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AUDIT COMMITTEE REPORT

BORDERS COLLEGE REGIONAL BOARD

Subject: Updated Financial Regulations	**Purpose:** **For Approval** ☒ **For Discussion** ☐ **For Information** ☐
Prepared by: Kirsty Robb, Vice Principal – Finance & Corporate Services	**Date of Committee: 11 May 2023**

Purpose: To approve the updated Financial Regulations.

Executive Summary:
The Audit Committee provides assurance to the Board that "appropriate measures" are in place for a key number of governance and control activities. This includes the approval of any changes and amendments to the Colleges Financial Regulations.

The Financial Regulations are reviewed every 3 years, or when changes to legislation or corporate governance require it. The last review was undertaken in September 2020 and the revised Policy approved by the Finance and Resources Committee on 3rd October 2019. This approval followed a substantive review and discussion with the Finance and Resources Committee.

Key items:
The Financial regulations are consistent with good practice guidance and link to other key policies and procedures. The draft Regulations are contained in Appendix 1 with all changes tracked. The main amendments are as follows:

2.5, 14.1 – amended to reflect updated Terms of Reference for Audit Committee
5.2 – amended to reflect updated Terms of Reference for Audit Committee and Finance & Resources Committee
8.2 – inclusion of risk appetite
10.3 – Increase in hospitality level from £10 to £20
11.5 – amended to reflect revised approval process for capital expenditure
14.1 – Inclusion of requirement for accounts to be lodged with OSCR
14.4 – amendment to reflect revised Fraud and Corruption Policy
15.4 – amendments to approval limits for banking
16.3 – amendment to cash handling
17.4 – amendment to increase financial oversight and control of costings for income generating activities
19.3 – Inclusion of requirement for a Single Source Justification form to be completed for contract greater than £5,000 without a competitive exercise, as required within the Procurement Policy
19.6 & 19.7 – removal of duplication with 19.3
19.9 – amendment to reflect BACS payment runs being paid weekly
Appendix B4 – inclusion of Single Source Justification form per Procurement Policy

Appendix G – reinstatement of Fraud Response Plan which had been deleted from previous version in error. **Questions that Members should ask themselves when reading the paper:** Does the policy meet the legislative and guidance requirements and are the controls included in the policy sufficient?	
Linked to Strategic Ambition(s): **Create high quality learning and training opportunities which are relevant, enabling and flexible** Choose an item. **Performance Measures:** An Agile & Creative Staff Body Choose an item.	
Linked to Strategic Risk Register: 4b - Governance Choose an item.	
Recommendation: It is recommended the Committee approve the updated Financial Regulations contained in appendix 1.	
Previous Committee Approvals: Finance and Resources Committee 3rd October 2019	
For publication ☒	**Not for publication** ☐ **If not, why not?**

BORDERS COLLEGE

Regionally Focused – Globally Engaged

Financial Regulations

May 2023

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History of Changes

Version	Description of Change	Authored by	Date
1.1	Document created	P Smith	Sept 2015
1.2	Procurement Thresholds updated	P Smith	Oct 2016
1.3	Updated to reflect SPPN 5/2017	P Smith	Jan 2018
2.0	Complete review to reduce duplication, ensure read across and improve readability	H Robertson	Aug 2019
V2.1	Amendments following SLT review	H Robertson	Sep 2019
V2.2	Amendments following F&GP review	H Robertson	Oct 2019
V2.3	Amendments to align with procurement policy, incorporate SSJ following audit review, amend titles of posts and committees. Update finance structure	K Robb	May 2023

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Section A – General Provisions

1 Background

1.1 Borders College is a further education corporation created under 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 (the Acts). Its structure of governance is set out in the Acts and the College's Standing Orders. The College is accountable through its Regional Board (the 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 dated 1 December 2014 between the Scottish Funding Council (SFC) and the College sets out the terms and conditions on which grant is made. Details of the financial limits and annual reporting requirements is set out in **Appendix B3**. The 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 the 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 policies relating to internal financial control. This document was approved by the Finance and Resources Committee on 21 November 2019. It applies to the College and all its related bodies.

2.2 These regulations are subordinate to the Acts and the College's Standing Orders and to any restrictions contained within the financial memorandum with the Scottish Funding Council~~FC~~ and the listed advice:

- ~~-~~the Acts
- the Scottish Funding Council (SFC)
- Audit Scotland
- UK Public Sector Internal Audit Standards
- National Audit Office or Scottish Parliament Public Audit and Post Legislative Review Committee
- the Scottish Public Finance Manual (SPFM)
- the Government Financial Reporting Manual (FReM)
- International Financial Reporting Standards (Generally Accepted Accounting Practice (GAAP)
- Statements of Recommended Practice (SORP) – FE and HE

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2.3 The purpose of these regulations is to provide the Board and management with assurances that resources are being properly applied for the achievement of the College's strategic plan and business objectives through:

- providing effective financial controls over the use of public funds
- ensuring that the College complies with all relevant legislation
- safeguarding the assets of the College
- maintaining financial and organisational sustainability
- achieving best value.

2.4 Compliance is compulsory for all staff of the College or its related bodies. Any member of staff who fails to comply with the regulations may be subject to disciplinary action under the College's disciplinary policy. Any such breach will be notified to the Board through the Audit Committee. All managers will be provided with a summary of these regulations which they must use to ensure that their staff are aware of their duties.

2.5 The Audit~~Finance and General Purposes~~ Committee is responsible for approving changes and amendments to the College~~maintaining a continuous review of the~~ Financial Regulations, and provide assurance that the Regulations are being adhered to.~~will advise the Board of any additions or changes made.~~

2.6 In exceptional circumstances, this Committee may authorise a departure from the Regulations~~detailed provisions herein, such departure~~ and will advise the ~~be reported to the~~ Board at the earliest opportunity.

2.7 The College will maintain a separate Finance Procedure Manual which sets out the operational detail of how these regulations are implemented.

~~**2.8** The Financial Regulations and Finance Manual should be read in conjunction with relevant guidance issued by, or contained in:~~

- ~~the SFC~~
- ~~UK Public Sector Internal Audit Standards~~
- ~~Audit Scotland~~
- ~~National Audit Office or the Scottish Parliament Public Audit and Post Legislative Review Committee~~
- ~~the Scottish Public Finance Manual (SPFM)~~
- ~~the Government Financial Reporting Manual (FReM)~~
- ~~International Financial Reporting Standards (Generally Accepted Accounting Practice (GAAP))~~
- ~~Statements of Recommended Practice (SORP) – Further and Higher Education.~~

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Section B – Corporate Governance

3 The Regional Board

3.1 The Regional Board (the Board) is responsible for the strategic direction and oversight of the management and administration of the College. The Scheme of Delegation (Annex C to the Standing Orders) sets out the matters reserved by the Board. Its responsibilities are:

- determining the objectives of the Board
- agreeing new/variations to policy which are core business of the College
- approving strategic plans
- final approval of the Strategic Plan
- final consideration of the Annual Audit Report
- final approval of the audited Annual Report and Financial Statements
- approval of the financial plan and annual budget
- approval of financial forecasts prior to submission to the SFC
- acquisition and disposal of heritable property (subject to SFC approval)
- responsibility for risk management
- delegation of functions of the Board.

3.2 The Board is responsible for ensuring that funds from the SFC are safeguarded and used only in accordance with the Acts, the SPFM, the SFC Financial Memorandum, and any other conditions prescribed by the SFC, and the ~~. The Board must also have regard to the additional~~ sources of guidance in section 2.2~~8~~.

3.3 To assist the Board in meeting these responsibilities, it will maintain an Audit Committee in accordance with best practice principles of corporate governance. The Board will also maintain a Finance and Resources Committee (F&R), Remuneration Committee and other committees as appropriate.

3.4 The Board will, for the purposes stated above, require the Principal to exercise responsibility for the achievement of best value in the use of resources, for ensuring that financial considerations are taken into account at all stages in framing and reaching decisions and in their implementation, and for maintaining sound systems of internal control.

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4 College Principal

4.1 The College Principal is responsible for administration of the College and is the Chief Executive of the College and the Board's Chief Educational Adviser.

4.2 The FReM requires government bodies to provide a Statement of Accounting Officer's responsibilities. However, the SFC Chief Executive is the Accountable Officer for the college sector and is required to provide a certificate of assurance covering all institutions to the Principal Accountable Officer of the Scottish Government, based upon assurances provided by institutions.

4.3 The Principal as the designated officer is required to provide a statement of assurance to the Accountable Officer. As such, the Principal is responsible for satisfying the Board that funds provided to the College are used only in accordance with the Acts, SPFM, FReM, Financial Memorandum and other SFC conditions. The Principal may be required to justify any of the College's financial matters to the Public Audit and Post Legislative Review Committee of the Scottish Parliament.

