

# **Financial Regulations**

# FINANCIAL REGULATIONS

## CONTENTS

<b>TERMINOLOGY</b>	<b>4</b>
Audit & Risk Committee	4
Board of Governors	4
Principal	4
Senior Management Team	4
Vice Principal Finance & Planning	4
Head of Finance	4
Budget Holder	5
Budget Manager	5
Scottish Funding Council (SFC)	5
<b>A GENERAL PROVISIONS</b>	<b>6</b>
1 Background	6
2 Status of Financial Regulations	6
<b>B CORPORATE GOVERNANCE</b>	<b>9</b>
3 The Board of Governors	9
4 Designated Officer	10
5 Governance Structure	10
6 Financial Responsibility of Staff	12
7 Legal Liabilities and Risk Management	15
8 Whistleblowing	16
9 Code of Conduct	17
<b>C FINANCIAL MANAGEMENT AND CONTROL</b>	<b>20</b>
10 Financial Planning	20
11 Financial Control	22

12	Accounting Arrangements	24
13	Audit Compliance and Document Retention	26
14	Treasury Management	29
15	Income	31
16	Other Income-Generated Activity	34
17	European Union (EU) and Other Grant Funding Activity	36
18	Intellectual Property Rights and Patents	36
19	Expenditure	37
20	Remuneration Policy	48
21	Assets	52
22	Funds Held on Trust	54
23	Other	55

## APPENDICES

A	GOVERNANCE STRUCTURE	59
B	BOARD OF GOVERNORS RESPONSIBILITIES	60
C	FINANCE, COMMERCIAL, PLANNING & ESTATES COMMITTEE SUMMARY OF RESPONSIBILITIES	61
D	AUDIT & RISK COMMITTEE SUMMARY OF RESPONSIBILITIES	64
E	CHAIRMAN'S COMMITTEE SUMMARY OF RESPONSIBILITIES	68
F	ESTATES PROJECT BOARD SUMMARY OF RESPONSIBILITIES	71
G	HEALTH & SAFETY AND HUMAN RESOURCES COMMITTEE SUMMARY OF RESPONSIBILITIES	73
H	CARNEGIE ENTERPRISE BOARD OF DIRECTORS SUMMARY OF RESPONSIBILITIES	76
I	MAIN FEATURES OF THE PUBLIC INTEREST DISCLOSURE ACT 1998	78
J	THE SEVEN PRINCIPLES OF PUBLIC LIFE FROM THE REPORT OF THE COMMITTEE FOR STANDARDS IN PUBLIC LIFE (THE NOLAN REPORT)	81
K	SUMMARY OF PROTOCOLS FOR PROPOSED CAPITAL EXPENDITURE	83

L	PROTOCOLS FOR PROPOSED MAJOR DEVELOPMENTS	84
M	INTERNAL AUDIT RESPONSIBILITIES	85
N	PROCUREMENT PROCEDURES	86
O	MAIN POINTS INCLUDED IN THE COLLEGES CODE OF TENDERING	86
P	FRAUD PREVENTION AND RESPONSE PLAN	87

## TERMINOLOGY

---

The following general terms have been used throughout these regulations:

### **Audit & Risk Committee**

A committee independent of executive responsibility, which advises the Board of Governors on issues relating to internal audit, external audit and financial control. It is required to issue an annual report to the Board of Governors which, *inter alia*, comments on the College's system of internal control.

### **Board of Governors**

The body ultimately responsible for the affairs of the College, and its responsibilities and duties are set out in the Further and Higher Education (Scotland) Act 1992.

### **Principal**

The Principal of the College is also the Chief Executive of the College and is directly accountable to the governing body for the proper conduct of the institution's affairs. The Chief Executive of the institution is also directly accountable to the Chief Executive Officer of the SFC for the institution's proper use of funds deriving from Scottish Ministers and its compliance with this memorandum.

### **Senior Management Team**

This is constituted by the Principal and the Vice Principals.

### **Vice Principal Finance & Planning**

The Vice Principal Finance & Planning is responsible for the preparation of accounting and budget information together with the management of internal financial controls.

### **Head of Finance**

The Head of Finance reports to the Vice Principal Finance & Planning and is responsible for the management of the financial resources of the College, the preparation of accounting and budget information together with the management of internal financial controls.

