty being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the institution's costing and pricing policy.

If the institution sub-contracts such work to external providers, the relevant Head of Faculty shall ensure that:

- this is on the basis of a written contract which allows for full audit access to detailed records;
- appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality; and
- payments are only made against detailed invoices.

17.5 Profitability and Recovery of Overheads

All other income-generating activities must be self-financing or surplus generating unless it is intended that a new course be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the Head of Faculty and Vice Principal – Finance and Corporate Services.

Other income-generating activities organised by members of staff must be costed and agreed with Vice Principal – Finance and Corporate Services before any commitments are made. Provision must be made for charging both direct and indirect costs in accordance with the College's costing and pricing policy, in particular for the recovery of overheads.

17.6 Deficits

Where a planned surplus was intended to supplement Faculty or departmental budgets, any unplanned deficits incurred on other income-generating activities will be a charge to Faculty or departmental budgets.

17.7 Additional Contributions to Departments

Distribution of profits on other income-generating activity between central funds of the College and individual Faculties or departments will be agreed by the Vice Principal – Finance and Corporate Services.

17.8 Additional Payments of Staff

Any proposal which involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Head of Faculty, and in the case of a Head of Faculty, the Principal.

18 Intellectual Property Rights and Patents

18.1 General

Certain activities undertaken within the College may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property.

18.2 Patents

The Finance and General Purposes Committee is responsible for establishing procedures to deal with any patents accruing to the institution from inventions and discoveries made by staff in the course of their work. This may involve the outsourcing of such advice and work as the Committee deems necessary.

18.3 Intellectual Property Rights

In the event of the institution 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 institution and contained in the institution's detailed financial procedures.

19 Expenditure

19.1 General

The Vice Principal – Finance and Corporate Services is responsible for making payments to suppliers of goods and services to the institution.

19.2 Scheme of Delegation/Financial Authorities

Heads of Faculty and other budget holders are responsible for purchases within their faculty or department. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.

The Vice Principal – Finance and Corporate Services shall maintain a register of authorised signatories. Under procedures agreed by the Vice Principal – Finance and Corporate Services, central control shall be exercised over the creation of requisitioners and authorisers and their respective limits (for electronic systems).

Any changes to the authorities to commit expenditure must be notified to the Vice Principal – Finance and Corporate Services immediately.

Heads of Faculty and other budget holders are not authorised to commit the institution to expenditure without first reserving sufficient funds to meet the purchase cost.

Approval limits for items of expenditure are shown at **Appendix M**.

19.3 Procurement

The College requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability and equalities legislation, and in accordance with the College's Procurement Strategy and Policy, taking into account framework agreements as appropriate.

The procurement function is the responsibility of the Vice Principal – Finance and Corporate Services. It will:

- Ensure that the Procurement Policy is known and observed by all involved in procurement for the College;
- Provide advice on matters of College procurement policy and practice;
- Provide advice to and assistant Faculties and Departments where required on specific purchases;
- Develop appropriate standing supply arrangements on behalf of the College to assist budget holders in meeting their value for money obligations;
- Draft and negotiate all large-scale purchase contracts undertaken by the College, in collaboration with the responsible Faculty or department; and
- Ensure that the College complies with European Union regulations on public procurement.

19.4 Purchase Orders

The ordering of goods and services shall be in accordance with the College's detailed financial procedures/purchasing policies. Official institution orders must be placed for the purchase of all goods and services, except those made using purchasing cards, company credit cards or petty cash.

It is the responsibility of the Vice Principal – Finance and Corporate Services (through the College's purchasing officer) to ensure that all purchase orders refer to the College's conditions of contract (See 19.8 and **Appendix L**).

19.5 Purchasing Cards, Credit and Debit Cards

The operation and control of the College's purchasing cards, credit and debit cards are responsibility of the Vice Principal – Finance and Corporate Services. There will be appropriate oversight of the distribution of such cards and the associated card limits.

Holders of cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. Cards must not be loaned to another person, nor should they 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 Vice Principal – Finance and Corporate Services shall determine what information is required on purchases made with cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained. There should be appropriate segregation of duties, with those reviewing and reconciling cards not holding and using those cards.

Details of the operation of the scheme are set out in financial procedures.

19.6 Tenders and Quotations

Heads of Faculty, Department and delegated budget holders must comply with the College's tendering procedures, summarised at **Appendix L**.

19.7 Post-Tender Negotiations

Post-tender negotiations (ie after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms can only be entered into provided:

- it would not put other tenderers at a disadvantage
- it would not affect their confidence and trust in the College's tendering process.

In each case a statement of justification should be approved by the Principal prior to the event showing:

- background to the procurement
- reasons for proposing post-tender negotiations
- demonstration of the improved value for money.

All post-tender negotiations should be reported to the Finance and General Purposes Committee.

19.8 Contracts

Building contracts are awarded on the recommendation of the Finance and General Purposes Committee and are administered by the Vice Principal – Finance and Corporate Services. Progress will be monitored by the Committee.

Proposals will normally be initiated by the Vice Principal – Finance and Corporate Services in respect of planned replacements, general improvement schemes, or space planning, or in response to requests from faculties and departments.

Consultants may be appointed if the project, as determined by the Finance and General Purposes Committee, is too large or too specialised for Facilities Department resources. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Head of Finance and Procurement as appropriate for Committee consideration. Investment appraisals should comply with appropriate funding body guidance.

Following consideration by the Finance and General Purposes Committee, and approval by the Regional Board, submissions should be forwarded to the funding body where appropriate. If required agreement is secured from the funding body, funding body procedural rules should be followed. Funding body guidance on best practice should be followed even when funding body approval is not required.

The achievement of value for money will be an objective in the letting of all contracts.

Conditions of contract for the purchase of goods will be followed as described in the institution's detailed financial procedures. The main points are described at **Appendix M**.

19.9 EU Regulations

The Procurement Officer is responsible for ensuring the institution complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The Procurement Officer will advise Heads of Faculty and Department on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

It is the responsibility of Heads of Faculty and Department to ensure that their members of staff comply with EU regulations by notifying the Procurement Officer of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as OJEU.

19.10 Receipt of Goods

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.

All goods received shall be entered onto an appropriate goods received document or electronic receipting system on the day of receipt. 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.

19.11 Payment of Invoices

The procedures for making all payments shall be in a form specified by the Vice Principal – Finance and Corporate Services.

The Vice Principal – Finance and Corporate Services is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer twice per month. In exceptional circumstances the Vice Principal – Finance and Corporate Services will prepare cheques manually for urgent payments.

Heads of Faculty and Department are responsible for ensuring that expenditure within their area does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Finance Department.

Care must be taken to ensure that discounts receivable are obtained.

Payments will only be made by the Vice Principal – Finance and Corporate Services against invoices that can be matched to a receipted order or have been certified for payment by the appropriate head of department or budget holder.

Certification of an invoice or receipting of an electronic order will ensure 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) are correct;
- the invoice is arithmetically correct;
- the invoice has not previously been passed for payment;
- where appropriate, an entry has been made on a stores record or departmental inventory; and
- an appropriate cost centre 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 types of goods or service described on the invoice.

19.12 Staff Reimbursement

The institution's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasions, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 20.5).

Where such purchases by staff are planned, the Vice Principal – Finance and Corporate Services and the relevant Head of Faculty or Department may jointly approve cash advances to staff that are going to incur expenditure on the institution's behalf. Upon completion of the travel or project to which the advance relates, within one week a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

19.13 Petty Cash Imprests

The Vice Principal – Finance and Corporate Services shall make available to Faculties and Departments such imprests as he or she considers 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.

Requisitions for reimbursements must be sent to the Vice Principal – Finance and Corporate Services, together with appropriate receipts or vouchers, before the total amount held has been expended in order to retain a working balance pending receipt of the amount claimed.

The member of staff granted a float is personally responsible for its safe keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the College's insurers when not in use and will be subject to periodic checks by the Head of Faculty or Department or another person nominated by him or her.

Standard institution petty cash books are supplied by the Vice Principal – Finance and Corporate Services and must be used for recording all imprest accounts.

19.14 Other Payments

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 Corporate Services, supported by detailed claims approved as appropriate.

Individual payments under 'outward collaborative provision' contracts shall be authorised by the Vice Principal – Finance and Corporate Services. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved.

19.15 Late Payment Rules

The Late Payment of Debts (Interest) Act 1998 was introduced to give 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
- interest is chargeable on sales made after 1 November 1998
- 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 institution can be sued for non-payment.

