

## Board of Management:

## Finance & Physical Resources Committee

<b>Date of Meeting</b>	<b>Wednesday 2<sup>nd</sup> October 2019</b>
<b>Paper No.</b>	<b>FPRC1-H</b>
<b>Agenda Item</b>	<b>3.8</b>
<b>Subject of Paper</b>	<b>Financial Regulations update</b>
<b>FOISA Status</b>	<b>Disclosable</b>
<b>Primary Contact</b>	<b>Stuart Thompson - VP Corporate Services</b>
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<b>Action</b>	<b>For Approval</b>

### Recommendations

The Committee is asked to approve the updated Financial Regulations.

Consider amending the scheme of delegation authorisation levels from the current figures on page 32, tables shown below.

49.5 The following table sets out procurement authorisation limits for single items of expenditure including capital expenditure.

<b>Expenditure Level</b>	<b>Authorised by:</b>
<b>Less than £10,000</b>	<b>Budget Manager</b>
<b>£10,000 to £25,000</b>	<b>Director or Executive Leadership Team</b>
<b>£25,000 to £50,000</b>	<b>Member of Executive Leadership Team</b>
<b>£50,000 to £100,000</b>	<b>Principal</b>
<b>Over £100,000</b>	<b>Finance &amp; Physical Resources Committee unless incorporated within the approved Financial Plan e.g. approved capital project.</b>
<b>Over £100,000 on management consultancies.</b>	<b>Board of Management and Scottish Funding Council</b>

With the growth of the College over the last 4 years and increase in procurement contracts the volume of orders and contracts awarded over £50,000 and £100,000 has also increased substantially. The impact of these changes is an increased volume of orders and contracts requiring approval by the Principal and Board members.



# Financial Regulations

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**Contents**

<b>1. Introduction</b>	<b>1</b>
<b>2. Board of Management</b>	<b>2</b>
<b>3. Principal &amp; Chief Executive</b>	<b>3</b>
<b>4. Board of Management Committees</b>	<b>4</b>
<b>5. Finance &amp; Physical Resources Committee</b>	<b>4</b>
<b>6. Audit Committee</b>	<b>5</b>
<b>7. Performance, Remuneration &amp; Nominations Committee</b>	<b>6</b>
<b>8. Students, Staffing and Equalities Committee</b>	<b>7</b>
<b>9. Development Committee</b>	<b>7</b>
<b>10. Vice Principal Corporate Services</b>	<b>8</b>
<b>11. Senior Managers</b>	<b>10</b>
<b>12. All Members of Staff</b>	<b>10</b>
<b>13. Risk Management</b>	<b>11</b>
<b>14. Whistleblowing</b>	<b>11</b>
<b>15. Code of Conduct</b>	<b>12</b>
<b>16. Receiving Gifts, Hospitality &amp; Entertainment</b>	<b>12</b>
<b>17. Budget Objectives</b>	<b>14</b>
<b>18. Budget Preparation &amp; Monitoring</b>	<b>14</b>
<b>19. Capital Budgets</b>	<b>15</b>
<b>20. Budgetary Control</b>	<b>16</b>
<b>21. Changes to the Approved Financial Operating Position</b>	<b>16</b>
<b>22. Virement</b>	<b>16</b>
<b>23. Treatment of Year-End Revenue &amp; Capital Balances</b>	<b>17</b>
<b>24. Taxation</b>	<b>17</b>
<b>25. Financial Information</b>	<b>17</b>
<b>26. Financial Records</b>	<b>17</b>
<b>27. Public Access to Financial Records</b>	<b>18</b>
<b>28. Public Services Reform (Scotland) Act 2010</b>	<b>18</b>
<b>29. Charities Accounting</b>	<b>19</b>
<b>30. General Audit Requirements</b>	<b>20</b>
<b>31. External Audit</b>	<b>20</b>
<b>32. Internal Audit</b>	<b>21</b>
<b>33. Other Auditors</b>	<b>21</b>
<b>34. Fraud Prevention</b>	<b>21</b>

<b>35. Treasury Management Policy .....</b>	<b>22</b>
<b>36. Banking arrangements .....</b>	<b>23</b>
<b>37. College Income: General Provisions.....</b>	<b>25</b>
<b>38. Student Fees .....</b>	<b>25</b>
<b>39. Cash Advances to Students .....</b>	<b>25</b>
<b>40. Receipt of Cash, Cheques and Other Negotiable Instruments .....</b>	<b>26</b>
<b>41. Debt Management, Debt Write-off and Losses.....</b>	<b>26</b>
<b>42. Overseas Business Activities .....</b>	<b>28</b>
<b>43. Other Major Commercial Activities .....</b>	<b>28</b>
<b>44. Full-Cost Courses and Services Rendered .....</b>	<b>28</b>
<b>45. Additional Contributions to Departments.....</b>	<b>29</b>
<b>46. Intellectual Property Rights, Patents &amp; Copyright.....</b>	<b>29</b>
<b>47. Expenditure &amp; Procurement .....</b>	<b>30</b>
<b>48. Best Value and Value for Money .....</b>	<b>30</b>
<b>49. Scheme of Delegation/Financial Authorities .....</b>	<b>31</b>
<b>51. Competitive Tenders .....</b>	<b>34</b>
<b>52. Payment of Invoices .....</b>	<b>34</b>
<b>53. Payment in Advance.....</b>	<b>34</b>
<b>54. College Credit Cards .....</b>	<b>35</b>
<b>55. Petty Cash .....</b>	<b>35</b>
<b>56. Petty Cash Advances .....</b>	<b>36</b>
<b>57. Late Payment Rules.....</b>	<b>36</b>
<b>58. Remuneration Policy .....</b>	<b>37</b>
<b>59. Appointment of Staff .....</b>	<b>37</b>
<b>60. Re-grading of Employees.....</b>	<b>37</b>
<b>61. Restructuring Exercises.....</b>	<b>38</b>
<b>62. Salaries &amp; Wages .....</b>	<b>38</b>
<b>63. Pension Schemes .....</b>	<b>39</b>
<b>64. Travel, Subsistence and Other Allowances.....</b>	<b>39</b>
<b>65. Overseas travel.....</b>	<b>40</b>
<b>66. Severance Arrangements.....</b>	<b>40</b>
<b>67. Private Consultancies and Other Paid Work .....</b>	<b>41</b>
<b>68. Compensation Payments .....</b>	<b>41</b>
<b>69. Ex-gratia Payments.....</b>	<b>42</b>
<b>70. Extra-contractual Payments .....</b>	<b>42</b>

<b>71. Waiver and Abandonment of Claims</b> .....	42
<b>72. Land and Buildings</b> .....	43
<b>73. Asset Register</b> .....	43
<b>74. Stocks and Stores</b> .....	43
<b>75. Safeguarding Assets</b> .....	44
<b>76. Personal Use of College Assets</b> .....	44
<b>77. Asset Disposal</b> .....	44
<b>78. Lease/Rent of College Assets</b> .....	45
<b>79. Donations</b> .....	46
<b>80. College Trust Funds</b> .....	46
<b>81. Donations to Trust Funds &amp; Charitable Foundations</b> .....	47
<b>82. Grant Requests to Trust Funds &amp; Charitable Foundations</b> .....	47
<b>83. Insurance</b> .....	47
<b>84. Granting of Indemnities</b> .....	48
<b>85. Companies and Joint Ventures</b> .....	49
<b>86. Procurement &amp; Service Contracts</b> .....	49
Definitions .....	51
References.....	51
Policy Framework .....	51
Other College Policies and Procedures.....	51
External References .....	51
Revision Log .....	52

**1. Introduction**

- 1.1. This document sets out the College's financial regulations. It translates into practical guidance the College's broad policies relating to financial control. Unless otherwise stated, it applies to the College and all its subsidiary undertakings.
- 1.2. The purpose of these financial regulations is to provide control over the totality of the College's resources and covers:
- Financial sustainability;
  - Achieving Best Value;
  - Fulfilling its responsibility for the provision of effective financial controls over the use of public funds;
  - Ensuring that the College complies with all relevant legislation; and
  - Safeguarding the assets of the College.
- 1.3. Compliance with the financial regulations is compulsory for all members of staff. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the College's disciplinary procedure. It is the responsibility of the College's senior managers to ensure that their members of staff are made aware of the existence and content of the College's financial regulations.
- 1.4. The Finance & Physical Resources Committee and Audit Committee are responsible for maintaining a continuous review of the financial regulations.
- 1.5. In exceptional circumstances, the Finance & Physical Resources Committee may authorise a departure from some of the detailed provisions herein, such departure to be reported to the Board of Management at the earliest opportunity. The Committee shall not, however, set aside those parts of the regulations that make reference to the responsibilities of the Scottish Funding Council or certain requirements that flow from the Scottish Public Finance Manual (<http://www.scotland.gov.uk/Topics/Government/Finance/spfm/Intro#> )
- 1.6. The term "Department" is used within the document and covers all organisational units including Faculties and Support Service functional areas.

