UHI North, West and Hebrides

Financial Regulations

INDEX TO FINANCIAL REGULATIONS

A	TERMINOLOGY		4
B	OVERVIEW		
	1	Legal Background	5
	2	Status and Scope	6
C	CORPORATE GOVERNANCE		
	3	Board of Management	7
	4	Governance Structure	8
	5	Principal and Chief Executive	8
	6	Other Senior Officers with Financial Responsibility	9
	7	Segregation of Duties	11
	8	Risk and Opportunity Management	11
	9	Whistleblowing	12
	10	Counter Fraud	13
	11	Anti-Bribery and Corruption	13
	12	Code of Conduct	14
	13	Conflicts of Interest	15
	14	Gifts and Hospitality	15
	15	Value for Money	16
D	FINANCIAL MANAGEMENT AND CONTROL		
	16	Financial Planning	17
	17	Financial Control	18
	18	Accounting Arrangements	19

	19	Taxation	21
	20	Audit Requirements	21
	21	Treasury Management	23
	22	Income	24
	23	Research Grants and Contracts	26
	24	Other Income Generating Activity	27
	25	Intellectual Property Rights and Partners	29
	26	Pay Expenditure	30
	27	Non-Pay Expenditure	33
	28	Leases	39
	29	College Credit Cards	40
	30	Petty Cash	40
	31	Assets	40
	32	Funds Held on Trust	41
E	OTHER		
	33	Insurance	42
	34	Companies and Joint Ventures	43
	35	Security	43
	36	Students' Association	44
F	APPENDICES		
	A	Governance Structure	46
	B	Delegated Financial Limits	47

TERMINOLOGY

Owing to the diverse nature of a further and higher education institution, a wide range of terms are in use for committees, staff and other persons connected to UHI North, West and Hebrides. The following general terms have been used in this guide.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Committee ("the AC") is independent, advisory and reports directly to the Board of Management. It is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

BOARD OF MANAGEMENT

The Board of Management ("the Board") has ultimate responsibility for the affairs of UHI North, West and Hebrides.

BUDGET HOLDER

Any member of staff who has been assigned budgetary responsibility, whether at a senior level as the head of an academic or non-academic department or as an individual budget holder.

DIRECTOR OF FINANCE

The Director of Finance (the "DoF") is the chief financial officer of UHI North, West and Hebrides.

EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team ("the ELT") is responsible to the Principal for the operational and financial management of the areas or activities within their remit. The Director of Finance is a member of the ELT and advises the other members of ELT on strategic financial matters.

FINANCE AND GENERAL PURPOSES COMMITTEE

The Finance and General Purposes Committee ("the F&GP") has overall responsibility, within the Financial Memorandum between the College and the University of the Highlands and Islands, for the direction and oversight of the College's financial affairs.

PRINCIPAL AND CHIEF EXECUTIVE

The Principal and Chief Executive ("the Principal") is the Accountable Officer of the College and has executive responsibility for the management of UHI North, West and Hebrides.

SCOTTISH FUNDING COUNCIL

THE Scottish Further and Higher Education Funding Council ("the SFC") is the national strategic body for the funding of further and higher education in Scotland

UHI NORTH, WEST AND HEBRIDES

UHI North, West and Hebrides ("the College")

B OVERVIEW

1 Legal Background

1.1 The College is an incorporated further and higher education institution incorporated under the Scottish Further and Higher Education (Scotland) Act 1992 which vested on 1 August 2023 as a result of the merger of UHI North Highland College, UHI West Highland College and UHI Outer Hebrides. Its structure of governance is laid down in the 1992 Act.

1.2 The 'Financial Memorandum with Fundable Bodies in the College Sector sets out the formal relationship between the SFC and the college sector fundable bodies and the requirement s that the fundable bodies must comply with as a term and condition of SFC grant.

1.3 The current Financial Memorandum for the College is between the UHI Court, as the Regional Strategic Body, and came into effect on 1st January 2016 and the Board is responsible for ensuring that conditions of grants are met.

1.4 The College must ensure that it has sound systems of financial and management control. The financial regulations of the College form part of this overall system of accountability.

1.5 The Financial Regulations of the College form part of this overall system of accountability and control and should be read in conjunction with publications and guidelines from the following resources:

- SFC Accounts Direction
- Audit Scotland
- Accounts Standards (various)
- Scottish Parliament Audit Committee
- Scottish Funding Council (the SFC)
- Scottish Public Finance Manual ("the SPFM)
- Scottish Public Finance Manual ("the FReM")
- UHI North, West and Hebrides Policies and Procedures
- UHI North, West and Hebrides Governance Manual

1.6 The College is recognised by the Inland Revenue as a charity for the purposes of Section 505 Income & Corporation Taxes Act 1988. It is entitled under Scottish Charities & Trustee Investment (Scotland) Act 2005 to describe itself as a Scottish Charity.

2 Status and Scope

2.1 This document sets out the College's Financial Regulations and translates into practical guidance of the College's broad policies relating to financial control. This document was discussed and approved on an interim basis by the Finance and General Purposes Committee on 23rd August 2023 with the understanding that further amendments will be made prior to subsequent approval by the Board. These regulations apply to all activities of the College, and any subsidiary undertakings.

2.2 These Financial Regulations are subordinate to any restrictions contained within the College's Financial Memorandum with UHI as Regional Strategic Body, in which case clarification should be sought from the Director of Finance.

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:

- financial sustainability
- achieving value for money
- fulfilling its responsibility for the provision of effective financial controls over the use of public funds
- ensuring that the 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. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the College's disciplinary policy.

2.5 It is the responsibility of heads of department to ensure that their staff are made aware of the existence and content of the College's Financial Regulations.

2.6 The Finance and General Purposes Committee is responsible for overseeing, reviewing and approving the Financial Regulations, through the Director of Finance.