**Budget Holder**

The Budget Holder is the individual within the College who has overall responsibility for a particular budget or group of budgets. Budget Holders are generally Heads of Department and may be referred to as such within this document.

**Budget Managers**

The Budget Manager is the line manager to whom the Budget Holder may have delegated budgetary responsibility for specific departments/sections.

**Scottish Funding Council (SFC)**

The Scottish Further and Higher Education Scottish Funding Council (SFC) is the national strategic body that is statutorily responsible for funding teaching and learning provision, research and other activities in Scotland's colleges, universities and higher education institutions.

## **A GENERAL PROVISIONS**

---

### **1 Background**

**1.1** Fife College is a further education college incorporated under the provisions of the Further and Higher Education (Scotland) Act 1992. Its structure of governance is laid down in the instrument and articles of government, which may only be amended by application to the Scottish Parliament. Fife College is accountable through its Board of Governors, which has ultimate responsibility for the effectiveness of its management and administration.

**1.2** Fife College is an exempt charity by virtue of the Charities Act 1993 as amended by the Charities Act 2006.

**1.3** The financial memorandum between the Scottish Funding Council (SFC) and Fife College sets out the terms and conditions on which grant is made. The Board of Governors is responsible for ensuring that conditions of grant are met. As part of this process, Fife College must adhere to SFC's Outcome Agreement, its Financial Memorandum, the Scottish Government's Scottish Public Finance Manual (SPFM) except where any special actions or derogations have been agreed with Scottish Ministers and the SFC's audit code of practice, which requires it to have sound systems of financial and management control. The financial regulations of Fife College form part of this overall system of accountability.

### **2 Status of Financial Regulations**

**2.1** This document sets out Fife College's financial regulations. It translates into practical guidance Fife College's broad policies relating to financial control within the context of the SFC's financial memorandum, the SPFM, and all its subsidiary undertakings (where applicable). This document was approved by the Finance, Commercial, Planning & Estates Committee on 3<sup>rd</sup> of March 2016. It applies to Fife College and all its subsidiary undertakings.

**2.2** These financial regulations are subordinate to Fife College's instruments and articles of government and to any restrictions contained within Fife College's financial memorandum with SFC and SFC's audit code of practice.

**2.3** The purpose of these financial regulations is to provide control over the totality of Fife College's resources and provide management with assurances that the resources are being properly applied for the achievement of Fife 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 Fife College complies with all relevant legislation
- safeguarding the assets of Fife College.

**2.4** Compliance with the financial regulations is compulsory for all staff connected with Fife College. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under Fife College's disciplinary policy. The Board of Governors will be notified of any such breach through the Finance, Commercial, Planning & Estates Committee. It is the responsibility of Senior Management Team to ensure that their staff are made aware of the existence and content of Fife College's financial regulations.

**2.5** The Finance, Commercial, Planning & Estates Committee is responsible for maintaining a continuous review of the financial regulations, through the Vice Principal Finance & Planning, and for advising the Board of Governors of any additions or changes necessary.

**2.6** In exceptional circumstances, the Principal may authorise a departure from the detailed provisions herein in line with the SFC Financial Delegated Limits or Government requirements, such a departure is to be immediately reported to the Chair of the Board of Governors and thereafter the Finance, Commercial, Planning & Estates Committee.



**2.7** These Financial Regulations should be read in conjunction with relevant guidance on accountability or propriety issued by the:

- The Scottish Funding Council
- The Scottish Government
- Audit Scotland
- The Scottish Parliament Audit & Risk Committee
- SORP: Accounting for Further and Higher Educational Institutions
- The Government Financial Reporting Manual (FReM)
- Consolidated Budget Guidance

**2.8** The SFC issued a Financial Memorandum that had effect from 1st January 2006. The primary purpose of the Memorandum is to establish a framework of ground rules through which funds provided by the SFC are administered by the College in such a way as to ensure they are applied appropriately and are safeguarded. The Board of Governors accepts that if the College fails to comply with any terms and conditions attached to the funds from the SFC or contained in the Financial Memorandum, the College may be required to:

- repay to the SFC any sums received from it; and
- pay interest to the SFC in respect of any period during which a sum due to the SFC is unpaid.