4.4 The Principal is responsible to the Board for achievement of value for money~~best value~~ in the use of resources, for ensuring that financial considerations are taken into account at all stages of ~~framing and reaching~~ decision makings~~, and in their implementation,~~ and for maintaining sound systems of internal control.

4.5 The Principal will:

- advise the Board on the proper discharge of their financial duties
- satisfy the Board that there is compliance with the Financial Memorandum
- ~~and~~ advise the Board if, at any time, in their~~his/her~~ opinion, any action or policy under consideration of the Board is incompatible with the Memorandum
- sign the annual report and financial statements, ensuring that government accounting requirements are met, and that effective internal controls are in place, in a form acceptable to the Scottish Government
- write off losses as defined by SFC and F&R
- instruct special payments (subject to SFC limitations)
- notify the Board and SFC Chief Executive, without delay, of any matters of serious concern regarding the College's financial affairs, including fraud
- inform SFC's Accountable Officer without delay of any circumstance that is having, or is likely to have, a significant adverse effect on the ability of the institution to deliver its education programmes, research and other related activity, including delivery of its Outcome Agreement with SFC.

4.6 The Principal may be assisted in these matters by College employees, but cannot assign absolutely the above responsibilities to any person.

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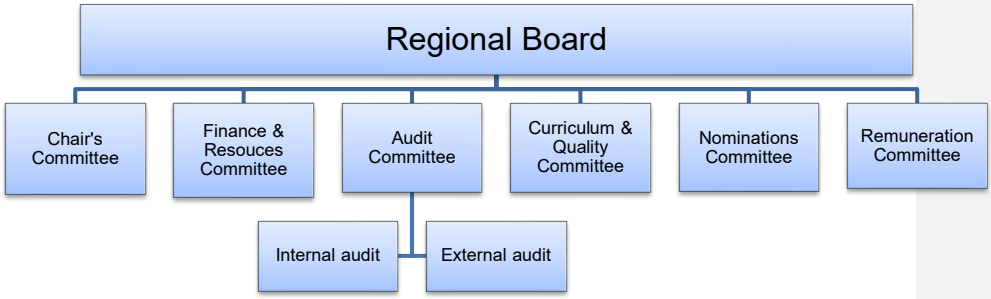
4.7 In the absence of the Principal, a Vice Principal will be identified as having the same authority for these regulations in such circumstances.

5 Committee Structure

5.1 The Board has ultimate responsibility for the College's finances, and delegates specific powers and processes to committees. These committees are accountable to the Board. The diagram below depicts the committee structure.



5.2 The responsibility of the committees is set out in the Board's Standing Orders and the terms of reference for each committee is available on the Regional Board website. A summary of the purpose of the committees whose role is directly relevant to the operation of internal financial controls is set out below.

Audit Committee

- agreeing the internal and audit work programme, considering their and SFC reports as they affect the College
- Monitoring of audit recommendations
- high level review of the arrangements for internal control, including risk management, FOI, GDPR and procurement, obtaining the relevant degree of assurance

Finance and Resources Committtee

- agreeing financial policy and regulation and recommending to the Board
- recommends the annual budget to the Board and receives Business Review reports comparing actual and budget, and other financial indicators
- Asset Managment and HR strategy development, monitoring and review
- approval of spend between £100,000 and £249,000

Remuneration Committee

- determines the remuneration of the most senior staff, including the Principal
- reviews redundancy terms and conditions as required

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6 Chief Financial Officer

6.1 The Vice Principal - Finance and Corporate Services is the College's designated Chief Financial Officer (CFO). The CFO is the financial advisor to the Principal and the Board. The role of the CFO in public authorities was set out in a statement by the Chartered Institute of Public Finance and Accountancy (CIPFA) in February 2016.

6.2 The CIPFA statement sets out the following minimum criteria for a CFO:

1. Is a key member of the leadership team, helping the College to develop and implement strategy and to resource and deliver strategic objectives sustainably and in the public interest
2. Must be actively involved in, and able to influence, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and align with finance strategy
3. Must lead the promotion and delivery by the whole College of good financial management so that public money is safeguarded at all times and used appropriately, demonstrating best value.

6.3 To achieve this, the CFO is responsible for administration of the financial affairs of the College, including:

- Financial management
  - Develop and implement the College's Financial Strategy
  - Provide training to allow managers to undertake their roles
  - Prepare medium term financial plans to deliver the strategy
  - Develop a budget setting process aligned with College priorities
  - Provide timely, accurate and impartial financial analysis and advice
  - Implement a monitoring process to deliver and document the above
  - Provide professional advice on financial policies and procedures
  - Challenge/support decision making on affordability and best value
  - Implement effective asset management and procurement strategies
- Safeguarding public money
  - Maintain satisfactory financial systems, internal financial controls, and arrangements for managing financial risk
  - Effective balance sheet management including cash and credit control
  - Ensure that decision making is in line with financial thresholds
  - Establish appropriate measures to prevent and detect fraud
  - Implement effective internal audit arrangements
  - Liaise with internal and external auditors
- Prepare the annual report and financial statements on a timely basis.

6.4 The implementation of operational financial management and control may be delegated to the Director Finance & Procurement and Finance Business Partner.
Appendix A shows the Finance Department's organisational structure.

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7 Other College Management and Staff

7.1 Senior Leadership Team

All members of the Senior Leadership Team (SLT) are responsible to the Principal for financial management for the areas or activities they control. They are advised by the CFO in executing their financial duties. SLT members are responsible for establishing and maintaining clear lines of responsibility within their departments for all financial matters.

Budget holders are accountable for resources which are devolved to them. This includes the Wider Leadership Team (WLT), who are accountable to their SLT manager for complying with the Financial Regulations and the Finance Procedure Manual.

SLT and WLT members will provide the CFO with information required to prepare:

- The annual report and financial statements
- Financial forecasts, plans, and operational budgets
- Audit reviews, project implementations and Best Value studies.

7.2 All Members of Staff

All members of staff must be aware of and have a general responsibility for the security and efficiency of the use of the College's resources.

They must comply with the College's financial authority limits and the value of purchases for which quotations and tenders are required as set out in the Procurement Thresholds and Process Chart (**Appendix B1**).

They will make available any relevant information to the CFO or his or her authorised representative in connection with the implementation of the College's financial policies, these regulations and the Finance Procedure Manual.

They must immediately notify the CFO whenever any matter arises which involves, or may involve, irregularities concerning cash or property of the College. The CFO will take action as necessary to investigate and report.

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8 Risk Management

8.1 Effective risk management does not focus solely on risk avoidance but involves the identification and management of risk to a level that is acceptable to the Board. The College is committed to managing those risks that pose a significant threat to the achievement of its objectives and financial health. Further guidance is set out in the Risk Management Strategy and the Risk Management Policy.

8.2 The Board has overall responsibility for risk management, and promotes a common approach through the development, implementation and embedding of a formal, structured risk management process. The Board sets the overall tone and influences the culture of risk management within the College by:

- Agreeing the College's values and behaviours
- Determining the Boards appetite for risk
- ~~Determining whether the College is risk taking or risk averse as a whole or on any relevant individual issue~~
- ~~Determining what types of risk are acceptable, and which are not~~
- ~~Setting the standards and expectations of staff with respect to conduct and probity.~~

8.3 The Board requires the risk management process to include:

- The SLT as the College Risk Management Team
- The CFO as the coordinating officer for risk management activity
- The establishment of a Strategic Risk Register, reported to every Board, Curriculum and Quality, Finance and Resources, and Audit Committee meeting
- Supporting operational or project risk registers as required
- College-wide definitions for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis
- Risk mitigation plans, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question
- Regular review by the SLT of the Strategic Register and timely reviews of operational or project registers
- A decision on the level of risk to be covered by insurance (see 23.1)
- An annual review of the Strategic Risk Register
- An internal audit plan which is informed by a risk review
- An annual assessment of the operation of risk management arrangements by the Audit Committee as part of the annual report and financial statements
- Periodic review of risk management arrangements by internal audit.

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9 Whistleblowing

9.1 Whistleblowing in the context of the Public Interest Disclosure Act 1999 is the disclosure by an employee about malpractice in the workplace. A person can blow the whistle about -

- crime
- miscarriage of justice
- breach of the financial regulations
- danger to health and safety or the environment
- malpractice occurring in the UK and any other country or territory
- failure to comply with legal obligations (including negligence, breach of contract, etc.)
- the cover-up of any of these.

It does not matter whether or not the information is confidential.

9.2 A member of staff should first discuss any issues with the Director of People Services, who will treat the matter in confidence. The full process will depend on the nature of the disclosure and is set out in the College's Whistleblowing Policy.