In view of the penalties in this Act, the Regional Board requires that invoices must be passed for payment as soon as they are received.

19.16 Project Advances

The Vice Principal – Finance and Corporate Services may approve cash advances for projects carried out away from the institution 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 an institution credit card.

Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the project 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 a second advance be approved when the final accounting for an earlier advance to a project or individual is still outstanding.

19.17 Giving Hospitality

Staff entertaining guests from outside bodies at lunch 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.

The limits concerning acceptable expenditure for entertaining guests are set out in the College's Staff Handbook.

It is an offence under section 7 of the Bribery Act 2010 for commercial organisations to fail to prevent persons associated with them from bribing another person on their behalf. The College's Anti-Bribery Policy is attached as **Appendix H**.

19.18 Telecoms

The institution may reimburse staff for the cost of necessary business calls made from a private home phone or personal mobile in performance of employment duties, where this is agreed in advance by the Vice Principal – Finance and Corporate Services.

The institution does not reimburse the cost of private line rental or broadband connections.

The institution provides mobile phones to a limited number of employees where there is a genuine business requirement to enable performance of employment duties and will seek to recover any costs incurred for personal use.

19.19 Provision of Clothing

Where clothing is provided to employees whose duties require them to wear a uniform, that clothing must bear an institution logo. The logo must be permanent and clearly identify the wearer as a member of staff. Further details are available in the Staff Handbook.

20 Pay Expenditure

20.1 Remuneration Policy

All institution staff will be appointed to the salary scales approved by the Regional Board and in accordance with appropriate conditions of service. All letters of appointment must be issued by the HR Department.

The Regional Board will determine what other benefits, such as cars, medical and life insurance, are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available.

Salaries and other benefits for senior management will be determined by the Remuneration Committee set up by the Regional Board.

20.2 Appointment of Staff

All contracts of service shall be concluded in accordance with the institution's approved human resources practices and procedures and all offers of employment with the institution shall be made in writing by the Principal.

Budget holders shall ensure that the Vice Principal – Finance and Corporate Services and the Head of HR and Development are provided promptly with all the information they may require in connection with the appointment, resignation or dismissal of employees.

20.3 Salaries and Wages

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

The Head of HR and Development will be responsible for keeping Vice Principal – Finance and Corporate Services informed of all matters relating to human resources 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
- visa checks where relevant in accordance with legislative requirements.

The Vice Principal – Finance and Corporate Services 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.

All payments must be made in accordance with the College's detailed payroll and financial procedures and comply with H M Revenue & Customs regulations. Staff should be aware that the institution could incur penalties for non-compliance with such regulations.

20.4 Superannuation Schemes

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

The Vice Principal – Finance and Corporate Services is responsible for day-to-day superannuation matters including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes
- administering the institution's pension fund
- administering eligibility to pension arrangements.

20.5 Expenses and Allowances

The institution has dispensation from H M Revenue & Customs to make payments to employees for certain specified items without deduction of income tax.

Reimbursement by the institution of expenditure not included in the dispensation is subject to the deduction of income tax before payment.

Travel, subsistence and other allowances

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Vice Principal – Finance and Corporate Services.

Claims by members of staff must be authorised by their Head of Faculty or Department (or Principal in the case of Senior Management). Claims by the Principal shall be authorised by the Chair of the Regional Board. Claims by the Chair of the Regional Board shall be authorised by the Chair of the Finance and General Purposes Committee. The certification shall be taken to mean that:

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

Arrangements for travel by the Principal or members of the Regional Board shall be approved by the Chair of the Regional Board. Arrangements for travel by the Chair shall be approved by the Board.

20.6 Overseas Travel

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

Where spouses, partners or other persons unconnected with the institution 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.

Where the institution's equipment is taken overseas, appropriate arrangements for its security and insurance must be in place.

20.7 Allowances for Members of the Governing Body

Travel claims for members of the Regional Board will be authorised by the Clerk to the Board. Claims for meeting attendance will be based on out-of-pocket expenses, but only reasonable expenses can be reimbursed.

20.8 Severance and Other Non-Recurring Payments

Severance payments shall only be made in accordance with relevant legislation and funding body guidance and under a scheme approved by the Human Resources Committee. Professional advice should be obtained where necessary. No amounts shall be expended which exceed the budget allocated for the purpose. All such payments shall be authorised by the Principal. Any individual amounts which do not fall within the parameters above or are in excess of £50,000 require approval by the Remuneration Committee. Amounts paid should be declared in the financial statements.

All matters referred to an industrial tribunal shall be notified to the HR and Finance and General Purposes Committees at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

21 Assets

21.1 Land, Buildings, Fixed Plant and Machinery

The purchase, lease or rent of land or building or fixed plant can only be undertaken with authority from the Regional Board and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved.

21.2 Fixed Asset Register

The Vice Principal – Finance and Corporate Services is responsible for maintaining the institution's register of land, buildings, fixed plant, machinery, vehicles and computer equipment. Heads of Faculties and Departments will provide the Vice Principal – Finance and Corporate Services with any information he or she may need to maintain the register.

21.3 Inventories

Heads of Faculties and Departments are responsible for maintaining inventories, in a form prescribed by the Vice Principal – Finance and Corporate Services, for all plant, equipment, furniture and stores in their Faculty or Department. The inventory must include items donated or held on trust.

Inventories must be checked at least annually as described in the institution's detailed financial procedures.

21.4 Stocks and Stores

Heads of Faculties and Departments are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their areas. The systems used for stores accounting in departments must have the approval of the Vice Principal – Finance and Corporate Services.

Heads of Faculties and Departments are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

Those Departments whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Vice Principal – Finance and Corporate Services and that instructions to appropriate staff within their Departments are issued in accordance with advice contained in the College's detailed financial procedures.

21.5 Safeguarding Assets

Heads of Faculties and Departments 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 Corporate Services in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

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

21.6 Personal Use

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

21.7 Asset Disposal

Disposal of equipment and furniture must be in accordance with procedures agreed by Vice Principal – Finance and Corporate Services and contained in the institution's detailed financial procedures.

Disposal of land and buildings must only take place with the authorisation of the Regional Board. Funding body consent may also be required if exchequer funds were involved in the acquisition of the asset.

21.8 All Other Assets

Heads of Faculties and Departments are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the institution, whether tangible (such as stock - see above) or intangible (such as intellectual property - see Paragraph 18), including electronic data.

22 Funds Held on Trust

22.1 General

The Vice Principal – Finance and Corporate Services is responsible for ensuring that incoming funds are properly classified and designated as appropriate.

22.2 Gifts, Benefactions and Donations

The Vice Principal – Finance and Corporate Services is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the institution and initiating claims for recovery of tax where appropriate.

22.3 Student Welfare and Access Funds

The Vice Principal – Finance and Corporate Services will prescribe the format for recording the use of student welfare funds.

Records of welfare funds will be maintained according to funding body requirements.

22.4 Trust Funds

The Vice Principal – Finance and Corporate Services is responsible for maintaining a record of the requirements for each trust fund and for advising the Board on the control and investment of fund balances.

Finance and General Purposes Committee is responsible for ensuring that all the institution's trust funds are operated within any relevant legislation and the specific requirements for each trust, including where disbursements may be delegated to another Committee or individual. They will also be responsible for investment of fund balances.

22.5 Voluntary Funds

The Vice Principal – Finance and Corporate Services shall be informed of any fund, not being an official fund of the College, which is controlled wholly or in part by a member of staff in relation to their function in the institution.

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

23 Other

23.1 Insurance

The Vice Principal – Finance and Corporate Services shall make all appropriate insurance arrangements for all aspects of the College's activities. He/she shall also arrange the negotiation of all insurance claims by the College in consultation with the senior manager concerned.

Notification of Risks

Senior managers shall notify the Vice Principal – Finance and Corporate Services, promptly, of all new or increased risks, properties or vehicles which should be covered or any deletions affecting their departments.

Notification of Claims

Senior Managers shall notify the Vice Principal – Finance and Corporate Services immediately in writing of any loss, liability or damage or any event likely to lead to a claim. Thereafter, the Vice Principal – Finance and Corporate Services shall be responsible, where applicable, for advising the insurance company concerned.

Review of Cover

The Vice Principal – Finance and Corporate Services shall review periodically all insurance in consultation with senior managers.

23.2 Companies, Joint Ventures and Consortium Arrangements

In certain circumstances it may be advantageous to the College to establish a company or a joint venture or consortium arrangement to undertake services on behalf of the institution. Any member of staff considering the use of such arrangements should first seek the advice of the Vice Principal – Finance and Corporate Services, who should have due regard to guidance issued by the funding body.