2.7 In exceptional circumstances, this Principal may authorise a departure from the detailed provisions herein, such departure to be reported to the Finance and General Purposes Committee at the earliest opportunity.

C CORPORATE GOVERNANCE

3 Board of Management

3.1 The Board of Management and its committees are responsible for the management and administration of the College. Its financial responsibilities are to:

- ensure the solvency of the College and the safeguarding of its assets
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and Chief Executive and other senior post-holders
- ensure the National Bargaining framework for pay and conditions of service for all other staff is implemented
- 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 an internal audit service
- secure the efficient, economical and effective management of all College resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the College is not put at risk
- 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
- determine further education tuition fees
- ensure that the College complies with the code of audit practice
- approve the College's strategic plan
- approve the annual financial statements.

4 Governance Structure

4.1 Board of Management

The Board has ultimate responsibility for the College's finances but may delegate specific powers and processes to the committees detailed below. These committees are accountable to the Board of Management. The governance structure can be found in Appendix A.

4.2 Finance and General Purposes Committee

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

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4.3 Audit and Risk Management Committee

Colleges are required by their financial memorandum with UHI being the regional strategic body, and by its code of audit practice to appoint an audit and risk management committee. The 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. The Committee is responsible for identifying and approving appropriate performance measures for internal audit and for monitoring performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

4.4 Remuneration Committee

Consideration of senior management's pay and conditions is the responsibility of the Remuneration Committee. It has the power to determine and review the structure of the senior leadership team and the remuneration package offered, including pay and other benefits, as well as contractual arrangements.

5 Principal and Chief Executive

5.1 The Principal is responsible for ensuring that the Board of Management meets the requirements of the Financial Memorandum as a condition of receiving grant funding. In particular, UHI as the Regional Strategic Body and the SFC require that the College complies

with the principles of good governance set out in the Code of Good Governance for Scotland's Colleges

5.2 The Principal is the College's designated accountable officer and is accountable directly to the governing body of the College for the proper conduct of the College's affairs.

5.3 The Principal is directly accountable directly to the Chief Officer of the Regional Strategic Body for the College's proper use of funds deriving from the Regional Strategic Body and for its compliance with the requirements of the Financial Memorandum.

5.4 The Principal shall demonstrate oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements.

5.5 The Principal is directly responsible to the Board of Management for the control of resources, for seeking economy, efficiency and effectiveness in the use of the College's resources and for ensuring that financial considerations are considered at all stages of decision making.

6 Other Senior Managers with Financial Responsibility

6.1 Director of Finance

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.

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

- Preparing annual capital and revenue budgets and financial plans
- Preparing cash flow forecasts
- Meeting the financial requests of UHI, SFC and other sector bodies, such as the Office of the Scottish Charity Regulator.
- Ensuring that all tax and other financial requests of external bodies are provided accurately and on a timely basis
- 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 any annual reporting requirements set out in the Schedule of Delegation.

6.2 Executive Leadership Team

The Executive Leadership Team comprises the senior staff who provide a leadership and strategy function for the College. This group meets at least monthly and address matters of College leadership, strategy development, financial sustainability, improvements relating to the student experience, innovation and to ensure the implementation and compliance of the College's policies and procedures.

6.3 Budget Holder

All budget holders are responsible for ensuring that they comply fully with the College's Financial Regulations, 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. Budgetary limits can change during an academic year to align with changing income levels.

Budget holders with responsibilities as a head of department are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.

All budget holders shall provide the Director of Finance on request with such information as may be required to assist with:

- compilation of College financial statements
- implementation of financial planning
- implementation of audit, financial, project and value for money reviews.

6.4 Members of staff

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

All members of staff with budgetary responsibility should be aware of both the College's financial authority limits and its Procurement Policy.

The financial authority limits can be found on the web site in the Schedule of Delegation

The use of the procurement management system ("PECOS") should be the default option considered by all staff when making all purchases on behalf of the College. Exceptions to this requirement are set out in in the Procurement Policy.

All members of staff shall make available any relevant records or information to the Director of Finance or their authorised representative in connection with the implementation of the College's financial policies, these financial regulations and the system of financial control.

All members of staff shall provide the Director of Finance with such financial and other information as they may deem necessary, from time to time, to carry out the requirements of the Board of Management.

All staff shall promptly notify the Director of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the College. The Director of Finance shall take such steps as they consider necessary by way of investigation and report.

6.5 A budgetary organisation chart, outlining those roles within the College whom have the primary responsibility as budget holders and their areas of responsibility is set out in Appendix E.

7 Segregation of Duties

7.1 It is the College's policy that the concept of segregation of duties must be applied in all instances where staff are in roles where they could enter into a financial commitment on behalf of the College. In particular:

- There must be segregation of duties between the requisitioning and ordering/invoice approval functions
- All orders raised must be approved by the relevant budget holder
- Authorisation limits must be adhered to.

7.2 Any exceptions to this policy must be communicated to and approved by the Director of Finance in advance of their being implemented.

8 Risk and Opportunity Management

8.1 The College acknowledges the risks inherent in its business and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable by the College is set out in the Risk Management policy.

8.2 The definition of risk will be extended to risks associated with opportunities.

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

8.4 A risk and opportunities register is maintained to provide evidence of effective risk management. Risks are categorised based on the likelihood of the risk occurring and the impact of the occurrence on the business of the College. The highest risks will be those that have a high likelihood of occurring and which, if they do occur, will have a significant impact on

the business of the College. The lowest risks are those which are not likely to occur and which, if they do occur, have little impact on the business of the College.

8.5 The respective roles in Risk and Opportunities Management have been clarified as follows:

- Board of Management – Consider whether the risk management policy is operating effectively and is effectively communicated in College plans. Consider the detail of the risk register and update as required. This duty may be delegated to the Audit and Risk Management Committee
- Management – Maintain and develop the risk register and integrate risk management into internal planning and delivery processes.

