



FINANCIAL REGULATIONS

REFERENCE: PL/CS/2018/005

Policy Owner	Director of Finance
Lead Officer	Finance Manager
Review Officer	Accountant
Date first approved by BoM	10 December 2007
First Review Date	22 June 2009
Date review approved by BoM	18 December 2018
Next Review Date	June 2019
Equality impact assessment	12 September 2012
Further information (where relevant)	

Reviewer	Date	Review Action/Impact
Finance Officer	22/09/2009	Review approved by BoM
Finance Officer	07/10/2010	Review approved by F&GP Committee
Finance Officer	23/11/2012	Review approved by Audit Committee
Accountant	26/10/2017	Review approved by BoM
Accountant	18/12/2018	Review approved by BoM

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INTRODUCTION AND BACKGROUND

1 General Provisions

- 1.1. The Further and Higher Education (Scotland) Act 1992, ('the Act') created a framework for Further Education Colleges offering both full-time and part-time education to act as free corporate bodies, with powers to employ staff and to own land and buildings. From 1 April 1993, they were funded directly from Government, through the Scottish Funding Council (SFC), and taken out of local authority/ education authority controls. In October 2010, the UK Office for National Statistics (ONS) took the decision to reclassify further education colleges throughout the UK as public bodies, with the result that they are now treated as part of central government for budgeting, reporting, and accounting purposes.
- 1.2. The Financial Memorandum with Fundable Bodies in the College Sector sets out the formal relationship between the SFC and college sector fundable bodies and the requirements with which funded bodies must comply as a term and condition of SFC grant. This memorandum was issued by the Scottish Further Education Funding Council effective from 1 December 2014. The current Financial Memorandum for Inverness College UHI is between UHI (the Regional Strategic Body) and Inverness College UHI and came into effect on 1 January 2016 (Appendix A). The Board of Management is responsible for ensuring that the conditions of grants are met. As part of that process, the College must ensure that it has sound systems of internal financial and management controls. The Financial Regulations of the College form part of this overall system of accountability and control.
- 1.3. The Financial Regulations should be read in conjunction with publications and guidelines from the following resources:
 - Statement of Recommended Practice
 - Audit Scotland
 - Accounting Standards
 - Scottish Parliament Audit Committee
 - HE College Administrative Schemes
 - Scottish Funding Council (SFC)
 - Scottish Public Finance Manual
 - Finance Manual – Inverness College
 - Inverness College UHI Board of Management Articles of Governance
 - HM Treasury Financial Reporting Manual

2 Status of Financial Regulations

- 2.1. This document sets out the College's Financial Regulations. It translates into practical guidance, the College's broad policies relating to financial control.

- 2.2. These Financial Regulations are subordinate to Inverness College's instruments and articles of governance and to any restrictions contained within Inverness College's Financial Memorandum.
- 2.3. The purpose of these Financial Regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's Strategic Plan and business objectives, these include:
- Financial viability
 - Achieving value for money
 - 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
 - Safeguarding the assets of the College
- 2.4. Compliance with these Financial Regulations is compulsory for all staff connected with the College. Any staff member who fails to comply with the financial regulations may be subject to disciplinary action under the College's Disciplinary policy. It is the responsibility of managers to ensure that staff are made aware of the existence and content of these Financial Regulations.
- 2.5. The Finance and General Purposes Committee is responsible for overseeing, reviewing and approving the Financial Regulations, through the Director of Finance.
- 2.6. In exceptional circumstances, the Principal may authorise a departure from the detailed provision herein, such departure to be reported to the Finance and General Purposes Committee at its earliest opportunity.
- 2.7. Inverness College's detailed Financial Procedures set out how these regulations will be implemented and are contained in the Finance Manual.

CORPORATE GOVERNANCE

3 Responsibility of the Principal and Chief Executive

- 3.1. The College Principal is responsible for the detailed administration of the College and will act as the Chief Executive and the Board's Chief Educational advisor.
- 3.2. The Principal is responsible for satisfying that the Board of Management meets the requirements of the Financial Memorandum as a condition of receiving grant funding. In particular, UHI requires that the College complies with the principles of good governance set out in the Code of Good Governance for Scotland's Colleges, ensuring that:

- Public funds are used in accordance with relevant legislation, the requirements of the Financial Memorandum and only for the purpose(s) for which they were given. Strategic, capital or other grant funding must only be used for the purpose for which it is provided by the Regional Strategic Body
- Subject to any legal requirement to observe confidentiality, the College will be open and transparent with the Regional Strategic Body and other stakeholders, and will give, or be prepared to give, a public justification of its decisions in relation to the use of public funds
- The College strives to achieve value-for-money and is economical, efficient and effective in its use of public funding
- There is effective planning and delivery of the College's activities in accordance with its mission and its commitments to the Regional Outcome Agreement agreed with SFC
- The College plans and manages its activities to remain sustainable and financially viable. An institution is being managed on a sustainable basis if, year on year, it generates sufficient income to cover its costs and allow for maintenance of and investment in its infrastructure (physical, human and intellectual) at a level which enables it to maintain adaptive capacity necessary to meet future demands
- The College has a sound system of internal management and control, including an audit committee, an effective internal audit service, and adequate procedures to prevent fraud or bribery
- The College has an effective policy of risk management and risk management arrangements
- The College has regular, timely, accurate and adequate information to monitor performance and account for the use of public funds. Such information will be made available to the Regional Strategic Body on request, as necessary, for the exercise of its functions and to gain assurance
- The College is engaged actively in continuously enhancing the quality of its activities and involves students and other stakeholders in these processes• The Regional Strategic Body Internal Audit Service has rights of access to all the College's premises, staff, records information and assets which it considers necessary to fulfil its role and responsibilities. Access will be arranged by prior agreement where possible
- As well as being accountable directly to the governing body of the College for the proper conduct of the College's affairs, the Chief Executive Officer of the College is also accountable directly to the Regional Strategic Body's Chief Officer for the College's proper use of funds deriving from the Regional Strategic Body and its compliance with the requirements of this FM.

3.3. The Principal and Chief Executive shall demonstrate his or her oversight of financial matters by signing the balance sheet within the annual financial statements.

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

3.5. In particular, the Principal and Chief Executive shall:

- Sign the accounts and ensure satisfactory and adequate records are retained in a form acceptable for presentation to the Scottish Parliament.
- Advise the Board of Management on the proper discharge of its financial duties.
- Be authorised to write off losses, up to a level as specified in the Scheme of Delegation contained in the Articles of Governance, and to instruct special payments.
- Be involved with the SFC Chief Executive on matters relating to public funding which arise before the Public Accounts Committee / Scottish Parliament.
- Vire between budget heads when necessary within agreed overall budgets, taking account of and complying with these Regulations.

4 Responsibility of the Director of Finance

4.1. The Director of Finance is responsible to the Board of Management for providing appropriate financial context and information on the financial position of the College.

4.2. The Director of Finance is responsible for the day-to-day financial administration of the College and to the Principal and Chief Executive for:

- Preparing annual capital and revenue budgets and financial plans.
- Preparing accounts, management information, monitoring and control of income and expenditure against budgets and all financial operations.
- Preparing the College's annual accounts and other financial statements and accounts.
- Ensuring that the College maintains satisfactory financial systems.
- Provision of advice on financial policy and liaising with internal and external auditors to achieve efficient processes.
- Ensuring that the College adheres to the specific delegated financial limits and annual reporting requirements set out in Appendix G.

