

Financial Regulations

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Version Control History

Version Number	Date of Change	Summary of Revisions Made
.1	June 2021	New Financial Regulations for Academic Year 2021. Revised by the Senior Management Team and the Finance & General Purposes Committee. Approved by Board of Management on 10 June 2021
1.1	April 2023	Rebranding change in footer of review date to issue date adding EQIA.

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Financial Regulations

1 Compliance with Financial Regulations

- 1.1 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 Staff Disciplinary policy (see link to all policies below).

It is the responsibility of managers to ensure that staff are made aware of the existence and content of these Financial Regulations.

All staff should read and comply with Perth College's wider Policies and Procedures in conjunction with this document.

Link to All Policies: <https://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/>

Key topics covered in this document include:

- Gifts and entertaining.
- Authorisation levels.
- Procurement requirements.
- Staff responsibility.
- Budgets.
- Capital expenditure.
- Fraud and corruption.
- Value for money.

2 General Provisions

- 2.1 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.
- 2.2 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 Funding Council effective from 1 December 2014. The current Financial Memorandum for Perth College is between UHI (the Regional Strategic Body)

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and Perth College and came into effect on 1 January 2016, see link at 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.

2.3 These Financial Regulations should be read in conjunction with publications and guidelines from the following resources. See APPENDIX H, section 65, for links, where applicable, to these documents:

- SFC Accounts Direction
- Audit Scotland
- Accounting Standards (Various)
- Scottish Parliament Audit Committee
- HE College Administrative Schemes
- Scottish Funding Council (SFC)
- Scottish Public Finance Manual Financial Reporting manual in force (FREM)
- Perth College Policies and Procedures
- Perth College Board of Management Governance Manual

3 Status of Financial Regulations

3.1 This document sets out the College's Financial Regulations. It translates into practical guidance on financial control. It applies to Perth College and its Subsidiary undertakings.

3.2 Each of the Financial Regulations should be followed unless there is a contradiction in Perth's Constitution and Proceedings, or the Financial Memorandum between UHI and Perth College UHI in which case clarification should be sought with an SMT member APPENDIX G.
<https://www.perth.uhi.ac.uk/about-us/college-management-structure/meet-the-board/>

3.3 The purpose of these Financial Regulations is to provide direction to staff to ensure compliance with legislative and stakeholder requirements including but not limited to:

- 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.

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- 3.4 The Finance and General Purposes Committee is responsible for overseeing, reviewing, and approving the Financial Regulations, through the Finance Director.
- 3.5 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.

4 Governance Structure

4.1 Board of Management

The Board of Management has ultimate responsibility for Perth College's finances but is able to delegate specific powers and processes to the Committees detailed below. These Committees are accountable to the Board of Management. A diagram depicting the Governance Structure is included at APPENDIX B.

4.2 Finance, General Purposes Committee

The purpose of the Finance and General Purposes Committee is to assure the Board of Management that Perth College has appropriate strategies, plans, budgets and controls in place which manage identified risks creating a sustainable and stable college. A summary of the Finance and General Purposes Committee's terms of reference is shown at APPENDIX C.

4.3 Remuneration Committee

Consideration of senior management's pay and conditions is the responsibility of the Remuneration Committee. It has the power to make recommendations to the Board of Management on their remuneration, including pay and other benefits, as well as contractual arrangements.

4.4 Chairs' Committee

Chair's Committee acts as a Search and Nomination Committee when vacancies on the Board of Management require to be filled.

4.5 Health and Safety Group

The purpose of the Health and Safety Group is to assure the Board of Management that Perth College has in place appropriate policies and procedures to promote and safeguard the health and safety of staff, students and all stakeholders and satisfies current legislation. With regard to human resources, it is to assure the Board of Management via the Audit Committee of the appropriateness of policies and procedures to promote a positive and inclusive culture and meets with relevant legislation.

- 4.6 An Independent Member of the Board of Management attends each Health and Safety Committee to act as a Board Champion of Health and Safety issues.

4.7 **Audit Committee**

Colleges are required by their financial memorandum with SFC and by SFC's audit code of practice to appoint an Audit 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 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. A summary of the Audit Committee's terms of reference is shown in APPENDIX D.

4.8 **Principal and Chief Executive**

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.

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 including;

- 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, its income covers its costs and allows 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 Financial Memorandum.

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

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 considered at all stages of decision making.

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.

4.9 Finance Director

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

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

- Preparing annual budgets and financial plans.
- Preparing cash flow forecasts.
- Meeting the financial requests of UHI, SFC and other sector bodies.
- Ensuring that all tax and other financial requests of external bodies are provided accurately and timely.
- 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 E.

4.10 Senior Management Team (SMT)

The SMT is responsible to the Principal for the operational and financial management of the areas or activities within their remit. They are advised by the Finance Director on strategic financial matters. The SMT is responsible for establishing and maintaining clear lines of control and responsibility within the areas that they manage for all operational and financial matters including the delegation of day to day budget control to other budget holders including:

- The SMT shall provide the Finance Director with such information as may be required to enable compilation of the College's financial statements,
- implementation of financial planning and budgeting,
- implementation of audit and financial reviews, projects and value for money.

4.11 The Corporate Management Team (CMT)

Comprises the senior staff who provide a leadership and strategy function for the College. This group meets 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 College policies and procedures.