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10 Code of Conduct

10.1 The Scottish public has a high expectation of those who serve on the Boards of public bodies and the way in which they should conduct themselves in undertaking their duties. As members of the Board of Borders College (the Board), it is their responsibility to make sure that they are familiar with, and comply with, the Code of Conduct approved by the Board. The principles of the Code of Conduct are contained in **Appendix C.**

10.2 Members of the Board and senior management are required to disclose registerable interests to the Board Secretary and Principal's office respectively. Individuals must complete this on appointment, and thereafter intimate any subsequent changes/additions. The register of interests is available on the Regional Board website. No person will be a signatory to a College contract where he or she also has an interest in the activities of the other party.

10.3 Receiving Gifts or Hospitality

The Bribery Act 2010 came into force on 1 July 2011. 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 guiding principles which must be followed by all members of staff are:

- Bribery is a criminal offence. We do not, and will not, pay bribes or offer improper inducement to anyone for any purpose, nor do we, or will we, accept bribes or improper inducements.
- To use a third party as a conduit to channel bribes to others is a criminal offence. We do not, and will not, engage in, or encourage bribery.
- We are committed to the prevention, deterrence, and detection of bribery.

Members of staff and Board members 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 that would cause them to reach a position where they might be, or might be deemed to have been, influenced in making a business decision as a consequence. The frequency and scale of hospitality accepted should not be materially greater than the College would likely 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 CFO, or the Principal. For the protection of those involved, the Senior Management Team (SMT) office will maintain a register of gifts and hospitality received where the value is in excess of £2~~1~~0.00. Members of staff in receipt of gifts or hospitality must notify the SMT office promptly.

The College's Anti-Bribery Policy contains more detail.

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Section C – Financial Management and Control

11 Financial Planning

11.1 Financial Plan and Forecasts

The CFO will prepare annually a rolling medium term financial plan for consideration by the Finance and Resources Committee and approval by the Board. The CFO will prepare annual and mid year financial forecasts for submission to the SFC. Scenario planning will be conducted as part of the medium term financial planning process. Financial plans and forecasts should be consistent with the strategic plans and strategies approved by the Board, and take account of scenario planning.

11.2 Budget Objectives

The Board may set budget objectives for the College. These will help the CFO in preparing the financial plan for the College.

11.3 Budget Development and Allocation

The CFO will prepare an annual revenue budget and capital programme for consideration by the Finance and Resources Committee before approval by the Board. This will include ~~monthly~~ cash flow forecasts ~~for the year~~ and a projected year-end balance sheet.

The CFO will ensure that budgets are communicated to budget holders as soon as possible following Board approval. Budget holders will ~~formally~~ sign off ~~their~~ acceptance of the budget and ~~their understanding~~ that they are required to live within the available resources.

During the year, the CFO will submit any proposed revisions to Board approved budgets to the Finance and Resources Committee for consideration. Where this might have a material impact on achievement of College objectives it will require Board approval.

SFC Strategic, Capital or other grant funding must only be used for the purpose for which it is provided by the SFC.

11.4 Budget Virements

Budget holders have authority to vire (transfer) money between lines on their cost centre within the following parameters:

Nature of virement	Authorised by
Permanent virement from a non staffing~~pay~~ budget to a staffing~~pay~~ budget	Finance & Resources Committee and onward to Board as required
Temporary virement from a non staffing~~pay~~ budget to a staffing~~pay~~ budget	CFO
up to £5,000 within a single cost centre	budget holder
up to £5,000 between two cost centres	both budget holders

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Nature of virement	Authorised by
Over £5,000 and up to £25,000	Director of Finance and Procurement
Over £25,000	CFO

11.5 Capital Programme

The capital programme includes all eligible expenditure on land, buildings, ICT, equipment, furniture, vehicles and associated costs. ~~Expenditure of this type can only be considered as part of the capital programme approved by the Board.~~The programme will be developed in the context of the Asset Management Strategy and will be approved by the Finance and Resources Committee and then the Board

~~The CFO will establish a protocol for the inclusion of capital projects for consideration in the capital programme by the Board. These will set out the information required for each proposed project as well as the financial criteria that they are required to meet. The protocol is set out at **Appendix D**.~~Appendix D sets out the supporting information which budget managers should supply to the CFO. The CFO will maintain procedures for the approval of variations.

~~The CFO will establish procedures for the approval of variations~~.

The CFO will provide regular monitoring returns concerning all capital projects to the Finance and Resources Committee.
Following completion of a capital project, a post-project evaluation or final report will be submitted to the Finance and Resources Committee including:

- actual expenditure against budget
- any lessons learned for future projects
- issues affecting completion of the project
- benefits realised as a result of the investment
- reconciling funding arrangements where a variance has occurred.

Post-project evaluations may also need to be sent to the relevant funding body.

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 with potential of reputational or financial risk must be presented for approval to the Finance and Resources Committee, with onward recommendation to Board as required.

The CFO will establish protocols for these developments to enable them to be considered for approval. These will set out the information required for each proposed development including a business plan, using a risk and benefits based approach and covering accountability issues, as well as the financial criteria they are required to meet. They are contained at **Appendix E**.

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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. Budget holders are responsible for securing best value in the use of resources delegated to them.

Projected variances from agreed budget must be reported timeously to the CFO and action required must be agreed with the CFO.

12.2 Financial Information

Budget holders are assisted in their duties by management information provided by the Finance Department, as described in the Finance Procedure Manual, together with the timing at which it can be expected.

The CFO is responsible for supplying budgetary reports on all aspects of the College's finances to the Finance and Resources Committee on a basis determined by the Committee and subject to any requirements of the SFC.

12.3 Financial Surpluses

Subject to Board approval, the College may donate any surplus on its income and expenditure account as at 31 March each year to its arms-length foundation. The donation must take place in the financial year in which it arises, and is subject to sufficient cash and budget/resource cover being available.

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13 Accounting Arrangements

13.1 Financial Year

The College's financial year is 1 August until 31 July the following year. The SFC financial year end is 31 March, which may place specific requirements on the College with regard to financial management and accounting.

13.2 Basis of Accounting Policy

The annual report and financial statements are prepared in accordance with applicable accounting standards, including the SORP for Further and Higher Education, subject to any specific requirements of the SFC as set out in their Accounts Direction. Specific accounting policy is contained within the notes to the annual financial statements.

13.3 Accounting Records

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

The CFO is responsible for the retention of financial documents, and the Director of People Services is responsible for the retention of payroll records, in a form that is acceptable to the relevant authorities. These include:

- Receipts
- Paid invoices
- Paid cheques
- Accounts raised
- Purchase orders
- Bank statements
- Payroll records including timesheets and part-time lecturer's contracts.

The CFO and Director of People Services will make appropriate arrangements for the retention of paper and electronic records.

13.4 Public Access

The College will publish the most recent financial statements on its website and allow members of the public to inspect these during normal working hours.

13.5 Taxation

The CFO is responsible for advising on taxation issues, in the light of guidance and relevant legislation. The CFO will issue instructions on VAT, PAYE, National Insurance, corporation tax and import duty.

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

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14 Audit Arrangements

14.1 General

External auditors and internal auditors have authority to:

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

The CFO will draw up a timetable for preparing the annual report and financial statements, and will advise staff and external auditors accordingly.

The annual report and financial statements will first be considered by the Audit Committee~~Finance and General Purposes Committee, then reviewed by the Audit Committee~~. The Audit Committee will provide assurances to the Principal in respect of the operation of the system of internal control. The Principal will provide assurances to the SFC Accountable Officer in relation to the operation of the system of internal control. The Finance and Resources Committee and Audit Committee will jointly recommend the annual report and financial statements to the Board for approval.

The approved Annual Report and Financial Statements, and required supporting documents, will be submitted to the SFC by 31 December each year in line with the Accounts Direction.

The Principal will subject statements of assurance to the SFC in relation to the financial year ending 31 March in a timescale prescribed by the SFC.

The CFO will lodge the Annual Report and Financial Statements with OSCR in line with required timescales

14.2 External Audit

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

The primary role of external audit is to report on the College's annual report and financial statements and to carry out an examination of the statements and underlying records and control systems as necessary to reach their opinion 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 Board. Their duties will be in accordance with advice set out in the Audit

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Scotland Code of Audit Practice, which fulfils the requirements of International Standards on Auditing (UK).

14.3 Internal Audit

The internal auditor is appointed by the Board on the recommendation of the Audit Committee. The selection of the Internal Auditor will be through a competitive process in line with procurement best practice.

The SFC Financial Memorandum requires that the college has an effective internal audit function and that the duties and responsibilities of that function conform to the professional standards of the Chartered Institute of Auditors, and comply with the Public Sector Internal Audit Standards, and where relevant the SPFM.

The CFO must inform the SFC on appointment of an Internal Auditor, and must immediately inform the SFC if the internal auditor is removed or departs before the term of office ends.