5 Responsibility of Budget Holders

5.1. Every budget holder shall ensure that at all times they comply fully with the College's Financial Regulations and Financial Procedures, and endeavour to secure value for money on all expenditure budgets for which they are responsible. They are fully responsible for working within their budgetary limits.

5.2. Budget holders must provide the Director of Finance on request information to assist with:

- Financial planning
- Compilation of College Financial statements
- Implementation of audit, financial, project and value for money reviews and recommendations

6 Staff Responsibility

- 6.1. All staff members should be aware and have responsibility for the security of the College's property, for avoiding loss and for due economy in the use of resources. They should ensure that they are aware of the College's financial authority limits, and College procurement guidance (see Procurement Toolkit).
- 6.2. Staff shall make available any relevant information to the Finance Department in connection with the implementation of the College's Financial Procedures, these Financial Regulations and the system of internal financial control.
- 6.3. Staff shall provide the Director of Finance 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.
- 6.4. All staff must immediately notify the Director of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, property or matters owned by the College.

7 Risk Management

- 7.1. Risk is the threat that an action or event will adversely affect the College's ability to achieve its objectives. Risk management seeks to control the potential loss or damage to which the College is exposed.
- 7.2. The College acknowledges the risks inherent in its business, and is committed to managing those risks that may cause a threat whether this is financially or objectively. Guidance on the level of risk considered to be acceptable and unacceptable by the College is set out in the Risk policy statement. Also contained within this policy are the requirements to have a Risk Register, Risk Mitigation Plan for the College and a Business Contingency Plan. The College has a Business Continuity policy statement.
- 7.3. The Board of Management has overall responsibility for ensuring there are appropriate risk management arrangements.
- 7.4. The Audit Committee monitors risk on behalf of the Board of Management and reports annually to the Board of Management.

8 Public Interest Disclosure (Whistle-blowing)

- 8.1. The College has a Public Interest Disclosure Policy, which complies with the Public Interest Disclosure Act 1998.

9 Code of Conduct

- 9.1. The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe.
- 9.2. The College has a Code of Conduct for Board members and a Staff Code of Conduct.
- 9.3. The College holds registers of interests for the Board of Management and the Senior Management team, maintained by the College Secretary.

10 Receiving gifts or hospitality

- 10.1. It is an offence under the Prevention of Corruption Act 1906, the Bribery Act and the Staff Code of Conduct to accept any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:
 - The conduct of individuals should not create suspicion of any conflict between their official duty and their private interest.
 - The action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or 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. Staff members should seek guidance from the Director of Finance when there is an offer of gifts or hospitality. For the protection of staff, the College Secretary will maintain a register of gifts and hospitality received where the value is in excess of £20.00. All relevant details should be passed on via the [Gifts and Hospitality Form](#).
 - Gifts or hospitality received must be reasonable and proportionate to the nature of the relationship and must be accepted for the primary purpose of better presenting the College or establishing cordial relationships with business partners.
 - At all times staff must follow guidelines as contained within the staff Code of Conduct.

11 Financial Planning

- 11.1. The Director of Finance is delegated responsibility by the Principal and Chief Executive for preparing annual financial plans for approval by the Board of Management, on recommendation from the Finance and General Purposes Committee, and for preparing financial forecasts for submission to the funding

body. Financial plans should be consistent with the strategic plans and Estates strategy approved by the Board of Management.

12 Resource Allocation

- 12.1. Resources are allocated annually by the College's Senior Management Team and recommended to the Board of Management through the Finance and General Purposes Committee, on the basis of the above objectives. College managers are responsible for the economic, effective and efficient use of resources allocated to them.

13 Budget Preparation

- 13.1. The Director of Finance is responsible for preparing an annual revenue budget and capital programme for consideration by the Finance and General Purposes Committee before submission to the Board of Management for approval.
- 13.2. The budget should include monthly cash flow forecasts for the year. The Director of Finance must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to College managers following approval by the Board of Management.
- 13.3. Throughout the year, the Director of Finance is responsible for submitting revised budgets to the Finance and General Purposes Committee and the Board of Management.

14 Capital Expenditure Programme

- 14.1. The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs, whether or not they are funded from capital grants, to be capitalised for inclusion in the College's financial statements. The College's capital programme is approved by the Finance and General Purposes Committee.
- 14.2. The Director of Finance will establish procedures for the inclusion of capital projects in the capital programme for approval by the Finance and General Purposes Committee. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. These are shown at Appendix C.
- 14.3. The Director of Finance will also establish procedures for the approval of significant variations to approved projects, to the Principal and Chief Executive, the Finance and General Purposes Committee, and if appropriate, to the funding body.

- 14.4. The Director of Finance will provide regular statements concerning capital expenditure to the Finance and General Purposes Committee for monitoring purposes.
- 14.5. Following completion of any capital project, a final report should be submitted to the Finance and General Purposes Committees including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Where applicable, a post-project evaluation report may also need to be sent to the relevant funding body.

15 Overseas Activity

- 15.1. If planning and undertaking overseas activity, the College must have due regard to the relevant guidelines issued by the funding body.

16 Other Major Developments

- 16.1. Any new major aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time should be presented for approval to the Finance and General Purposes Committee. The information that is required for each proposed development as well as the financial criteria that they are required to meet are summarised at Appendix D.

17 Financial Control

- 17.1. 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 managing their budgets such that income targets are achieved and expenditure limits are not exceeded. Subject to the approval of the Senior Management Team, and conditional on other budgets being satisfactorily controlled, expenditure may include a proportion of additional income generated during the year.
- 17.2. Significant departures from agreed budgetary targets must be reported immediately to the Director of Finance by the Budget Holder concerned and, if necessary, corrective action taken.
- 17.3. The College's specific delegated financial limits are set out in Appendix G. The institution must obtain SFC's prior written approval, through the Regional Strategic Body, before entering into any undertaking to incur any expenditure that falls out with these delegations.
- 17.4. Prior SFC approval, through the Regional Strategic Body, must always be obtained before incurring expenditure for any purpose that is, or might be considered, novel, contentious or repercussive or which has or could have

significant future cost implications. Novel is interpreted as involving proposed expenditure or financial arrangements of a sort not undertaken previously or which is not standard practice. Contentious would include proposed expenditure or financial arrangements where there was any doubt as to its regularity e.g. its compliance with relevant legislation or guidance – or its propriety – e.g. compliance with the standards expected of publicly funded bodies or their officials. Proposed expenditure or financial arrangements that might be considered to be sensitive would also be regarded as contentious.

18 Financial Information

18.1. Budget Holders are assisted in their duties by management information provided under arrangements approved by the Director of Finance. The types of management information available to the different levels of management are described in the detailed Financial Procedures, together with the timing at which they can be expected.

18.2. The Director of Finance is responsible for supplying budgetary reports on all aspects of the College's finances to the Finance and General Purposes Committee. The report shall outline the income and expenditure of the College for the financial year to date, and be presented to the Board of Management.

19 Changes to the Approved Budget

19.1. Changes proposed to the approved College budget must be considered by the Finance and General Purposes Committee and if required the Board of Management.

20 Virement

20.1. Where a budget manager is responsible for more than one budget, virement is permitted of up to £3,000 of the budget to which virement is sought, with the approval of the Director of Finance.

ACCOUNTING ARRANGEMENTS

21 Financial Year

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

22 Basis of Accounting

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

23 Format of the Financial Statements

- 23.1. The financial statements are prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education, the Accounts Direction issued by the Scottish Funding Council; the Financial Memorandum, the Scottish Public Finance Manual (SPFM) and the Financial Reporting Manual (FReM) where applicable.