The Regional Board is responsible for ensuring that the required procedures are followed. The process involved in forming a company, joint venture or consortium and arrangements for monitoring and reporting on the activities of these undertakings are documented in the institution's financial procedures.

It is the responsibility of the Regional Board to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the institution. These and other arrangements will be set out in a memorandum of understanding.

The directors of companies where the institution is the majority shareholder must submit, via the Finance and General Purposes Committee, an annual report to the Regional Board. They will also submit business plans or budgets as requested to enable the Committee to assess the risk to the institution. The institution's internal and external auditors shall also be appointed to such companies.

Where the College is the majority shareholder in a company, the funding body requires that the company's financial year must be consistent with that of the institution.

23.3 Security

Keys to safes or other similar containers must be kept securely at all times. The loss of such keys must be reported to the Vice Principal – Finance and Corporate Services immediately.

An officer shall be responsible for maintaining proper security and privacy of information held on the institution's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs, together with restricted physical access to network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

The Vice Principal – Finance and Corporate Services is responsible for the safekeeping of official and legal documents relating to the institution. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Vice Principal – Finance and Corporate Services. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

23.4 Students' Association

The Students' Association is a separate legal entity from the institution but is recognised to fulfil a valuable role in relation to the institution's students.

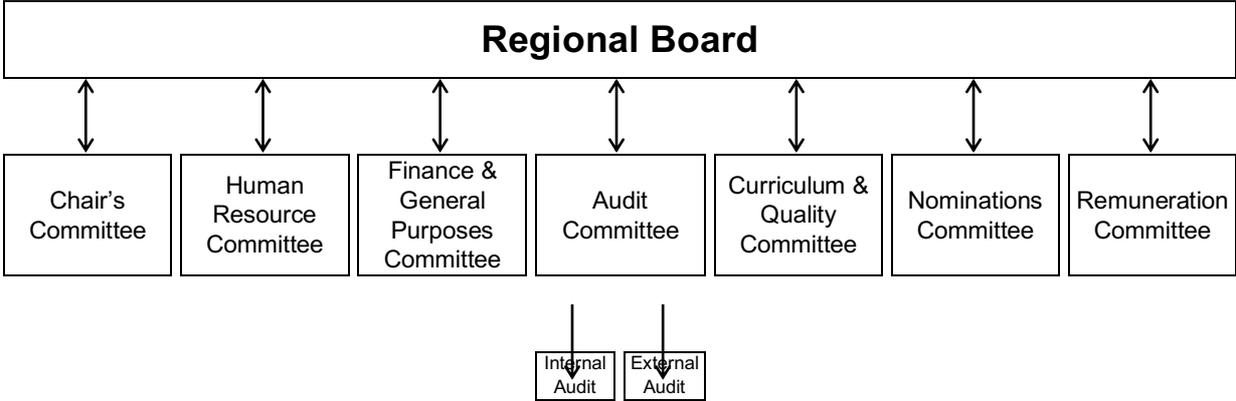
Subject to any constraints imposed by the funding body, the Regional Board shall determine the level of grant to be paid annually to the Students' Association. The Regional Board requires the Association to provide details of its proposed budget to assist in determining the appropriate level of grant.

The Students' Association is responsible for maintaining its own bank account and financial records and for preparing its own annual financial statements.

23.5 Provision of Indemnities

Any member of staff asked to give an indemnity, for whatever purpose, should consult the Vice Principal – Finance and Corporate Services before any such indemnity is given.

Regional Board Committee Structure



Finance and General Purposes Committee Responsibilities

- To monitor the financial control of the College and to keep the College Financial Regulations under review;
- To review and monitor banking arrangements;
- To monitor the income and expenditure against budget;
- To monitor the capital expenditure against plan;
- To consider financial benchmarking information;
- To advise about financial strategy;
- To recommend the Annual Budget to the Board;
- To consider the Financial Forecast Return and recommend for approval by the Board;
- To approve all key decisions in relation to Finance;
- To liaise with external audit to ensure accounts show a true and fair view and exhibit regularity of spend;
- To determine policy in relation to tuition and other fees;
- To advise the Board of the financial status of any College Companies;
- To approve and monitor the ISLT Strategy.

Audit Committee Responsibilities

- To advise the Regional Board on the appointment, reappointment, remuneration or removal of internal and external auditors;
- To review the processes and advise the Regional Board on the internal and external auditor's assessment of the College's financial and other internal control systems;
- To review and advise the Regional Board on compliance with corporate governance requirements and good practice guidance;
- Reviewing the scope, efficiency and effectiveness of the work of internal audit and advise the Regional Board thereon;
- To establish appropriate performance measures and indicators to monitor the effectiveness of external audit;
- To consider the College's annual financial statements and the external auditor's report after review by the Finance and General Purposes Committee and prior to submission to the Regional Board;
- To advise the Regional Board on relevant issues arising from the Audit Committee's consideration of internal audit, progress reports, annual reports and College Management's response thereto;
- To respond appropriately to any notification to the Audit Committee of fraud or other improprieties;
- To review the external auditor's Management letter and monitor Management's response;
- To advise the Regional Board on relevant issues arising from the external auditor's management letter, other external audit reports and College's Management's response thereto;
- To have access to and ensure attendance of external auditors at Audit Committee and Regional Board meetings as required;
- To advise the Regional Board of any potential conflict of interest following consideration of any non-statutory audit work;
- To ensure the College has effective arrangements for securing economic and efficient use of the College's resources and report to the Regional Board thereon and on the identification of potential topics for value for money reviews, having regard to national value for money studies in the further education sector;
- To produce and submit an annual report to the Regional Board;
- To review previously reported cases of impropriety to establish whether they have been handled appropriately;
- To note any updates of Register of Board Members' Interests;
- To note any updates of Register of Gifts.