## **B CORPORATE GOVERNANCE**

---

### **3 The Board of Governors**

**3.1** The Board of Governors is responsible for the management and administration of Fife College. Its financial responsibilities are to:

- ensure the solvency of Fife College and the safeguarding of Fife College's assets
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and other senior post-holders.
- set a framework for pay and conditions of service of all other staff
- ensure that the financial, planning and other management controls, including controls against fraud and theft, applied by Fife College are appropriate and sufficient to safeguard public funds
- approve the appointment of external auditors and an internal audit service
- secure the efficient, economical and effective management of all Fife College's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in Fife 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 or exceed its total expenditure
- approve an annual budget before the start of each financial year
- ensure that Fife College complies with SFC's audit code of practice
- determine tuition fees
- approve Fife College's Outcome Agreement
- approve the Annual Financial Statements

## **4 Designated Officer**

**4.1** The Principal is Fife College's designated officer and is responsible for ensuring the financial administration of Fife College's affairs in accordance with the financial memorandum with SFC. As the designated officer, the Principal may be required to justify any of Fife College's financial matters to the Scottish Parliament Audit & Risk Committee (SPAC).

In particular, the articles of government 3.(2).(e) charge the principal with responsibility:

*"...for preparing annual estimates of income and expenditure, for consideration and approval by the governing body, and for the management of budget and resources, within the estimates approved by the governing body."*

The Principal shall demonstrate his or her oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements, and the declaration page of the Financial Forecast Return (FFR), submitted to the SFC.

The Principal has authority to disseminate actions to members of the Senior Management Team.

## **5 Governance Structure**

**5.1** The Board of Governors has ultimate responsibility for Fife 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 Governors. A diagram depicting the Governance Structure is included at Appendix A.

### **5.2 Finance, Commercial, Planning & Estates Committee**

The purpose of the Finance, Commercial, Planning and Estates Committee is to assure the Board of Governors that Fife 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, Commercial, Planning & Estates Committee's terms of reference is shown at

### **5.3 Chairman's Committee**

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

The Committee acts as a Search and Nomination Committee when vacancies on the Board of Governors require to be filled.

### **5.4 Health & Safety and HR Committee**

The purpose of the Health and Safety and Human Resources Committee is to assure the Board of Governors that Fife 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 Governors of the appropriateness of policies and procedures to promote a positive and inclusive culture and meets with relevant legislation.

### **5.5 Audit & Risk Committee**

Colleges are required by their financial memorandum with SFC and by SFC's audit code of practice to appoint an Audit & Risk Committee. The Committee is independent, advisory and reports to the Board of Governors. 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 & Risk Committee's terms of reference is shown at Appendix D. The audit requirements of Fife College are set out in SFC's audit code of practice.

### **5.6 The Board of Directors of Carnegie Enterprise Limited**

The Board of Directors oversees the strategic and financial planning for Carnegie Enterprise.

Carnegie Enterprise Limited is a wholly owned subsidiary company of Fife College. The Board

of Directors makes recommendations to the Board of Governors, on behalf of the company, in relation to approval of annual accounts, and business plan issues.

## **6 Financial Responsibility of Staff**

### **6.1 Vice Principal Finance and Planning**

Strategic financial administration is controlled by the Vice Principal Finance and Planning, who is responsible to the Principal for:

- preparing annual capital and revenue budgets and financial plans,
- the running and efficient management of the College estate, and control of the budgets associated with this function. This includes capital projects, long term maintenance, and day to day maintenance,
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations,
- preparing Fife College's annual accounts and other financial statements and accounts which Fife College is required to submit to other authorities,
- ensuring that Fife College maintains satisfactory financial systems,
- providing professional advice on all matters relating to financial policies and procedures,
- liaison with internal and external auditors in order to achieve efficient processes

## **6.2 Vice Principal Curriculum, Vice Principal Commercial Development & Vice Principal Organisational Change and Development**

The Vice Principals are responsible to the Principal for the financial management of the areas or activities they control. They are advised by the Vice Principal Finance & Planning in executing their financial duties.

The Vice Principal Finance & Planning will also supervise and approve the financial systems operating within their directorates including the form in which accounts and financial records are kept.

Vice Principals are responsible for establishing and maintaining clear lines of responsibility within their directorates for all financial matters. Where resources are devolved to budget holders, they are accountable to their Vice Principal for their own budget.