24 Annual Reporting Requirements

- 24.1. The college is required to report annually to SFC, through the Regional Strategic Body, on the levels of its expenditure for certain categories of expenditure above specified levels detailed in the Financial Memorandum. A summary of these requirements is detailed in Appendix G.

25 The Public Services Reform (Scotland) Act 2010

- 25.1. After the end of the financial year, the college must publish a statement of any expenditure incurred during that financial year in connection with:

- Public Relations
- Overseas Travel
- Hospitality and entertainment
- External consultancy

- 25.2. A statement must be produced giving specific details of any transactions relating to any of the matters listed above made during the financial year in excess of £25,000.

26 Capitalisation and Depreciation

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

- 26.2. Expenditure incurred on repairs, refurbishment or extension of existing buildings will be capitalised where it can be demonstrated that the work represents an improvement to the original specification of the building, and the resultant building value would be greater than the current book value.

- 26.3. Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost is £5,000 or more. Grouped items (e.g. a suite of computers) with a collective total value of £5,000 or more may also be capitalised. Capitalised assets other than land and buildings will be depreciated in line with the College's accounting policies.
- 26.4. Where capital assets are funded by SFC or other government grant, a capital grant balance will be established and will be released to income over the useful life of the asset.

27 Accounting Records

- 27.1. The Director of Finance is responsible for the retention of financial documents. Retained records should be kept in a form that is acceptable to the relevant authorities, and complies with the Freedom of Information (Scotland) Act 2002, the Data Protection Act 2018 and the UK General Data Protection Regulation.
- 27.2. The College is required by law to retain prime documents for six years (or as detailed within specific funding requirements). These include: official purchase orders, paid invoices, invoices raised, bank statements, receipts and payroll records (including expense claims).
- 27.3. The Director of Finance will make appropriate arrangements for the retention of electronic records.
- 27.4. Staff should ensure that retention arrangements comply with any specific requirements of funding organisations. Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder.

28 Public Access

- 28.1. The Board of Management is required to supply any person with a copy of the College's most recent approved financial statements within twenty days of a request. The College will allow members of the public to inspect the statement of accounts during normal working hours. Published accounts will also be posted on the College website. Note that financial statements are only fully approved once they have been laid before Parliament and no publication can take place before this.

29 Taxation

- 29.1. The Director of Finance is responsible for advising managers, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues relating to the College.
- 29.2. The Director of Finance shall ensure compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty. This will include provision for maintaining the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

AUDIT REQUIREMENTS

30 General

- 30.1. External auditors and internal audit staff 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.
 - Access records belonging to third parties, such as contractors, when required.
- 30.2. The Director of Finance is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.
- 30.3. The financial statements will be considered by the Finance and General Purposes Committee, and reviewed by the Audit Committee. On the recommendation of these Committees, they will be submitted to the Board of Management for approval, and to the funding body, who will present them to the Scottish Parliament via the external auditors. The financial statements shall be signed by the Principal and Chief Executive and Chairman of the Board of 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. Their duties will be in accordance with advice from Audit Scotland.

32 Fraud and Corruption

- 32.1. It is the duty of all members of staff, management and the Board Members to notify the Director of Finance immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. Please also refer to the Bribery Act (2011). The Director of Finance shall immediately advise the Principal and Chief Executive who will consider the course of action to take. Any frauds that are detected must be reported to SFC, through the Regional Strategic Body, as and when they occur. If the suspected fraud is thought to involve the Director of Finance and/or the Principal, the member of staff shall notify the College Secretary; who in turn will contact the Chair of the Audit Committee directly about the irregularities.

33 Value for Money

- 33.1. It is a requirement of the financial memorandum that the Board of Management 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 funding body, Audit Scotland, the Public Accounts Committee or other relevant bodies. The College has a Value for Money Policy.
- 33.2. To fulfil this responsibility, the Board of Management will annually review spending for evidence of value for money received and will provide evidence of compliance with the funding body's requirements. It will be used to enable the Audit Committee to refer to value for money in its annual report.

34 Other Auditors

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

TREASURY MANAGEMENT

35 Treasury Management

- 35.1. The College has a Treasury Management procedure (contained in the Financial Procedures) setting out the College position on cash management, investments and borrowings. This must comply with the SFC rules regarding approval for any borrowing.
- 35.2. All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Principal and Chief Executive or the Director of Finance who will prepare an appropriate reporting system. All borrowing shall be undertaken in the name of the College and shall conform to any relevant funding body approval and requirements. Any investments of a speculative nature must not be made without the prior written approval of SFC, through the Regional Strategic Body.
- 35.3. The Director of Finance will report to the Finance and General Purposes Committee on the activities of the treasury operation and on the exercise of treasury powers delegated to him/ her.

36 Appointment of Bankers and Other Professional Advisors

- 36.1. The Finance and General Purposes Committee is responsible for the appointment of the College's bankers and other professional financial advisers (such as investment managers). The appointment shall be subject to regular review, the results of which will be reported to the Finance and General Purposes Committee. Colleges are required to subscribe to the Government Banking Service contract from financial year 2017-18.

37 Banking Arrangements

- 37.1. The College Director of Finance is responsible, on behalf of the Finance and General Purposes Committee, for liaising with the College's bankers in relation to the College's bank accounts. All payments shall be ordered on the authority of the Director of Finance, who shall make proper arrangements for their safe custody.
- 37.2. Colleges are required to subscribe to the Government Banking Services (GBS) contract from financial year 17-18 onwards.
- 37.3. Only the Director of Finance or nominated deputy may open or close a bank account for dealing with the College's funds. All bank accounts shall be in the name of the College or one of its subsidiary companies.
- 37.4. Cheque payments up to an agreed amount shall require one signature before release of funds. Cheque payments over £5,000 must be signed by two authorised persons. Details of authorised persons and limits shall be provided for in the College's Financial Manual. Individual payments with a value of less than £5,000 will be verified by an appropriately senior member of staff.

- 37.5. With the exception of inter-account transfers under £100,000, electronic banking payments must have separation between payment initiation and authorisation. One electronic authorisation is required and payments should then be countersigned by either the Finance Manager or the Director of Finance.
- 37.6. BACs payment runs to suppliers are countersigned by the Director of Finance after transmission. The exception to this is payroll where this is carried out prior to transmission. For details on transmission limits please see the Finance Manual.
- 37.7. The Director of Finance is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

INCOME

38 General

- 38.1. The Director of Finance is responsible for ensuring that the College receives all income to which it is entitled. All receipt forms, invoices or other official documents in use and electronic collection systems must have the prior approval of the Director of Finance. Levels of charges for all College services provided, including contract research, services rendered, goods supplied and rents and lettings will be reviewed regularly and agreed by the Finance and General Purposes Committee at least annually. The Director of Finance is responsible for the prompt collection, security and banking of all income received.
- 38.2. The Director of Finance is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the College's accounts.
- 38.3. The Director of Finance is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

39 Maximisation of Income

- 39.1. It is the responsibility of all staff to ensure that revenue to the College is maximised, and for the identification, collection and banking of income.

40 Receipt of Cash, Cheques and Other Negotiable Instruments

- 40.1. All monies received within departments from whatever source must be recorded by the department on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable

instruments. Receipts must be given where money is delivered in person or where specifically requested, using official receipt stationery.

40.2. All monies received must be banked or paid to the cashier promptly, and in accordance with a timetable prescribed by the Director of Finance and set out in the Financial Procedures. The custody and transit of all monies received must comply with the requirements of the College's insurers.