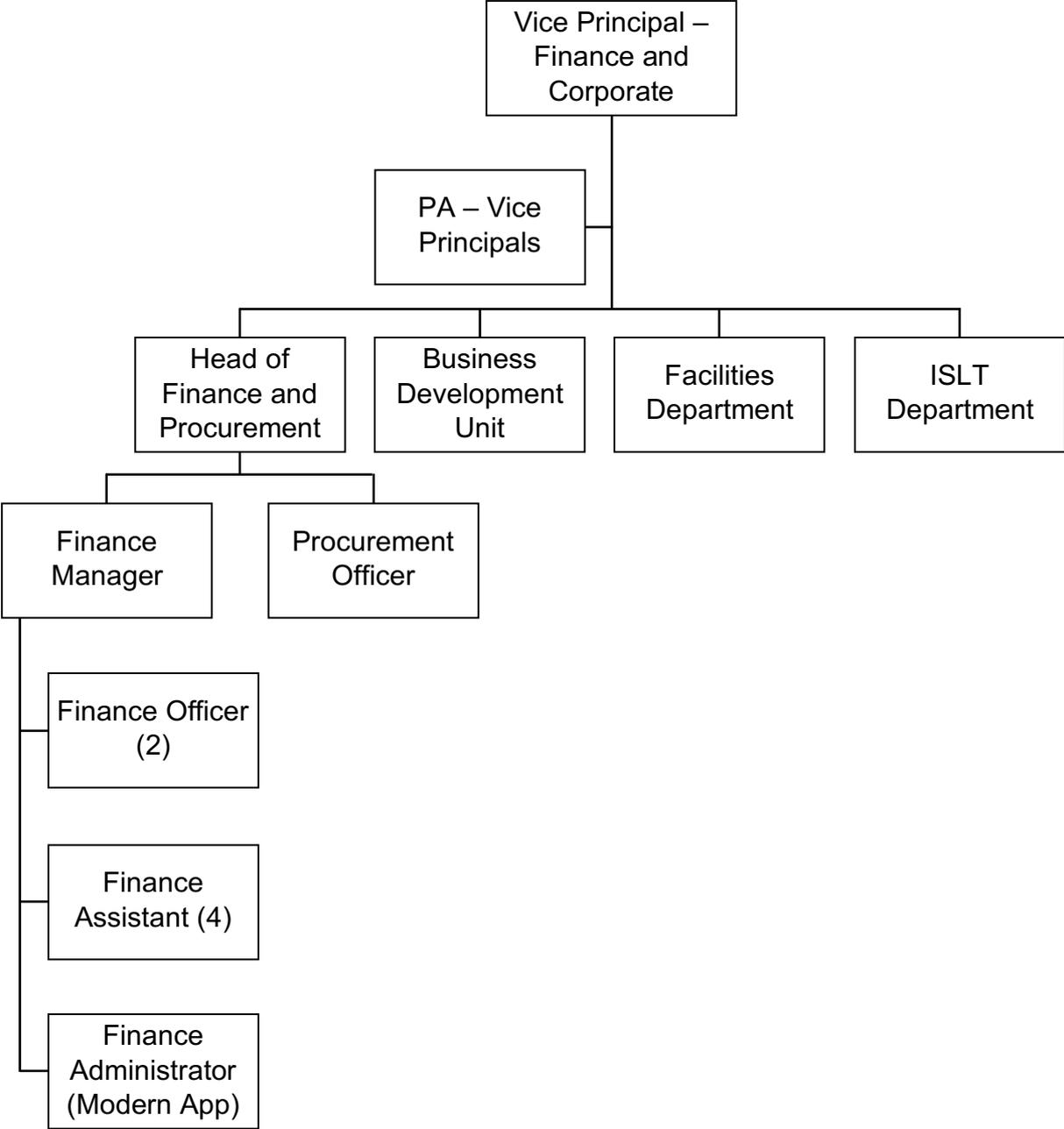
Remuneration Committee Responsibilities

To determine and review the salaries, terms and conditions and pension arrangements of the Principal and other members of the Executive Team.

To consider any proposed severance package prior to submission to the Board in terms of the College's Staff Severance Policy, where this relates to the Principal and Executive Team.

To consider and respond to any appeals made by senior executives in relation to the above.

Finance Department Structure



Main Features of the Public Interest Disclosure Act

Summary

The Act came into force on 02 July 1999. It encourages people to blow the whistle about malpractice in the workplace and is designed to ensure that organisations respond by acting on the message rather than against the messenger. The Act applies to employees blowing the whistle about 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 applies whether or not the information is confidential and extends to malpractice occurring in the UK and any other country or territory. In addition to employees, it covers trainees, agency staff, contractors and home workers. Employment law restrictions on minimum length of service and age do not apply. At present, the Act does not cover the genuinely self-employed, volunteers, the army, intelligence services or police officers. The Act has been described as “the most far-reaching whistleblower protection in the world”.

Internal Disclosures

A disclosure in good faith to a manager or the employer will be protected if the whistleblower has a reasonable suspicion that the malpractice has occurred, is occurring or is likely to occur.

Regulatory Disclosures

The Act protects disclosures made in good faith to prescribed bodies such as the Health and Safety Executive, the Financial Conduct Authority and HM Revenue and Customs, where the whistleblower has a reasonable belief that the information and their allegation(s) are substantially true.

Wider Disclosures

Wider disclosures (e.g. to the police, the media, MPs, and non-prescribed regulators) are protected if, in addition to the tests for regulatory disclosures, they are reasonable in all the circumstances and they meet one of the three pre-conditions. Provided they are not made for personal gain, these preconditions are that the whistleblower:

- reasonably believed he or she would be victimised if they raised the matter internally or with a designated regulator;
- reasonably believed a cover-up was likely and there was no regulator; or
- had already raised the matter internally or with a prescribed regulator.

An employee who makes a wide public disclosure is more likely to be protected if there was no internal procedure set up.

Full Protection

Where the whistleblower is victimised in breach of the Act he or she can bring a claim to an employment tribunal for compensation. Awards are uncapped and based on the losses suffered. Additionally, where an employee is sacked, he or she may apply for an interim order to keep their job. Not all disclosures made by an employee are protected under the Act. Those that are include criminal acts, health and safety violations, breaches of legislation, and miscarriages of justice; however, such acts are only protected as long as the disclosure is made in good faith to the employer, or any other person authorised under a procedure set up by the employer for this purpose. Disclosures can also be made to appropriate regulatory bodies, such as the Health and Safety Executive. Where an employee reasonably suspects malpractice (and this includes any crime), he or she will be protected from victimisation where they raise the matter in good faith with a person who is legally responsible for whistleblowing.

Qualifying Areas

The qualifying areas for whistleblowing are information which the employee reasonably believes tend to show one or more of the following matters is either happening now, took place in the past, or is likely to happen in the future:

- a criminal offence;
- the breach of a legal obligation;
- a miscarriage of justice;
- a danger to the health or safety of any individual;
- damage to the environment; or
- deliberate covering up of information tending to show any of the above five matters.

The Seven Principles of Public Life

Selflessness

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

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might 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

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

Openness

Holders of public office should be as open as possible about all the decisions and 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.

Anti-Bribery Policy

1.0 Policy Statement

- 1.1 Bribery is a criminal offence. We do not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do we, or will we, accept bribes or improper inducements.
- 1.2 To use a third party as a conduit to channel bribes to others is a criminal offence. We do not, and will not, engage indirectly in or otherwise encourage bribery.
- 1.3 We are committed to the prevention, deterrence and detection of bribery. We have zero- tolerance towards bribery. We aim to maintain anti-bribery compliance 'business as usual', rather than as a one-off exercise.

2.0 Introduction

- 2.1 Bribery is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.
- 2.2 The Bribery Act 2010 (the Act) (www.opsi.gov.uk/acts/acts2010/ukpga_20100023_en_1) defines four key offences:
- bribery of another person (section 1)
 - accepting a bribe (section 2)
 - bribing a foreign official (section 6)
 - failing to prevent bribery (section 7).
- The Act makes it an offence to offer, promise or give a bribe (Section 1). It also makes it an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business. Under Section 7 there is also a corporate offence of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation.
- 2.3 The guidance states that a 'commercial organisation' is any body formed in the United Kingdom and '...it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made'. The College is a 'commercial organisation'.

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- 2.4 Whether the procedures are adequate will ultimately be a matter for the courts to decide on a case-by-case basis. Adequate procedures need to be applied proportionately, based on the level of risk of bribery in the organisation. It is for individual organisations to determine proportionate procedures in the recommended areas of six principles. These principles are not prescriptive. They are intended to be flexible and outcome focused, allowing for the different circumstances of organisations. Small organisations will, for example, face different challenges to those faced by large multi-national enterprises. The detail of how organisations apply these principles will vary, but the outcome should always be robust and effective anti-bribery procedures.
- 2.4.1 Proportionate Procedures
An organisation's procedures to prevent bribery by persons associated with it are proportionate to the bribery risks it faces and to the nature, scale and complexity of the organisation's activities. They are also clear, practical, accessible, effectively implemented and enforced.
- 2.4.2 Top Level Commitment
The top-level management (be it a board of directors, the owners or any other equivalent body or person) are committed to preventing bribery by persons associated with it. They foster a culture within the organisation in which bribery is never acceptable.
- 2.4.3 Risk Assessment
The organisation assesses the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment is periodic, informed and documented. It includes financial risks but also other risks such as reputational damage.
- 2.4.4 Due Diligence
The organisation applies due diligence procedures, taking a proportionate and risk based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified bribery risks.
- 2.4.5 Communication (including Training)
The organisation seeks to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training that is proportionate to the risks it faces.
- 2.4.6 Monitoring and Review
The organisation monitors and reviews procedures designed to prevent bribery by persons associated with it and makes improvements where necessary.
- 2.5 The College is committed to proportional implementation of these principles.
- 2.6 An individual guilty of an offence under Sections 1, 2 or 6 is liable to imprisonment for a maximum term of ten years, or to an unlimited fine, or both. Organisations are liable for these fines and if guilty of an offence under Section 7 are liable to an unlimited fine.
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2.7 Under the Public Contracts Regulations 2006 (which gives effect to EU law in the UK), a company is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence. There are no plans to amend the 2006 Regulations for this to include the crime of failure to prevent bribery. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. This College has the discretion to exclude organisations convicted of this offence.

3.0 Scope

- 3.1 This Policy forms part of the College's internal controls and corporate governance arrangements. This policy applies to all of the organisation's activities. For partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.
- 3.2 Within the organisation, the responsibility to control the risk of bribery occurring resides at all levels of the organisation. It does not rest solely within assurance functions, but in all business units and corporate functions.
- 3.3 This policy covers all personnel, including all levels and grades, those permanently employed, temporary agency staff, contractors, non-executives, agents, members (including independent members), volunteers and consultants.

4.0 Key Principles

4.1 Bribery is Not Tolerated

It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to 'facilitate' or expedite a routine procedure;
- accept payment from a third party -that you know or suspect is offered with the expectation that it will obtain a business advantage for them ·
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy; or
- engage in activity in breach of this policy.