8.6 In line with this policy, the Board of Management requires that the risk management strategy and supporting procedures include:

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

9 Whistleblowing

9.1 The College has a Whistleblowing Policy which complies with the Public Interests Disclosure Act 1998.

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Whistleblowing is the term used to describe a disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower 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 the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

9.2 Normally, any concern about a workplace matter at UHI North, West & Hebrides should be raised with the relevant member of staff's immediate line manager or a head of department. 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.

9.3 A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, for example a member of the Executive Leadership Team including the Principal. If the member of staff does not wish to raise the matter with one of the designated investigating officers, it may be raised directly with the Chair of the Audit and Risk Management Committee

10 Counter Fraud and Corruption

10.1 Fraud is defined as "The intentional distortion of financial statements or other records by persons internal or external to the College, to conceal the misappropriation of assets, or for some other purpose"

10.2 Also within scope are:-

- *Theft* - The dishonest taking of property belonging to another with the intention of depriving that other permanently of its possession.
- *Other Irregularity* - The failure to observe the College's Financial Regulations, policies and procedures, or a breach of the laws of the land

10.3 The College requires staff to act honestly and with integrity at all times, and to safeguard the institutional resources for which they are responsible.

10.4 College staff have a responsibility to report immediately any suspected fraud, theft, or other financial irregularity to the Director of Finance.

10.5 The Director of Finance shall promptly invoke the fraud response plan, which includes the following key elements.

- notification of the Principal and the Audit and Risk Management Committee (through its Chair) of the suspected irregularity and shall take such steps as they consider necessary by way of investigation and report.
- the Principal shall inform the police if a criminal offence is suspected of having been committed

- any significant cases of fraud or irregularity shall be reported to the Funding Council in accordance with their requirements as set out in the code of audit practice.
- the Audit and Risk Management Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate.
- the internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit and Risk Management Committee on the suspected irregularity. Such report shall include advice on preventative measures.

10.6 If the suspected fraud is thought to involve the Director of Finance and/or the Principal, the member of staff shall notify the Chair of the Audit and Risk Management Committee of their concerns

11 Anti-Bribery and Corruption

11.1 Bribery is defined as “giving or receiving a reward in order to influence the actions of another individual (or individuals). The reward may be financial, academic, or another advantage or favour as a means to influence their actions. Bribery may persuade another to act dishonestly or in breach of the law”.

11.2 Corruption is defined as “giving or obtaining advantage through illegal or dishonest behaviour, or through means which are inconsistent with one’s duty or the rights of others”.

11.3 All staff must comply with the University’s ‘Anti-Bribery Policy’ at all times.

12 Code of Conduct

12.1 The College is committed to the highest standards of openness, integrity and accountability and it seeks to conduct its affairs in a responsible manner.

12.2 The Code of Conduct can be found in the Governance Manual About us - Governance (uhi.ac.uk)

12.3 It was adopted by the Board on 1st August 2023 and it is the Model Code for Members of Boards of Devolved Public Bodies 2021.

12.4 It can be downloaded from the Standards Commission web site Model Code of Conduct | The Standards Commission for Scotland (standardscommissionscotland.org.uk)

12.5 All members of staff are expected to observe the key principles contained with the Code at all times. These are:

- Duty
- Selflessness

- Integrity
- Objectivity
- Accountability and stewardship
- Openness
- Honesty
- Leadership
- Respect

13 Conflicts of Interest

13.1 It is the duty of all employees to disclose any actual or potential conflicts of interest.

13.2 Members of the Board of Management, senior management or those involved in procurement are required to disclose any relevant interest, financial or otherwise, in the College's register of interests maintained by the Secretary to the Board of Management. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly.

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

14 Gifts and Hospitality

14.1 It is an offence under the Prevention of Corruption Act 1906, the Bribery Act and the 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 are set out in the Bribery Policy.

14.2 Staff entertaining guests from outside bodies should normally use the College's own catering facilities. Where this is not practicable, claims for reimbursement should state clearly that they relate to hospitality and includes the necessary details and receipts as required.

14.3 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.

14.4 Staff should seek guidance from the Director of Finance when there is an offer of gits or hospitality. For the protection of staff the Secretary to the Board will maintain a register of gifts and hospitality received where the value is in excess of £20

14.5 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.

Further guidance is available in the Hospitality and Gifts Policy.

14.6 The Board of Management operates a zero tolerance approach to bribery committed by any persons, whether working at the College or providing services for and on behalf of the College.

14.7 Any allegation of bribery by a member of the Board of Management or employee will be investigated in accordance with the College's disciplinary procedures and may be reported to the authorities as appropriate.

14.8 The Board of Management expects all other organisations with which it had dealings to share its commitment to preventing bribery and corruption.

15 Value for money

15.1 It is a requirement of the Financial Memorandum that the College must:

- Have a strategy for reviewing systematically management's arrangements for securing value for money; and
- As part of its internal audit arrangements, obtain a comprehensive appraisal of management's arrangements for achieving value for money.

15.2 All staff are responsible for ensuring the College obtains value for money from funds received from all sources. Staff must ensure they use:

- College resources and assets in a prudent way to meet agreed College objectives.
- Resources received or allocated for the purpose for which they are intended.
- Internal audit will also have regard to value for money in its programme of work to enable the Audit and Risk Committee to provide assurances regarding value for money in their annual report to the Board

16 Financial Planning

16.1 The Director of Finance has delegated responsibility by the Principal 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.

16.2 Resource allocation

Resources are allocated annually by the Executive Leadership Team and recommended to the Board of Management through the Finance and General Purposes Committee, on the basis of the above objectives. Budget holders are responsible for the economic, effective and efficient use of resources allocated to them.

16.3 Budget preparation

The Director of Finance is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Finance and General Purposes Committee before submission to the Board of Management. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. 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 budget holders as soon as possible following their approval by the Board of Management.