**2. Board of Management**

2.1. The Board of Management shall ensure that any funding from the Scottish Funding Council and/or the Glasgow Regional Board is used only in support of activities permitted by the Further and Higher Education (Scotland) Act 1992, or any other conditions, which the Scottish Funding Council and/or Glasgow Regional Board may prescribe from time to time. The Board shall:

- Ensure the solvency of the College and the safeguarding of the College's assets;
- Appoint, grade, suspend, dismiss and determine the pay and conditions of senior post-holders. In determining pay, the Board shall take cognizance of job evaluation outcomes to ensure equal treatment.
- Set a framework for pay and conditions of service of all other members of staff;
- Ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by the College are appropriate and sufficient to safeguard public funds;
- Approve the appointment of external auditors and an internal audit service;
- Have a corporate responsibility for promoting the efficient and effective use of staff and other resources in accordance with the principles of Best Value
- Ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution;
- Plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure;
- Approve an annual budget before the start of each financial year;
- Approve tuition fees;
- Ensure compliance with the Scottish Funding Council's audit code of practice;
- Approve the College's Strategic Plan; and
- Approve the annual report & financial statements.



**3. Principal & Chief Executive****3.1. Principal shall:**

- Lead the College's strategic planning exercise;
- Lead strategic risk management;
- Provide the Board of Management with financial advice and guidance;
- Advise the Board of Management if any action or policy under consideration by them appears to be incompatible with the Financial Memorandum (issued by the Scottish Funding Council). If the Board decides nevertheless to proceed, the Principal must immediately inform the Chief Executive of the Scottish Funding Council;
- Inform the Chief Executive of the Scottish Funding Council without delay of any circumstance that is having or is likely to have a significant adverse effect on the ability of the College to maintain its capacity to deliver its activities;
- Ensure the regular provision of sufficient financial data and information of a quality to enable the Board of Management to determine how well the College is achieving its financial objectives and operational plans;
- Ensure the proper, effective and efficient management of all resources, including financial, human and physical;
- Ensure that public funds are used in accordance with relevant legislation and only for the purposes for which they are given;
- Achieve Best Value from the College's use of public funds from all sources;
- Seek professional financial advice as necessary; and
- Take account of relevant good practice in the management of all the College's activities and resources.

**4. Board of Management Committees**

4.1. The Board has ultimate responsibility for the College's financial and resource management but can delegate specific powers and processes to a sub-committee.

**5. Finance & Physical Resources Committee**

The Committee shall:

- Carry out the Board of Management's constitutional delegation in financial matters, and in all matters relating to the College's estate, property and facilities, including ensuring the discharge of the Board's responsibilities for land and assets transferred to and vested in it;
- Ensure that the Board of Management has adequate information to enable it to discharge its financial responsibilities;
- Carry out the oversight duties assigned to the Committee in the Financial Regulations;
- Provide advice to the Board of Management on all significant matters related to the College's finances, estate, property and facilities;
- Review, approve and monitor the implementation of the College's financial and estates strategies and associated plans, and to submit appropriate reports and recommendations to the Board on these strategies and plans;
- Receive and approve the annual budget;
- Consider the College's annual report & financial statements for recommendation to the Board;
- Undertake monitoring of the College's financial position and financial control systems; and
- Receive and consider advice from advisory committees on major items of capital expenditure.

**6. Audit Committee**

- 6.1. The Audit Committee is independent, advisory and reports to the Board of Management. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors.
- 6.2. The Audit Committee shall:
- 6.3. Review the comprehensiveness of assurances in meeting the assurance needs of the Board of Management;
- 6.4. Review the reliability and integrity of these assurances; and advise the Board of Management about how well assurances consequently support them in decision making and in discharging their accountability obligations;
- 6.5. Be responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance.
- 6.6. To review the processes for ensuring the effectiveness of the financial and other internal control systems;
- 6.7. To monitor and review the College's response to fraud and bribery allegations.
- 6.8. To advise the Board on the criteria for the selection and appointment of the internal auditor, and to select and recommend the appointment of the provider of an internal audit service;
- 6.9. To review the scope and effectiveness of internal audit's work including planning and operation of the work and the internal audit annual report.
- 6.10. To ensure that the College has systems and procedures to promote Best Value and where appropriate the identification of specific value for money studies;
- 6.11. To advise the Board of the process for the appointment of the external auditor, who is currently appointed by the Auditor General for Scotland, for his/her remuneration;
- 6.12. To determine the scope of the external auditor's work including any non-audit services provided;
- 6.13. To monitor the performance and effectiveness of external and internal audit;

- 6.14. To consider the College's annual report & financial statements prior to submission to the Board focusing in particular on any changes in accounting policy, major judgemental areas, significant audit adjustments, the going concern assumption and compliance with accounting standards and the Scottish Funding Council's Financial Memorandum;
- 6.15. To review the external auditor's Management Letter and management's response, and having direct access to the external auditor;
- 6.16. To review relevant reports from the Scottish Government, Auditor General for Scotland, Scottish Funding Council and other organisations; and
- 6.17. To ensure that all significant; losses, write-offs, extra contractual payments, compensation payments, ex-gratia payments and claims waived or abandoned have been properly managed and that the internal and external auditors and the Scottish Funding Council have been fully informed of all such losses.

## **7. Performance, Remuneration & Nominations Committee**

Consideration of senior management's pay and conditions is the responsibility of the Performance, Remuneration & Nominations Committee. The Committee shall:

- 7.1. Review at least annually the performance, remuneration, and terms and conditions of the Principal and other senior staff.
- 7.2. Consider proposed staff severance arrangements for senior staff, and to make recommendations as appropriate to the Board of Management.

In addition to pay and conditions, the Committee shall:

- 7.3. Keep the College's key performance indicators under review, to monitor alignment with the College's Strategic Plan, and to review progress and outcomes.
- 7.4. Monitor the overall College performance with reference to the College Strategic Plan and relevant quality indicators.
- 7.5. Evaluate the preparedness of the College to meet the challenge of achieving the aims and objectives of the Strategic Plan.
- 7.6. Review senior staff performance regularly against agreed targets.

7.7. Consider the strategic viability, effectiveness and efficiency of any area of College activity, and to make recommendations to the Board of Management as appropriate.

## **8. Students, Staffing and Equalities Committee**

Consideration of the pay and conditions of the College's members of staff (excepting senior management's pay and conditions) is the responsibility of Students, Staffing and Equalities. The Committee shall:

8.1. Approve the parameters under which the Executive Leadership Team is authorised to negotiate pay and conditions of service and to receive reports and provide advice on pay negotiations and agreements.

## **9. Development Committee**

The Development Committee will have the responsibility of an ongoing strategic review of the College's commercial and international activities ensuring alignment with the College's Strategic Plan. In particular, the Committee shall:

9.1. Receive and review reports on the College's commercial and international activities, consider and assess business risks and new opportunities and to oversee the implementation of new business, international and commercial activities;

9.2. Report on any significant investment opportunities, development opportunities, and associated benefits and risks to the Board of Management;

9.3. Provide co-ordination in respect of development related policies and decisions of relevance to more than one Committee of the Board or policies and decisions of particular significance, if deemed appropriate by the Board, and to instigate review and consideration of policy change; and

9.4. Oversee the development and implementation of significant policy or strategic changes, if so requested by the Board of Management, and thereafter to report to the Board of Management on such matters.