4.2 Facilitation Payments

Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

4.3 Commitment to Action

The College commits to:

- setting out a clear anti-bribery policy and keeping it up to date;
- making all employees aware of their responsibilities to adhere strictly to this policy at all times;
- training all employees so that they can recognise and avoid the use of bribery by themselves and others;
- encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately;
- rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution;
- taking firm and vigorous action against any individual(s) involved in bribery;
- providing information to all employees to enable the reporting of breaches and suspected breaches of this policy; and
- including appropriate clauses in contacts to prevent bribery.

4.4 Disciplinary Action and Legal Prosecution

Where a breach of this Policy is notified to the College, the College will investigate the circumstances under the Employee Disciplinary Procedures, reporting matters to the police if necessary and assist in any resulting criminal prosecution.

4.5 Gifts and Hospitality

This policy is not meant to change the requirements of our gifts and hospitality policy, as detailed in the Financial Regulations.

4.6 Whistleblowing Policy

Where any member has a suspicion that any breach of this Policy has occurred, they should report it under the College's Whistleblowing Policy.

5.0 Responsibilities

5.1 The Audit Committee is responsible for approving this Policy.

5.2 The Vice Principal – Finance is responsible for implementing and reviewing the Policy.

5.3 All College managers are responsible for ensuring that staff are made aware of their obligations under the Policy.

- 5.4 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the organisation or under its control. All staff members are required to avoid activity that breaches this policy. They must:
- ensure that they read, understand and comply with this policy; and
 - raise concerns as soon as possible if they believe or suspect that a conflict with this policy has occurred, or may occur in the future.

6.0 Related Documents and Useful Links

- 6.1 Financial Regulations
- 6.2 Anti-Fraud and Corruption Policy
- 6.3 Whistleblowing Policy
- 6.4 Employee Disciplinary Policy
- 6.5 Procurement Policy
- 6.6 Gifts and Hospitality Registers
- 6.7 Useful Links:

CIPFA Better Governance Forum

www.cipfanetworks.net/governance

Bribery Act 2010

www.legislation.gov.uk/ukpga/2010/23/contents

Bribery Act Guidance

www.cipfanetworks.net/fileupload/upload/briberyact2010guidance142011261754.pdf

Bribery Act Quick Start Guide

www.cipfanetworks.net/fileupload/upload/briberyact2010quickstartguide142011271739.pdf

Joint Prosecution Guidance of the Director of the Serious Fraud Office and the Director of Public Prosecutions

www.cipfanetworks.net/fileupload/upload/BRIBERY%20ACT%202010%20JOINT%20PROSECUTION%GUIDANCE142011281730.PDF

National Fraud Authority

www.gov.uk/government/organisations/national-fraud-authority

Transparency International UK

www.transparency.org.uk

Public Concern at Work

www.pcaw.org.uk

Department for Work 6: Pensions (Blowing the Whistle to a Prescribed Person)

www.gov.uk/government/publications/blowing-the-whistle-to-a-prescribed-person

7.0 Review

- 7.1 This Policy will be reviewed every 3 years or when changes to legislation or corporate governance require it.

Summary of Protocols for Proposed Capital Expenditure

Proposed capital projects should be supported by:

- A statement that demonstrates the project's consistency with the strategic plans and estates strategy approved by the Board.
- An initial budget for the project for submission to the Finance and General Purposes Committee. The budget should include a breakdown of costs including professional fees, VAT and funding sources.
- A financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans.
- An Investment Appraisal in an approved format which complies with SFC guidance on option and investment appraisal.
- A demonstration of compliance with normal tendering procedures and SFC regulations. This will require careful consideration where partnership arrangements are in place.
- A cash flow forecast.

Details on these protocols can be found in the College's Financial Procedures.

Summary of Protocols for Proposed Major Developments

The proposal should be supported by a business plan for three years which sets out:

- A demonstration of the proposal's consistency with the strategic plans approved by the Board and with the College's powers under current legislation;
- Details of the market need and the assumptions (based on reference data) of the level of business available;
- Details of the business and what product or service will be delivered;
- An outline plan for promoting the business to the identified market and achieving planned levels of business;
- Details of the staff required to deliver, promote and manage the business, together with any re-skilling or recruitment issues;
- Details of any premises and other resources required;
- A financial evaluation of the proposal together with its impact on revenue and surplus, plus advice on the impact of possible alternative plans and sensitivity analysis in respect of key assumptions;
- Contingency plans for managing adverse sensitivities;
- Consideration of taxation and other legislative or regulatory issues;
- A three year financial forecast for the proposal including a monthly cash flow forecast and details of the impact on the institution cash flow forecast for the financial years in question.

More detail on these protocols can be found in the College's Financial Procedures.

Terms of Reference for College's Internal Audit Service (IAS)

- 1 The IAS is responsible for conducting an independent appraisal of all the college's activities, financial and otherwise with the exception of the academic process. It should provide a service to the whole organisation, including the Regional Board and all levels of management. It is not an extension of, nor a substitute for, good management. The IAS is responsible for giving assurance to the Board and Accounting Officer on the control arrangements as defined in the approved audit needs assessment. It also assists management by evaluating and reporting to them on the effectiveness of the controls for which they are responsible. It remains the duty of management, not the internal auditor, to operate an adequate system of internal control. It is for management to determine whether or not to accept audit recommendations and to recognise and accept the risks of not taking action.

Scope

- 2 All the college's activities, funded from whatever source, fall within the scope of the IAS. The IAS **will** consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It **will** assess whether management has taken the necessary steps to achieve these objectives. The scope of internal audit work should cover all operational and management controls, including those at departmental level, and should not be restricted to the audit of those systems and controls necessary to form an opinion on the financial statements. This does not imply that all systems **will** be subject to review, but that all **will** be included in the audit needs assessment and hence considered for review in the context of assessed risk. The audit needs assessment **will** therefore be prepared initially without regard to constraints such as the time and resources which may be available.
3. The scope and detail of the terms of reference **must** be such that they enable the Head of the IAS to provide the Board with the appropriate quality of assurance on the adequacy, reliability and effectiveness of the colleges internal control system.
4. The Head of IAS **must** advise the Board of the risks to which it, 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 Regional Chair, the Chair of the Audit Committee and the Principal.
5. It is not within the scope of the IAS to question the appropriateness of policy decisions. However, the IAS is required to examine the arrangements by which such decisions are made, monitored and reviewed.

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6. The IAS may also conduct any special reviews requested by the Board, Audit Committee or the Principal, provided such reviews do not compromise its objectivity, independence or achievement of the approved audit plan.

There will also be a number of “required” audits to be conducted each year, in order that the college complies with the requirements of SFC and other external funding agencies. Currently, the College’s annual Collection of Student Activity Data Return must be subject to audit scrutiny before submission to SFC. This audit must be built into forward audit plans, and be contained within the agreed annual internal audit budget for “core” activities. On completion, an audit certificate reporting on the accuracy of this return is required.

The College also receives diverse funding streams through its involvement in a variety of projects with partner organisations. These projects may, on occasion, require independent review and certification of the use of financial and other resources and of outputs delivered. In such circumstances, the College will utilise the appointed internal auditors wherever feasible, at an additional fee to the “core” internal audit work.

Responsibilities

7. The Head of the IAS should give an annual opinion to the Audit Committee, on the adequacy and effectiveness of the internal control system as defined in the audit needs assessment, including those controls for economy, efficiency and effectiveness within the college, and the extent to which the Board can rely on such systems. He or she should also comment on other activities for which the Board is responsible, and to which the IAS has access.
8. To provide the required assurance the IAS **will** undertake a programme of work over a cycle authorised by the Board on the advice of the Audit Committee, or directly by the Audit Committee under delegated authority. The programme **will** have the following objectives:
 - a. To appraise the soundness, adequacy and application of the whole internal control system.
 - b. To ascertain the extent to which the system of internal control ensures compliance with established policies and procedures.
 - c. To ascertain the extent to which the assets and interests entrusted to, or funded by, the college are properly controlled and safeguarded from losses arising from improprieties, including fraud, irregularity or corruption.
 - d. To ascertain that accounting and other information is reliable as a basis for producing accounts, and financial, statistical and other returns.
 - e. To ascertain the integrity and reliability of financial and other information provided to management, including that used in decision making.
 - f. To ascertain that systems of control are laid down and operate to promote the economic, efficient and effective use of resources.