During the year, the Director of Finance is responsible for submitting quarterly budget monitoring statements to the Finance and General Purposes Committee for consideration before submission to the Board of Management for approval.

16.4 Capital programmes

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 Board of Management approves the College's capital programme.

The Director of Finance will establish procedures for the inclusion of capital projects in the capital programme for approval by the Board of Management. These will set out the

information that is required for each proposed project as well as any financial criteria that they are required to meet. These are shown in Appendix C.

The Director of Finance will also establish procedures for the approval of significant variations to approved projects by the Principal and the Finance and General Purposes Committee, and, if appropriate, to the funding body.

The Director of Finance will provide regular statements concerning capital expenditure to Finance and General Purposes Committee for monitoring purposes.

Following completion of any capital project, greater than £50,000, a final report should be submitted to the Board of Management, 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 public body.

16.5 Overseas activity

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

16.6 Other major developments/projects

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £50,000 should be presented for approval by the Finance and General Purposes Committee.

The Director of Finance, together with the Head of Business Development, will establish protocols that are required for each proposed development as well as the financial criteria that they are required to meet. These are shown in Appendix D.

17 Financial Control

17.1 Budgetary control

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

Significant departures from agreed budgetary targets must be reported and discussed with Finance by the budget holder concerned and, if necessary, corrective action taken.

17.2 Financial information

The budget holders and heads of department receive regular information through a variety of standard financial reports by the Finance team.

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 on a basis determined by this committee but subject to any specific requirements of the funding body. These reports are presented to the Board of Management, which has overall responsibility for the College's finances.

Under terms of ONS reclassification the Director of Finance is responsible for submitting financial reports, as required, to the SFC and UHI as the regional strategic body.

The College has to comply with the requirements of the Government Financial Reporting Manual (FReM).

17.3 Budget virements

Budget virements are designed to provide some flexibility for the deployment of resources to respond to unplanned needs or opportunities which arise after the budget has been approved. Any budget holder or manager wishing to undertake a budget virements must speak to the Director of Finance in the first instance.

17.4 Treatment of year-end balances

At the year-end, budget holders will not normally have the authority to carry forward unused budgets into the following year unless specifically agreed with the Director of Finance.

18 Accounting Arrangements

18.1 Accounting Periods

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

18.2 Basis of preparation

The Financial Statements are prepared in accordance with Further and Higher Education (Scotland) Act 1992 and the Accounts Directions issued thereunder by the Scottish Funding Council which requires compliance with the Statement of Recommended Practice:

Accounting for Further and Higher Education (2019), the Financial Reporting Standards FRS102 and the Government Financial Reporting Manual 2021/22 (FReM) where applicable.

18.3 Basis of accounting

The consolidated financial statements are prepared in accordance with the historical cost convention, modified by revaluation of certain fixed assets.

18.4 Capitalisation and depreciation

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

Expenditure incurred on repair, refurbishment or extension of existing buildings will be capitalised where it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost is £2,500 or more. Grouped items (e.g. a suite of computers) with a collective value of more than £2,500 or more may also be capitalised.

Capitalised assets other than land and buildings will be depreciated in line with the College's accounting policies.

18.5 Accounting records

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 EU General Data Protection Regulation (GDPR) 2018.

The College is required by law to retain prime documents for six years (or as detailed within specific funding requirements). These include:

- supplier invoices
- sales invoices
- bank statements
- copies of receipts
- paid cheques
- payroll records.

The Director of Finance will make appropriate arrangements for the retention of electronic records.

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.

18.6 Public access

Under the terms of the freedom of information legislation (FOI), the Board of Management is required to supply any person with a copy of the College's most recent financial statements or other non-commercial information within 20 working days. The Act enables the Board of Management to levy a fee in certain circumstances and this will be applied at the discretion of the FOI Officer.

The College's annual financial statements are published each year on the website

19 Taxation

19.1 The Director of Finance is responsible for advising on all taxation issues affecting the College, in light of guidance issued by the appropriate bodies and relevant legislation.

19.2 The Director of Finance will issue instructions on statutory compliance on taxation matters relating to (but not limited to) VAT, Income Tax, National Insurance, Corporation Tax, Import Duty and other relevant legislation.

19.3 The Director of Finance is accountable for maintaining the University's tax records, making tax payments, receiving tax credits and submitting tax returns as appropriate.

20 Audit Requirements

20.1 General

External auditors and internal auditors shall have authority to:

- access to 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.

The Director of Finance is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

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

20.2 External audit

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

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. The external auditors address their report and opinion jointly to the Auditor General and the members of the Board of Management. Their duties will be in accordance with advice set out in the funding body's code of audit practice and the Auditing Practices Board's statements of auditing standards

20.3 Internal audit

The internal auditor is appointed by the Board of Management on the recommendation of the Audit and Risk Management Committee.

The College's financial memorandum with UHI as the regional strategic body requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the funding body's code of audit practice. The main responsibility of internal audit is to provide the Board of Management, the Principal and other senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Chair of the Board of Management, the Principal and the Chair of the Audit &

Risk Management Committee. The internal auditor will also comply with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors.*

20.4 Other auditors

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

21 Treasury Management

21.1 Treasury management policy

The College is classified as a Government Departmental Body and is therefore not permitted to enter into loan agreements with any commercial bank. Where any such loan is required, then approval and permission would have to be granted by the Scottish Funding Council.

21.2 Appointment of bankers and other professional advisers

The College is classified as a Government Departmental Body and therefore its banking arrangements and facilities must be with a provider that is approved by the Scottish Government.

21.3 Banking arrangements

The 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.

Only the Director of Finance 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.

All cheques drawn on behalf of the College must be signed in accordance with the bank mandate approved by the Finance and General Purposes Committee.