The main responsibility of internal audit is to provide the Board, the Principal and senior management with assurances on the adequacy of risk management, internal control, governance and value for money.

The internal audit service must extend its review over all the financial and other management control systems, identified by the audit needs assessment process. It must cover all activities in which the College has a financial interest, including those not funded by SFC. It must include review of controls – including investment procedures – that protect the College in its dealings with organisations, such as subsidiaries or associated companies, Arms-Length Foundations, students' associations, and collaborative ventures or joint ventures with third parties.

The internal audit service remains independent in its planning and operation but has direct access to the Board, the Principal and the Chair of the Audit Committee. An extract from the Letter of Representation is contained in **Appendix F**.

14.4 Fraud and Corruption

It is the duty of all members of staff, management and the Board to notify College management immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. Concerns should be reported to the CFO or with the Principal in the absence of the CFO.~~either to line management, the Head of Human Resources and Development, Internal Audit, or in accordance with the College's Whistleblowing Policy. Contact details for Internal Audit can be obtained from the PA to the Vice Principals.~~

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The College's Anti-Fraud and Corruption Policy is available on the website.

The CFO will immediately invoke the fraud response plan (see **Appendix G**).

If the concern is thought to involve the CFO and/or the Principal, the concern should be raised with the Chair of the Audit Committee via a letter addressed to the Board Secretary marked "For the attention of the Chair of the Audit Committee – Private and Confidential – to be opened by the addressee only"~~If the suspected fraud is thought to involve the CFO and/or the Principal, the member of staff will notify the Chair of the Audit Committee directly of their concerns regarding irregularities~~.

Cases of fraud with a value of £5,000 or above should be reported to the SFC by the CFO, the Vice Principal Student Services, or the Principal.

14.5 Value for Money

It is a requirement of the Financial Memorandum that the 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, Audit Scotland, the Public Audit and Post-legislative 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, HMRC. They have the same rights of access as external and internal auditors.

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15 Treasury Management

15.1 Treasury Management Policy

The SFC Financial Memorandum, and the requirement to comply with the SPFM, specifically, the SFC direction to hold minimal cash balances without drawing funding in advance of need, mean that a College Treasury Management Policy is not required.

Under the terms of Schedule 2B to the Further and Higher Education (Scotland) Act 2005, inserted by the Post-16 Education (Scotland) Act 2013, Regional Boards may not borrow money.

The College can operate bank overdraft facilities to assist it in managing the timing of income and expenditure through its bank account. Overdrafts should not be used as a means of increasing borrowing.

15.2 Appointment of Bankers and Other Professional Advisers

Wherever possible, the College is expected to use Scottish Government Banking Services facilities.

Any appointment of other professional advisers will be made by the Board on the recommendation of the Finance and Resources Committee, having due regard to competitive tendering requirements.

15.3 Banking Arrangements

The CFO is responsible for liaising with the College's bankers in relation to the College's bank accounts. Only the CFO may authorise the opening and close a bank account for dealing with the College's funds.

The CFO will ensure that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

All bank accounts will be in the name of the College or its related bodies.

15.4 Banking Approvals

All banking transactions will require ~~two~~ the relevant approval~~s~~; ~~. T~~the table below sets out minimum requirements for approvals.

Limit per item	1st approver	2nd approver
Up to £~~1~~5,000	Finance middle manager	~~Finance middle manager~~Not required
Up to £25,000	Finance middle manager	Finance senior manager
Over £25,000~~Up to £100,000~~	Finance senior manager	Executive
~~Over £100,000~~	~~Executive~~	~~Executive~~

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Appendix A provides details of management roles in finance.

16 Income

16.1 General

The Finance and Resources Committee is responsible for agreeing Fee Policy, including short courses, with the SLT setting fee levels annually in November. No variation to published fee levels can be made without the approval of the CFO. Further guidance can be obtained from the Finance Department.

The CFO is responsible for:

- Approving official documents and electronic systems
- Ensuring that all claims for funds are made by the due date
- Enabling the College to receive all income to which it is entitled
- Ensuring that all SFC and other grants are received, and appropriately recorded in the College's accounts.

16.2 Maximisation of Income

All staff must 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 prompt notification to the Finance Department of sums due so that collection can be initiated.

Through procedures set out in the Finance Procedure Manual, the CFO will ensure that:

- there are systems for prompt and accurate identification, collection, security and banking of all income
- invoices are only recorded on official invoices
- invoices are credited to the appropriate financial code
- monies received are posted to the correct debtors account
- swift and effective action is taken in collecting overdue debts
- VAT is correctly charged and accounted for, where appropriate
- refunds are valid, properly authorised and completely recorded
- overdue debts are monitored and reported to management for action.

16.3 Receipts of Cash, Cheques and Other Negotiable Instruments

All monies must be paid to the Finance Department promptly. The custody and transit of all monies must comply with requirements of the College's insurers.

All monies from whatever source must be recorded daily along with the form in which they were received (cash, cheque and other negotiable instruments).

All sums received must be paid in and accounted for in full, and **must not** be used to meet expenses or paid into a petty cash float; unless in exceptional circumstances whereby the recycling of excess cash is pre-authorised by the Director of Finance & Procurement using approved procedures. Personal or

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

16.4 Receipts by Credit or Debit Card

The need for cash handling can be reduced by the College receiving 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.

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 CFO is responsible for ensuring the College maintains PCI DSS compliance.

16.5 Collection of Debts

The CFO will approve payment periods for different types of invoice:

- Requests to write off debts of £5,000 and above must be referred by the CFO to the Finance and Resources Committee for consideration.
- Debts below this level may be written off with CFO approval.

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

The procedures for collecting tuition fees are set out in the Fee Policy.

Any student who has not paid an account owing to the College will be prevented from re-enrolling at the College and from using any of the College's facilities until appropriate arrangements have been made.

16.6 Refunds

The College seeks to minimise the opportunities for money laundering in accordance with the Money Laundering Regulations 2020~~07~~. Where refunds are required, they should be made to the original payer and follow the method by which the money was received.

16.7 Emergency/Hardship Loans

The College's scheme for emergency/hardship loans must be approved by the 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 CFO will ensure adequate systems are in place for:

- approving loans in accordance with the scheme
- paying loans that have been approved

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- recovering loans that have been paid.

17 Commercial Contracts and Other Income-Generating Activity

17.1 Private Consultancies and Other Paid Work

The College is not in favour of full time staff undertaking private remunerative work associated with the type of professional duties which they carry out for the College. If staff are full time their obligation is to the College as their employer, and approval must be sought from the Principal. Exceptions are work undertaken for local organisations of a social, cultural, religious or sporting nature.

Any exceptions should be in line with the Staff Handbook. Any contravention of these procedures will be treated as a serious disciplinary matter.

17.2 Short Courses

In this context a short course is any course that does not form part of the award-bearing teaching provision. Such courses must comply with the Fee Policy. Any staff wishing to run a short course must have the permission of their SLT manager. The course organiser will be responsible to their SLT manager for day-to-day management of the course.

17.3 Collaborative Provision Including Franchising

Where the College provides education to students on premises other than College campus, or with the assistance of persons other than the College's staff (e.g. with independent contractors or partner organisations), before the arrangement is put in place it must be subject to the following:

- The contract will be signed by the Principal or CFO and by any partner organisation.
- If the partnership would represent a significant departure from the College strategic plan, the Principal will seek the views of the SFC, and the Board will approve the contract
- Such approval will be dependent upon the relevant SLT manager being able to demonstrate that funds are available and that the project is financially viable by the application of the College's costing and pricing policy.
- The form of the contract shall be scrutinised by the Audit Committee and approved by the Finance and Resources Committee or Board. They shall consider the risk factors associated with the proposal and agree an appropriate entry in the College's financial plan, budget and forecast.
- Contracts will comply with the funding body model contract currently in place

The ongoing impact of the contract(s) shall be subject to scrutiny by Finance and Resources Committee or Board. The format for regular reports shall be as stated in funding body guidance.

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For work sub-contracted to external providers, the SLT manager will ensure:

- a written contract allows for full audit access to detailed records and is signed by the Principal or CFO.
- payments are only made against invoices evidencing delivery of the service
- monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality.

17.4 Profitability and Recovery of Overheads

Provision must be made for charging both direct and indirect costs, and for the recovery of overheads.

All 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

All 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 SLT manager and the CFO before any commitments are made.

17.5 Deficits

Where a planned surplus does not materialise, any shortfall on income-generating activities will be a charge to core departmental budgets.

17.6 Additional Contributions to Departments

The CFO will agree the distribution of surpluses on income-generating activity between central funds of the College and individual departments.

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

18.3 Intellectual Property Rights

In the event of the College deciding to become involved in the commercial exploitation of inventions and research, the matter should proceed in accordance with the intellectual property procedures issued by the College.