9.5. Consider the implications of relevant sector and non-sector, regional and national policy change and development to ensure that the College's Strategic direction is informed, up to date, proactive and responsive to external priorities.

9.6. Consider and make recommendations to the Board of Management on any development related matters of unusual or special interest not within the remit of another Board Committee.

## **MEMBERS OF STAFF**

### **10. Vice Principal Corporate Services**

10.1. Vice Principal Corporate Services shall report directly to the Principal and have responsibility for the strategic financial management of the College.

10.2. The Vice Principal Corporate Services shall:

- Provide the Board of Management with an annual financial plan/budget. The Plan shall reflect the overall strategic and operational plans approved by the Board;
- Develop and maintain an effective resource allocation method for allocating financial resources to College budget managers;
- Develop and maintain a range of financial and other related performance indicators;
- Provide the Board of Management with regular reports on the financial performance of the College, including benchmarking data;
- Lead the College's management of financial risks;
- Ensure the College has an effective system of financial controls;
- Provide professional advice on all matters relating to financial policies and procedure; and
- Provide the Board with an annual report & financial statements.

10.3. The Vice Principal Corporate Services together with the Head of Finance shall have the following operational responsibilities:

- Provide professional and credible financial advice and guidance to managers to promote best practice and ensure compliance with financial legislation and College policies;
- Ensure that changing financial legislation and best practice is continually embedded within College policies and practices in a timely manner;

- Lead and manage the College's financial planning systems to ensure that finances are able to meet the changing needs of the organisation ensuring effective financial procedures are in place, conforming to high standards of best practice;
- Meet the statutory and other requirements of auditors and HMRC, Board members and the Principal in respect of budget setting, financial monitoring and control, reporting, the preparation of annual accounts to prescribed standards and the completion of taxation formalities;
- Liaise with internal and external auditors;
- Lead in the development of the College's financial planning processes and treasury management policy and procedures;
- Develop and maintain an efficient and effective financial systems and related procedures;
- Produce accurate and timely management accounts and cash flow forecasts in the prescribed format;
- Provide accurate and timely financial information and reports to all budget managers; and
- Provide professional advice on all matters relating to financial policies and procedures.

**11. Senior Managers**

11.1. Senior managers are responsible to the Principal for financial and resource management for the areas or activities they control. They are advised by the Vice Principal Corporate Services in carrying out their financial duties. The Vice Principal Corporate Services shall also approve the financial systems operating within departments, including the form in which accounts and financial records are kept.

11.2. Senior managers are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved to budget managers, they are accountable to their line manager for their own budget.

**12. All Members of Staff**

12.1. Members of staff shall:

- Be aware and have a general responsibility for the security of the College's property, for avoiding loss and for due economy in the use of resources;
- Adhere to the College's financial authority limits that require a proposed procurement to be subject to quotations or a competitive tender;
- Make available to the College's auditors (internal or external) all assets, records, documents and correspondence relating to any financial and other transactions;
- Make available any relevant records or information to the Vice Principal Corporate Services or his or her authorised representative in connection with the implementation of the College's financial policies, these financial regulations and the system of financial control;
- Provide the Vice Principal Corporate Services with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Board of Management; and
- Notify the Vice Principal Corporate Services whenever a matter arises, which involves or is thought to involve, irregularities concerning, inter alia, cash or property of the College.



**13. Risk Management**

13.1. The Board of Management has overall responsibility for the College's risk management strategy.

13.2. The College's approach to the management of risk shall be set out in a separate Risk Policy and related procedures.

13.3. The Audit Committee shall monitor and review the management of risk and ensure key risk indicators are identified and closely monitored on a regular basis.

13.4. The College's senior management shall:

- Make conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
- Be responsible for encouraging good risk management practice within their areas of responsibility; and
- Be responsible for reviewing risks and for taking into account the possibility of the differential impact of risks, and risk treatments, upon people who share protected characteristics.

**14. Whistleblowing**

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

14.2. Normally, any concern about a workplace matter at the College should be raised with the relevant member of staff's immediate line manager. However, the College recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible. The College's Whistleblowing Policy, therefore, sets out how these situations should be handled.

14.3. The Whistleblowing Policy can be obtained from the College's Intranet and/or a copy can be obtained for the HR department.

## **15. Code of Conduct**

15.1. The College is committed to the highest standards of openness, integrity and accountability. These standards are reflected in the College's values statement.

15.2. The College seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life, which members of staff at all levels are expected to observe. These principles are set out in the College's appropriate Code(s) of Conduct.

15.3. Additionally, members of the Board of Management, senior management or those involved in procurement are required to disclose interests in the College's register of interests.

15.4. The Register of Interest for the Board of Management shall be maintained by the College Secretary and shall be made available on the College's website.

15.5. The Register of Interest for senior managers and other budget managers shall be maintained by the HR Director and shall be made available on the College's intranet.

## **16. Receiving Gifts, Hospitality & Entertainment**

16.1. Under the Bribery Act 2010, a person is guilty of an offence if they offer a gift or hospitality:

- That provides an advantage to another person; and
- That is given with the intention of inducing the person to perform a relevant function improperly or knowledge that acceptance of the advantage is, in itself, improper performance.

16.2. In addition, in terms of foreign public officials a person is guilty of an offence if he/she:

- Provide an advantage (directly or indirectly) to a Foreign Public Official (FPO); and
- Intend to influence the FPO in their capacity as such; and
- Intend to gain business or a business advantage.

16.3. In terms of the law it is a criminal offence for any member of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. Members of staff must:

- Not create suspicion of any conflict between their official duty and their private interest;
- Not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation;
- Not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the College would be likely to provide in return;
- Seek advice from a member of senior management when it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality; and
- Declare all gifts and hospitality received where the value is in excess of £50. For the protection of those involved, the College Secretary shall establish a register of these gifts and/or hospitality.

16.4. It is highly unlikely that a member of staff will need to offer a gift to another person or organisation linked to their college responsibilities. If, however, it is proposed to offer a gift, then this should normally be arranged via the College's Corporate Development Director. If the proposed value of the gift is in excess of £500, then the proposal must be authorised initially by a member of the College's executive and thereafter cleared by the Scottish Funding Council.

16.5. More detailed guidance on this issue is contained in the College's Anti-Bribery & Corruption Policy.

**FINANCIAL PLANNING****17. Budget Objectives**

17.1. The Board of Management shall, from time to time, set budget objectives for the College. These shall help the Vice Principal Corporate Services in preparing more detailed financial plans for the College.

17.2. The Board shall plan and conduct its financial and academic affairs so that:

- Its total income is not less than sufficient, taking one year with another, to meet its total expenditure;
- A reasonable level of net current assets is maintained;
- A reasonable level of capital expenditure is made each year so as to maintain the value of the College's fixed assets; and
- It has sufficient financial resources to meet its needs in the form of cash and other liquid assets or borrowing facilities.

**18. Budget Preparation & Monitoring**

18.1. The Vice Principal Corporate Services is responsible for preparing each year a financial plan for consideration by the Finance & Physical Resources Committee before submission to the Board of Management. The financial plan shall include an income & expenditure account, capital budget, cash flow and balance sheet.

18.2. The financial plan shall have a demonstrable link to the College's Strategic and Operational Plans including the student recruitment plan.

18.3. The Vice Principal Corporate Services shall ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to senior managers as soon as possible following their approval by the Board of Management.

18.4. The Vice Principal Corporate Services shall be responsible for submitting revised financial forecasts (income & expenditure account, cash flow statement, capital expenditure and balance sheet) throughout the financial year.