40.3. All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous expenses or be paid into the petty cash float.

41 Collection of Debts

41.1. The Director of Finance is responsible for ensuring that:

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

41.2. Only the Principal and Chief Executive or Director of Finance can implement non-standard credit arrangements outside those approved by the Finance and General Purposes Committee. Any subsequent changes to standard credit terms must be submitted to Finance and General Purposes Committee for approval.

41.3. Recovery of debts outside the standard terms of payment may include the right to charge interest on late payments under the terms of the Late Payment of Debts (Interest) Act 1998.

41.4. Requests to write off debts must be approved in accordance with the Financial Procedures. All debts written off must be in accordance with the College Scheme of Delegation (contained in the Governance Manual) and reported to the Finance and General Purposes Committee. Any write-offs greater than £3,000 must be reported to the SFC, through the Regional Strategic Body, on an annual basis (see Appendix G).

42 Student Fees

42.1. The Director of Finance is responsible for ensuring that all student fees due to the College are received. HE Fees are set by UHI and Inverness

College adheres to the UHI Fees Policy. Increases in FE student fees must be agreed by the Finance and General Purposes Committee.

- 42.2. Any student who has not paid an account for fees or any other item owing to the College will not be permitted to complete their course until all outstanding debts have been cleared. Such students shall be prevented from re-enrolling at the College and from using any of the College's facilities unless appropriate arrangements have been made and approval has been given by the Principal.

43 Discretionary Fund and Childcare Payments

- 43.1. The College will comply with the Scottish Funding Council scheme for discretionary fund payments. Under no circumstances should payments be made other than in accordance with this approved scheme.
- 43.2. The Director of Finance is responsible for ensuring the adequacy of the systems in place for:
- Approving funding awards in accordance with the scheme.
 - Paying awards that have been approved.
 - Recovering repayable loans that have been paid.

GRANTS AND CONTRACTS

44 General

- 44.1. Where approaches are to be made to outside bodies for support for research projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the Budget Holder to ensure that the financial implications have been appraised by the Director of Finance or a nominee. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.
- 44.2. The Director of Finance is responsible for ensuring that there is adequate provision of resources to meet all commitments. The Director of Finance should ensure that the full cost of the project or contract is established. The agreement must be in line with the Colleges Financial Procedures with regard to indirect costs and other expenses and taking account of different procedures for the pricing of projects depending on the nature of the funding body.
- 44.3. Grants and contracts must be submitted in the name of the College and authorised prior to submission. Only the Director of Finance or the Principal and Chief Executive may authorise applications on behalf of the College.
- 44.4. The Director of Finance shall ensure that all financial records relating to grants and contracts are maintained in the approved manner and that all claims for reimbursement are initiated by the due date.

44.5. Each grant or contract will have a named contact and will be assigned to a specific budget holder.

44.6. The budget holder will control pay and non-pay expenditure. The budget holder may delegate day-to-day control to a designated person, but any overspend or under-recovery of overheads is the responsibility of the budget holder with any loss being a charge on departmental funds.

45 Grant and Contract Conditions

45.1. Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions may result in the College suffering a significant financial penalty. It is the responsibility of the named supervisor or grant holder to ensure that conditions of funding are met. Any loss to the College resulting from a failure to meet conditions of funding is the responsibility of the budget holder, and will be charged against departmental funds.

OTHER INCOME GENERATING ACTIVITY

46 Private Consultancies and Other Paid Work

46.1. Unless otherwise stated in a staff member's contract, outside consultancies or other paid work may not be accepted without the consent of a member of the Senior Management Team (and in the case of a member of the Senior Management Team, the Principal).

46.2. Applications for permission to undertake work must be submitted for the appropriate authorisation and then be sent to the Director of Finance and will include the following information:

- The name of the member(s) of staff concerned.
- The title of the project and a brief description of the work involved.
- The proposed start date and duration of the work involved.
- Full details of any College resources required (for the calculation of the full economic cost).
- An undertaking that work will not interfere with the teaching and/ or normal College duties of the member(s) of staff concerned.
- Any intellectual property implications (due regard to section 55 of these Regulations).

47 Non Grant Funded Income

- 47.1. This relates to any commercial or non grant funded income including innovation funding and knowledge transfer partnerships.
- 47.2. Any commercial or non grant funded activity, with the exception of Research and the Early Learning and Childcare centre will be managed by the Business Development Directorate.
- 47.3. All activity managed by the Business Development Directorate will be subject to the Directorate's agreed processes. All activities will be costed in accordance with resourcing rates agreed with the Finance Manager which will be reviewed on an annual basis. The Director of External Relations will sign off all costings with a view to market rates and sustainability.
- 47.4. No income generating activities referred to in this section are to be undertaken without the approval of the Director of External Relations

48 Profitability and Recovery of Overhead Costs

48.1 All other income-generating activities must be self-financing or surplus generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the Director of Finance.

49 External business and management consultancy contracts

48.1. Any external consultancy contracts with a value of more than £100,000 must be approved in advance by the SFC, through the Regional Strategic Body.

50 Deficits

49.1. Any unplanned deficits incurred on other income-generating activities will be charged to departmental funds.

51 Retention of income

50.1. The college can retain all commercial income, bequests or donations received. These funds will be in addition to any grant or funding the college receives from the Regional Strategic Body or SFC. There can be no carry forward of any funds.

50.2. Donation of surplus funds to arms-length foundations

The College may donate any surplus on its income and expenditure account as at 31 March each year to an arms-length foundation (ALF), subject to approval from the Finance and General Purposes Committee. The donation must take place in the financial year in which it arises, and is subject to sufficient cash and resource

cover being available. For the purposes of donations to an arms-length foundation, the financial year is the Scottish Government financial year, which is April to March.

52 Additional Contributions to Departments

51.1. Distribution of profits on other income-generating activity between central funds of the College and individual departments will be in accordance with the Financial Procedures.

INTELLECTUAL PROPERTY RIGHTS AND PATENTS

53 General

52.1. Certain activities undertaken within Inverness College including research and consultancy may involve the creation of works, designs, databases and inventions, which may give rise to copyright, design rights, patents and other proprietary rights, some of which may be patentable or registrable. These are collectively known as intellectual property.

54 Patents

53.1. The Principal is responsible for establishing a policy as required to deal with any patents or other intellectual property rights accruing to Inverness College from inventions and discoveries, works, designs and databases made by staff in the course of their work.

55 Intellectual Property Rights

54.1. In the event of the College deciding to become involved in the commercial exploitation of inventions and research or other intellectual property rights, the matter should then proceed in accordance with Intellectual Property policy. These would be developed as required following legal advice and be approved by the Finance and General Purposes Committee. The College will adopt the UHI Intellectual Property Policy where applicable.

EXPENDITURE

56 General

55.1. The Director of Finance is responsible for making payments to suppliers of goods and services to the College.

57 Delegation to Budget Holders

- 56.1. The budget holder is responsible for purchases within their department. Budget holders are required to observe the College's Financial Procedures and adhere to guidelines in the Procurement Toolkit. Purchasing authority may be delegated to named individuals within the department.
- 56.2. The Director of Finance shall maintain a register of authorised signatories and budget holders must supply them with specimen signatures of those authorised to commit the College to goods or services or to certify documents for payment.
- 56.3. Central control by the Director of Finance shall be exercised over the creation of requisitioners and authorisers and their respective financial limits within any electronic requisitioning system.
- 56.4. The Director of Finance must be notified immediately of any changes to the authorities to commit expenditure.
- 56.5. Budget holders are not authorised to commit the College to expenditure without first ensuring that sufficient funds are available in an approved budget to meet the cost.