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19 Expenditure

19.1 General

The CFO is responsible for making payments to suppliers of goods and services to the College.

19.2 Scheme of Delegation/Financial Authorities

Budget holders are responsible for purchases within their area of responsibility. In exercising this delegated authority, budget holders are required to observe the SFC financial memorandum, these regulations and the Finance Procedure Manual.

The Board must approve, in advance, any financial matters which fall out with the Financial Memorandum delegations. The College must additionally obtain SFC's prior written approval before entering into any undertaking to incur any expenditure that falls out with the Financial Memorandum delegations (**Appendix B3**).

Prior SFC approval must be obtained before incurring expenditure for any purpose that is, or might be considered to be, novel, contentious or repercussive or which could have significant future financial consequences. Further guidance is available in the SFC financial memorandum.

The CFO will maintain a register of authorised signatories. The Finance Procedure Manual contains procedures for the creation of requisitioners and authorisers and their respective limits. Any required changes to authorisers must be notified to the CFO immediately.

Budget holders are not authorised to commit the College to expenditure without first reserving sufficient budget to meet the cost.

Approval limits for items of expenditure are shown in the Purchase Order Threshold and Processes Chart at **Appendix B2** and the SFC Delegated Authority limits at **Appendix B3.**

19.3 Procurement

The College requires budget holders, irrespective of the source of funds, to obtain supplies and services at the lowest possible cost consistent with quality, sustainability and equalities legislation, and in accordance with the College's Procurement Strategy and Policy, buying from frameworks if appropriate.

The procurement function is the responsibility of the CFO and it will:

- ensure that Procurement Policy and procedures are known by all those

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involved in procurement for the College
- provide advice on compliance with procurement policy and best practice
- assist authorised purchasing officers on specific purchases, seeking specialist advice from APUC (Advanced Procurement for Universities and Colleges) as required
- draft specifications, negotiate, and draft contract agreements for all large-scale purchases, in collaboration with the authorised purchasing officer
- maximise compliance with applicable regulations on public procurement.

A proposal to award a contract for spend of £5,000 or greater, without a compliant competitive exercise requires a Single Source Justification form (**Appendix B4**) to be submitted to the Director Finance and Procurement and shall require approval from the CFO.

A proposal to award a contract without competition (non-competitive action) must be approved in advance by SFC.

19.4 Purchase Orders

The ordering process for goods and services will be in accordance with the College's Finance Manual. Official orders must be placed for the purchase of all goods and services, except those made using purchasing cards, company credit cards or petty cash.

The CFO will ensure that all purchase orders refer to the College's conditions of contract.

19.5 Purchasing Cards, Credit and Debit Cards

The operation and control of purchasing cards, credit and debit cards are the responsibility of the CFO, who will maintain oversight of account details, the distribution of cards, PIN numbers and establishment of card limits.

- They must be used only for issued purposes within authorised limits
- Card holders must obtain approval to purchase from the relevant budget holder and ensure that there is sufficient budget available to meet the costs
- Cards must not be loaned to another person
- There must be segregation of duties - those reviewing and reconciling cards should not be holding and using those cards
- Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards (eg for personal or private purchases) will be grounds for disciplinary action.

The CFO will determine what information is required on purchases made with cards from cardholders and deadlines for receipt in the Finance Department to enable financial control to be maintained.

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Details of the scheme are set out in the Finance Procedure Manual.

~~**19.6 Tenders and Quotations**~~

~~Delegated budget holders must comply with the College's tendering procedures as set out in **Appendix H**.~~

~~**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 in advance by the Principal showing:~~

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

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

19.6 Contracts

Building contracts are administered by the CFO.

Project proposals shall be presented in the form of costings or investment appraisals. Investment appraisals should comply with appropriate funding body guidance.

Following consideration by the Finance and Resources Committee, and approval by the Board, if required, submissions should be forwarded to the funding body where appropriate.

Funding body guidance on best practice should be followed even when funding body approval is not required.

Consultants may be appointed if the project, as determined by the Finance and Resources Committee, is too large or too specialised for College staff. Appointments shall be subject to tendering and other procedures where appropriate.

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

Borders College conditions of contract will be followed.

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19.7 Regulations

The CFO is responsible for advising the College on compliance with its legal obligations concerning procurement legislation. This applies to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding the threshold. The Procurement Officer will advise on the thresholds currently in operation. A claim of breach of regulations can be raised by a supplier or potential supplier.

SLT members are responsible for ensuring that their members of staff comply with regulations by notifying the Procurement Officer well in advance of any purchase that is likely to exceed the thresholds.

19.8 Receipt of Goods

The steps to be taken on receipt of goods is:

- all goods shall be received at designated locations
- they shall be checked for quantity and/or weight, quality and specification
- a delivery note shall be obtained from the supplier at the time of delivery and will be signed by the person receiving the goods
- all goods received shall be entered onto a goods received document or electronic receipting system on the day of receipt
- if the goods are unsatisfactory the record shall be marked accordingly and the supplier immediately notified so that the goods 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
- the goods received note should be passed to the Finance Department, marked up as appropriate.

19.9 Payment of Invoices

Suppliers should be instructed to submit invoices to the Finance Department.

Care must be taken to ensure that discounts are obtained.

Invoices will only be paid which have been matched to a receipted order or certified for payment by the budget holder. This will ensure that:

- the goods have been received, examined and approved with regard to quality and quantity, or services rendered or work done is satisfactory
- where applicable, it is matched to the order, with discrepancies identified
- invoice details (quantity, price discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- 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.

The CFO will decide the most appropriate method of payment:

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- Payments to UK suppliers will normally be by weekly~~fortnightly~~ BACS runs
- In exceptional or urgent requests, a payment can be made via credit card, through an urgent bank transfer, or rarely, a manual cheque.

19.10 Staff Reimbursement

College procedures enable the majority of non-pay supplies to be procured directly by the College. However, on occasions, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 20.5). Where purchases by staff are planned, the CFO and the SLT manager may jointly approve cash advances to staff that are going to incur expenditure on the College'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 to be repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to that individual is still outstanding.

19.11 Petty Cash Imprests

The CFO shall make available such imprests as considered necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprests are kept to a minimum.

Requisitions for reimbursements must be sent to the Finance Department, together with appropriate receipts or vouchers, before the total amount held has been expended in order to retain a working balance pending top up of the imprest value.

The member of staff granted an imprest is personally responsible for its safekeeping. The petty cash box must be kept locked in a secure place to comply with the requirements of the College's insurers when not in use and will be subject to periodic checks by the SLT manager or their nominee.

Standard College petty cash books are supplied by the Finance Department and must be used for recording all imprest accounts.

19.12 Other Payments

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the CFO, supported by detailed claims approved as appropriate.

19.13 Late Payment Rules

It is our policy to comply with the CBI prompt payment code. 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

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- interest is chargeable on sales made after 1 November 1998
- the rate of interest is currently 8% per annum above the Bank of England base rate
- the Act also applies to overseas organisations
- the College can be sued for non-payment.

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

19.14 Project Advances

The CFO may approve cash advances for projects carried out away from the College where cash expenditure may be unavoidable. Other forms of payment should be used where possible, such as an official purchase order or College credit card.

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

19.15 Giving Hospitality

It is an offence under section 7 of the Bribery At 2010 for commercial organisations to fail to prevent persons associated with them from bribing another person on their behalf.

Staff entertaining guests from outside bodies at lunch time should normally use the College's catering facilities. Where this is not the case, approval should be sought in advance from your SLT manager and these reasons must be stated when submitting a claim for reimbursement. The Staff Handbook sets out procedural guidance to follow.

19.16 Telecoms

The College 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 CFO.

The College does not reimburse private line rental or broadband connections.

The College 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.

19.17 Provision of Clothing

Where clothing is provided to employees whose duties require them to wear a uniform, these will be expected to be worn during working hours. Protective

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clothing and equipment are issued or made available to staff as necessary. Further details are available in the Staff Handbook.

20 Pay Expenditure

20.1 Remuneration Policy

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

The Executive 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. These matters are covered in more detail in the staff handbook.

Salaries and other benefits for senior management will be determined by the Remuneration Committee.

20.2 Appointment of Staff

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

Budget holders shall ensure that the CFO and the Director of People Services 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 CFO is responsible for all payments of salaries and wages to all staff.

The Director of People Services is responsible for processing the payroll including payments for overtime or services rendered. All time sheets, travel claims 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 Director of People Services.

The Director of People Services will be responsible for processing all matters relating to payroll purposes:

- 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

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- visa checks where relevant in accordance with legislative requirements.

The CFO 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 Payroll Manual and Finance Manual and comply with HMRC regulations. Staff should be aware that the College could incur penalties for non-compliance with such regulations.