4.12 Budget Holders

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. Budgetary limits can change during an academic year to align with changing income levels.

Budget holders must provide the Finance Director 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.

4.13 Staff Responsibility

All members of staff are responsible for the prevention of damage or loss to equipment and property that they use/are issued with.

All members of staff should ensure that they are aware of Perth College's financial authority limits (APPENDIX E) and the values of purchases for which quotations and tenders are required, see procurement policy <https://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/>

All purchases must be through a valid purchase requisition or purchase order in advance of the purchase. Exceptions to this requirement are set out in in the Procurement Policy.

All Hire Purchase, Lease and other financial ongoing agreements must be approved and signed by the Finance Director.

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

All members of staff shall provide the Finance Director 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.

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

Staff should also be aware of the College Whistleblowing Policy
<https://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/>

5 Risk Management

Perth 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 a separate risk management policy which can be found at: <https://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/>

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

5.1 The Board of Management requires that the risk management strategy, policy and 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 covered by insurance.
- a detailed regular review at department 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 significant risks.

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- an annual review of the implementation of risk management arrangements.

5.2 The risk strategy and procedures must be capable of independent verification.

5.3 SMT and CMT staff must ensure that any agreements negotiated within their areas with external bodies cover any legal liabilities to which Perth College may be exposed. The Finance Director's advice should be sought if there is any uncertainty.

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

5.5 Managers must advise the Finance Director immediately of any event that may give rise to an insurance claim.

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

6 Public Interest Disclosure (Whistleblowing)

6.1 The College has a Whistleblowing Policy which complies with the Public Interest Disclosure Act 1998. The policy can be found at:
<https://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/>

6.2 Whistleblowing is the term used to describe a disclosure alleging corruption, malpractice or wrongdoing on the part of another person within an organisation. A 'whistle-blower' is a person who exposes this. Whistleblowing in the context of the Public Interest Disclosure Act 1988 is the disclosure by an employee (or other party) about malpractice in the workplace.

Whistleblowing tends to relate to matters of serious concern where the organisation has breached generally accepted standards of legal, ethical, financial or other expected behaviour and it is in the public interest for it to be disclosed.

Issues of serious concern include but are not limited to:

- A criminal offence, for example fraud.
- Someone's health and safety is in danger.
- Risk or actual damage to the environment.
- A miscarriage of justice.
- The organisation is breaking the law, for example does not have the right insurance.
- You believe someone is covering up wrongdoing.

6.3 **Fraud and Irregularity**

It is the duty of all members of staff, management and the Board of Management to notify any member of the SMT, immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

6.4 Normally, any concern about a workplace matter at Perth College should be raised with the relevant member of staff's immediate line manager. However, Perth 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.

6.5 The initial disclosure should be made to the Depute Principal, Academic; this can be made verbally or in writing. If the complaint relates to one or more members of the SMT or Board of Management (BOM), the complaint should be submitted to the Chair of the Board of Management.

6.6 Further details of the Public Interest Disclosure Act can be found at <https://www.legislation.gov.uk/ukpga/1998/23/contents>

7 **Code of Conduct**

7.1 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. Details can be found at: <https://www.gov.uk/government/organisations/the-committee-on-standards-in-public-life>

7.2 The College has a Staff Disciplinary Procedure which sets out offences which will result in different levels of disciplinary action see: <https://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/>

7.3 The College holds registers of interests for the Board of Management and the Senior Management team, maintained by the Clerk of the Board.

8 **Gifts and Hospitality**

8.1 The giving and receiving of gifts or hospitality carries legal obligations and risks for individuals and Perth College. These are mainly governed by the requirements of the Bribery Act but are also covered by other guidance throughout these regulations.

The Bribery Act 2010 sets out four main offences which may have an impact on the giving or receiving of hospitality:

- Bribing another person;

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- Receiving a bribe;
- Bribing a foreign public official; and
- Failure of an organisation to prevent bribery.

This is further emphasised in the College's Staff Disciplinary Procedure, APPENDIX B note 14 (Section 57).

Receiving Gifts or Hospitality

8.2 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 Finance Director when there is an offer of gifts or hospitality. For the protection of staff, the Clerk of the Board 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 in the Staff Disciplinary Procedure.

Giving Gifts or Hospitality

8.3 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.

8.4 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 Perth College or establishing cordial relationships with business partners. A member of the SMT must authorise the giving any gifts or hospitality in advance. If the gift is to be given by a member of the SMT then the gift or hospitality needs to be approved in advance by the F&GP Committee.

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

- 8.6 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.

9 Financial Planning

- 9.1 The Finance Director 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.
- 9.2 Financial plans should be consistent with the strategic plans and Estates strategy approved by the Board of Management.
- 9.3 Cash forecasts should be prepared and presented to the SMT on a monthly basis.
- 9.4 Financial forecasts should also be prepared and presented to the SMT on a monthly basis.
- 9.5 A Management Book should be presented to the SMT on a quarterly basis. The Management Book should present the monthly and YTD management accounts.

10 Resource Allocation

- 10.1 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.