Vice Principals shall provide the Vice Principal Finance & Planning with such information as may be required to enable:

- compilation of the institution's financial statements,
- implementation of financial planning and budgeting,
- implementation of audit and financial reviews, projects and value for money studies.

## **6.3 Heads of Departments**

Where resources have been devolved by Vice Principals to Heads of Departments they are responsible to the Vice Principal Finance & Planning for financial management for the areas or activities they control.

They are advised by the Vice Principal Finance & Planning in executing their financial duties. The Vice Principal Finance & Planning will also supervise and approve any financial systems operating in their areas.

Heads of Departments are responsible for establishing and maintaining clear lines of responsibility within their area for all financial matters. Where resources are devolved to budget holders, they are accountable to a nominated Head of Department for their own budget.

Heads of Departments shall provide the Vice Principal Finance & Planning with such information as may be required to enable:

- compilation of Fife College's financial statements
- implementation of financial planning
- implementation of audit and financial reviews, projects and value for money studies.

### **6.3 All Members of Staff**

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

They should ensure that they are aware of Fife College's financial authority limits (section 19.2) and the values of purchases for which quotations and tenders are required (section 19.4).

All Hire Purchase, Lease and other financial ongoing agreements must be approved and signed by the Vice Principal Finance & Planning.

Staff shall make available any relevant records or information to the Vice Principal Finance & Planning or his or her authorised representative in connection with the implementation of Fife College's financial policies, these financial regulations and the system of financial control.

They shall provide the Vice Principal Finance & Planning 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 Governors.

They shall immediately notify the Vice Principal Finance & Planning whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of Fife College. The Vice Principal Finance & Planning 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.

## **7 Legal Liabilities and Risk Management**

Managers must ensure that any agreements negotiated within their areas with external bodies cover any legal liabilities to which Fife College may be exposed. The Vice Principal Finance & Planning advice should be sought to ensure that this is the case. Managers must give prompt notification to the Vice Principal Finance & Planning of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Managers must advise the Vice Principal Finance & Planning immediately of any event that may give rise to an insurance claim. Any member of staff asked to give an indemnity, for whatever purpose, should consult the Vice Principal Finance & Planning before any such indemnity is given.

**7.1** Fife 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 strategy.

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

**7.3** In line with this policy, the Board of Governors 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 covered by insurance (Section 23.1)
- 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 Governors of all significant risks
- an annual review of the implementation of risk management arrangements

The strategy and procedures must be capable of independent verification.

**7.4** Heads of Departments must ensure that any agreements negotiated within their areas with external bodies cover any legal liabilities to which Fife College may be exposed. The Vice Principal Finance & Planning advice should be sought to ensure that this is the case and the Contracts Procedure is followed at all times.

## **8 Whistleblowing**

### **Fraud and Irregularity**

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

**8.1** Whistleblowing in the context of the Public Interest Disclosure Act is the 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.

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

**8.3** A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose. The staff designated for this purpose are any member of the Senior Management Team. However if the member of staff feels that the matter is so serious that he or she cannot discuss it with any of the staff designated he or she should write to the Chairman of the Board of Governors.

**8.4** The full procedure for whistleblowing is set out in Fife College's whistleblowing policy, which is available in the staff handbook and on the staff intranet. Further details of the Public Interest Disclosure Act are set out at Appendix E.

## **9 Code of Conduct**

**9.1** Fife 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. These principles are set out at Appendix F. In addition, Fife College expects that staff at all levels will observe its code of conduct contained in its staff handbook, which covers:

- probity and propriety
- selflessness, objectivity and honesty
- relationships

**9.2** Members of the Board of Governors and all members of staff involved in procurement are required to disclose interests in Fife College's register of interests maintained by the Vice Principal Finance & Planning (or other nominated officer). They are required to ensure that entries in the register relating to them are kept up to date at all times.

In particular, no person shall be a signatory to a college contract where he or she also has an

interest in the activities of the other party.

### **9.3 Receiving Gifts or Hospitality**

All members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality.

#### [Bribery Act 2010](#)

It is an offence under the Prevention of Corruption Act 1906 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. 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.

Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than Fife College would be likely to provide in return.

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from Vice Principal Finance & Planning. Guidance on acceptable hospitality is contained in the staff handbook. For the protection of those involved, the Vice Principal Finance & Planning (or other nominated officer) will maintain a register of gifts and hospitality received. Members of staff in receipt of such gifts or hospitality are obliged to notify the Vice Principal Finance & Planning (or other nominated officer) promptly.