58 Procurement

- 57.1. Inverness College requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice.
- Inverness College UHI operates a devolved procurement policy where by low value goods and services under procurement route 1 and 2 are delegated to the respective stakeholders/budget holders to carry out the procurement exercise. Any high value procurement activity is to be carried out by the College Procurement team in line with the 4 year spend analysis and also Scottish Government Regulations covering regulated procurement tender exercises. Any procurement activity which may present exposure risk to the College regardless of value should be referred to the College Procurement team. For example, this could include activity where potential conflict of interests may arise.
- 57.2. The Director of Finance is responsible for:
- Ensuring that procurement is undertaken by appropriately trained and authorised staff and treated as a key component of achieving the institution's objectives consistent with the principles of Best Value, the highest professional standards and any legal requirement.
 - Ensuring that all procurement activity is in compliance with:

- The Procurement Reform (Scotland) Act 2014
 - The Public Contracts (Scotland) Regulations 2015
 - The Procurement (Scotland) Regulations 2016
 - EU Procurement Directives 2014
 - Modern Slavery Act 2015
 - Criminal Finances Act 2017
 - Data Protection Act 1998,
 - UK General Data Protection Regulation
 - Fair Work Practices
 - Local Governance (Inverness College Financial Regulations)
 - The drafting and negotiation of all Tender notices undertaken by Inverness College, in collaboration with the budget holder and on legal advice, where required, ensuring that Inverness College complies with relevant regulations on public purchasing policy.
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- Ensuring that Inverness College's Procurement arrangements are known and observed by all involved in purchasing for Inverness College which is detailed in Appendix F – Procurement Thresholds.
 - Advising on matters of College purchasing and practice
 - Advising and assisting staff where required on specific departmental purchases.
 - Developing appropriate standing supply arrangements on behalf of Inverness College to assist budget holders in meeting their value for money obligations.
 - Ensuring all orders are authorised before they leave Inverness College, no verbal or email instructions to proceed are to be issued to suppliers.
 - By exception, ensuring that any accepted conditions of contract for the purchase of goods do not expose the College to unacceptable risk. The Inverness College Terms and Conditions are to be used unless agreed in advance by the Director of Finance.

59 Tender Management (Tenders and Quotations)

58.1. Budget Holders and delegated budget holders must comply with the Financial Procedures. The procurement thresholds are as follows:

Route 1 < £3000	Devolved Procurement Route	4 year spend to be checked and verified. Local / National Framework Agreements to be checked
<£500	By All Staff	1 quote or catalogue/internet print is required that meets with the Inverness College Value for Money Policy and approved by Budget Holder No Single Source Form required
>£500 <£1000	By Technicians / Delegates	2 quotes or catalogue/internet print is required that meets with the Inverness College Value for Money Policy and approved by Budget Holder Single source supply may be permitted on an exceptional basis only, and only where it is supported and evidenced

		with a clear, valid rationale approved by both the College Procurement team and the Budget Holder.
>£1000 < £3000	By Budget Holder or Delegate	Evidence of market research is to be provided - includes catalogue, internet print outs and 2 formal written quotes are required that meets with the Inverness College Value for Money Policy. Single source supply may be permitted on an exceptional basis only, and only where it is supported and evidenced with a clear, valid rationale approved by both the College Procurement team and the Budget Holder.
Route 2 >£3,000 & <£9,999	Devolved Procurement Route	4 year spend to be checked and verified. Local / National Framework Agreements to be checked
	By Budget Holder or Delegate	3 formal written quotes are required that meets with the IC Value for Money Policy. Single source supply may be permitted on an exceptional basis only, and only where it is supported and evidenced with a clear, valid rationale approved by the College Procurement team, the Budget Holder and the Director of Finance.
Route 3 >£10,000 & <£49,999	Regulated Procurement Route	4 year spend to be checked and verified. Local / National Framework Agreements to be checked
	By College Procurement Team	Competitive tendering on PCS using Quick Quote
Route 4A > £50,000 & Below OJEU	Regulated Procurement Route	4 year spend to be checked and verified. Local / National Framework Agreements to be checked
Below OJEU Threshold	By APUC / College Procurement Team	Competitive quotes on PCS-Tender
Route 4B OJEU Compliance	Regulated Procurement Route	4 year spend to be checked and verified for PCS-T & OJEU compliance. Local / National Framework Agreements to be checked
Supply, Services and Design Contracts >£181,302 (as at 1 January 2018)	By APUC / College Procurement Team	To be in compliance with the Scottish Government Procurement Regulations for the Public Sector and also the Procurement Reform (Scotland) Act 2014 Public Contracts (Scotland) Regulations 2015, Procurement (Scotland) Regulations 2016 and the statutory guidance.

<p>Works Contracts >£4,551,413 (as at 1 January 2018)</p>	<p>By APUC / College Procurement Team</p>	<p>To be in compliance with the Scottish Government Procurement Regulations for the Public Sector and also the Procurement Reform (Scotland) Act 2014 Public Contracts (Scotland) Regulations 2015, Procurement (Scotland) Regulations 2016 and the statutory guidance.</p>
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Notes:

These thresholds will apply to all Enquiries or Contracts processed locally or through the Public Contracts Scotland Portal (PCS) and all purchase orders processed regardless of the system used e.g. PECOS, SUN, Credit Card transactions.

The use of any relevant Local and National Framework Agreements are also to be considered.

As per government regulations, the 4 year cumulative spend has to be reviewed to ensure it does not exceed £50K within a 4 year window - (4 x £12.5K) unless a National Framework Agreement exists.

It is important that the total lifecycle costing and impact mapping is considered.

Working towards cost savings and cost avoidance is paramount with greater focus towards improved efficiencies, contract management and budget/cost management will be monitored.

- 58.2. Requisitions **must not be split** into smaller order quantities in order to avoid the correct procurement route.
- 58.3. When considering the correct procurement amount to apply, where spend is recurring, this should be calculated over a 4-year period. This has to take into account the whole commodity range and the expenditure across the College (excluding VAT).
- 58.4. Exceptions to using Procurement Routes 1, 2, 3 and 4 is where by there is a suitable National Framework Agreement in place or where there is clear, valid evidence and justification for using only one supplier.
- 58.5. Suppliers/contractors **must be made** aware of Inverness College's Terms and Conditions and these must be accepted in full. If there are deviations from these, this must be highlighted and reviewed by the College Procurement Team.
- 58.6. For further information on these subjects, please see the Finance Manual and if further advice is required please contact the College Procurement Team.

- 59.1. The College Procurement Team who will also be involved in the evaluation of bids and formal contracts award must only undertake the issue and receipt of tenders.
- 59.2. The achievement of value for money will be an objective in the letting of all contracts. No contract will be awarded for a period beyond which a budget has been approved unless specifically approved in writing by the Director of Finance.

61 Purchase Orders

- 60.1. The ordering of goods and services shall be in accordance with the College's Financial Procedures and Procurement Toolkit. Where possible orders must be placed using the current e-procurement system.
- 60.2. For any circumstances that we are unable to process purchase orders via the current e-procurement system then a Purchase Order Requisition must be completed in advance and passed to the Finance Department to raise the official College purchase order. Purchase orders must be in place in advance for the purchase of all goods and/or services rendered unless the goods or services are specified in the Finance Manual as excepted items.
- 60.3. No verbal or email instructions are to be issued to suppliers in advance of requisitions and purchase orders being approved by the respective approvers in our current e-procurement system or our own Financial System.
- 60.4. The College will not accept responsibility for meeting or reimbursing the cost of goods or services purchased in any other circumstances.
- 60.5. All purchase order requisitions/orders must be placed using the purchase order template and be approved by a designated budget holder in accordance with the scheme of delegated authority.
- 60.6. It is the responsibility of the Director of Finance to ensure that all purchase orders refer to the College's terms and conditions of contract.