11 Budget Preparation

- 11.1 The Finance Director 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.
- 11.2 Budgets should set out monthly income and expenditure detail.
- 11.3 The budget should include monthly cash flow forecasts for the year.
- 11.4 A Budget Pack should also be prepared and presented to the SMT including, but not limited to, Income Statement, Balance Sheet and Cash Flow.

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- 11.5 The Finance Director 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.
- 11.6 Throughout the year, the Finance Director is responsible for submitting revised budgets to the Finance and General Purposes Committee and the Board of Management.

12 Capital Expenditure Programme

- 12.1 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.
- 12.2 The Finance Director will establish procedures for the inclusion of capital projects in the capital programme for approval by the Finance and General Purposes Committee.
- 12.3 The Finance Director 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.
- 12.4 The Finance Director will provide regular statements concerning capital expenditure to the Finance and General Purposes Committee for monitoring purposes.
- 12.5 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.

13 Capitalisation and Depreciation

- 13.1 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.

- 13.2 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.
- 13.3 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 (eg 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.
- 13.4 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.
- 13.5 Non-government grants are released to income when performance related conditions have been met. The deferred income is allocated between creditors due within one year and those due after more than one year.

14 **Overseas Activity**

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

15 **Other Major Developments**

- 15.1 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 required by the Finance and General Purposes Committee may be different in each instance and will be discussed in advance.

16 **Financial Control**

- 16.1 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.
- 16.2 Significant departures from agreed budgetary targets must be reported immediately to the Finance Director by the Budget Holder concerned and, if necessary, corrective action taken.
- 16.3 The College's specific delegated financial limits are set out in APPENDIX E. 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.
- 16.4 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.

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;

- Compliance with relevant legislation or guidance.
- Standards expected of publicly funded bodies or their officials.
- Political sensitivity.

17 Financial Information

- 17.1 Budget Holders are assisted in their duties by management information provided under arrangements approved by the Finance Director. The types of management information available to the different levels of management include:
- Monthly review of actual income and spend.
 - Monthly review of actual income and expenditure versus budget.
 - Capital expenditure.

17.2 The Finance Director is responsible for supplying budgetary reports on all aspects of the College's finances to the Finance and General Purposes Committee and SMT. 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.

17.3 The Finance Director 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 Finance Director. All such documents shall be held in an appropriately secure, fireproof location.

18 Changes to the Approved Budget

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

"Changes" at 17.1 does not include the following:

18.2 The transfer of balances between budget holders. These changes can be approved by the Finance Director and must not lead to any net change in the overall annual budget for the College.

18.3 Any virement across departments or between lines within departments needs the approval of the Finance Director.

19 Financial Year

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

20 Basis of Accounting

20.1 The financial statements are prepared under the historic cost convention modified by the revaluation of fixed assets. The consolidated financial statements are prepared on a going concern basis. The statements have also been prepared in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102).

20.2 The financial statements are prepared in accordance with:

- the Further and Higher Education (Scotland) Act 1992,
- the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions,
- the relevant Government Financial Reporting Model (FReM) and
- other relevant accounting standards.

21 Annual Reporting Requirements

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- 21.1 Within the terms and conditions of a Financial Memorandum agreed between the SFC and the College's Board of Management, the Board, through its Chief Executive, the Principal, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.
- 21.2 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.
- 21.3 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.

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22 Accounting Records

22.1 The Finance Director 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,
- Data Protection Act 2018 and
- General Data Protection Regulation (GDPR) 2018.

22.2 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).

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

22.4 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.

23 Public Access

23.1 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**.

24 Taxation

24.1 The Finance Director 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.

24.2 The Finance Director 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.

25 Audit

25.1 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.

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

25.3 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.

25.4 The financial statements shall be signed by the Principal and Chief Executive and Chairman of the Board of Management.

25.5 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 Perth 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 SFC's audit code of practice and the Auditing Practices Board's statements of auditing standards.

25.6 Internal Audit:

The internal auditor is appointed by the Audit Committee, on behalf of the Board of Management. The main responsibility of internal audit is to provide the Board of Management, the Principal and the SMT 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 Board of Management, Principal and Chair of the Audit Committee.

Internal audits must be carried out on an annual basis covering areas as directed by the Audit Committee.

Responsibility for internal control remains fully 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 Perth 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.

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

25.7 **Fraud and Corruption**

It is the duty of all members of staff, management and the Board Members to notify the Finance Director 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 (2010) <https://www.gov.uk/government/publications/bribery-act-2010-guidance>.

The Finance Director 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 Finance Director and/or the Principal, the member of staff shall notify the Clerk to the Board; who in turn will contact the Chair of the Audit Committee directly about the irregularities.

25.8 Value for Money

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 policy on Value for Money is included in our Procurement Policy, section 4.2: <https://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/>

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.

25.9 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.

26 Treasury Management

26.1 The College has a Treasury Management procedure: <https://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/> setting out the College's position on this topic. The policy must comply with the SFC and UHI rules regarding approval for any borrowing.

26.2 The Finance Director will report to the Finance and General Purposes Committee on any relevant activities of the treasury operation and on the exercise of treasury powers delegated to him/her.

26.3 Insurance

The Finance Director 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.

It has been agreed by Scottish Ministers that colleges can extend their current commercial insurance arrangements until 31 July 2024.