20.4 Superannuation Schemes

The Board is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees. The CFO and Director of People Services are 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 College's pension fund
- administering eligibility to pension arrangements.

20.5 Expenses and Allowances

Reimbursement by the College of taxable expenditure 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 Director of People Services. Allowances are set out in the Staff Handbook.

All attendances at courses, conferences, and meetings should be approved by your line manager then People Services if there is a cost implication. College cars and minibuses are available to staff and should be used as the main means of transport for College business. See the Staff Handbook for more details.

Claims must be submitted timeously. Managers may only authorise expenses up to three months after the date of travel. Older claims may only be authorised by the Principal and up to a maximum of six months after the date of travel.

Claims by members of staff must be authorised by the appropriate authorised manager (or Principal in the case of Executives). Claims by the Principal shall be authorised by the Chair of the Board. Claims by the Chair of the Board shall be authorised by the Chair of the Finance and Resources. The certification shall be taken to mean that:

- the journeys were authorised

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

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

20.6 Overseas Travel

All overseas travel by staff must be approved in advance by the Principal.

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

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

20.7 Allowances for Members of 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 Finance and Resources Committee (and the SFC), with subsequent reporting to the Board. Professional advice should be obtained where necessary. No amounts shall be expended which exceed the budget allocated. All such payments shall be authorised by the Principal. Any individual amounts require approval by the Remuneration Committee. Provided a severance payment is within the parameters of a scheme, which has been approved by the SFC, there will be no need for the College to seek approval to the individual payment from SFC.

Amounts paid must be reviewed by the external auditors and declared appropriately in the financial statements.

All matters referred to an employment tribunal shall be notified to the Finance and Resources Committees at the earliest opportunity so that budget can be set aside as necessary. All outcomes of tribunals must also be notified to Finance and Resources Committee and then the Board.

20.9 Off payroll working

From 6th April 2017 all payments made to an individual who provides services to the College or its subsidiaries though a personal services company (PSC) will need to be paid through the College's payroll unless the engager can certify that they are not liable for PAYE and National Insurance deductions.

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The generally accepted definition of a PSC is a limited company, partnership or unincorporated company that typically has one or two directors who owns most or all of the shares. The PSC generally supplies professional services to end user clients, either directly or via an agency. The professional services are delivered by the contractor who is also the owner and director of the business.

The College procedure for off payroll working should be consulted and advice sought from the Director of People Services or the Director of Finance and Procurement.21 Assets

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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 Board and with reference to funding body requirements where exchequer funds are involved.

21.2 Fixed Asset Register

The CFO is responsible for maintaining the College's register of land, buildings, fixed plant, machinery, vehicles and computer equipment. SLT managers will provide the CFO with any information needed to maintain the register.

21.3 Inventories

SLT managers are responsible for maintaining inventories, in a form prescribed by the CFO, for all plant, equipment, furniture and stores in their remit. The inventory must include items donated or held on trust.

Inventories must be checked at least annually as per the Finance Procedure Manual.

21.4 Stocks and Stores

SLT managers 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 CFO.

SLT managers 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 CFO and that instructions to appropriate staff within their Departments are issued in accordance with advice contained in the Finance Procedure Manual.

21.5 Custody and Safekeeping of Assets

SLT managers are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult

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the CFO in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

If you want to borrow an item of property from the College, please obtain permission from your senior manager.

In cases of theft or dishonesty regarding College property, the offender will be subject to disciplinary procedures.

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

21.6 Personal Use
Assets owned or leased by the College shall not be subject to personal use without authorisation of the relevant SLT manager.

21.7 Asset Disposal
Disposal of equipment and furniture must be in accordance with procedures agreed by the CFO and contained in the Finance Procedure Manual.

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

22 Funds Held on Trust

22.1 General
The CFO is responsible for ensuring that incoming funds are properly classified and designated as appropriate.

22.2 Gifts, Benefactions and Donations
The CFO is responsible for maintaining records in respect of gifts, benefactions and donations made to the College and initiating claims for recovery of tax where appropriate.

22.3 Student Welfare and Access Funds
The CFO 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 CFO 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.

The Finance and Resources Committee is responsible for ensuring that all trust

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funds are operated within any relevant legislation and the specific requirements for each trust, including arrangements whereby disbursements may be delegated to another Committee or individual. They will also be responsible for investment of fund balances.

22.5 Voluntary Funds

The CFO 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 College.

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 CFO shall be entitled to verify this.

23 Other

23.1 Insurance

The CFO shall make all appropriate insurance arrangements for all aspects of the College's activities. He/she shall arrange the negotiation of all insurance claims by the College in consultation with the senior manager concerned.

Notification of Risks

SLT managers shall notify the CFO, promptly, of all new or increased risks, properties or vehicles which should be covered or any deletions affecting their departments.

Notification of Claims

SLT Managers shall notify the CFO 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 CFO shall review periodically all insurance in consultation with SLT managers.

23.2 Companies, Joint Ventures and Consortium Arrangements

In certain circumstances it may be advantageous to the College to establish a company / joint venture / consortium arrangement to undertake services on behalf of the College. Any member of staff considering the use of such arrangements should first seek the advice of the CFO, who should refer to guidance issued by the funding body.

The Board is responsible for ensuring that the required procedures are followed. The process involved in forming a company, joint venture or consortium and

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arrangements for monitoring and reporting on the activities of these undertakings are documented in the Finance Procedure Manual.

The Board will establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the College. These and other arrangements will be set out in a memorandum of understanding.

Except where the company is dormant, the directors of companies where the College is the majority shareholder must submit, via the Finance and Resources Committee:

- an annual report to the Board
- business plans or budgets as requested to enable the Committee to assess the risk to the College.

Each such company will be responsible for its own arrangements in relation to appointment of auditors.

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

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 Director of Finance and Procurement immediately.

The Director of IT and Digital shall be responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs, together with restricted physical access to network servers. Data relating to individuals held on computer will be subject to the provisions of the Data protection legislation.

A Data Protection Officer (DPO) shall be nominated to advise the College on compliance with data protection legislation. The DPO will report to the CFO but shall have direct right of access to the Board as required to fulfil their independent role.

The CFO is responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must be forwarded to him/her. 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 College and fulfils a valuable role in relation to the College's students.

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Subject to any constraints imposed by the funding body, the College shall determine the level of grant to be paid annually to the Students' Association. The 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 CFO before any such indemnity is given.

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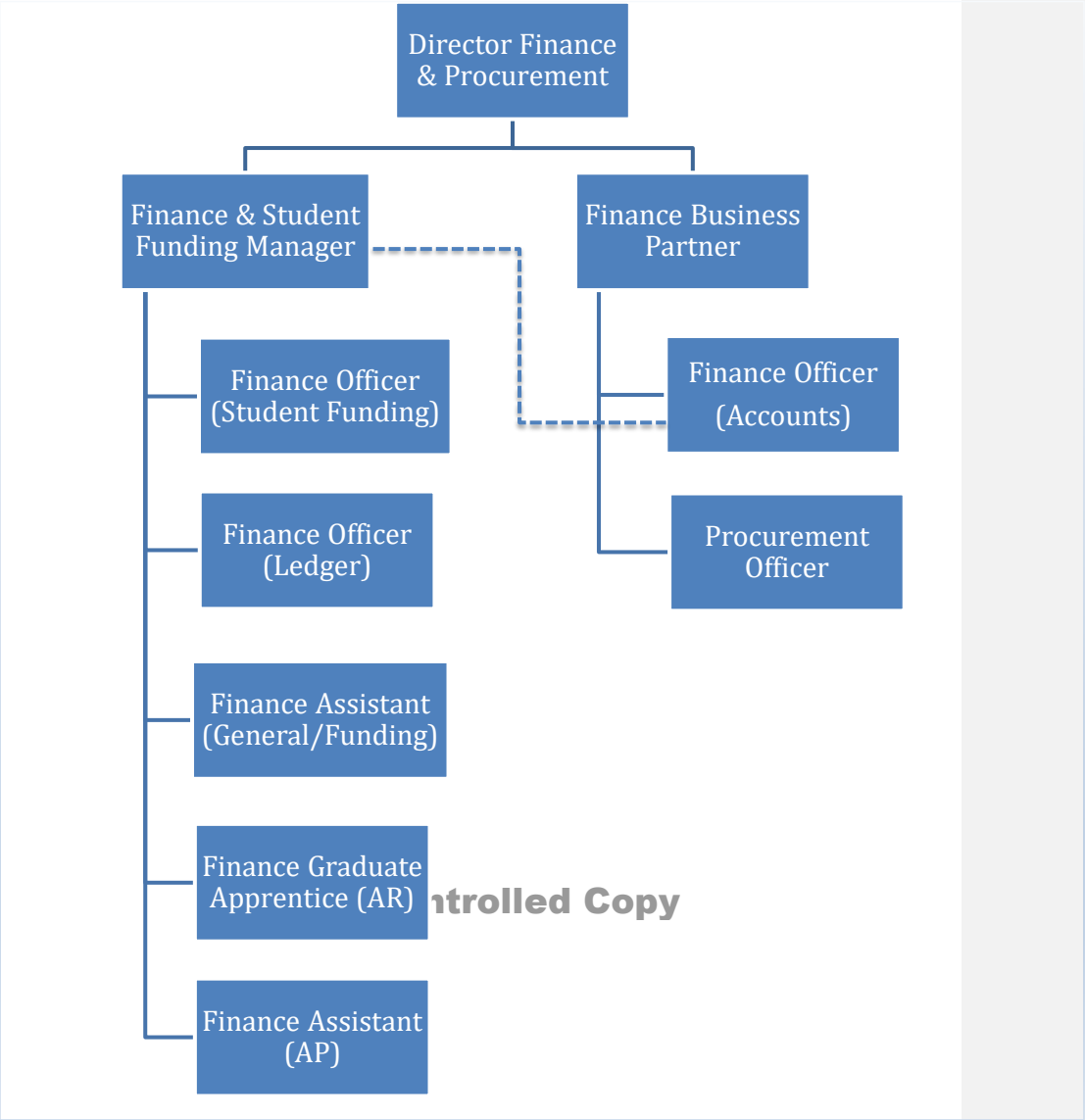
Appendix A Finance Department Structure