62 Receipt of Goods

- 61.1. All goods and services shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification.
- 61.2. If the goods received are deemed to be unsatisfactory, the supplier should be notified immediately, so that they can be collected for return as soon as possible. Where goods are short on delivery, again the supplier should be notified immediately.

- 61.3. Where possible, all persons receiving goods on behalf of the College should be independent of those who negotiated prices and terms and placed the official order.

63 Payment of Invoices

- 62.1. All payments shall be in a form specified by the Director of Finance.
- 62.2. The Director of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer.
- 62.3. Budget Holders are responsible for ensuring that expenditure within their departments does not exceed an approved budget.
- 62.4. Suppliers should be instructed by the purchase order to submit invoices for goods or services to the Finance Department. Care must be taken by the delegated budget holder to ensure that discounts receivable are obtained.
- 62.5. Payments will only be made by the Finance Department against invoices that have been approved for payment. Payment in advance of the receipt of goods or services shall not be made except with the prior approval of the Director of Finance.
- 62.6. Approval of an invoice for payment will ensure that:
- The goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory.
 - Where appropriate, the invoice is matched to the order.
 - Invoice details (quantity, price discount) are correct.
 - The invoice is arithmetically correct.
 - The invoice has not previously been passed for payment.
 - Where appropriate, an entry has been made on a stores record or departmental inventory.

The College shall ensure that all invoices are paid within thirty (30) days. To assist with this all invoices should be approved timeously.

64 Reporting of Expenditure

- 63.1. Appendix G sets out the levels for certain categories of expenditure above which the College should report annually to SFC through the Regional Strategic Body. The report should describe the number of instances and total cost, by category.

65 Petty Cash

- 64.1. Petty Cash may be obtained to pay for small items of equipment (up to £35.00) required urgently. There may also be an allowance to hold petty cash amounts in certain College locations, further detail is contained in the Finance Manual.

66 Other Payments

- 65.1. Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Director of Finance, supported by detailed claims approved by the budget holder.
- 65.2. Any other non-trade payments should be requested in a form prescribed by the Director of Finance and be authorised by the appropriate budget holder.

67 Late Payment Rules

- 66.1. The Late Payment of Debts (Interest) Act 1998 was introduced to give businesses the right to charge interest on late payments from large organisations and public authorities. In view of the penalties in this Act, invoices must be authorised for payment as soon as they are received, unless there is valid reason to withhold approval, and paid within the supplier's terms.

68 Leasing

- 67.1. Lease agreements for buildings must be approved and signed by the Director of Finance.
- 67.2. Equipment may be acquired under an operating lease or a finance lease. Finance leases must be accounted for in the balance sheet in the normal manner. Operating leases must be signed by the Director of Finance. Details of all lease agreements will be kept within the Finance Office and monitored by the Contracts and Procurement Co-ordinator in relation to expiry and renewals.

PAY EXPENDITURE

69 Remuneration

- 68.1. All College staff will be appointed in accordance with the appropriate conditions of service. All letters of appointment must be issued by the Human Resources department.
- 68.2. Remuneration and other benefits must fall within budget limits approved by the Board of Management.

70 Appointment of Staff

69.1. All contracts of service shall be concluded in accordance with the College's human resources practices and procedures and all offers of employment with the College shall be made in writing by the Director of Organisational Development. Budget holders must ensure that the Director of Finance and the Director of Organisational Development are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

71 Salaries and Wages

70.1. The Director of Finance is responsible for the payment of salaries and wages to all staff including payments for overtime or other additional services rendered. All timesheets 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 Finance.

70.2. The Director of Organisational Development will be responsible for keeping the Director of Finance informed of all matters relating to personnel for payroll purposes. In particular, these include the human resources policies approved for application in the College together with the following in relation to individual staff:

- Appointments, resignations, dismissals, supervisions, secondments and transfers.
- Changes in remuneration including normal increments and pay awards.
- Information necessary to maintain records of service for superannuation, income tax and national insurance.

70.3. The Director of Finance 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.

70.4. The Director of Finance shall be responsible for keeping all records relating to payroll including those of a statutory nature.

70.5. All payments must be made in accordance with the College Financial Procedures and comply with HMRC regulations.

72 Superannuation Schemes

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

71.2. The Director of Finance is responsible for day-to-day superannuation matters, including:

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

71.3. The Director of Organisational Development is responsible for administering eligibility for pension arrangements and for informing when deductions should begin or cease for staff.

73 Travel, Subsistence and Other Allowances

72.1. All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Director of Finance and will be in accordance with the Financial Manual.

72.2. Claims by members of staff must be authorised by the budget holder. The certification by the budget holder shall be taken to mean that:

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

72.3. Claims for expenses by the Principal and Chief Executive shall be approved by the Chair of the Board of Management, and expenses for the Board of Management shall be approved by the College Secretary.

74 Giving Gifts and Hospitality

73.1. Staff entertaining guests from outside bodies should use the College catering facilities where possible, and within budget. Where this is not the case, claims for reimbursement should state clearly that they relate to hospitality and includes the necessary receipts and details required by the Financial Procedures

73.2. Gifts and hospitality must be reasonable and proportionate, both in frequency and scale, to the nature of the relationship and must not exceed normal business courtesy. They must only be offered or accepted for the primary purpose of better presenting Inverness College UHI or establishing cordial relationships with business partners.

73.3. The offer of gifts and corporate hospitality should have a demonstrable link to the work of the College and represent good value for money.

73.4. A corporate gift is a tangible item or service given to another on behalf of an organisation. Common gifts include pens, diaries, calendars and other business stationery, keyrings, souvenirs, books, flowers, bouquets and promotional items.

75 Overseas Travel

- 74.1. All arrangements for overseas travel must be in accordance with the Financial Manual. Any approvals required must be obtained in advance of committing the college to those arrangements or confirmation of any travel bookings. All overseas travel must be notified to the Financial Manager for insurance purposes.

76 Expenses for members of the Board of Management

- 75.1. Claims for members of the Board of Management will be approved by the College Secretary as budget holder.

77 Severance and Other Non-Recurring Payments

- 76.1. Severance payments shall only be made in accordance with the relevant guidelines and legislation. In particular, the college must follow the requirements of the Scottish Public Finance Manual (SPFM) in determining settlement agreements, severance, early retirement and redundancy arrangements and payments. Any such scheme or payment must be approved by the SFC, through the Regional Strategic Body.
- 76.2. The college must have regard to the principles of good practice contained in Audit Scotland's May 2013 report: 'Managing early departures from the Scottish public sector'.
- 76.3. All payments must be authorised by the Principal and Chief Executive. Approval of early retirement packages, enhanced pension arrangements or financial packages in excess of statutory provision is reserved by the Board of Management after prior approval by the SFC. Any special severance payment out with a severance scheme approved by SFC in excess of £1,000 must be approved by SFC (see Appendix G).
- 76.4. All matters referred to an employment tribunal shall be notified to the Director of Finance at the earliest opportunity in order that budget provision may be made.

ASSETS

78 Land, Buildings, Fixed Plant and Machinery

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

79 Fixed Asset Register

- 78.1. The Director of Finance is responsible for maintaining the College's register of capital assets. Budget holders will provide the Director of Finance with any information he or she may need to maintain the register.