**19. Capital Budgets**

- 19.1. The annual capital expenditure budget shall include all expenditure on land, buildings, equipment, and furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the College's financial statements.
- 19.2. The College's accounting policies shall set out the threshold for capitalising fixed assets (currently £10,000).
- 19.3. The Vice Principal Corporate Services shall establish protocols for the inclusion of capital projects in the capital budget for approval by the Board of Management.
- 19.4. The Principal or Vice Principal Corporate Services shall approve virement between capital projects during the course of the financial year. If virement to or from an approved project exceeds £25,000, then the virement shall require the approval of the Finance & Physical Resources Committee.
- 19.5. Budget managers must not authorise capital purchase orders/capital expenditure if budget resources are not available.
- 19.6. The Vice Principal Corporate Services is responsible for providing regular statements concerning all capital expenditure to Finance & Physical Resources Committee.
- 19.7. Following completion of a capital project in excess of £100,000, a post-project evaluation or final report shall be submitted to the Finance & Physical Resources Committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project.

**FINANCIAL CONTROL**

**20. Budgetary Control**

20.1. The control of income and expenditure within an agreed budget is the responsibility of the designated budget manager, who must ensure that day-to-day monitoring is undertaken effectively. Budget managers are responsible to their line manager for the income and expenditure appropriate to their budget.

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

**21. Changes to the Approved Financial Operating Position**

21.1. A reduction in the College’s overall approved budgeted operating position shall be first considered by the Finance & Physical Resources Committee, which shall make proposals to the Board of Management, unless they fall within the delegated approval arrangements:

<b>Authorised By:</b>	<b>Change to Operating Surplus</b>
<b>Principal</b>	<b>£100,000</b>
<b>Board of Management</b>	<b>Over £100,000</b>

**22. Virement**

22.1. The Vice Principal Corporate Services shall report to the Finance & Physical Resources Committee instances where a particular virement transaction is of strategic significance.

22.2. Virement between budgets held by different budget managers shall be subject to the prior approval of the Vice Principal Corporate Services.

**23. Treatment of Year-End Revenue & Capital Balances**

23.1. At the year-end, budget managers shall **not** normally have the authority to carry forward a balance on their financial budget. Any transfers must be approved by the Vice Principal Corporate Services.

**24. Taxation**

24.1. The Vice Principal Corporate Services shall be responsible for advising senior managers, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. Therefore the Vice Principal Corporate Services shall issue instructions to members of staff on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax etc.

24.2. The Vice Principal Corporate Services shall be responsible for maintaining the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

**25. Financial Information**

25.1. Budget managers shall be assisted in their duties by management information provided by the Vice Principal Corporate Services.

25.2. The Vice Principal Corporate Services shall be responsible for supplying budgetary reports on all aspects of the College's finances to the Finance & Physical Resources Committee.

**26. Financial Records**

26.1. The Vice Principal Corporate Services shall be responsible for the retention of financial documents and records. These should be kept in a form that is acceptable to the relevant authorities and in line with the College's Records Management Policy.

**27. Public Access to Financial Records**

27.1. Under the terms of the Charities and Trustees Investment (Scotland) Act 2005, the Board of Management is required to supply any person with a copy of the College's most recent financial statements within two months of a request.

27.2. Under the Freedom of Information (Scotland) Act 2002 (FOISA), the College shall provide as a matter of routine a range of financial information within its FOI Publication Scheme. Under FOISA any person has the right to request information and the College is required to release that information unless any of the lawful exemptions apply.

**28. Public Services Reform (Scotland) Act 2010**

28.1. The Public Services Reform (Scotland) Act 2010 places a number of reporting requirements on the College. These are set out in the following paragraphs.

28.2. The Vice Principal Corporate Services shall as soon as is reasonably practicable after the end of each financial year, publish a statement of any expenditure that it has incurred during that financial year on or in connection with the matters described below:

- Public relations;
- Overseas travel and related expenditure;
- Hospitality and entertainment, and
- External consultancy.

28.3. The Vice Principal Corporate Services shall as soon as is reasonably practicable after the end of each financial year, publish a statement specifying the amount, date, payee and subject-matter of any payment made during that financial year which has a value in excess of £25,000.

28.4. In addition to the above statutory reporting requirements, the Vice Principal Corporate Services shall provide regular expenditure reports to the Finance & Physical Resources Committee covering the above mentioned items.



**29. Charities Accounting**

29.1. The Vice Principal Corporate Services shall ensure financial record keeping and reporting comply with section 44 of the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

In doing so the Vice Principal Corporate Services shall:

- Keep proper accounting records;
- Prepare a statement of account, including a report on its activities, at the end of each financial year;
- Have the statement of account independently examined or audited;
- Send a copy of the accounts, along with the annual return to OSCR; and
- Ensure accounting records are kept for a minimum of 6 years from the end of the financial year in which they were made.

**AUDIT REQUIREMENTS****30. General Audit Requirements**

30.1. External auditors and internal auditors shall have authority to:

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

30.2. The Vice Principal Corporate Services shall be the primary point of contact for both external and internal auditors. The College Secretary shall be the auditor's primary point of contact in terms of Board and Committee administration and the strategic risk management.

**31. External Audit**

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

31.2. The primary role of external audit is to report on the College's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds.

31.3. External Audit duties shall be in accordance with advice set out in Audit Scotland's audit code of practice and the Auditing Practices Board's statements of auditing standards.

31.4. The Vice Principal Corporate Services shall be responsible for drawing up a timetable for final accounts purposes.

31.5. The Audit Committee shall review the annual report & financial statements. On the recommendation of the Audit Committee the financial statements shall be submitted to the Board of Management for approval.

### **32. Internal Audit**

32.1. The Board of Management, on the recommendation of the Audit Committee, shall appoint the College's internal auditors.

32.2. The Scottish Funding Council requires the College to have an effective internal audit function and their duties and responsibilities must be in accordance with advice set out by the Scottish Funding Council. The main responsibility of internal audit is to provide the Board of Management, the Principal and senior management with assurances on the adequacy of the College's financial and other internal control systems.

32.3. The internal audit service remains independent in its planning and operation but has direct access to the Board of Management, Principal and chair of the Audit Committee. The formal responsibilities of internal audit are set in the formal audit appointment letter.

32.4. The Audit Committee shall agree an annual audit plan for internal audit.

32.5. The Audit Committee shall consider internal audit reports.

### **33. Other Auditors**

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

33.2. The Audit Committee shall consider audit reports prepared by other auditors.

### **34. Fraud Prevention**

34.1. The Vice Principal Corporate Services shall develop and maintain a Fraud Prevention Policy, which shall be approved by the Audit Committee.

34.2. The Fraud Prevention Policy shall be brought to the attention of all members of staff and be made widely available.

**TREASURY MANAGEMENT****35. Treasury Management Policy**

35.1. The Finance & Physical Resources Committee shall be responsible for approving the College's Treasury Management Policy.

35.2. The Policy shall set out a strategy and policies for cash management, long-term investments and borrowings. This shall require compliance with Scottish Funding Council rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the Funding Council's Financial Memorandum.

35.3. The Finance & Physical Resources Committee has a responsibility to ensure implementation, monitoring and review of such the College's treasury management policy.

35.4. The Board of Management shall approve any secured borrowing proposal.

35.5. All executive decisions concerning unsecured borrowing, investment or financing (within policy parameters) shall be delegated to the Principal and Vice Principal Corporate Services.

35.6. All borrowing shall be undertaken in the name of the College and shall conform to any relevant Scottish Funding Council requirements. In particular:

- The Board shall not, without the prior written consent of the Funding Council undertake a level of capital finance where the annualised cost of all capital finance or the actual cost in any one year of all capital finance would exceed 4% of total income;
- The Board shall not, without the prior written consent of the Funding Council, offer as security for a loan any College assets in which Scottish Ministers have an interest;
- The College can demonstrate that the related capital investment is in accordance with the College's Strategic and Operational Plans and, where appropriate, the College's Estates Strategy;
- The College shall be able to repay the sum borrowed and pay interest without an increased level of funding from the Funding Council; and

- The ability of the College to maintain financial viability shall not be impaired as a result.

35.7. For the purpose of this section, capital finance includes borrowing finance and operational leases and other schemes such as Public Private Partnerships.

35.8. No leasing/rental of equipment or other capital assets shall be undertaken on behalf of the College without the prior approval of the Vice Principal Corporate Services.