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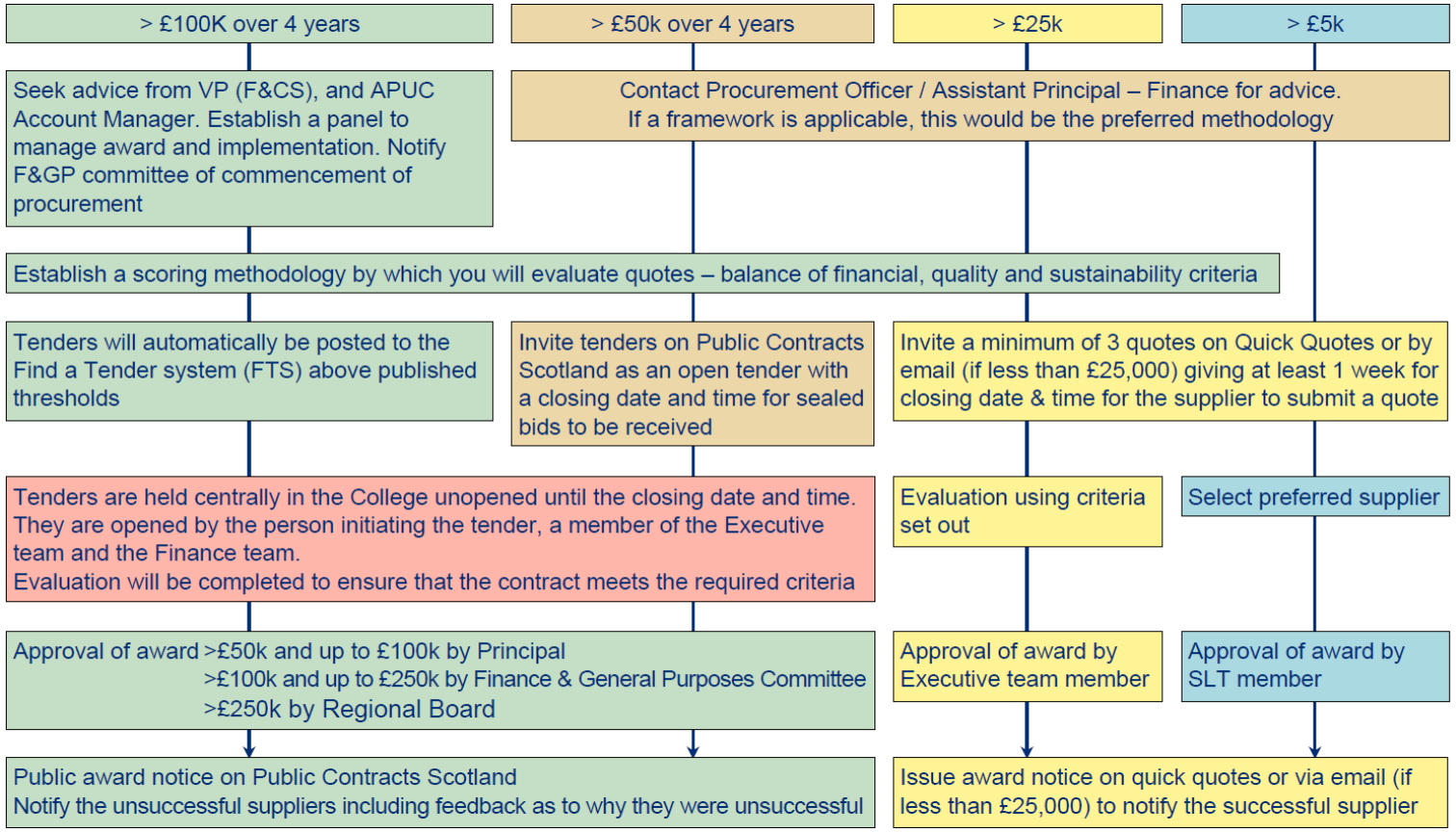
Appendix B1 Procurement Thresholds and Process

Procurement Thresholds and Process



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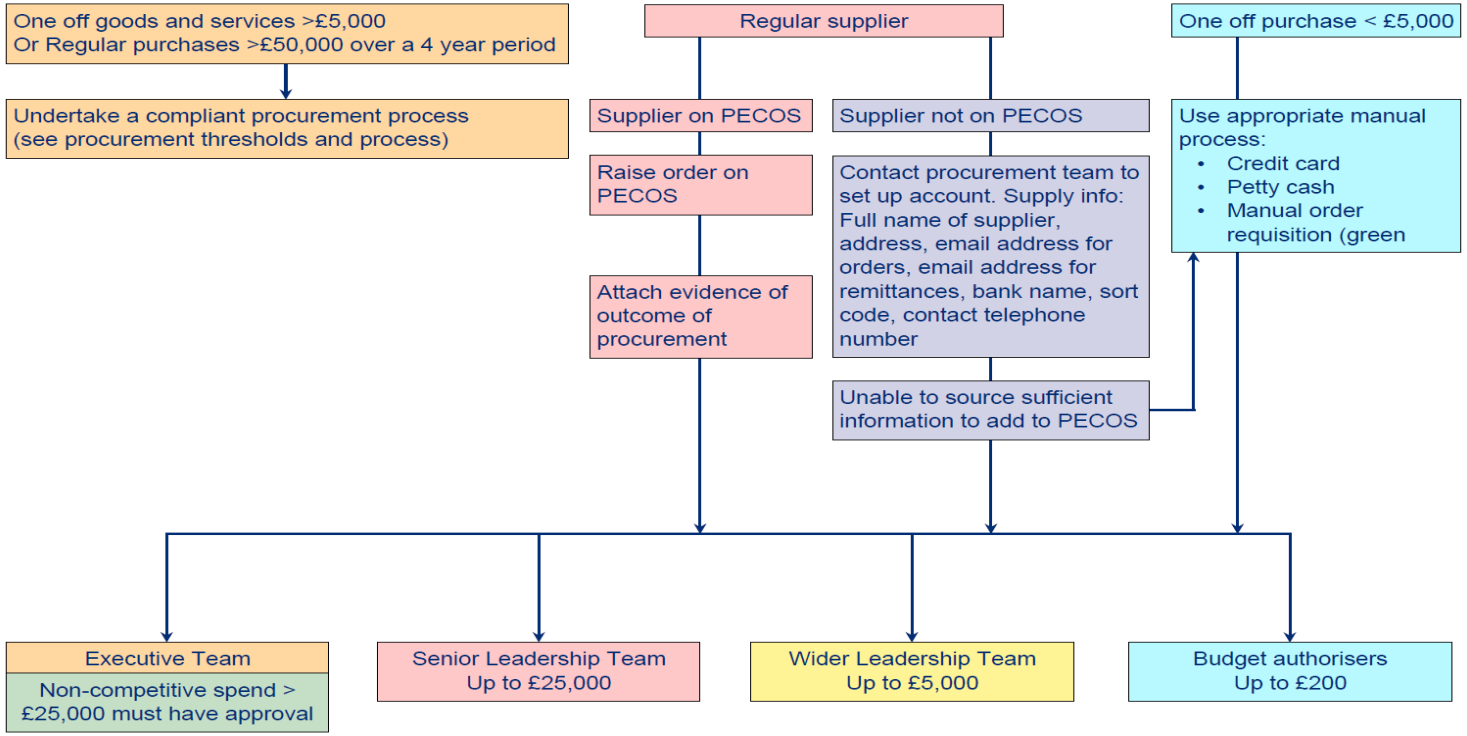
Appendix B2 Purchase Order Thresholds and Process

Payment Thresholds and Process



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Appendix B3 SFC financial limits and annual reporting requirements

Delegated financial limits

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

Annual reporting requirements

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

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Appendix B4 Single Source Justification

Procurement
Single Source Justification Form

Please complete this form in respect of all orders exceeding £5,000 excluding VAT where there was no compliant, competitive process undertaken. The department should retain the original for justification of non-compliance with the College's Procurement Policy and Procedures and for audit purposes.