The Estates function is responsible for keeping suitable records of assets which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

All staff using their own vehicles on behalf of the College must comply with the Driving for Work Policy: <https://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/>

26.4 **Appointment of Bankers and Other Professional Advisors:**

Government Banking provides a shared banking service across central government and wider public sector customers. HM Treasury has appointed The Royal Bank of Scotland plc and Barclays plc as government bankers. Perth College currently uses The Royal Bank of Scotland plc for banking services.

The Board of Management is responsible for the appointment of Perth College's other professional banking advisers on the recommendation of the Finance and General Purposes Committee.

26.5 **Banking Arrangements**

The Finance Director is responsible, on behalf of the Finance and General Purposes Committee, for liaising with Perth College's bankers in relation to Perth College's bank accounts.

Only the Finance Director may open or close a bank account for dealing with Perth College's funds. All bank accounts shall be in the name of Perth College or one of its subsidiary companies.

All automated transfers on behalf of Perth College, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Finance Director. Each BACs or CHAPS should be signed by the compiler and then the Finance Director or delegated authorisers, see APPENDIX E.

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

26.6 **Companies, Partnerships, Joint Ventures and Other Charitable Vehicles**

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

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.

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.

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.

Where the College is the majority shareholder in a company, that company's financial year shall be consistent with that of the College.

26.7 Provision of Indemnities or Guarantees

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

26.8 Treasury General

The Finance Director 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 Finance Director.

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

The Finance Director 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.

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

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 Finance Director immediately.

27 **Completeness of Income**

27.1 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.

27.2 All **monies received** must be passed to the Finance Department promptly. The custody and transit of all monies received must comply with the requirements of Perth College's insurers.

27.3 **Receipt of Cash, Cheques and Other Negotiable Instruments:**

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 any petty cash float. Personal or other cheques must not be cashed out of money received on behalf of Perth College.

27.4 **Receipts by credit or debit card:**

Perth College may only receive payments by debit or credit card using procedures approved by the Finance Director.

27.5 **Internet receipts:**

Any member of staff wishing to facilitate a customer payment to be made to Perth College via the internet should seek guidance from the Finance Director at an early stage.

27.6 **Collection of Debts:**

The Finance Director should ensure that:

- Debtors invoices are raised promptly on official invoices, in respect of all income due to Perth 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 the SMT.

27.7 Credit Arrangements:

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

27.8 Writing Off Debts:

Requests to write off individual debts in excess of the SFC delegated limits (£3,000 per debtor, per instance) for losses must be referred by the Finance Director for submission to the Finance and General Purposes Committee for consideration and obtain SFC approval. Individual debts below this level may be written off with the permission of the Finance Director.

28 Student Fees

28.1 The procedures for collecting tuition fees must be approved by the Finance Director. He or she is responsible for ensuring that all student fees due to Perth College are received.

28.2 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.

28.3 Such students shall be prevented from re-enrolling at the College and from using any of the College's facilities.

28.4 The College may pass outstanding debts to debt collection agencies and reserves the right to take legal action to recover outstanding amounts.

29 Discretionary Fund and Childcare Payments

29.1 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.

29.2 The Finance Director 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.

30 Grants and Contracts

- 30.1 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 Finance Director 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.

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- 30.2 The SMT are responsible for ensuring that there is adequate provision of resources to meet all commitments. The Finance Director should ensure that the full cost of the project or contract is established.
- 30.3 Grants and contracts must be submitted in the name of the College and authorised prior to submission. Only the Finance Director or the Principal and Chief Executive may authorise applications on behalf of the College.
- 30.4 The Finance Director 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.
- 30.5 Each grant or contract will have a named contact and will be assigned to a specific budget holder.
- 30.6 The budget holder will control staff and non-staff 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.
- 30.7 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.

31 Private Consultancies and Other Paid Work

- 31.1 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).
- 31.2 Applications for permission to undertake work must be submitted for the appropriate authorisation and then be sent to the Head of HR and Organisational Development and will include the following information:
- The name of the member(s) of staff concerned.
 - The title of the project and a description of the work involved. The description of the work involved must be sufficient to determine if whether there is any conflict of interests. If there was a conflict of interest the application cannot be approved.

- 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.

32 Non-Grant Funded Income

32.1 **Commercial Courses and Other Services Rendered.** In this context a commercial course covers all non SFC fundable training or assessment other than that funded by central government or its agencies. Any manager wishing to offer commercial training must complete a costing and pricing form in accordance with the requirements of the Finance Director. A contract or short form of agreement must be in place for all commercial activity.

32.2 **Government Funded Training Schemes.** In this context government funded training schemes includes Skills Development Scotland contracts or other training provision ultimately funded by central or local government. A cost and pricing document must be completed for all government funded training schemes in accordance with the requirements of the Finance Director. These contracts are normally originated by the client and signed by the Principal (or any Senior Manager or Manager with delegated authority from the Principal).

32.3 **Facilities and Accommodation**
Proposals for the hire of accommodation (out-with normal operating practices) and facilities should be presented to the Finance Director so that a suitable price can be established.

32.4 **Income Contracts**
Only the Principal (or any Senior Manager or Manager with delegated authority from the Principal) can sign contracts. Contracts are required in ALL cases (short form of agreements or from clients). Contracts must be costed and authorised before any commitments are made. Authorisation must be in line with the Financial Memorandum, See APPENDIX A.