All Internet Banking payments will be approved in accordance with the Scheme of Delegation and the bank mandate.

All automated transfers on behalf of the College, such as BACS or CHAPS, must be authorised in accordance with the Schedule of Delegation and the bank mandate approved by the Finance and General Purposes Committee.

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.

22 Income

22.1 General

The Director of Finance is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income in whole to which it is entitled and within all contractual timescales. All official documents in use and electronic collection systems must have the prior approval of the Director of Finance.

Levels of charges for contract research, services rendered, goods supplied, and rents and lettings are approved in accordance with the Approval Authority Limits at Appendix B.

The Director of Finance is responsible for the prompt collection, security and banking of all income received.

The Director of Finance is responsible for ensuring that all grants notified by the Scottish Funding Council and other bodies are received and appropriately recorded in the College's accounts.

The Director of Finance is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

22.2 Maximisation of income

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

22.3 Receipt of cash, cheques and other negotiable instruments

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

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

Receipts by credit or debit card: The College may only receive payments by debit or credit card using the approved software and terminals.

Internet receipts: any member of staff wishing to arrange for payment to be made to the College by the internet should seek guidance from the Finance at an early stage.

22.4 Collection of debts

The Director of Finance should ensure that:

- debtors invoices are raised promptly through the approved systems, 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
- 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.

Only the Director of Finance can implement non-standard credit arrangements and indicate the periods in which different types of invoice must be paid.

All debts written-off must be authorised in accordance with the Schedule of Delegation and reported to the Finance and General Purposes Committee. Any write-offs greater than £3,000 must be reported to the Scottish Funding Council, through the Regional Strategic Body, on an annual basis.

22.5 Student fees

The procedures for collecting all fees must be approved by the Director of Finance. The Director of Finance is responsible for ensuring that all student fees due to the College are received.

Any student who has not paid an account for fees or any other item owing to the College shall not receive the certificate for any degree, diploma or other qualification awarded by the College until all outstanding debts have been cleared. Such students as well as students with outstanding debts with other UHI Partner Colleges shall be prevented from reenrolling at the College and from using any of the College's facilities unless appropriate arrangements have been made.

23 Research Grants and Contracts

23.1 General

Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which may be directed towards a specific aim or objective. It can use existing knowledge in experimental development to produce new or substantially improved materials, devices, products and processes including design and construction. It excludes routine testing and analysis of materials, components and processes.

The term ‘research grant’ is restricted to research projects funded by the UK research councils, charities and the higher education funding bodies.

All other externally financed research projects are classified as ‘research contracts’.

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. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

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 College’s policy with regard to indirect costs and other expenses and taking account of different procedures for the pricing of research projects depending on the nature of the funding body.

Grants and contracts must be submitted in the name of the College and authorised prior to submission. Only the Principal or nominated deputy may authorise applications on behalf of the College.

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 submitted by the due date.

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

The budget holder will control of 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.

23.2 Grant and contract conditions

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 often means that the College will suffer 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.

24 Other Income-Generating Activity

24.1 Private consultancies and other paid work

There must be no conflict of interest with a member of staff's role as an employee of the College in undertaking any private consultancy or other paid work and that work must be consistent with the good and upstanding reputation of the College.

Consultancy is defined as the undertaking of work by the College's academic and professional service staff within their professional areas of expertise while utilizing existing knowledge. Consultancy will normally be short term and will be directed towards problem solving for an external client. It includes acting as an expert witness.

Service work is defined as (i) testing, evaluations or analytical work utilizing College equipment or facilities, or (ii) the development and/or delivery of training or similar materials for an external client

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

- outside consultancies or other paid work may not be accepted without the consent of the Principal
- applications for permission to undertake work as a purely private activity must be submitted to the Principal and include the following information:
  - the name of the member(s) of staff concerned
  - the title of the project and a brief description of the work involved
  - the proposed start date and duration of the work

– full details of any College resources required (for the calculation of the full economic cost)

– an undertaking that the work will not interfere with the teaching and normal College duties of the member(s) of staff concerned.

24.2 Commercial (short) courses and other services rendered

In this context a commercial (short) course is any course which does not form part of the award-bearing teaching load of the department.

Any staff wishing to run a short course must complete a costing and pricing form in accordance with the requirements of the Director of Finance. A contract or agreement must be in place for all commercial activity.

The term 'services rendered' includes testing and analysis of materials, components, processes and other laboratory services or the use of existing facilities in order to gain additional information.

24.3 Off-site and/or Collaborative Provision

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

- There shall be a contract signed by the Principal and on behalf of any partner organisation that shall comply at least with the funding body model contract (as amended from time to time) in place before any provision is made. Contracts for significant changes to any existing activity shall be approved in advance by the Board of Management.
- The form of the contract shall be scrutinised in advance of its operation by Audit and Risk Management Committee and approved by the Board of Management.
- The impact of the contract(s) shall be subject to scrutiny by the Board of Management. The format for regular reports shall be as stated in funding body guidance. They shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the College's financial forecasts.
- Where the partnership would represent a significant departure from the College's, the Board of Management shall approve the departure, and the Principal shall seek the views of and inform the funding body.

24.4 European Union (EU) and other matched funding

Any such project requires the approval of the Principal prior to any commitment being entered into. Such approval shall be dependent upon the Principal being satisfied that eligible match funds are available and that the project is financially viable.

Individual applications for funds in excess of £50,000 (gross) shall be the subject of a report by the Principal to the Board of Management which will set out, amongst other things, the potential risks generated by the projects.

If the College sub-contracts such work to external providers, the relevant project manager shall ensure:

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

24.5 Profitability and recovery of overheads

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

Other income-generating activities organised by members of staff must be costed and agreed with in line with the Approval Authority Limits in Appendix B before any commitments are made. Provision must be made for charging both direct and indirect costs wherever possible, in particular for the recovery of overheads.