35.9. The Vice Principal Corporate Services shall report to the Finance & Physical Resources Committee each financial year on the activities of the treasury management operation.

### **36. Banking arrangements**

36.1. Organisations that must comply with the Scottish Public Finance Manual are required to have their core bank accounts with the Government Banking Service (GBS), except where the Scottish Government's Treasury and Banking Branch (T&B) can be persuaded that the holding of such an account would not be cost effective.

36.2. The core bank account shall be used for the receipt of funding and the processing of all main payments and receipts. This principle does not preclude the use of commercial banks for processing transactions or the operation of local commercial bank accounts.

36.3. A commercial bank account shall only be opened where there is a distinctive business need that cannot be met by the GBS bank account or where there is a separate contractual reason for doing so. Accounts shall be opened by the Vice Principal Corporate Services and be in the name of the College.

36.4. Balances in commercial bank accounts should be kept to the minimum consistent with the principles of not providing funding in advance of need and avoiding accounts being overdrawn.

- 36.5. Before issuing any indemnity to a bank, the Vice Principal Corporate Services should consult with the Scottish Funding Council, which will consider in consultation with legal advisers as to whether the terms proposed are acceptable. In particular, the terms of the indemnity must not be too widely drawn and they must provide that the bank will remain liable for any acts of negligence or bad faith on its part.
- 36.6. The Vice Principal Corporate Services shall be responsible for liaising with the College's bankers in relation to the College's bank accounts and the issue of cheques/electronic payments.
- 36.7. The Principal and Vice Principal Corporate Services shall agree the authorised signatories for College bank accounts.
- 36.8. All cheques/electronic payments shall be signed by at least two authorised signatories.
- 36.9. The Vice Principal Corporate Services shall be responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

**INCOME****37. College Income: General Provisions**

37.1. The Finance & Physical Resources Committee shall review and agree the level of tuition fees annually.

37.2. The Vice Principal Corporate Services shall review all other charges at least annually. In performing these reviews, regard shall be given to the current rate of inflation.

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

37.4. The Vice Principal Corporate Services shall be responsible for the prompt collection, security and banking of all income received.

37.5. It is the responsibility of all members of staff to ensure that revenue to the College is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. In particular, this requires the prompt notification to the Vice Principal Corporate Services of sums due so that collection can be initiated

**38. Student Fees**

38.1. The procedures for collecting tuition fees must be approved by the Vice Principal Corporate Services.

**39. Cash Advances to Students**

39.1. The Vice Principal Corporate Services shall ensure appropriate records are maintained to support all transactions involving student cash advances.

**40. Receipt of Cash, Cheques and Other Negotiable Instruments**

- 40.1. The Vice Principal Corporate Services shall approve which departments of the College shall have authority to receive cash/payments on behalf of the College.
- 40.2. All monies received within departments from whatever source must be recorded by the department on a daily basis.
- 40.3. All monies received must be paid to the Finance Section and in accordance with financial procedures.
- 40.4. All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenses or be paid into the departmental petty cash float.
- 40.5. Personal or other cheques must not be cashed out of money received on behalf of the College.

**41. Debt Management, Debt Write-off and Losses**

- 41.1. The Vice Principal Corporate Services shall ensure that debtor invoices are raised promptly on official invoices, in respect of all income due to the College.
- 41.2. The Vice Principal Corporate Services shall be responsible for maintaining and efficient and effective debt management system.
- 41.3. The Vice Principal Corporate Services shall approve the use of external debt collection agencies.
- 41.4. Only the Vice Principal Corporate Services can implement credit arrangements and indicate the periods in which different types of invoice must be paid.
- 41.5. All fraud losses must be brought to the attention of the Vice Principal Corporate Services.
- 41.6. All fraud losses must be reported to the Audit Committee. In addition, fraud losses in excess of £5,000 must be brought to the attention of the Scottish Funding Council.
- 41.7. Requests to write off debts or losses must be referred in writing to the Vice Principal Corporate Services. The authority to write off debts is set out in the following table:



<b>Write-off Value</b>	<b>Authorised by:</b>
<b>Less than £3,000</b>	Head of Finance + Finance Manager
<b>£3,000 to £10,000</b>	Head of Finance + Vice Principal Corporate Services and cleared by the Scottish Funding Council  NB: The write-off on overseas student fees of less than £6,000 need not be cleared by the Scottish Funding Council.
<b>£10,000 to £50,000</b>	Principal + Vice Principal Corporate Services and cleared by the Scottish Funding Council
<b>Over £50,000</b>	Board of Management and cleared by the Scottish Funding Council

**OTHER INCOME-GENERATING ACTIVITY****42. Overseas Business Activities**

- 42.1. Proposed business activity out with the UK must be subject to prior approval by the Principal or the Depute Principal.
- 42.2. Business activity in excess of £100,000 per annum out with the UK must be subject to prior approval by the Development Committee of the Board of Management. The Committee shall be provided with a business case for the activity together with a risk assessment.
- 42.3. If the Committee approves an activity, then follow up reports must be provided to allow the Committee to monitor the implementation of the activity.
- 42.4. Internal audit shall review the level of overseas business activity & travel and provide a report to the College's Audit Committee.

**43. Other Major Commercial Activities**

- 43.1. Any significantly new aspect of commercial business, or proposed establishment of a company or joint venture, which would require an investment in buildings, resources or staff time of more than £100,000 shall be subject to approval by the Development Committee of the Board of Management. The Committee shall be provided with a business case for the commercial activity together with a risk assessment.
- 43.2. If the Committee approves a commercial activity, then follow up reports must be provided to allow the Committee to monitor the implementation of the activity.

**44. Full-Cost Courses and Services Rendered**

- 44.1. Full cost course is any course, which is not eligible for Scottish Funding Council grant in aid support.
- 44.2. Any member of staff wishing to run a full cost course or provide other services must have the permission of the appropriate member of the senior management.

44.3. All other income-generating activities shall be self-financing or surplus-generating unless it is intended that a new activity is to be launched as a loss leader. The provision of a “loss leader” activity shall be brought to the attention of the Vice Principal Corporate Services.

44.4. The Vice Principal Corporate Services shall determine financial procedures used by the College’s commercial unit (City Enterprises) to ensure the unit is properly charged for direct costs and a reasonable share of overheads.

#### **45. Additional Contributions to Departments**

45.1. Distribution of surpluses on other income-generating activity between central funds of the College and individual departments shall be subject to approval by the Executive Leadership Team.

#### **46. Intellectual Property Rights, Patents & Copyright**

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

46.2. The Depute Principal shall be responsible for developing and implementing the College’s Intellectual Property Rights Policy.

**EXPENDITURE & PROCUREMENT****47. Expenditure & Procurement**

47.1. The Vice Principal Corporate Services shall be responsible for ensuring the College complies with its legal obligations in terms of the Public Procurement Regulations which implemented the EU Directives on public procurement into UK law.

47.2. It shall be the duty of the Vice Principal Corporate Services and budget managers to ensure that no expenditure or contractual obligation is incurred unless it is within the legal powers of the College. In cases of doubt, the Vice Principal Corporate Services shall consult the College Secretary.

47.3. The Vice Principal Corporate Services shall be responsible for the College's Procurement Policy and related purchasing systems and procedures.

47.4. Members of staff involvement in procurement/purchasing must comply with the College's Procurement Policy and related procedures to ensure that they do not act unlawfully.

47.5. If a member of staff incurs expenditure on behalf of the College and he/she has no authority to do so, then he/she may be held personally liable for the resultant debt.

47.6. Budget managers must not commit the College to expenditure without first ensuring sufficient uncommitted budget resources are available to cover the cost of the purchase.

47.7. The Vice Principal Corporate Services shall be responsible for making payments to suppliers of goods and services

**48. Best Value and Value for Money**

48.1. The duty of Best Value in Public Services is as follows:

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance,

- To have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.