33 Profitability and Recovery of Overhead Costs

33.1 All other income-generating activities must be self-financing or surplus generating unless agreed in advance by the Finance Director.

33.2 External business and management consultancy contracts. 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.

34 Retention of Income

34.1 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.

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

35 Intellectual Property Rights and Patents

35.1 Certain activities undertaken within Perth 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.

35.2 Patents

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

35.3 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, these matters should be managed by the Principal or appropriate delegate.

36 Payments

36.1 The Finance Director is responsible for making payments to suppliers of goods and services to the College. External business and management consultancies greater than £100,000 and operating leases (non-property) greater than £250,000 requires SFC approval.

37 Procurement

37.1 All budget holders must comply with the requirements of the Procurement policy when ordering goods, services or works:
<https://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/>.
Delegated signatories are acceptable if they have been approved in advance by the Finance Director.

37.2 Delegation to Budget Holders:

The budget holder is responsible for purchases within their department.
Budget holders are required to comply with the following authorisation levels:

- Budget Holder: Up to £3,000 exclusive of VAT.
- CMT: Up to £10,000 exclusive of VAT.
- SMT: Up to £25,000 exclusive of VAT.
- Finance Director: Up to £50,000 exclusive of VAT.
- Principal: Up to £100,000 excluding VAT.
- Board of Management: Over £100,000 exclusive of VAT.

Budget holders cannot authorise their own expenditure.

37.3 Central control by the Finance Director shall be exercised over the creation of requisitioners and authorisers and their respective financial limits within any electronic requisitioning system.

37.4 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.

37.5 The Finance Director is responsible for:

- Ensuring that Perth College's Procurement policy is known and observed by all involved in Procurement for Perth College.
- Advising on matters of college Procurement policy and practice.
- Advising and assisting staff where required on specific departmental purchases.
- Developing appropriate standing supply strategies on behalf of Perth College to assist budget holders in meeting their value for money obligations.
- Ensuring all orders are vetted before they leave Perth College.

- The review of all purchase contracts (in excess of £5,000) undertaken by Perth College, in collaboration with the responsible budget holder.
- Ensuring that Perth College complies with EU regulations on public Procurement policy.
- Ensuring that accepted conditions of contract for the purchase of goods do not expose the College to unacceptable risk.

37.6 Procurement **non-competitive action** (NCA) requires prior consultation with SFC through the regional strategic body if the transaction is greater than £25,000 inclusive of VAT or the proposal to award an external consultancy contract with a value of £100,000 over a 4 year period (per SFC guidance).

38 Tender Management (Tenders and Quotations)

38.1 Official college purchase orders must be placed for the purchase of all goods or services except those made using petty cash. In exceptional circumstances, urgent orders may be given orally, but must be supported by an official purchase order not later than the following working day.

38.2 National and sector (APUC) contracts must be used for all purchases where a contract exists – unless agreement has been reached with the Budget Holder and the Finance Director.

39 Receipt of Goods

39.1 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. The delivery note must then be passed to procurement immediately.

39.2 All goods received shall be entered onto an appropriate goods received document or electronic receipting system on the day of receipt. If the goods are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier notified immediately.

39.3 All persons receiving goods on behalf of Perth College must be independent of those who placed the official order.

40 Major Building Contracts

- 40.1 Building contracts are the responsibility of the Board of Management with advice provided by the Principal or appropriate SMT member and where necessary external professional advisors. Proposals will normally be initiated as a result of planned capital developments, or in response to requests from curriculum and professional services departments. Managing Consultants may be appointed if the project, as determined by the Board of Management, is too large or too specialised for Estates to manage. Appointments shall be subject to tendering and other procedures where appropriate.
- 40.2 Proposals shall be presented in the form of costings, or investment appraisals, prepared in conjunction with the Finance Director for Board of Management consideration.
- 40.3 Following consideration, 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 Scottish Funding Council, the relevant procedural rules should be followed. Scottish Funding Council guidance on best practice should be followed even when Scottish Funding Council approval is not required. The achievement of value for money will be an objective in the awarding of all contracts.
- 40.4 Building contracts will be administered by a Vice Principal and must adopt the protocols for proposed capital expenditure and major developments.
- 40.5 Capital projects require outline approval from SFC and the Scottish Government.

41 Payment of Invoices

- 41.1 The Finance Director 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 fortnight. In exceptional circumstances the Finance Department will prepare single manual BACS for urgent payments.
- 41.2 Suppliers must be instructed to submit invoices for goods or services directly to Finance.
- 41.3 Payments will only be made by Finance against invoices that have been certified for payment by the appropriate Budget Holder or against invoices that can be matched to a receipted order (electronic system).
- 41.4 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.

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- 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.
- an appropriate Group and Project code is quoted; this must be one of the Group and Project codes included in the CMT areas of responsibility and must correspond with the types of goods or service described on the invoice.

42 Petty Cash

42.1 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.

43 Other Payments

43.1 Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Finance Director, supported by detailed claims approved by the budget holder.

43.2 Any other non-trade payments should be requested in a form prescribed by the Finance Director and be authorised by the appropriate budget holder.

44 Late Payment Rules

44.1 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.