25 Intellectual Property Rights and Patents

25.1 General

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.

25.2 Patents

The Finance and General Purposes Committee is responsible for approving procedures to deal any patents or other intellectual property rights accruing to the College from inventions and discoveries, works, designs and databases made by staff in the course of their work.

25.3 Intellectual property rights

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 the Intellectual Property policy.

26 Pay Expenditure

27.1 Remuneration policy

All College staff should be appointed to the salary scales approved by the Board of

Management and in accordance with appropriate conditions of service, as agreed under the NRPA. All letters of appointment must be issued by the Human Resources office.

The Board of Management will determine what other benefits are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available. No other benefits are currently offered.

Salaries and other benefits for senior management will be determined by the remuneration committee set up by the Board of Management.

27.2 Appointment of staff

All contracts of service shall be concluded in accordance with the College's approved HR practices and procedures and all offers of employment with the College shall be made in writing by the Director of Human Resources. Heads of department shall ensure that HR are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

27.3 Salaries and wages

The Director of Finance is responsible for ensuring timely payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents will be in a form prescribed or approved by the Director of Finance.

Human Resources will be responsible for keeping the payroll team informed of all matters relating to personnel for payroll purposes.

In particular, these include:

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

The Director of Finance is responsible for ensuring timely 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.

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

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

27.4 Superannuation schemes

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

The Director of Finance and the Director of Human Resources are responsible for day-today superannuation matters, including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes
- Human Resources is responsible for administering eligibility to pension arrangements and for informing the payroll/finance when deductions should begin or cease for staff.

27.5 Travel, subsistence and other expenses

All claims for payment of subsistence allowances, traveling and incidental expenses shall be completed in a form approved by the Director of Finance.

The policy can be found here NWH Finance - Travel and Expenses Policy - effective 01-Sept-23.pdf - All Documents (sharepoint.com)

Claims by members of staff must be authorised by their line manager. 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
- consideration has been given to value for money in choosing the mode of transport.

Arrangements for travel by the Principal or members of the Board of Management shall be approved by the Chair of the Board of Management and those by the Chair of the Board of Management by the Chair of the Finance and General Purposes Committee.

Where deemed appropriate for business purposes the Director of Finance and the relevant head of department may jointly approve an expense advance to a member of staff.

On completion a claim should be submitted for the expenditure incurred. If expenditure exceeds the advance then the advance should be netted against the claim being made. If the advance exceeds the expenditure incurred then the balance remaining unspent must be remitted back to the College. Unspent advances can not be carried forward.

27.6 Overseas travel

All arrangements for overseas travel must be approved by a member of the Executive Leadership Team in advance of committing the College to those arrangements or confirmation of any travel bookings.

Arrangements for overseas travel by the Principal or members of the Board of Management shall be approved by the Chair of the Board of Management and those of the Chair of the Board of Management by the Chair of the Finance and General Purposes Committee.

27.7 Allowances for members of the Board of Management

Claims for members of the Board of Management will be authorised by the Chair of the Board of Management and those by the Chair of the Board of Management by the Chair of the Finance and General Purposes Committee.

27.8 Severance and other non-recurring payments

Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Board of Management. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose. All such payments shall be authorised by the Principal and calculations checked by

the Director of Human Resources or Director of Finance. Amounts paid should be declared in the financial statements.

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

27 Non-Pay Expenditure

27.1 General

The Director of Finance is responsible for ensuring timely payments to suppliers of goods and services by the College.

27.2 Provision of indemnities

Any member of staff asked to give an indemnity, for whatever purpose, should consult the Director of Finance before any such indemnity is given.

27.3 Budgetary Responsibility / Authority

The budget holder is responsible for purchases within their department. Budget holders are required to observe the Financial Procedures and adhere to procurement guidance.

The budget holder may delegate purchasing authority to named members of staff within their department. but cannot delegate their budgetary responsibility.

In exercising any authority delegated to them named budget holders must comply with the College's purchasing policies and financial procedures.

The Director of Finance must be notified promptly of any changes to authorities to commit expenditure.

The budget holder must not commit the College to expenditure without first ensuring sufficient funds are available to meet the purchase cost.

27.4 Procurement

All budget holders must, irrespective of the source of funds, obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice.

The Director of Finance (or other designated officer) is responsible for:

- ensuring that the College's purchasing policy is known and observed by all involved in purchasing for the College.

The APUC resource is responsible for:

- Advising on matters of college purchasing policy and practice
- Advising and assisting where required on specific departmental purchases
- Developing appropriate standing supply arrangements on behalf of the College to assist budget holders in meeting their value for money obligations
- The drafting and negotiation of all large-scale purchase contracts undertaken by the College
- Ensuring that the College complies with The Scottish Government Procurement Reform Bill, appropriate UK/EU Procurement Directives, and relevant Funding Party Conditions of Offer.

27.5 Purchase orders

The ordering of goods and services shall be in accordance with the Procurement Policy and with the defined levels of Budgetary Responsibility / Authority.

Official College orders must be placed for the purchase of all goods or services via the current electronic system, except those made using company credit cards or petty cash.

In exceptional circumstances, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed ‘confirmation order only’ not later than the following working day.

All purchase orders must refer to the College’s Terms and Conditions of contract.

27.6 Tenders and quotations

Goods and Services Thresholds

- < £5,000 - goods or services below this value may be sourced without having to obtain written or verbal quotations, but value for money must always be obtained.
- > than £5,000 - £49,999 - for Goods and Services the procurer is required to obtain a minimum number of three quotations.(the preferred method for doing this is through the Public Contracts Scotland 'Quick Quote' facility). Purchases over £25,000 requires liaison with the UHI Procurement Shared Service Representative.
- More than £50,000 and less than £177,897 – For Goods and Services the procurer must undertake a formal tendering process and must advertise on the national advertising website Public Contracts Scotland.