Approach

9. The IAS's work **will** be performed with due professional care, in accordance with appropriate professional auditing practice. It should have regard for the relevant sections of the Government Internal Audit Manual, and **will** comply with any specific requirements of the SFC.
10. In achieving its objectives, the IAS should:
 - a. Identify all elements of control systems on which it is proposed to rely, and establish a review cycle.
 - b. Evaluate those systems, identify inappropriate or inadequate controls, and recommend improvements in procedures or practices.
 - c. Ascertain that those systems of control are laid down and operate to promote the most economic, efficient and effective use of resources.
 - d. Draw attention to any apparently uneconomical or otherwise unsatisfactory result flowing from decisions, practices or policies.
 - e. Liaise with external auditors, and with the Funding Council's Financial Appraisal and Monitoring Service (FAMS).

Independence

11. Independence enables internal auditors to appraise the internal control system in the impartial and unbiased manner essential to the proper conduct of audits. Recognition of the independence of internal audit is fundamental to its effectiveness. For the individual auditor, independence is essentially an attitude of mind characterised by integrity and an objective approach to work.

The Head of IAS should determine the Service's own priorities within a plan prepared after consultation with senior management and approved by the Board, on the recommendation of the Audit Committee.

12. In considering the work to be undertaken by the IAS, the following key points must be considered:
 - Internal auditors must avoid any official, professional and personal relationships or interests which might cause them to limit the extent, approach or nature of their audit.
 - If the IAS is called upon to carry out specific investigations, such reviews must not compromise its objectivity or independence and should not, if avoidable, compromise significantly the achievement of its audit plan.
 - The IAS, therefore, must be a separate function from the management of the College and should not have any management responsibilities other than for internal audit.
 - To be effective, the Head of IAS must have sufficient status and be seen to have the respect and support of the College's senior management as well as that of the Board.

Access

13. The IAS has rights of access to all of the college's records, information and assets which it considers necessary to fulfil its responsibilities. Rights of access to other bodies funded by the college should be set out in the conditions of funding. The Head of the IAS has a right of direct access to the Regional Chair, the Chair of the Audit Committee and the Accounting Officer. The IAS **will** agree to comply with any requests from the external auditors and the Funding Council for access to any information, files or working papers obtained or prepared during our audit work that they need to discharge their responsibilities.

Reporting

14. The internal auditors formally report to the Principal, Vice Principal – Finance and Corporate Services and to the Audit Committee and have direct access to the Chair of the Board and to the Audit Committee.

The Audit Committee is currently scheduled to meet approximately four times per year.

15. The Audit Committee will receive and consider the following reports from the internal auditors:
- an annual internal audit plan, setting out the intended scope of works for the year;
 - reports on specific studies finalised since the last meeting;
 - an annual internal audit report at the end of each year, reviewing the work over the period, recommendations made, progress in implementation of recommendations, and implications for future years' internal audit work;
 - any other reports which the internal auditors, together with the Clerk to the Board and Chair of the Audit Committee, believe to be relevant to the work of the Committee.

It is expected that the Internal Auditors will be represented at each of the College's Audit Committee meetings.

In carrying out strategic and operational audit planning, the internal auditors will liaise in the first instance with the Vice Principal – Finance and Corporate Services. The Vice Principal – Finance and Corporate Services has operational responsibility for the work of the internal auditors and for implementing their recommendations, agreed through the Audit Committee. Internal Auditors will also be required to undertake regular liaison with the Vice Principal – Finance and Corporate Services to review progress of specific studies and performance against the approved audit plan.

The Head of the Internal Audit Service should report to the Vice Principal – Finance and Corporate Services and College Accounting Officer any serious weaknesses in internal control systems, significant fraud, or major accounting or other control breakdown discovered during the normal course of audit work. If the College Accounting Officer does not undertake to report the matter to the SFC, the Chair of the Audit Committee and the Regional Chair, then the Head of Internal Audit Service may report to them directly.

Internal audit should produce a draft report to the Vice Principal – Finance and Corporate Services of areas under audit within 3 weeks of the conclusion of each audit assignment. The draft report should set out the findings and recommendations in priority order, and also an opinion on the adequacy and effectiveness of that part of the system of internal control reviewed.

All recommendations made in internal audit reports should be appropriately graded. The Head of IAS should formulate, with the approval of the Audit Committee, criteria for grading recommendations.

The draft report should normally be discussed with the relevant managers in the College and the factual accuracy and balance agreed with them prior to issue of the final report. College managers should be required to respond to audit reports, normally within two weeks, stating their proposed action with a time plan for implementing agreed recommendations and the person responsible for each action point. The College Accounting Officer and Vice Principal – Finance and Corporate Services should assist in the timely completion of reports and appropriateness of responses in the context of overall planning and resource allocation.

16. The information must be incorporated in the final version of the report, due within 6 weeks of the conclusion of each audit agreement. Internal audit must follow up recommendations to ensure that appropriate remedial action has been or will be taken within an acceptable time-scale. The outcome of this follow-up should be reported to the Audit Committee.

The Head of IAS must produce an annual report on their activities.

The report should be addressed to the Audit Committee then to the Regional Board, the College Accounting Officer and Vice Principal – Finance and Corporate Services and should be considered by the Audit Committee. The report should be for the College's accounting period and be submitted to the Board, College Accounting Officer and Vice Principal – Finance and Corporate Services when it is available, and to the Audit Committee in time for its first meeting of the following financial year. It is important that the Audit Committee receives the IAS's report in time to give it due consideration before producing its annual report to the Regional Board. As a minimum, the report produced by the Head of IAS should include:

- the Head of IAS's opinion on the adequacy and effectiveness of the College's internal control system, as defined in the Audit Needs Assessment. This opinion needs to be considered in a context in which audit coverage should be based on an objective assessment of risk underpinning the College's Audit Needs Assessment. In arriving at an opinion the Head of IAS should take into account findings and conclusions from the systems that have been audited during the year, as well as in previous years (including, as appropriate, opinions from previous auditors) and any known significant changes to the College's risk profile that are likely to impact on future audit coverage;
 - the Head of IAS's opinion on whether proper arrangements are in place to promote and secure value for money;
 - an analysis of common or significant weaknesses arising;
 - an executive summary of each IAS report;
 - a comparison of the IAS's achieved performance during the year with that planned, placed in the context of the internal audit needs assessment and incorporating information regarding slippage/re-prioritisation of work during the year;
 - details of any major audit findings where management action appears to be desirable, but has not been taken, including that identified in previous years' IAS reports, and which, therefore, needs to be brought to the Board's attention;
 - the extent of achievement of any objectives (including targeted performance indicators) which may have been agreed for the Internal Audit Service;
 - an analysis of agreed performance indicators; and
 - the operational plan for the year following the year in which the report is written, including narrative explanation of variances from the strategic plan.
17. After consideration and approval by the Audit Committee, a copy of the IAS's annual report together with the Audit Committee's comments thereon, must be provided by the College to the SFC within one month of its presentation to the Audit Committee and not later than 31 December following the financial year end to which the report relates.

The Head of IAS should be required to attend each Audit Committee meeting unless requested not to do so by the Chairman of the Audit Committee.

Standards

18. The operation and conduct of the IAS **must** conform to the standards in the Auditing Guideline 'Guidance for Internal Auditors', issued by the Auditing Practices Committee in June 1990. Internal auditors **must** also have regard to relevant advice provided by professional auditing and accountancy bodies, and any guidance produced by the Council. Reference should also be made to the relevant sections of the Government Internal Audit Manual, issued by HM Treasury for Guidance.
19. The Head of IAS should implement measures to monitor the effectiveness of the service and compliance with standards. In addition, the Audit Committee should consider and approve the performance measures and indicators used by internal audit, and should also consider asking the external auditor to provide an independent assessment of internal audit's effectiveness.

Liaison

20. The IAS **will** liaise with the external auditors and the Funding Council's FAMS to enhance the level of service it provides to the College.

Quality Assurance

21. The Audit Committee will undertake an annual review of performance against objectives and plans and will undertake an objective review of the overall performance of internal audit and its compliance with relevant policies and standards. Your attention is drawn specifically to Section 4.14 - 4.18 of the SFC Code of Audit Practice.

Value for Money (VFM) and Risk Management

22. Internal audit, as an integral part of the systems-based approach, should evaluate the control arrangements established and operated by management to achieve the economic, efficient and effective use of resources.
23. Over the complete audit cycle, IAS must provide a comprehensive appraisal of management's arrangements for achieving VFM and satisfying our risk management framework.

Fraud Policy Statement

This institution has a duty to its stakeholders to take all responsible steps to prevent fraud occurring, whether perpetrated by staff, students, contractors and suppliers, other organisations or members of the public.