45 Leasing

45.1 Lease agreements for buildings must be approved and signed by the Finance Director.

45.2 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 Finance Director. Details of all lease agreements will be kept within the Finance Department and monitored by the Procurement Manager in relation to expiry and renewals.

46 Remuneration

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- 46.1 All College staff will be appointed in accordance with the appropriate conditions of service. All letters of appointment must be issued by the HR and Organisational Development department.
- 46.2 The SMT propose consolidated remuneration and other benefits through the annual budget. This proposal is often an estimate of where the National Bargaining agreement will conclude in the next year. Remuneration and other benefits should therefore fall within budget limits approved by the Board of Management or in line with National Bargaining agreements.

47 **Appointment of Staff**

- 47.1 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 Head of HR and Organisational Development or their delegated authority.
- 47.2 Budget holders must ensure that the Head of HR and Organisational Development are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

48 **Salaries and Wages**

- 48.1 The Finance Director 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 Finance Director.
- 48.2 The Head of HR and Organisational Development will be responsible for keeping the Finance Director 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.

- 48.3 The Finance Director 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.
- 48.4 The Finance Director shall be responsible for keeping all records relating to payroll including those of a statutory nature.
- 48.5 All payments must comply with HMRC regulations.

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49 Superannuation Schemes

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

49.2 The Finance Director is responsible for day-to-day superannuation matters, including:

- Paying contributions to various authorised superannuation schemes.
- Preparing the annual return to various superannuation schemes.
- Liaising with the superannuation on all appropriate changes such as leavers, retirees and new starters.
- Ensuring compliance with auto enrolment requirements.

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

50 Travel, Subsistence and Other Allowances

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

50.2 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.

50.3 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 Clerk to the Board.

51 Overseas Travel

51.1 All arrangements for overseas travel must be made through the most cost efficient approach which will normally be through the College Travel Agent using the appropriate form. Any approvals required must be obtained in advance of committing the college to those arrangements or confirmation of any travel bookings.

52 Expenses for members of the Board of Management

52.1 Claims for members of the Board of Management will be approved by the Clerk to the Board.

53 Severance and Other Non-Recurring Payments

53.1 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.

53.2 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'.

53.3 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.

53.4 All matters referred to an employment tribunal shall be notified to the Finance Director at the earliest opportunity in order that budget provision may be made.

54 Assets

54.1 **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 funding body requirements where exchequer-funded assets or exchequer funds are involved.

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

54.3 **Property Register.** The Finance Director is responsible for maintaining a full register of properties owned or occupied by the College.

54.4 When transferring equipment between departments, the transfer must be recorded, a copy of the record sent to the Finance Director and the asset register amended accordingly.

54.5 **Stocks and Stores.** 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 Finance Director.

54.6 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, Safety and Wellbeing Advisor.

54.7 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 Finance Director.

54.8 **Safeguarding Assets**

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 Head of Estates in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

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

54.10 **Personal Use**

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

54.11 **Asset Disposal**

Disposal of equipment and furniture, whether by sale or otherwise, requires the prior written authorisation of the Finance Director. 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.

55 **Funds on Trust**

55.1 **Gifts, Benefactions and Donations**

The Finance Director 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.

55.2 **Student Support Funds**

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

55.3 Trust Funds

The Finance Director 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.

55.4 Voluntary Funds

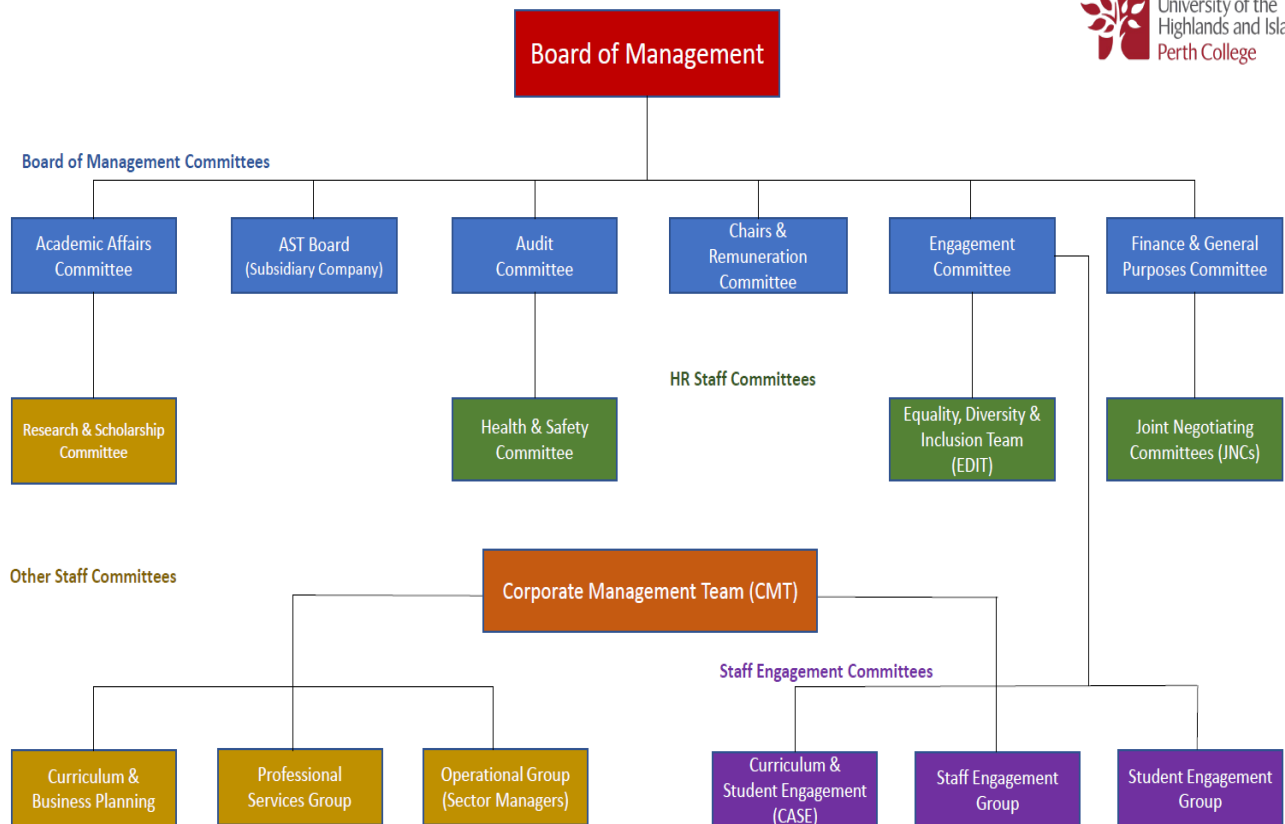
The Finance Director shall be informed of any fund that is not an official fund of the College, which is controlled wholly or in part by a member of staff in relation to their function in the college. The accounts of any such fund shall be audited by an independent person and shall be submitted with a certificate of audit to the appropriate body. The Finance Director shall be entitled to verify that this has been done.