- Over £177,897 – For Goods, services and Works projects the procurer must undertake a full formal tendering process and advertises the contract on the UK Governments' Find a Tender Services (FTS), as well as on Public Contracts Scotland. However, tenders that have EU Funding are still advertised in the Official Journal of the European Union (OJEU) for compliance.

Works Thresholds

- £2m-£4.1m – the procurer must undertake a formal tendering process and must advertise on the national advertising website Public Contracts Scotland.
- >£4.1m – the procurer must undertake a full formal tendering process and advertise the contract on the UK Governments' Find a Tender Services (FTS), as well as on Public Contracts Scotland. However, tenders that have EU Funding are still advertised in the Official Journal of the European Union (OJEU) for compliance

Sustainable Procurement Policy

For Major Works projects over £2.2m Community Benefit Clauses will be considered and documented.

The College has adopted the APUC Supply Chain Code of Conduct approved by the National Association of Students.

Only partnership arrangements for the supply of goods or services specifically approved by the Finance and General Purposes Committee or the Board of Management will fall outside these arrangements for tenders and quotations.

Unless covered by specific delegated authority, any proposal to award a contract over £25,000 without competition must be approved in advance by the Scottish Funding Council.

Any external consultancy contracts with a value of £100,000 aggregated over 4 years must be approved in advance by the Scottish Funding Council.

27.7 Post-tender negotiations

Post-tender negotiations (i.e. after receipt of formal tenders but before signing of contracts), for delivery or other value-added terms can be entered into, provided:

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

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

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

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

27.8 Contracts

Building contracts are administered by the head of department with responsibility for Estates and Facilities.

Proposals will normally be initiated by Estates and Facilities in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments.

Consultants may be appointed if the project, as determined by Board of Management, is too large or too specialised for the College's Estates resources. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of investment appraisals prepared in conjunction with the Director of Finance as appropriate for Board of Management consideration. Investment appraisals should comply with appropriate Scottish Funding Council guidance.

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

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

27.9 Procurement Regulations

The Director of Finance is responsible for ensuring that the College complies with its legal obligations concerning National and EU/UK procurement legislation as appropriate.

The procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

Under the Procurement Reform Bill 2014 all goods and services over £50,000 (over a 4 year period) or Works Projects over £2,000,000 must be advertised via Public Contracts Scotland.

For tendering exercises over the threshold of £177,897 additional legal requirements need to be applied.

The Director of Finance or APUC Representative will advise on the thresholds that are currently in operation. A breach of these procurement regulations is actionable by a supplier or potential supplier.

The Director of Finance is also required to submit to the Scottish Funding Council annually details on expenditure which exceeds the threshold. Copies of any relevant documentation falling into this category must be provided by heads of department to the Director of Finance.

27.10 Receipt of goods

All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification.

A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

All goods received shall be entered onto the electronic ordering system on the day of receipt.

If the goods are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

27.11 Payment of invoices

The procedures for making all payments shall be in a form specified by the Director of Finance.

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 each month. In exceptional circumstances the Finance Department will process internet banking payments for urgent payments.

Suppliers should submit invoices for goods or services to the finance department (electronic system).

Care must be taken by the Budget Holder to ensure that discounts receivable are obtained.

Payments will be made by the Finance against invoices that can be matched to a receipted PECOS purchase order.

Any payments requested that does not have a receipted PECOS purchase order will only be processed after manual signature by the relevant budget holder{s).

Certification of an invoice or receipting of an electronic order will ensure that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- where appropriate, it is matched to the order
- invoice details (quantity, price discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- where appropriate, an entry has been made on a stores record or departmental inventory
- an appropriate cost centre is quoted; this must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

27.12 Other payments

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.

Any other non-trade payments should be requested in the form prescribed by the Director of Finance and be authorised by the appropriate Budget Holder. .

27.13 Late payment rules

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.

Key points are:

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

In view of the penalties in this Act, the Board of Management requires that invoices must be passed to Finance department on a prompt and timely basis so that payment may be made within agreed payment terms.

28 Leasing

28.1 Lease arrangements for buildings must be approved and signed by the Director of Finance Equipment may be acquired under an operating lease or a finance lease. All leases must be signed by the Director of Finance

29 College Credit Cards

29.1 Where appropriate, the Principal or the Director of Finance may approve the issuing of a College credit card to a member of staff.

29.2 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.

29.3 The Director of Finance will be responsible for setting in place a system to monitor the use of College credit cards and account for expenses charged through them.

30 Petty Cash

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

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

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

31 Assets

31.1 Land, buildings, fixed plant and machinery

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 Scottish Funding Council requirements where exchequer-funded assets or exchequer funds are involved.

31.2 Fixed assets

The Director of Finance is responsible for maintaining the College's register of tangible fixed assets (land, buildings, fixed plant and machinery).

Heads of department are responsible for providing the Director of Finance with any information required to maintain the register.

31.3 Stocks and stores

Heads of department are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments.

Heads of Department, where appropriate, are responsible for ensuring that regular inspections and stock checks are carried out, while stocks and stores of a hazardous nature should be subject to appropriate security checks.

Heads of Department, where appropriate, who are responsible for stocks that require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Director of Finance.

31.4 Safeguarding assets

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

31.5 Personal use

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

31.6 Asset disposal

All disposals must be in accordance with procedures contained in the FReM.

The disposal of land and buildings must only take place with the authorisation of the Board of Management.

For any Asset disposal liaison must be made with the Director of Finance who will liaise with the Scottish Funding Council and the regional strategic body.

32 Funds Held on Trust

32.1 Gifts, benefactions and donations

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.

32.2 Student Hardship and Childcare funds

The Director of Finance will ensure that procedures for the use of further and higher education student hardship and childcare funds are in accordance with those prescribed by the Student Awards Agency for Scotland and the Scottish Funding Council respectively.