48.2. The Board of Management and senior managers shall take account of the nine characteristics of Best Value that public service organisations are expected to demonstrate:

- Commitment and leadership
- Sound governance at a strategic and operational level
- Accountability
- Sound management of resources
- Responsiveness and consultation
- Use of review and options appraisal
- A contribution to sustainable development
- Equal opportunities arrangements
- Joint working

48.3. It is a requirement of the financial memorandum that the Board of Management be 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 Scottish Funding Council, Auditor General, Audit Scotland and other relevant bodies.

#### **49. Scheme of Delegation/Financial Authorities**

49.1. The Vice Principal Corporate Services shall notify budget managers of the monetary limits within which they can authorise purchase orders and certify invoices.

49.2. Under no circumstances shall a budget manager authorise a purchase order and certify the resultant invoice. Senior budget managers shall ensure procedures are in place within their department to ensure a separation of duties.

- 49.3. The Vice Principal Corporate Services shall maintain a register of authorised signatories and senior managers must supply him or her with specimen signatures of those authorised to certify purchase invoices for payment.
- 49.4. Under procedures agreed by the Vice Principal Corporate Services, central control shall be exercised over the creation of authorised signatories and their respective financial limits (for electronic systems e.g. PECOS).
- 49.5. The following table sets out procurement authorisation limits for single items of expenditure including capital expenditure.

<b>Expenditure Level</b>	<b>Authorised by:</b>
<b>Less than £10,000</b>	<b>Budget Manager</b>
<b>£10,000 to £25,000</b>	<b>Director or Executive Leadership Team</b>
<b>£25,000 to £50,000</b>	<b>Member of Executive Leadership Team</b>
<b>£50,000 to £100,000</b>	<b>Principal</b>
<b>Over £100,000</b>	<b>Finance &amp; Physical Resources Committee unless incorporated within the approved Financial Plan e.g. approved capital project.</b>
<b>Over £100,000 on management consultancies.</b>	<b>Board of Management and Scottish Funding Council</b>

- 49.6. The limits in the above table can be superseded with a specific scheme of delegation for an individual approved project with the prior approval of the Audit Committee.

**50. SFC Financial Memorandum Delegated Limits**

50.1. The following table sets out the delegated limits for categories of expenditure that require SFC approval or annual reportage. These delegated limits are contained within the SFC Financial Memorandum and are subject to periodic SFC update.

Item	Delegated limits:
External Business and management consultancies	£100,000
Extra contractual payments	£5,000 Report
Compensation payments	£5,000 Report
Special Severance payments	£1,000
Ex-gratia payments	£1,000 Report
Claims Waived or abandoned	£3,000 Report
Write off of bad debt	£3,000 Report
Losses	£3,000 Report
Overseas student irrecoverable loss limit	£6,000 Report
Fraud Loss	£5,000 Report *
Operating Leases -non property	£250,000
Procurement non-competitive action	£25,000

50.2. Number of instances and total cost per category to be reported to SFC at year-end apart from frauds\* which need to be reported as and when they occur.

50.3. The College SMT will monitor the monitor the items covered by the above table and report to the College Finance & Physical Resources Committee any item requiring SFC approval and also provide annual reportage prior to the SFC reporting.

**51. Competitive Tenders**

- 51.1. Senior managers and delegated budget managers must comply with the College's tendering procedures contained in the College's Code of Tendering Practice.
- 51.2. Any proposed expenditure (capital or recurrent) where the anticipated spend is in excess of £25,000 must be subject to competitive tender.

**52. Payment of Invoices**

- 52.1. The procedures for making all payments shall be in a form specified by the Vice Principal Corporate Services.
- 52.2. Suppliers should be instructed by the budget manager to submit invoices for goods or services to the College's Finance Office.
- 52.3. Care must be taken by the budget manager to ensure that discounts receivable are obtained.
- 52.4. Payments shall only be made by the Vice Principal Corporate Services against invoices that have been properly certified for payment in line with approved payment procedures.
- 52.5. All invoices must be fully matched and appropriately authorised prior to payment.

**53. Payment in Advance**

- 53.1. Advance payments to contractors (i.e. payments made before equivalent value is received in return) should be exceptional, and should only be considered if a good value for money case can be made for them (e.g. a price discount commensurate with the value of the funds in question) and if all reasonable steps have been taken to protect public funds.
- 53.2. As a minimum an appropriate risk analysis and proportionate due diligence should be undertaken before agreeing to any advance payment and consideration should be given to the requirement of a performance bond.
- 53.3. Any proposal to make a payment in advanced must be discussed with the Vice Principal Corporate Services.
- 53.4. The following are excluded from the scope of these guideline:



- Service and maintenance contracts requiring payments at the point the contract commences provided a service is already available and can be called on from the date of payment.
- Minor services such as training courses, conference bookings or magazine subscriptions

**54. College Credit Cards**

54.1. Where appropriate, the Vice Principal Corporate Services may approve the issue of College credit cards to senior staff. Such credit cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action.

54.2. Credit card statements must be signed by the credit user to verify expenditure transactions and counter-signed by his/her line manager.

**55. Petty Cash**

55.1. Where a single item is for less than £200, it may be paid from petty cash. In exceptional cases an Executive Leadership Team member may authorise a petty cash payment in excess of £200. All petty cash payments must be supported by receipts or vouchers.

55.2. The Vice Principal Corporate Services shall make available to departments such petty cash accounts as he or she considers necessary for the disbursements of minor expenses.

55.3. Departmental managers must comply with petty cash procedures issued by the Vice Principal Corporate Services.

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

**56. Petty Cash Advances**

56.1. The College's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system to avoid staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement.

56.2. Where such purchases by staff are planned, the Vice Principal Corporate Services and the relevant senior manager may jointly approve cash advances to members of staff who are going to incur expenditure on the College's behalf. Upon completion of the travel or project to which the advance relates, a final account must be prepared to demonstrate how the advance was disbursed. Any unspent cash balance must be repaid as soon as possible.

**57. Late Payment Rules**

57.1. The Late Payment of Debts (Interest) Act 1998 (as amended by the Commercial Debts Regulations 2002) 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;
- The rate of interest is currently 8% per annum above the official daily rate of the Bank of England;
- The Act also applies to overseas organisations;
- The College can be sued for non-payment.

57.2. In view of the penalties in this Act, the budget managers shall ensure the prompt certification of invoices and the Vice Principal Corporate Services shall ensure the resultant payment is processed promptly.

**PAYROLL CONTROL****58. Remuneration Policy**

58.1. The Performance, Nominations & Remuneration Committee shall determine the pay and conditions of senior managers who are not cover by Collective Bargaining arrangements. In determining pay, the Committee shall take cognizance of job evaluation outcomes to ensure equal treatment

58.2. The Principal shall have delegated authority to negotiate changes to pay and conditions of College employees (except the executive leadership & senior management teams). Other senior managers may carry out the negotiations on behalf of the Principal.

58.3. The Principal shall ensure the Students Staff & Equalities Committee is informed of proposed significant changes to pay and conditions together with the financial consequences.

**59. Appointment of Staff**

59.1. All contracts of employment shall be concluded in accordance with the College's approved HR procedures and all offers of employment shall normally be made in the HR Director.

**60. Re-grading of Employees**

60.1. The Principal shall have delegated authority to approve the re-grading of employees (excepting the executive leadership & senior management teams).

60.2. If a re-grading would result in a member of staff moving into the executive leadership team or senior management team, then the Performance, Nominations & Remuneration Committee shall approve the re-grading.

60.3. The re-grading shall normally be determined through a job evaluation exercise carried out by the HR Director in conjunction with the appropriate senior manager.

60.4. Senior managers shall not knowingly allocate additional responsibilities to a member of staff that are inappropriate to his/her grading.

**61. Restructuring Exercises**

61.1. The Board of Management shall approve any proposal to change the senior management structure.

61.2. The Principal shall have delegated authority to restructure below the level of the senior management team. The Principal shall ensure the Students, Staff & Equalities Committee is informed of a proposed restructuring exercise together with the financial consequences.

61.3. The Principal shall not approve a restructuring exercise if the financial consequences cannot be contained within the approved College budget. If this situation arises, then the matter shall be referred to the Finance & Physical Resources Committee for consideration.