56 System Security

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

56.2 The Head of Estates is responsible for the safe and appropriate use of the CCTV systems on the College site, ensuring appropriate policy, signage and security arrangements are in place at all times.

- 57 **APPENDIX A – Financial Memorandum: UHI-Perth**
<https://www.perth.uhi.ac.uk/about-us/college-management-structure/meet-the-board/>
- 58 **APPENDIX B – Board of Management Structure**



- 59 **APPENDIX C – Finance and General Purposes Committee Terms of Reference**
- 1 Consideration of the annual estimate of revenue income and expenditure.
 - 2 Consideration of the annual estimate of capital income and expenditure.
 - 3 Responsibility to ensure that appropriate control systems are in place:
 - a To administer and control all revenue and capital grants received from the Scottish Government and all other sources.
 - b To administer and control the payment of all monies due and the collection of all income due.
 - c To ensure the efficient management of the College Catering Service and Food Court and Halls of Residence.

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- d To administer and control matters relating to the repair, maintenance and upkeep of land, buildings etc.
- 4 Liaison with the Audit Committee in reporting to the Board on the state of the College's finances.
- 5 Consideration and approval of the College's Financial Regulations and Procedures, ensuring their implementation, monitoring and review in relation to all matters financial, including approving organisations in which funds may be invested and setting investment limits.
- 6 Generally the formulation of advice to the Board on financial matters and the supervision of the financial affairs of the Board.
- 7 Strategic oversight of procurement, contract management and ICT service level agreement on behalf of the Board.
- 8 Consideration of tenders received for any works the cost of which are in excess of £50,000.
- 9 The acquisition and/or disposal of heritable property whether by purchase/sale or lease.
- 10 Consideration of any proposals to obtain plant equipment furnishings or fittings the cost of which is expected to be more than £50,000.
- 11 Consideration and assessment of priorities for capital grant for new building work or the major modification of existing buildings. Recommendations to the Board on issues relating to College estates and resources.
- 12 The oversight of the Board's statutory functions and responsibilities as an employer of the staff of the College.
- 13 Consideration of all matters relating to:
 - a The establishment and staffing structure of the College;
 - b The salaries, wages and conditions of service of all staff except the Principal, Executive and Managers as individual contracts with the Board.
- 14 Responsibilities for early retirement/early severance policy.
- 15 Oversight of the disciplinary and grievance policies and procedures of the College.
- 16 Consideration of matters relating to staff relations including union recognition and local bargaining agreements.

Internal Control

- 1 Reviewing and advising the Board of Management of the internal and the external auditor's assessment of the effectiveness of the college's financial and other internal control systems, including controls specifically to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness; and
- 2 Reviewing and advising the Board of Management on its compliance with corporate governance requirements and good practice guidance including a strategic overview of risk management.
- 3 Strategic oversight of Health and Safety, Freedom of Information and Data Protection on behalf of the Board.

Internal Audit

- 1 Advising the Board of Management on the selection, appointment or reappointment and remuneration, or removal of the internal audit provider.
- 2 Advising the Board of Management on the terms of reference for the internal audit service.
- 3 Reviewing the scope, efficiency and effectiveness of the work of internal audit, considering the adequacy of the resourcing of internal audit and advising the Board of Management on these matters.
- 4 Advising the Board of Management of the Audit Committee's approval of the basis for and the results of the internal audit needs assessment and the strategic and operational planning processes.
- 5 Approving the criteria for grading recommendations in assignment reports as proposed by the internal auditors.
- 6 Reviewing the internal auditor's monitoring of management action on the implementation of agreed recommendations reported in internal audit assignment reports and internal audit annual reports.
- 7 Considering salient issues arising from internal audit assignment reports, progress reports, annual reports and management's response thereto and informing the Board of Management thereof.
- 8 Informing the Board of Management of the Audit Committee's approval of the internal auditor's annual report.