The institution will maintain robust control mechanisms to both prevent and detect fraud. All line managers have a responsibility for maintaining documented control systems and must be seen to be setting an example by complying fully with procedures and controls. The effectiveness of controls will be subject to cyclical review by the institution's internal auditors.

All members of staff have a responsibility to protect the assets and reputation of the institution and are expected to be alert to the potential for fraud. Line managers should brief staff on the common types of fraud perpetrated in their areas of responsibility.

Confidential mechanisms have been established to allow staff to report suspected frauds to management. All reported suspicions will initially be investigated by the fraud investigation group. The members of such a group may include:

- Vice Principal – Finance and Corporate Services
- Head of Finance and Procurement
- Head of Internal Audit
- Head of HR and Development

Further information for staff on reporting fraud and their role in the prevention and detection of fraud is provided in the institution's Fraud Policy and Response Plan, which can be found at **Appendix K (ii)**.

Anti-Fraud and Corruption Policy

1.0 Introduction

- 1.1 One of the essential functions of public sector organisations is to ensure the proper use of public funds. This policy sets out the College's position in the prevention of and response to fraud and corruption.
- 1.2 In developing this policy, the College has taken account of existing external guidance and legislation, including the UK Corporate Governance Code 2010 and Bribery Act 2010.
- 1.3 The College will treat any instances of fraud or corruption by its employees, board members, or contractors as serious breaches of discipline and as potentially criminal acts. Bribery of or by any College employee, board member or contractor for either personal or organisational gain will be similarly treated. The College will co-operate fully with any criminal investigations carried out in response to instances of fraud, corruption or bribery.

2.0 Scope

- 2.1 This policy forms part of the College's internal control and corporate governance arrangements.
- 2.2 The policy applies to all activities undertaken on behalf of the College by members of the Regional Board, Senior Management Team and all staff of the College and its subsidiaries.

3.0 Key Principles

- 3.1 The results of fraud and/or corruption can be costly, time-consuming, disruptive and unpleasant. The College, therefore, sees that the overriding principle to be applied is that of prevention. Where this fails, however, then reporting, investigation and, where necessary, sanctions, will be pursued rigorously and swiftly.
- 3.2 Preventative measures are identified under five broad headings:
- 3.2.1 Policies and Procedures
- The College shall develop, implement and maintain such policies and procedures so as to reduce, as far as possible, the risks from fraud or corruption. These will include:
- Financial Regulations
 - Scheme of Administration
 - Financial Procedures

3.2.2 Systems

The College will maintain in place systems which incorporate internal controls, including adequate segregation of duties to ensure that, as far as possible, fraud and corruption can be prevented.

3.2.3 Internal Audit

The College will ensure that it agrees a programme of internal audit assignments to support the systems and procedures already in place and to assist in the reduction of the likelihood of fraud.

3.2.4 Culture

The College will maintain a culture of openness, honesty and accountability. This will be supported by the Whistleblowing Policy.

3.2.5 Staff Recruitment and Training

The College will ensure references are taken up for all permanent and temporary staff. As part of induction, staff will be made aware of all policies and procedures pertinent to their post, including those concerning governance.

3.3 The principles to be observed for the reporting and investigation of fraud and corruption are as follows:

3.3.1 Concerns should be reported in accordance with the College's Whistleblowing Policy. A detailed investigation of any concerns will be undertaken.

3.3.2 The College will deal with any instances of fraud or corruption swiftly, taking disciplinary action as necessary and informing the police if appropriate.

3.3.3 In the event that fraud is suspected on the part of contractors, agency workers or by staff involved in agency or contract work on behalf of other bodies, procedures and responsibilities for reporting and investigation are the same as for staff. The College will also inform and involve employing contractors or agencies when appropriate.

4.0 Responsibilities

4.1 The Regional Board is responsible for ensuring the effectiveness of internal control of the College, based on information provided by the Senior Management Team.

4.2 The Audit Committee is responsible for agreeing this policy and monitoring its implementation and effectiveness.

4.3 The Senior Management Team is responsible for developing appropriate systems of internal control to reduce the likelihood and impact of fraud or corruption.

- 4.4 The Vice Principal - Finance and Corporate Services is responsible for the implementation of this Policy.
- 4.5 Departmental managers are responsible for the application of internal controls to mitigate risks within their specified areas of responsibility.
- 4.6 All staff members are responsible for adhering to the systems of internal control which are relevant to their role.

5.0 Related Documents

- 5.1 Financial Regulations
- 5.2 Financial Procedures Manual
- 5.3 Scheme of Administration
- 5.4 Risk Management Policy
- 5.5 Whistleblowing Policy

6.0 Review

- 6.1 This policy will be reviewed every 3 years or whenever Corporate Governance changes affect any part of it.

Fraud Response Plan

Introduction

Management and staff are likely to have little experience of dealing with fraud and when suspected cases arise, may be unsure of the appropriate action to take. The objectives of this response plan are to:

- provide a documented framework which the institution can refer to in the event that fraud is suspected or reported; and
- ensure that in the event of fraud, timely and effective action is taken to prevent further losses, identify fraudsters, safeguard evidence, minimise publicity, reduce adverse effect on business and learn lessons.

Fraud investigation checklists for line managers and the fraud investigation group are included at **Appendix K(iv)**.

Reporting Fraud

All actual or suspected incidents of fraud should be reported without delay to the Vice Principal – Finance and Corporate Services or other member of the fraud investigation group. The members are:

- Vice Principal – Finance and Corporate Services (Chair)
- Head of Finance and Procurement
- Head of HR and Development
- Head of Internal Audit

When staff report suspected fraud it is important that their suspicions are treated seriously and that all details provided by the reporting employee are recorded accurately and in a timely manner. They should be repeated back to the reporting employee to confirm understanding. It is essential that staff are put at ease, since the decision to report the suspected fraud may be traumatic for the individual concerned. Those reporting fraud should be assured that all information will be dealt with in the strictest confidence and that anonymity will be preserved if requested, unless that is incompatible with a full and fair investigation stage.

Once the Vice Principal – Finance and Corporate Services has recorded the details of the case, he or she should, within 24 hours, hold a meeting of the fraud investigation group to decide on the initial response.

At this stage management should also take whatever steps are necessary to prevent further losses, for example by changing procedures or suspending payments without compromising the quality of evidence or alerting the fraudsters.

Initial Enquiry

On receiving the details of the suspected fraud, the fraud investigation group should undertake a limited review as necessary to establish whether further action needs to be taken. This will normally be an investigation, led by internal audit. The decision by the group to initiate a special investigation shall constitute authority to internal audit to use time provided in the internal audit plan for special investigations, or contingency time, or to switch internal audit resources from planned audits.

If this initial investigation suggests that suspicions are confirmed, the group will decide which body is best placed to undertake further investigative work and will inform the Principal, the Chair of Audit Committee, the Chair of the Regional Board, auditors, the funding body and the police as appropriate. The circumstances in which the institution must inform the funding body of actual or suspected fraud are set out in the funding body audit code of practice. The Principal is responsible for informing the funding body of any such incidents.

Prevention of Further Loss

Where the initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the fraud investigation group will need to decide how to prevent further loss. Fraudulent or corrupt activity is regarded as a breach of contract and where there are reasonable grounds for suspicion must be acknowledged, for example their right to union representation and to be informed of the reason for their suspension.

It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action. Suspect(s) should be supervised at all times before leaving the institution's premises, offices and furniture should be returned.

Advice should be obtained on the best means of denying access to the institution while suspects remain suspended (for example by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, access permissions to the institution's computer systems should be withdrawn without delay.

Internal Audit should consider whether it is necessary to investigate systems other than that which had given rise to suspicion, through which the suspect may have had opportunities to misappropriate the institution's assets.

At this stage, the College should decide if external parties including the funding body and the police are to be involved. Delays in contacting the police may prejudice future enquiries and alerting them immediately is important since they will be able to advise the institution on how best to proceed and the most effective methods to gather evidence.

Conducting a Fraud Enquiry

Once it has been agreed that there is sufficient evidence to justify a fuller investigation, the fraud investigation group should meet with the police where appropriate to decide who is best placed to undertake further investigation. Should it be decided that an internal investigation is appropriate, either in tandem with a police investigation or on its own, it is important that it is undertaken by individuals with experience of fraud investigations. This is most likely to be internal auditors, supported as necessary by the institution's staff, who may have specialist knowledge, and external specialists where appropriate.