Section 1 –Department Completion

Department: _____

Order Number: _____

Proposed Supplier: _____

Value of Purchase (excluding Vat): _____

Description of Goods/Services Required: _____

Type of Purchase: Please Tick One-Off ☐ Repeat Order ☐ Repair ☐ Other ☐

Justification of use of Sole Source: This form is required to justify the use of a single source supplier and avoidance of tendering procedures. This should include how this purchase demonstrates value for money in terms of the deal obtained, benefits to the College and reason for single sourcing the requirement. Acceptable reasons should be around:

- Specialist item cannot be sourced from elsewhere
- Related to a previous purchase where continuity is essential
- Urgency of requirement

Deal Obtained:

Benefits to the College:

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Reason for Non Competitive Quotes/Tender:

Single Sourcing Recommended by:		Supported and Approved by:	
Purchaser's Name		Head of Service/Curriculum	
Signature		Signature	
Title or Position		Title or Position	
Date		Date	

Section 2 – VP Finance & Corporate Services Completion

Signature	
Title or Position	
Date	

Comment:

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Appendix C The Principles of the Code of Conduct

Duty	You have a duty to uphold the law and act in accordance with the law and the public trust placed in you. You have a duty to act in the interests of the public body and in accordance with the core functions and duties of that body.
Selflessness	You have a duty to take decisions solely in terms of public interest. You must not do so in order to gain financial or material benefits for yourselves, family, or friends.
Integrity	You must not place yourself under any financial or other obligation to any individual or organisation that might influence you in the performance of your duties.
Objectivity	You must make decisions solely on merit and consistent with the functions of the public body when carrying out public business, including making appointments, awarding contracts, or recommending individuals for rewards and benefits.
Accountability and Stewardship	You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that the public body uses its resources prudently, in accordance with the law.
Openness	You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.
Honesty	You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.
Leadership	You have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of the public body and its members in conducting public business.
Respect	You must respect fellow members and employees of your public body, and the role they play, treating them with courtesy at all times. Similarly you must respect members of the public when performing duties as a member of your public body.

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Appendix D Protocols for Proposed Major Capital Expenditure

Proposed- major capital projects (over £1m) should be supported by:

- A statement that demonstrates the project's consistency with the strategic plans and estates strategy approved by the Board.
- A demonstration of compliance with procurement procedures and SFC regulations. This will require careful consideration where partnership arrangements are in place.
- An initial budget for submission to the Executive Team~~Finance and General Purposes Committee. The budget should include a breakdown of costs including professional fees, project management costs, construction, equipping including IT, commissioning and VAT.~~
- An appraisal in an approved format which complies with SFC guidance on option and investment appraisal, including advice on the impact of alternative plans
- A financial evaluation of the plans showing funding sources and demonstrating affordability - impact on revenue over the life of the asset.
- A cash flow forecast.
- Potential risks, mitigation plans and project management arrangements

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Appendix E Protocols for Proposed Major Developments

The proposal should be set out in a business plan for three years:

- A demonstration of the proposal's consistency with 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 data) of the level of business available
- Details of the business and what product or service will be delivered
- How the business will be promoted to the identified market to achieve 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 identified risks
- Consideration of taxation and other legislative or regulatory issues
- A three year financial forecast by month highlighting the impact on the College cash flow forecast for the time periods in question.

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Appendix F Extract of Letter of Engagement for College's Internal Audit Service (IAS)

1. We shall have right of access at all times to the books, accounts and vouchers of the College and to such information and explanations as necessary for the performance of our duties.

2. The Regional Board is responsible for ensuring that a system of controls, financial and otherwise, is established and maintained in order to carry on the operations of the college.

3. We shall conduct our work in accordance with the standards and guidelines set down by the Chartered Institute of Internal Auditors (IIA) and the Public Sector Internal Audit Standards (PSIAS).

4. We will prepare an Audit Needs Assessment which will detail a programme of work over a three year period in order that the whole internal control system of the College including all operational, resource, staff and service areas are covered. The Audit Needs Assessment will be presented to the Audit Committee for approval.

5. Specifically our work will achieve the following objectives:

   - To review and appraise the soundness, adequacy and application of accounting, financial and other controls
   - To ascertain the extent to which systems of control ensure compliance with established policies and procedures
   - To ascertain the extent to which the assets and interests entrusted to or funded by the College are properly controlled and safeguarded from losses of all kinds
   - To ascertain that all accounting and other information is reliable as a basis for the production of accounts and other returns
   - To ascertain the integrity and reliability of financial and other information provided to management including that used in decision making
   - To ascertain that systems of control are laid down and operate to achieve the most economic, efficient and effective use of resources
   - To draw attention to apparently uneconomic or otherwise unsatisfactory results flowing from management decisions, practices or policies.

6. We shall prepare reports following each visit to the College which will detail our findings and conclusions and, where appropriate, make recommendations for improvement. Subsequent reports will review the adequacy of action taken in relation to any recommendations previously made. Draft reports will be submitted within 2 weeks of the conclusion of each audit visit. Once the report has been agreed a final version will be issued to the Accounting Officer and Chair of the Audit Committee.

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7. Annually a report will be prepared setting out our activities in the previous year. The report will be addressed to the Regional Board who will be responsible for sending a copy to SFC. The annual report will provide an assessment of the adequacy and effectiveness of the internal control systems of the College, and the coverage of work undertaken as measured against the audit plan.

8. Serious weaknesses or an accounting breakdown will be reported in the first instance to the College's Accounting Officer without delay, and thereafter to the Audit Committee.

9. Responsibility for ensuring the establishment and maintenance of an adequate system of internal control lies with the Regional Board. The Board is also responsible for ensuring compliance with statutory and other regulations, including those in relation to taxation, and for the prevention and detection of irregularities including fraud.

10. As internal auditors, we are responsible for examining and evaluating the adequacy and effectiveness of action taken by the College to fulfil this obligation. In planning and conducting our work we will seek to identify serious defects in internal control which may give rise to the possibility of malpractice. Any such defects will be reported immediately to the Accounting Officer of the College and the Audit Committee.

11. Colleges are required to appoint External Auditors. We expect to have regular meetings with staff carrying out the external audit function in order to enhance the level of service we provide to the management of the College. We acknowledge that the external auditors have unlimited access to our files and working papers.

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Appendix G
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 1**.

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)
- Director of Finance & Procurement
- Director of People Services
- 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 frauds 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, they 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.

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Initial Enquiry

On receiving the details of the suspected fraud, the fraud investigation group should undertake as 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 college must inform the funding body of actual or suspected fraud are set out in the funding body audit code of practice. The Vice Principal – Finance and Corporate Services 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 college's premises, offices and all college equipment should be returned.

Advice should be obtained on the best means of denying access to the College 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 college'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 college'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 College on how best to proceed and the most effective methods to gather evidence.

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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.

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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 Director of People Services on the relevant procedures and rules to be followed. In particular all those involved in interviewing suspects should have knowledge of the 1984 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.

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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 Director of People Services 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.

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Appendix 1

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.

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~~Appendix H 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 Colleges requirements~~
  - ~~Indicate the terms of the contract~~
  - ~~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~~
  - ~~Justification of acceptance of tenders not at the lowest price.~~

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Appendix H~~I~~ Glossary of Terms

CFO	Chief Financial Officer (Vice Principal – Finance and Corporate Services)
FRC	Financial Reporting Council
FReM	Government Financial Reporting Manual
GAAP	Generally Accepted Accounting Principles
HMRC	Her Majesty's Revenues and Customs
F&R~~GP~~	Finance and Resources~~General Purposes~~ Committee
OSCR	Office of the Scottish Charity Register
PA	Personal Assistant
PAYE	Pay as your earn tax
SORP	Statement of Recommended Practice
SPFM	Scottish Public Finance Manual
SFC	Scottish Further and Higher Education Funding Council
SLT	Senior Leadership Team
SMT	Senior Management Team
WLT	Wider Leadership Team

Status:	Draft
Policy Dated:	September 2019
Author:	Vice Principal – Finance and Corporate Services
Review Date:	May 2023~~August 2020~~
Equality Impact Assessed:	No

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