80 Property Register

- 79.1. The Director of Finance is responsible for maintaining a full register of properties owned or occupied by the College.
- 79.2. When transferring equipment between departments, the transfer must be recorded, a copy of the record sent to the Director of Finance and the inventories amended accordingly.

81 Stocks and Stores

- 80.1. Budget holders are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting in departments must have the approval of the Director of Finance.
- 80.2. Budget holders are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature will be subject to appropriate security checks. Advice should be obtained from the College's Health and Safety Officer.
- 80.3. Budget holders whose stocks require valuation in the balance sheet must ensure that appropriate stocktaking procedures are in place and have the approval of the Director of Finance.

82 Safeguarding Assets

- 81.1. Budget holders are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They should contact the senior manager with responsibility for Estates in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 81.2. Assets owned by the College shall, so far as is practical, be effectively marked to identify them as College property.

83 Personal Use

- 82.1. Assets owned or leased by the College shall not be subject to personal use except by approval by the Director of Finance.

84 Asset Disposal

- 83.1. Disposal of equipment and furniture, whether by sale or otherwise, requires the prior written authorisation of the Director of Finance and must be in accordance with the Finance Manual.
- 83.2. Disposal of land and buildings must only take place with the authorisation of the Board of Management. Funding body consent may also be required if exchequer funds were involved in the acquisition of the asset.

FUNDS ON TRUST

85 Gifts, Benefactions and Donations

- 84.1. The Director of Finance is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the College and initiating claims for recovery of tax where appropriate.

86 Student Support Funds

- 85.1. The Director of Finance will prescribe the format for recording the use of student funds. Records of support funds will be maintained according to funding body requirements.

87 Trust Funds

- 86.1. The Director of Finance is responsible for maintaining a record of the requirements for each trust fund and for advising the Finance and General Purposes Committee on the control and investment of fund balances.

88 Voluntary Funds

- 87.1. The Director of Finance shall be informed of any fund that is not 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 person and shall be submitted with a certificate of audit to the appropriate body. The Director of Finance shall be entitled to verify that this has been done.

OTHER

89 Insurance

- 88.1. The Director of Finance is responsible for the College's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management arrangements, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and should provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be reviewed annually.
- 88.2. It has been agreed by Scottish Ministers that colleges can extend their current commercial insurance arrangements until 31 July 2018.
- 88.3. The Estates function is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.
- 88.4. All staff using their own vehicles on behalf of the College shall maintain appropriate insurance cover for business use at their own cost.

90 Companies, Partnerships, Joint Ventures and Other Charitable Vehicles

- 89.1. In certain circumstances it may be advantageous to establish a company, joint venture or other appropriate legal entity to undertake services on behalf of the College. Any member of staff considering the use of such an entity should first seek the advice of the Director of Finance, who should have due regard to guidance issued by the funding body.
- 89.2. The Board of Management is responsible for approving the establishment of all companies or other legal entities. This will have regard to any guidance provided by the funding body.
- 89.3. 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.
- 89.4. The directors of companies where the College is the majority shareholder must prepare an annual report. They will also submit business plans or budgets as requested to enable the Finance and General Purposes Committee to assess the risk to the College. The College's internal and external auditors shall also be appointed to such companies.
- 89.5. Where the College is the majority shareholder in a company, that company's financial year shall be consistent with that of the College.

91 Security

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

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

90.1. Keys to safes or other similar containers are to be kept securely at all times. The loss of such keys must be reported to the Director of Finance immediately.

90.2. The ICT Manager shall be responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 2018 and the UK General Data Protection Regulation. The Data Controller shall be nominated to ensure compliance with the Act and the safety of documents.

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

92 Provision of Indemnities or Guarantees

91.1. Any request for indemnity or guarantee can only be given by the Director of Finance or the Principal.

APPENDIX A - Financial Memorandum

To Access the Financial Memorandum please click on the following link:

<https://www.inverness.uhi.ac.uk/t4-media/one-web/inverness/about-us/board-of-management/6.FinancialMemorandumbetweenUniversityoftheHighlandsandIslands.pdf>

APPENDIX B - Key Contacts in Finance

The Finance Department is located in G1 of the ground floor of the Beechwood Campus. There is also a cash office located on the ground floor to the left of the main reception desk at Beechwood. The cash office is normally open between 9.00 and 15.00 (Monday to Friday).

In order to obtain maximum benefit from the Finance Department, it is important to observe any published deadlines. These deadlines have been established and agreed in order to guarantee the delivery of particular services which might not otherwise be achievable.

The main services offered by the Finance Department are noted below:

- Creditor payments
- Collection of income
- Payroll
- Travel service
- Insurance
- Financial accounting
- Capital projects
- Budget monitoring
- Budget planning
- Internal audit
- Policy and procedures
- Purchasing
- Contract development and maintenance
- Tendering management
- Operational issues re. vendors, purchases etc.
- Administration and payment of student support funds.
- Value for Money control

Director of Finance	01463 273260
Finance Manager	01463 273408

APPENDIX C - Capital Expenditure Appraisal

Purpose: to ensure that all capital expenditure proposals are suitably evaluated and properly authorised.

Outline capital expenditure proposals must be consistent with the aims and objectives of the College Strategic and Operational Plans, and also, where appropriate, other strategies and policies, including the Estates and ICT. Specific reference should be made in any proposal to the objective within the Strategic Plan that the proposal links to.

Any capital expenditure proposal should also include the following:

- The specification of the needs and objectives of the proposal within the context of the organisation's strategic plans.
- The identification of all available options.
- The valuation of the costs, benefits, timing and risks involved. The costs of the project must include any professional fees associated and also VAT.
- The identification of any available funding.
- The analysis of the results and assessment of affordability.
- The recommendation for the option selected.
- The extent and scope of the appraisal process will vary depending on the scale of the expenditure and the nature of the project. The extent of the appraisal will be determined by the Senior Management Team and will normally be carried out during the planning process cycle.

Capital Expenditure procedures must comply with the financial memorandum issued by the SFC (see Appendix 1), and for major projects, observe any specific procedural notes issued by the SFC. Proposals for all major projects will require to be supported by a full business plan.

Projects will be ranked by the Senior Management Team (SMT) in terms of priority to facilitate the decision making process and impose strict budgetary control. Available grant funding and the criteria and timing constraints imposed by grant providers will influence the evaluation process and the ranking of projects.

SMT will advise relevant College managers when approval has been given for capital expenditure. Finance will incorporate the expenditure into the annual capital expenditure plan.

If an organisation invests in a project, it expects a return, and deciding on a project involves making a long-term decision. One of the things organisations consider is the time value of money – if I have £5 now, how much is it worth in 4 years time? This is where we use the Net Present Value (NPV) method to appraise an investment opportunity. The other two main ways are the Internal Rate of Return (IRR) and the Payback method. The three methods are described below and assistance in their calculation can be sought from Finance.

The Principles of Discounted Cash Flow

The basic principle of discounting is that if we wish to have £x in so many years time, we need to invest y at an interest rate of z in order to get that sum of money.

Present value just means the amount of money which must be invested now to make a certain amount of money in so many years time.

Capital Investment Appraisal – Net Present Value (NPV) method

Discounted cash flow methods can be used to appraise capital investment projects. The two main methods are NPV and IRR, but there is also the payback method.

Net present value method - calculates the present values of all items of income & expenditure related to a project at a given rate of return & calculates a net total. If it is positive, then it is ok to invest in that project, but if it is negative, it is not a good investment.

Capital Investment Appraisal – Internal Rate of Return (IRR) method

The IRR method determines the rate of interest (the internal rate of return) at which the NPV is zero. The internal rate of return is therefore the rate of return on an investment.