**62. Salaries & Wages**

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

62.2. The HR Director shall be responsible for keeping the Vice Principal Corporate Services informed of all matters relating to staff for payroll purposes. In particular these include:

- Appointments, resignations, dismissals, secondments and transfers;
- Absences from duty for sickness or other reason, apart from approved paid leave;
- Changes in remuneration including salary increments and pay awards; and
- Information necessary to maintain records of service for pension, income tax and national insurance.

62.3. The Vice Principal Corporate Services shall be responsible for payments to non-employees (e.g. agency staff).

**63. Pension Schemes**

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

63.2. The HR Director shall be responsible for administering eligibility to pension arrangements and for informing the Vice Principal Corporate Services when deductions should begin or cease for staff.

63.3. The Vice Principal Corporate Services shall be responsible for:

- Paying contributions to various authorised pension schemes;
- Preparing the annual return to various pension schemes.

**64. Travel, Subsistence and Other Allowances**

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

64.2. Claims shall be authorised as follows:

Expenses of:	Authorised By:
Chair of Board of Management	Chair of Finance
Board members	College Secretary
Principal	Chair of Board or Vice Chair
Vice Principals	Principal
Senior Management Team	Executive Leadership Team
College Secretary	Principal
All other members of staff	Appropriate senior manager

64.3. The certification shall be taken to mean that:

- The journeys were authorised;
- The expenses were properly and necessarily incurred;

- The allowances are properly payable by the College; and
- Consideration has been given to value for money in choosing the mode of transport.

**65. Overseas travel**

65.1. The following table sets out the authorisation levels for overseas travel.

<b>Manager</b>	<b>Authorised By:</b>
<b>Chair of Board of Management</b>	<b>Chair of Finance</b>
<b>Board members</b>	<b>Chair of Board</b>
<b>Principal</b>	<b>Chair of Board or Vice Chair</b>
<b>Vice Principals</b>	<b>Principal</b>
<b>Senior Management Team</b>	<b>Executive Leadership Team</b>
<b>All other members of staff</b>	<b>Senior Management Team</b>

65.2. 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 and receive prior approval. The College must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings.

**66. Severance Arrangements**

66.1. The HR Director shall be responsible for developing the College’s Severance Policy and Procedures, which will be subject to the approval of the Board’s Students, Staff & Equalities Committee.

66.2. The College’s proposed scheme should be set by reference to the arrangements in place within the core Scottish Government and set out in the Civil Service Compensation Scheme. If the College’s proposed scheme is an enhancement to the core Scottish Government scheme, then the proposal must be cleared in advance by the Scottish Funding Council.

66.3. The Board of Management’s Performance, Nominations & Remuneration

Committee shall determine the College's severance arrangements for the Executive Leadership Team & senior management team. If the College's proposed scheme is an enhancement to the core Scottish Government scheme, then the proposal must be cleared in advance by the Scottish Funding Council.

66.4. The HR Director and Vice Principal Corporate Services shall work jointly on verifying the cost of severance packages particularly those that impact on the College's pension provision.

66.5. If an approved severance scheme is not in place and it is proposed to make a special severance payment, then payments up to £1,000 must be approved by a member of the College executive. Proposed payments in excess of £1,000 must be cleared by the Scottish Funding Council.

#### **67. Private Consultancies and Other Paid Work**

67.1. The HR Director shall be responsible for developing procedures for regulating members of staff taking up other paid employment including private consultancies whilst in the employment of the College.

67.2. The Principal shall consider and approve, in advance, all requests for secondary paid employment.

### **OTHER COMPENSATION PAYMENTS & ABANDONMENT OF CLAIMS**

#### **68. Compensation Payments**

68.1. A compensation payment is one made in respect to, for example; unfair dismissal, personal injuries or damage to property.

68.2. Any proposed compensation payments must be discussed with the College Secretary and, thereafter, authorised by a member of the College's executive.

68.3. Any proposed compensation payments in excess of £5,000 must be cleared by the Scottish Funding Council.

68.4. The Audit Committee must be provided with a regular report covering ex-compensation payments made by the College.

**69. Ex-gratia Payments**

69.1. An ex-gratia payment is a payment made where there is no legal obligation to make such a payment. These payments are sometimes used to settle a complaint or claim against the College on a no fault basis. Any proposal to make an ex-gratia payment must be discussed with the College Secretary and approved by a member of the College executive. A proposed payment in excess of £1,000 must be cleared by the Scottish Funding Council.

69.2. The Audit Committee must be provided with a regular report covering ex-gratia payments made by the College.

**70. Extra-contractual Payments**

70.1. A payment is regarded as an extra-contractual payment where although not legally due under the original contract there exists the possibility that a court might uphold a claim for payment.

70.2. Any proposed extra-contractual payment must be discussed with the College Secretary and, thereafter, authorised by a member of the College's executive.

70.3. Any proposed extra-contractual payment in excess of £5,000 must be cleared by the Scottish Funding Council.

70.4. The Audit Committee must be provided with a regular report covering extra-contractual payments made by the College.

**71. Waiver and Abandonment of Claims**

71.1. Waiver or abandonment of a claim occurs if it is decided not to pursue a financial or legal claim on behalf of the College.

71.2. A decision on whether or not to pursue or abandon a claim must be discussed with the College Secretary and be authorised by a member of the College's executive.

71.3. Any proposed waiver or abandonment of a claim in excess of £3,000 must be cleared by the Scottish Funding Council.

71.4. The Audit Committee must be provided with a regular report covering the waiver or abandonment of claims.



**ASSETS****72. Land and Buildings**

- 72.1. The purchase, lease or rent of land, buildings shall only be undertaken with authority from the Board of Management's Finance & Physical Resources Committee.
- 72.2. An Option Appraisal consistent with the Green Book must be undertaken to examine the total costs and benefits of different potential solutions. A decision must not be taken on a particular solution before a range of options has been fully considered and appraised - including an analysis of the risks involved.
- 72.3. The price paid on the acquisition will be open to scrutiny and it is therefore vital that an independent valuation is correctly instructed. Acquisition in excess of the independent current valuation should be supported by the Option Appraisal showing that the option represents the best value for money.
- 72.4. A full building survey is essential before purchasing or leasing an existing building. It should be sought at the earliest possible stage.
- 72.5. A post appraisal evaluation should be carried out within six months of acquisition being completed to assess whether or not the appraisal was done as well as possible and check that the property meets the current need.

**73. Asset Register**

- 73.1. The Vice Principal Corporate Services shall be responsible for maintaining the College's assets register.
- 73.2. Senior managers are responsible for maintaining the asset register within their area of responsibility ensuring they follow the Asset Control procedure.
- 73.3. The Vice Principal Corporate Services ensure the asset register is maintained and an annual physical verification and reconciliation is performed.

**74. Stocks and Stores**

- 74.1. Senior managers are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments.

74.2. Senior 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 health & safety and security checks.

74.3. Those senior managers whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Vice Principal Corporate Services.

### **75. Safeguarding Assets**

Senior managers are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They shall consult the Vice Principal Corporate Services where security is thought to be defective or where it is considered that special security arrangements may be needed.

### **76. Personal Use of College Assets**

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

### **77. Asset Disposal**

77.1. The Board of Management shall regularly review its holdings of land and buildings and shall dispose of those that it considers are no longer required, subject to the paragraphs of this section governing disposals of property and other assets.

77.2. The general criteria for the disposal of Exchequer-funded assets are as follows:

- Where the asset is to be sold and the proceeds of the sale are likely to be at or above the £500k threshold, prior Scottish Funding Council approval of the sale is required;
- Where the asset is to be sold and the proceeds of the sale are likely to be less than the £500k threshold (whichever is the lower figure), the College has delegated authority to process the sale.

77.3. The general criteria for the retention and reinvestment of proceeds from the sale of Exchequer-funded assets are as follows:

- Where the sale proceeds to be retained are likely to be at or above the £500k threshold (whichever is the lower figure), prior Scottish Funding Council approval is required; or
- Where the sale proceeds to be retained is likely to be less than the £500k threshold, the College has delegated authority to reinvest the proceeds.