### **9.5 Entertaining guests**

Staff entertaining guests from outside bodies should normally use Fife College's catering facilities. Reasons may be requested when submitting a claim for reimbursement. Guidance for entertaining guests is set out in Fife College's staff handbook.

## **C FINANCIAL MANAGEMENT AND CONTROL**

---

### **10 Financial Planning**

**10.1** The Vice Principal Finance & Planning is responsible for preparing annually a rolling three year financial plan for approval by the Board of Governors on the recommendation of the Finance, Commercial, Planning & Estates Committee and for preparing financial forecasts for submission to SFC. Financial plans should be consistent with the strategic plans and estates strategy approved by the Board of Governors.

#### **10.2 Budget Objectives**

The Board of Governors will, from time to time, set budget objectives for Fife College. These will help the Vice Principal Finance & Planning in preparing his or her more detailed financial plans for Fife College.

#### **10.3 Resource Allocation**

Resources are allocated annually by the Board of Governors on the recommendation of the Finance, Commercial, Planning & Estates Committee, and on the basis of the above objectives. Heads of Department are responsible for the economic, effective and efficient use of resources allocated to them.

#### **10.4 Budget Preparation**

The Vice Principal Finance & Planning is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Finance, Commercial, Planning & Estates Committee before submission to the Board of Governors. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Vice Principal Finance & Planning must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Heads of Department as soon as possible following their approval by the Board of Governors.

During the year, the Vice Principal Finance & Planning is responsible for submitting updated forecasts to the Finance, Commercial, Planning & Estates Committee for consideration before submission to the Board of Governors for approval.

### **10.5 Capital Programmes**

The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs which are to be capitalised for inclusion in Fife College's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the Board of Governors.

The Vice Principal Finance & Planning has responsibility for establishing protocols for the inclusion of capital projects in the capital programme for approval by the Board of Governors. These set out the information that is required for each proposed capital project as well as the financial and qualitative criteria that they are required to meet. They are summarised at Appendix G.

The approval of variations, including the notification of large variations to SFC, as laid down in SFC guidelines is the responsibility of the Vice Principal Finance & Planning.

The Vice Principal Finance & Planning is responsible for providing regular statements concerning all capital expenditure to the Finance, Commercial, Planning & Estates Committee for monitoring purposes.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Finance, Commercial, Planning & Estates Committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to SFC, as laid down in SFC guidelines.

In addition, a formal Post-Implementation Review of the project may be conducted by the Internal auditors and a report presented to the Audit & Risk Committee.

### **10.6 Overseas Activity**

In planning and undertaking overseas activity, Fife College must have due regard to the relevant guidelines issued by SFC.

## **10.7 Other Major Developments**

Any new aspect of business, such as diversification or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £200,000 excluding vat should be presented for approval to the Board of Governors.

Once approval is received from the Board of Governors, under delegated limits contained within the SFC Financial Memorandum, final approval should be sought from the SFC.

The Vice Principal Finance & Planning has responsibility for establishing protocols for these major developments to enable them to be considered for approval. These will set out the information that is required for each proposed development as well as the financial and qualitative criteria that they are required to meet. They are summarised at Appendix H.

## **11 Financial Control**

### **11.1 Budgetary Control**

The control of income, expenditure and net return 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 the Vice Principal Finance & Planning for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the Vice Principal Finance & Planning by the budget holder concerned and, if necessary, corrective action taken. At a minimum, quarterly budget reviews will take place with each budget holder.

### **11.2 Financial Information**

The budget holders are assisted in their duties by management information provided by the Vice Principal Finance & Planning. The types and frequency of management information prepared is regularly reviewed by the Vice Principal Finance & Planning to reflect the current management needs of the college.

The Vice Principal Finance & Planning is responsible for supplying budgetary reports on all aspects of Fife College's finances to the Finance, Commercial, Planning & Estates Committee on a basis determined by the Finance, Commercial, Planning & Estates Committee but subject to any specific requirements of SFC. These reports are presented to the Board of Governors, which has overall responsibility for Fife College's finances.

### **11.3 Changes to the Approved Budget**

The Finance, Commercial, Planning & Estates Committee will approve any necessary changes to the previously set budget after consideration of the regularly updated financial forecasts.