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

32.3 Voluntary funds/fundraising

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 may be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body if appropriate. The Director of Finance shall be entitled to verify that this has been done.

E OTHER

33 Insurance

33.1 The Finance and General Purposes Committee reviews and monitors the College's insurance arrangements, advised by the Director of Finance.

33.2 The Director of Finance is responsible for ensuring that the College's insurance arrangements are in place, including access to the provision of advice on the types of cover available, negotiating any claims and maintaining the necessary records.

33.3 The Director of Finance will keep a register of all insurances affected by the College and the property and risks covered. They will also deal with the College's insurers and advisers about specific insurance problems.

33.4 Budget Holders must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The Director of Finance's advice should be sought to ensure that this is the case.

33.5 Budget Holders must give prompt notification to the Director of Finance of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks.

33.6 Budget holders must advise the Director of Finance immediately of any event that may give rise to an insurance claim. The Director of Finance will notify the College's insurers and, if appropriate, prepare a claim in conjunction with the head of department for transmission to the insurers.

33.7 The budget holder responsible for Estates and Facilities 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

33.8 All staff using their own vehicles on behalf of the College shall maintain appropriate insurance cover for business use.

34 Companies and joint ventures

34.1 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 Director of Finance, who should have due regard to guidance issued by the funding body

34.2 The Board of Management is responsible for approving any request for a new company or joint venture. 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. These and other arrangements will be set out in a memorandum of understanding

34.3 The directors of companies where the College is the majority shareholder must submit, via the Finance and General Purposes committee, an annual report to the Board of Management. They will also submit business plans or budgets as requested to enable the committee to assess the risk to the College.

34.4 The College's internal and external auditors shall also be appointed to such companies.

35 Security

35.1 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.

35.2 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 Estates and/or a relevant member of the Executive Leadership Team in any cases where security is considered to be defective or where it is considered that special security arrangements may be required.

35.3 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.

35.4 The Head of IT shall be responsible for maintaining proper security and privacy of information held on the College's computer network.

35.5 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 EU General Data Protection Regulation (GDPR) 2018. The Data Controller shall be nominated to ensure compliance with the Act and the safety of documents.

35.6 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 location.

36 Students' Association

36.1 The Highlands and Islands Students' Association represents the interests of all students (FE and HE) at the University of the Highlands and Islands and its academic partners at a regional level.

36.2 The Association will also represent the local interests of all students at those academic partners whose representative structures are part of the Association as outlined in the Schedules to these Articles. This includes the College.

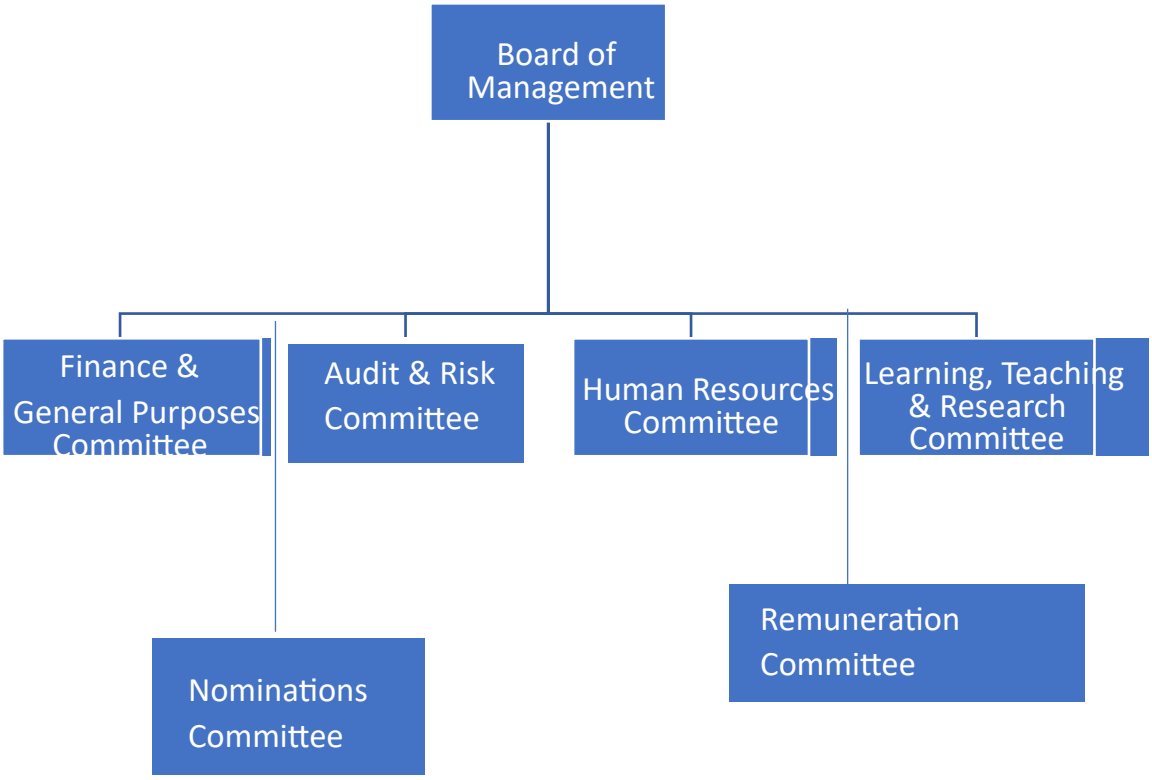
36.3 As the Board of an incorporated college where HISA represents students locally retains a duty (shared with the university) to satisfy themselves that the students' association operates in a fair and democratic manner and is accountable for its finances.

F APPENDICES

Appendix A Governance Structure

Appendix B Delegated Financial Limits

APPENDIX A: GOVERNANCE STRUCTURE



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
	£3,000
Overseas student irrecoverable loss	£6,000
Fraud loss	£5,000