77.4. The required level of authorisation for the disposal of asset are noted in the following table:

<b>Anticipated Proceeds of the Sale or Value of the Asset</b>	<b>Authorised By</b>
<b>In excess of £500,000</b>	<b>Board of Management &amp; Scottish Funding Council</b>
<b>Between £100,000 and £500,000</b>	<b>Finance &amp; Physical Resources Committee</b>
<b>Between £10,000 and £50,000</b>	<b>Principal, Vice Principal Corporate Services</b>
<b>Less than £10,000</b>	<b>Manager from Senior Management Team plus Vice Principal Corporate Services</b>

77.5. The disposals of assets at less than market value must be considered by the Finance & Physical Resources Committee and cleared by the Scottish Funding Council.

77.6. Other plant and equipment assets which are surplus to requirements should normally be sold by public auction or tender. Payment should normally be required to be made before goods are released for collection or delivery. The law implies that any goods sold are of merchantable quality and fit for the purpose for which they are sold. If there is any reason to believe that goods are faulty or sub-standard, it should be made clear that they are sold "as seen" and without any implied warranties as to quality or fitness.

**78. Lease/Rent of College Assets**

78.1. The general criteria for the leasing of an asset is as follows:

- Where the asset is to be leased for a period of 5 years duration or more, prior Scottish Funding Council approval is required; and
- Where the asset is to be leased for a period of less than 5 years duration, the College has delegated authority to process the lease.

78.2. The required level of authorisation for the lease/rental of assets is noted in the following table:

Anticipated Lease/Rental Period	Authorised By
5 years duration or more	Board of Management & Scottish Funding Council
Annual lease charge greater than £50,000	Board of Management & Scottish Funding Council
2 years to 5 years duration and less than £50,000 annual lease charge	Finance & Physical Resources Committee
Up to 2 years and less than £50,000 annual lease charge	Principal, Vice Principal Corporate Services

## **DONATIONS & TRUST FUNDS**

### **79. Donations**

The Vice Principal Corporate Services shall be responsible for maintaining financial records in respect of donations made to the College and initiating claims for recovery of tax where appropriate.

### **80. College Trust Funds**

80.1. This section applies to trust funds that are under the College's control.

80.2. The College Secretary shall be responsible for ensuring that all the College's trust funds are operated within any relevant legislation and the specific requirements for each trust.

80.3. The College Secretary shall be responsible for maintaining a record of the requirements for each trust fund.

80.4. The Vice Principal Corporate Services shall be responsible for advising the Finance & Physical Resources Committee on the control and investment of fund balances.

### **81. Donations to Trust Funds & Charitable Foundations**

81.1. Donations by the College to trust funds or charitable foundations must be approved by the Finance & Physical Resources Committee.

81.2. The Finance & Physical Resources Committee shall review any proposed conditions attached to a donation.

81.3. The Vice Principal Corporate Services shall be responsible for processing approved donations.

### **82. Grant Requests to Trust Funds & Charitable Foundations**

82.1. Any proposed grant request to a trust fund or charitable foundation must be approved by a member of the College's executive.

82.2. Any proposed request in excess of £100,000 must be approved by an appropriate Board of Management Committee.

### **83. Insurance**

83.1. The Scottish Ministers' policy is one of self-insurance.

83.2. The Board of Management would be justified in taking out commercial insurance **only** in specified circumstances or if the cost of claims, including in-house and contracted-out administration costs, was calculated as likely to exceed the cost of insurance premiums.

83.3. If the College proposes to take out commercial insurance, either on a value for money basis or in circumstances other than those specified in the Scottish Public Finance Manual, then the College must secure the prior approval of the Scottish Funding Council.

83.4. Commercial insurance **must**, however, be taken out where there is a legal requirement to do so:

- Motor vehicle insurance.
- Where buildings insurance is a condition of a lease.
- Where private sector contractors and developers take out a joint site insurance policy because it is cheaper than each individual party insuring themselves separately and the client's own risks can be covered for little or no extra cost.
- Where the purchase of insurance is integral to a project and where the cost would make no difference to the choice of contractor.
- Corporate travel insurance for staff travelling abroad on official business where the cost of emergency cover could be justified in terms of the availability of local support should an incident occur and the duty of care that employers have towards their employees.
- Insurance in relation to commercial income generation schemes where the cost of such insurance would be met entirely out of the income generated by those schemes.
- Insurance in respect of boilers and lifts where the cost of the premium covers periodic expert inspection designed to reduce the risk of loss or damage; and
- Insurance in respect of loaned assets where the lender is not prepared to accept an indemnity or letter of comfort.

83.5. The Vice Principal Corporate Services shall be responsible for the College's insurance arrangements, including the provision of advice on the types of cover available.

83.6. Senior managers must give prompt notification to the Vice Principal Corporate Services of any potential new risks that may require insurance cover and of any alterations affecting existing risks.

83.7. Senior managers must advise the Vice Principal Corporate Services immediately of any event that may give rise to an insurance type claim.

#### **84. Granting of Indemnities**

84.1. The College is required to seek the Scottish Funding Council's written consent if it intends to lend or give a guarantee, indemnity or letter of comfort. Written consent is not, however, required if:

- An actual or effective value can be calculated for the arrangement; and
- The actual or effective value is less than 4% of total College income.

84.2. Any member of staff asked to give an indemnity, for whatever purpose, must consult the College Secretary before any such indemnity is given.

## **85. Companies and Joint Ventures**

85.1. In certain circumstances it may be advantageous to the College to establish a company or a joint venture to undertake services on behalf of the College. Any member of staff considering the use of a company or a joint venture should first seek the advice of the College Secretary.

85.2. The Board of Management is responsible for approving the establishment of all companies or joint ventures and the procedure to be followed in order to do so.

85.3. It is the responsibility of the Board of Management to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the College.

85.4. The directors of companies where the College is the majority shareholder must submit, via the Finance & Physical Resources Committee, an annual report to the Board of Management. The Company shall also submit business plans or budgets as requested to enable the Committee to assess the risk to the College.

85.5. Where the College is the majority shareholder in a company, that company's financial year shall be consistent with that of the College. In addition, the Vice Principal Corporate Services shall determine financial procedures to ensure, for example, the company is properly charged for direct costs and a reasonable share of overheads.

## **86. Procurement & Service Contracts**

86.1. The College Secretary shall be responsible for the safekeeping of official and legal documents relating to the College. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the College Secretary.



## Definitions

SFC	Scottish Funding Council
GCRB	Glasgow Colleges Regional Board
ELT	Executive Leadership Team

## References

### Policy Framework

Associated Policies and Procedures	Title
Policy	Procurement Policy
Policy	Fraud Prevention Policy
Policy	Anti-Bribery & Corruption Policy

### Other College Policies and Procedures

Policy / Procedure	Title
Procedure	Asset Control procedure

### External References

Source	Title
Scottish Government	Scottish Public Finance Manual
SFC	Financial Memorandum
SFC	Audit Code of Practice

<b>Approval Status</b>							
<b>Approved by</b>	Finance & Physical Resources Committee						
<b>Date Approved</b>	2nd October 2019						
<b>EQAI Status</b>	<table border="0"> <tr> <td>Initial Screening Conducted?</td> <td>Yes: <input checked="" type="checkbox"/></td> <td>No: <input type="checkbox"/></td> </tr> <tr> <td>Full EQIA Conducted?</td> <td>Yes: <input type="checkbox"/></td> <td>No: <input type="checkbox"/></td> </tr> </table>	Initial Screening Conducted?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>	Full EQIA Conducted?	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
Initial Screening Conducted?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>					
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<b>Proposed Review Date</b>	June 2021						
<b>Lead Department</b>	Finance						
<b>Lead Officer(s)</b>	Vice Principal Corporate Services						
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## Revision Log

Version Date	Section of Document	Description of Revision
V1		Initial post merger policy
V2		Regular update June 2011
V3		Regular update April 2012
V4		Regular update September 2014
V5		Regular update May 2016
V6	Several sections & job titles	Update in response to recent incident