The IRR method will indicate if a project is viable if the IRR exceeds the minimum acceptable rate of return.

Capital Investment Appraisal – Payback method

The payback period is the time that is required for the inflows to equal the outflows. Before it can be calculated, you must know the initial cash outflow & the estimate of future earnings/ savings.

There are two ways to use the payback period:

- a) Accept project with the shortest payback period.
- b) Have a payback period limit, where only projects which are less than the period limit will be accepted.

The Payback method is often used as a first step in project appraisal but it should not be used alone for decisions. If it passes the payback test, NPV or IRR should then be used.

Click on the links below for examples:

- [NPV Example](#)
- [Payback Example](#)

APPENDIX D - Summary of Protocols for Proposed Major Developments

Any proposal for major developments should be supported by a business plan for at least three years, which sets out:

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

APPENDIX E - Internal Audit Responsibilities

The primary responsibility of the internal audit service is to provide the funding body, the Board of Management and managers of the College with assurance on the adequacy and effectiveness of the internal control system, including risk management and governance. Responsibility for internal control remains with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management to improve systems of internal control and so to reduce the potential effects of any significant risks faced by the College. Risk management provides the opportunity for internal audit work to be efficient and focused. It does not necessarily imply that internal audit activity has to be increased.

Internal audit can also provide independent and objective consultancy advice specifically to help management improve the internal control system, including risk management and governance. In such circumstances, internal auditors apply their professional skills in a systematic and disciplined way to contribute to the achievement of corporate objectives. Such advisory work contributes to the opinion that internal audit provides on internal control, including risk management and governance.

APPENDIX F – Procurement Thresholds

Inverness College UHI work with [Advanced Procurement for Universities and Colleges](#), to support the development of advanced procurement across the further and high education sector in Scotland.

The college has also signed up to the [Scottish Government's Suppliers' Charter](#) as part of our commitment to working together with other Public Sector buying organisations and Scottish businesses in order to improve public sector procurement processes and dialogue. When calculating the contract value, for a one-off purchase, the total cost of the good(s) or service(s) will provide the contract value. If the purchase is a recurring spend, the College will calculate the value over 4 years to establish the total contract value.

A national framework or local contract that meets the requirements must be used in the first instance for all tendering activity.

Inverness College is committed to carrying out procurement activities in an environmentally, socially, ethically and economically responsible manner and to entering into agreements and contracts with suppliers that share and adhere to its vision. Inverness College demonstrate this through its promotion of the APUC Supply Chain of Conduct. A copy of the APUC Supply Chain of Conduct is located in the Finance Manual.

For Goods and Services

For Goods and Services greater than £50,000 and less than the OJEU thresholds – the College Procurement Team must undertake a formal tendering process and must advertise on the national advertising website Public Contracts Scotland. Additionally the Board of Management must provide approval.

Over EU Threshold – For Goods, Services and Works Projects must undertake a full formal tendering process and advertise the contract in the Official Journal of the European Union, as well as on Public Contracts Scotland (www.ojec.com/thresholds). This will be carried out by the College Procurement Team. Additionally the Board of Management must provide approval.

For Works Projects

£2m – 4.1m – this must undertake a formal tendering process and must advertise on the national advertising website Public Contracts Scotland. This will be carried out by the College Procurement Team. Additionally Board of Management must provide approval.

>£4.1m – a full formal tendering process must be undertaken and advertise the contract in the Official Journal of the European Union, as well as on Public Contracts Scotland. <https://www.ojec.com/Thresholds.aspx> This will be carried out by the College Procurement Team with additional approval by the Board of Management.

Sustainable Procurement Duty

For Procurement exercises (>£50k Goods & Services / Works £2m) Inverness College is committed to the sustainable Procurement Duty and promises to:

Improve the economic, social, and environmental wellbeing of the authority's area, Facilitate the involvement of small and medium enterprises, third sector bodies; supported businesses in the process; and promote innovation.

Route 1 < £3000	Devolved Procurement Route	4 year spend to be checked and verified. Local / National Framework Agreements to be checked
<£500	By All Staff	1 quote or catalogue/internet print is required that meets with the Inverness College Value for Money Policy and approved by Budget Holder No Single Source Form required
>£500 <£1000	By Technicians / Delegates	2 quotes or catalogue/internet print is required that meets with the Inverness College Value for Money Policy and approved by Budget Holder Single source supply may be permitted on an exceptional basis only, and only where it is supported and evidenced with a clear, valid rationale approved by both the College Procurement team and the Budget Holder.
>£1000 < £3000	By Budget Holder or Delegate	Evidence of market research is to be provided - includes catalogue, internet print outs and 2 formal written quotes are required that meets with the Inverness College Value for Money Policy. Single source supply may be permitted on an exceptional basis only, and only where it is supported and evidenced with a clear, valid rationale approved by both the College Procurement team and the Budget Holder.
Route 2 >£3,000 & <£9,999	Devolved Procurement Route	4 year spend to be checked and verified. Local / National Framework Agreements to be checked
	By Budget Holder or Delegate	3 formal written quotes are required that meets with the IC Value for Money Policy. Single source supply may be permitted on an exceptional basis only, and only where it is supported and evidenced with a clear, valid rationale approved by the College Procurement team, the Budget Holder and the Director of Finance.

Route 3 >£10,000 & <£49,999	Regulated Procurement Route	4 year spend to be checked and verified. Local / National Framework Agreements to be checked
	By College Procurement Team	Competitive tendering on PCS using Quick Quote
Route 4A > £50,000 & Below OJEU	Regulated Procurement Route	4 year spend to be checked and verified. Local / National Framework Agreements to be checked
Below OJEU Threshold	By APUC / College Procurement Team	Competitive quotes on PCS-Tender
Route 4B OJEU Compliance	Regulated Procurement Route	4 year spend to be checked and verified for PCS-T & OJEU compliance. Local / National Framework Agreements to be checked
Supply, Services and Design Contracts >£181,302 (as at 1 January 2018)	By APUC / College Procurement Team	To be in compliance with the Scottish Government Procurement Regulations for the Public Sector and also the Procurement Reform (Scotland) Act 2014 Public Contracts (Scotland) Regulations 2015, Procurement (Scotland) Regulations 2016 and the statutory guidance.
Works Contracts >£4,551,413 (as at 1 January 2018)	By APUC / College Procurement Team	To be in compliance with the Scottish Government Procurement Regulations for the Public Sector and also the Procurement Reform (Scotland) Act 2014 Public Contracts (Scotland) Regulations 2015, Procurement (Scotland) Regulations 2016 and the statutory guidance.

Notes:

These thresholds will apply to all Enquiries or Contracts processed locally or through the Public Contracts Scotland Portal (PCS) and all purchase orders processed regardless of the system used e.g. PECOS, SUN, Credit Card transactions.

The use of any relevant Local and National Framework Agreements are also to be considered.

As per government regulations, the 4 year cumulative spend has to be reviewed to ensure it does not exceed £50K within a 4 year window - (4 x £12.5K) unless a National Framework Agreement exists.

It is important that the total lifecycle costing and impact mapping is considered.

Working towards cost savings and cost avoidance is paramount with greater focus towards improved efficiencies, contract management and budget/cost management will be monitored.

Requisitions must **not** be split into smaller order quantities in order to avoid the correct procurement route.

For Major Works projects over £4m Community Benefit Clauses will be considered and documented.

APPENDIX G – Delegated Financial Limits and Annual Reporting Requirements

Delegated financial limits and annual reporting requirements for Regional Colleges and Regional Boards

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