- 9 Ensuring establishment of appropriate performance measures and indicators to monitor the effectiveness of the internal audit service.
- 10 Securing and monitoring appropriate liaison and co-ordination between internal and external audit.
- 11 Ensuring good communication between the Committee and the internal auditors.
- 12 Responding appropriately to notification of fraud or other improprieties received from the internal auditors or other persons.
- 13 Reviewing the Risk Management Register.

External Audit

The appointment of external auditors to the College is directed by Audit Scotland.

- 1 Considering the college's annual financial statements and the external auditor's report prior to submission to the Board of Management by the Finance Committee. Care should be taken, however, to avoid undertaking work that properly belongs to the Finance and General Purposes Committee. If within its terms of reference, the Committee should consider the external audit opinion, the Statement of Members' Responsibilities and any relevant issue raised in the external auditor's management letter.
- 2 Reviewing the external auditor's annual Management Letter and monitoring management action on the implementation of the agreed recommendations contained therein.
- 3 Advising the Board of Management of salient issues arising from the external auditor's management letter and any other external audit reports, and of management's response thereto.
- 4 Reviewing the statement of corporate governance.
- 5 Establishing appropriate performance measures and indicators to monitor the effectiveness of the external audit provision.
- 6 Reviewing the external audit strategy and plan.
- 7 Holding discussions with external auditors and ensuring their attendance at Audit Committee and Board of Management meetings as required.
- 8 Considering the objectives and scope of any non-statutory audit work undertaken or to be undertaken, by the external auditor's firm and advising the Board of Management of any potential conflict of interest.

- 9 Securing appropriate liaison and co-ordination between external and internal audit.

Value for Money

- 1 Establishing and overseeing a review process for evaluating the effectiveness of the college's arrangements for securing the economical, efficient and effective management of the college's resources and the promotion of best practice and protocols, and reporting to the Board of Management thereon.
- 2 Advising the Board of Management on potential topics for inclusion in a programme of value for money reviews and providing a view on the party most appropriate to undertake individual assignments considering the required expertise and experience.
- 3 Advising the Board of Management of action that it may wish to consider in the light of national value for money studies in the further education sector.

Advice to the Board of Management

- 1 Reviewing the college's compliance with the Code of Audit Practice and advising the Board of Management on this.
- 2 Producing an annual report for the Board of Management.
- 3 Advising the Board of Management of significant, relevant reports from the Scottish Funding Council and National Audit Office and successor bodies and, where appropriate, management's response thereto.
- 4 Reviewing reported cases of impropriety to establish whether they have been appropriately handled.

61 APPENDIX E – Authorisation Levels

- Budget Holder: Up to £3,000 exclusive of VAT.
- CMT: Up to £10,000 exclusive of VAT.
- SMT: Up to £25,000 exclusive of VAT.
- Finance Director: Up to £50,000 exclusive of VAT.
- Principal: Up to £100,000 excluding VAT.
- Board of Management: Over £100,000 exclusive of VAT.

62 APPENDIX F – Scottish Public Finance Manual

<http://www.sfc.ac.uk/governance/institutional-sustainability-governance/institutional-governance/college-governance/college-governance.aspx>

63 APPENDIX G – Perth College Constitution

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64 APPENDIX H – Publications to read in conjunction with the Financial Regulations

- Statement of Recommended Practice (SORPs) – [https://www.iasplus.com/en-gb/standards/uk-gaap/sorps#:~:text=Statements%20of%20Recommended%20Practice%20\(%22SORPs,out%20current%20best%20accounting%20practice.&text=The%20SORP%20'Policy%20and%20Code,'SORP%2Dmaking'%20body](https://www.iasplus.com/en-gb/standards/uk-gaap/sorps#:~:text=Statements%20of%20Recommended%20Practice%20(%22SORPs,out%20current%20best%20accounting%20practice.&text=The%20SORP%20'Policy%20and%20Code,'SORP%2Dmaking'%20body)
- SFC Accounts Direction – <http://www.sfc.ac.uk/>
- Audit Scotland – <https://www.audit-scotland.gov.uk/>
- Accounting Standards – Various
- Scottish Parliament Audit Committee – <https://archive2021.parliament.scot/parliamentarybusiness/PreviousCommittees/109594.aspx>
- HE College Administrative Schemes
- Scottish Funding Council (SFC) – <http://www.sfc.ac.uk/>
- Scottish Public Finance Manual – <https://www.gov.scot/publications/scottish-public-finance-manual/background-and-applicability/background-and-applicability/>
- Financial Reporting manual in force (FREM) – <https://www.gov.uk/government/collections/government-financial-reporting-manual-frem>
- Perth College Policies and Procedures – <https://www.perth.uhi.ac.uk/about-us/policies-regulations-and-guidelines/>
- Perth College Board of Management Governance Manual – <https://www.perth.uhi.ac.uk/about-us/college-management-structure/meet-the-board/>

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