Where fraud and corruption are suspected, contact by the Vice Principal – Finance and Corporate Services and the Head of Internal Audit with the local fraud squad should be considered in order to agree an appropriate course of action.

For internal investigations, the fraud investigation group should agree the following:

- detailed remit and scope for the investigation; for example, is it to confirm that there is sufficient evidence to support the allegations, to gather evidence for the police, or does the institution wish to quantify the total potential loss?
- who should undertake the investigation
- reporting procedures and deadlines
- a programme of regular meetings

There is a clear requirement to record all details fully, accurately and in a manner that is accessible. The police should be able to advise on an appropriate recording format. Developing a simple form to log all events and contacts made will provide a quick summary, ease the recording process and provide documented support for any future enquiries or possible prosecution.

Recovery of Losses

It is important that any losses incurred by the institution are fully and accurately recorded and that costs are correctly apportioned. In addition to the direct cost of losses attributable to fraud, all costs associated with enquiries should be recorded. These will be required under loss reporting procedures and may also be required by the courts if the decision to prosecute is taken and in determining any assessment of costs or compensation and insurance recoveries.

Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment.

Staffing Issues

A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The institution must follow disciplinary procedures against any member of staff who had committed fraud.

The institution will normally pursue the prosecution of any such individual. Of crucial importance is the need to conduct enquiries within the parameters of relevant laws and regulations. Employees have certain statutory rights, and if infringed, the likelihood of success of disciplinary action is diminished. It is vital, therefore, that any interviews with suspects are undertaken strictly in accordance with established procedures. No interviews should take place without first seeking advice from the police and from the Head of HR and Development on the relevant procedures and rules to be followed. In particular all those involved in interviewing suspects should have knowledge of the 1994 Police and Criminal Evidence Act.

Internal audit will need to:

- maintain familiarity with the institution's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation.
- establish and maintain contact with the police where appropriate
- establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act
- ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

If fraud is proven which involves staff, appropriate disciplinary action will be taken. Such action may be considered not only against those found to have perpetrated the fraud, but also against managers whose negligence may have facilitated it.

Reporting During the Investigation

The fraud investigation group should provide a confidential report to the Chair of the Regional Board, the Chair of Audit Committee, the Principal and the external audit partner at least monthly, unless the report recipients request a lesser frequency. The scope of the report should include:

- quantification of losses
- progress with recovery action
- progress with disciplinary action
- progress with criminal action
- estimate of resources required to conclude the investigation
- actions taken to prevent and detect similar incidents

Any variation from the approved fraud response plan, together with reasons for the variation, should be reported promptly to the chairs of both the governing body and the audit committee.

Concluding an Investigation

At the end of a case, irrespective of the outcome, it is important that the progress of the investigation is reviewed to see what lessons can be learned and to assess the effectiveness of the action taken. Such reviews will help identify any weaknesses in internal control that initially led to the fraud and should highlight any deficiencies in these systems for reporting and investigating, enable more effective future enquiries and precipitate changes to internal procedures designed to prevent reoccurrence.

On completion of a special investigation, a written report should be submitted to the audit committee for consideration and discussion containing:

- a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud
- the measures taken to prevent a recurrence
- any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken.

This report will normally be prepared by internal audit.

References for Employees Disciplined or Prosecuted for Fraud

The staff handbook includes a requirement that any request for a reference for a member of staff who has been disciplined or prosecuted for fraud should be referred to the Head of HR and Development. The Head of HR and Development should prepare any answer to a request for a reference having regard to employment law.

Review of the Fraud Response Plan

This plan will be reviewed for fitness of purpose at least annually or after each use. Any need for change will be reported to the Audit Committee for approval.

Fraud Investigation

Checklist for Line Managers

The following is a checklist of points for consideration following the reporting of an alleged fraud to management:

- Do not rush in – consider all options and plan the approach.
- Establish the facts without alerting anyone.
- Maintain confidentiality
- Make an immediate note of everything reported. Repeat these notes to whoever is reporting the details to ensure clear understanding.
- Take steps to minimise any immediate further losses.
- Secure any evidence.
- Inform the Vice Principal – Finance and Corporate Services or member of the fraud investigation group.

Checklists for the Fraud Investigation Group

The following is a checklist of points for consideration following the reporting of an alleged fraud by line management to a member of fraud investigation group:

- Convene a meeting of the group to consider the allegation.
- Conduct an initial investigation to establish the substance of the allegation.
- Consider legal implications.
- If substantiated, inform the principal, etc.
- Agree if further investigation is required and who will undertake it.
- Agree a remit, and establish scope and reporting deadlines for the investigation.
- Ensure the investigating team has adequate resources, including secure storage.
- Prepare for interviews thoroughly.
- Ensure existing staff disciplinary procedures are followed.
- Secure any evidence.
- Assume the worst-case scenario in terms of losses and staff involved.
- If not already requested to undertake the investigation, inform the police and the funding body as appropriate.
- Hold regular progress meetings at which progress and agreed action are documented.
- Identify all internal and external sources of information for evidence.

Procurement Thresholds

Route	Value	Method	Authorisation	Notes
Route 1A	<£3,000 (Goods and Services) <£5,000 (Works)	Single contracted supplier. Value for money must still be demonstrated.	<£1,000 Requisition authorised by Budget Holder. Order authorised by Head of Finance and Procurement. £1,000 - £4,999 Requisition authorised by Budget Holder and countersigned by SMT. Order authorised by Head of Finance and Procurement.	If no contracted supplier exists, contact Procurement Officer before sourcing.
Route 1B	£3,000 - £24,999 (Goods and Services) £5,000 - £24,999 (Works)	Minimum of 3 written quotations from contracted or non-contracted suppliers. Quotes may be supplied by email.	Requisition authorised by Budget Holder and countersigned by SMT. £3,000 - £4,999 Order authorised by Head of Finance and Procurement. £5,000 - £24,999 Order authorised by Vice Principal – Finance and Corporate Services.	
Route 2A	£25,000 - £49,999 (all spend)	Tender via PCS Quick Quote. Consult Procurement Officer	Requisition authorised by Budget Holder and countersigned by SMT. Order authorised by Principal.	
Route 2B	£50,000 - £181,302 (Goods and Services) £50,000 - £4,551,413 (Works)	Open tender process advertised via Public Contracts Scotland website. Consult Procurement Officer.	<£100,000 Principal £100,000 - £249,999 Finance and General Purposes Committee >£250,000 Regional Board	Above Scottish Government Procurement Threshold but below OJEU threshold. Note that thresholds cover a 4 year period i.e. £12,500 per annum
Route 3	>£181,302 (Goods and Services) >£4,551,413 (Works)	Open tender process advertised via Public Contracts Scotland website and OJEU. Consult Procurement Officer.	£100,000 - £249,999 Finance and General Purposes Committee >£250,000 Regional Board	Above OJEU Threshold. Additionally, for contracts above £4M, community benefits must be considered. Contact Procurement Officer

Points Included in the College's Tendering Procedures

- Duty to comply by the College's staff.
- EU directives to be complied with.
- Competitive tendering procedures, which will:
 - Ensure fairness of competition;
 - Ensure the companies invited to tender are financially and technically able to meet the institutions requirements;
 - Indicate the terms of the contract; and
 - Outline the appropriate UK and Scottish standards to be complied with.
- Quotations procedures, which will indicate:
 - The minimum number of firms that should be expected to provide quotations;
 - Lists of available firms in existence which have been approved by the college that might undertake the work specified;
 - The terms by which the contractors will be paid;
 - The national requirements concerning good practice that should be followed;
 - Submission of tenders (e.g. time, date, etc.);
 - Receipt of safe custody of tenders and records;
 - Admissibility and acceptance of tenders;
 - Acceptance of tenders/quotations; and
 - Justification of acceptance of tenders not at the lowest price.

Equality Impact Assessment

(Rapid impact assessment tool)

What Impacts may there be from this proposal on any group's ability to use the College services?

Policy: Financial Regulations

Positive Impacts (Groups affected)	Negative Impacts (Groups affected)
None	None
Actions taken to alleviate any negative Impacts: n/a	
Recommendations: n/a	

From the outcome of the rapid equality impact assessment, have negative impacts been identified for any protected characteristic or any other potentially disadvantaged group?

n/a

Has a full Equality Impact Assessment been recommended?

Yes

No

Reason for recommendation:

n/a

Status: Approved by Finance and General Purposes
Committee
Policy Dated: January 2018
Author: Vice Principal – Finance and Corporate Services
Review Date: November 2019
Equality Impact Assessed: No