### **11.4 Virement**

Virement is only permitted between budget headings (e.g. staff, transport, property costs, income etc) within the same Budget with prior written permission from the appropriate Head of Department (Budget Holder) or Budget Manager. For example a Head of Department can vire between cost centres within their overall department budget and Budget Managers can vire between cost centres within their own area budgets allocated to them by the Head of Department (Budget Holder).

Virement between budgets held by different budget holders is permitted with the prior written approval of the transferring budget holder and the Vice Principal Finance & Planning. It will be at Finance Services discretion whether to amend the budgets held in the financial systems in the current year to reflect agreed 'virements'.

### **11.5 Treatment of Year-End Balances**

At the year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year unless the Vice Principal Finance & Planning has approved a specific scheme for carrying forward all or part of unspent amounts. Specific materials and equipment account balances may be carried forward with the approval of the Vice Principal Finance & Planning.



## **12 Accounting Arrangements**

### **12.1 Financial Year**

Fife College's financial year will run from 1 August to 31 July although there is also a requirement, under government accounting, to prepare notional accounts for the SFC covering the period 1 April until 31 March.

### **12.2 Basis of Accounting**

The consolidated financial statements are prepared on the historical cost basis of accounting modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards, the SFC's Accounts Direction and the SPFM.

### **12.3 Format of the Financial Statements**

The financial statements are prepared in accordance with the Statement of Recommended Practice Accounting (SORP) for Further and Higher Education, subject to any specific requirements of SFC and the SPFM, and in accordance with the provisions of the Companies Act 2006, if that is appropriate. From the financial year ending 31<sup>st</sup> of July 2015 the financial statements will also be prepared in accordance with the relevant requirements of the Government Financial Reporting Manual (FReM).

### **12.4 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. Freehold land will not be depreciated. Land and buildings are measured using a revaluation model. Under the revaluation model, assets are revalued to fair value. Where appropriate Depreciated Replacement cost has been used as a measure of fair value for land and buildings otherwise Market Value will be used. The College has a policy of ensuring a full revaluation takes place at least every 5 years such that the fair value is not materially different to the current value. In line with the FReM an annual indexation exercise will be completed. Expenditure incurred on repair, refurbishment or extension of existing

buildings will not be capitalised unless 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 over £10,000 will be considered for capitalisation and will be recorded in the balance sheet. Capitalised assets other than land and buildings will be depreciated as follows commencing in the year of acquisition:

Building Fixtures	10% per year
Surface Works / Car Parks	25% per year
Non ICT Equipment	25% per year
ICT Equipment	25% per year
ICT Software	25% per year
Vehicles	25% per year

## **12.5 Accounting Records**

The Vice Principal Finance & Planning is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

Fife College is required by law to retain prime documents for six years. These include:

- purchase order requisitions
- paid invoices
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- payroll records, including part-time lecturers' contracts.

The Vice Principal Finance & Planning will make appropriate arrangements for the retention of electronic records.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as Skills Development Scotland and European funds.

## **12.6 Public Access**

The Board of Governors is required to supply any person with a copy of Fife College's most recent financial statements. The Board of Governors may levy a reasonable fee and this will be charged at the discretion of the Vice Principal Finance & Planning. Copies of latest financial statements are provided to statutory agencies as required and are available on the college website.

## **12.7 Taxation**

The Vice Principal Finance & Planning is responsible for advising Managers on all taxation issues, as they apply to Fife College. The Vice Principal Finance & Planning will provide guidance on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

The Vice Principal Finance & Planning is responsible for maintaining Fife College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

## **13 Audit compliance and document retention**

### **13.1 General**

External auditors and internal auditors shall have authority to:

- access college premises at reasonable times
- access all assets, records, documents and correspondence relating to any financial and other transactions of Fife College
- require and receive such explanations as are necessary concerning any matter under examination
- require any employee of Fife 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 Vice Principal Finance & Planning 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, Commercial, Planning & Estates Committee and the Audit & Risk Committee, the financial statements are submitted to the Board of Governors for approval.

### **13.2 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 Fife College.

The primary role of external audit is to report on Fife 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 Governors. 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.

### **13.3 Internal Audit**

The internal auditor is appointed by the Audit & Risk Committee, on behalf of the Board of Governors.

Fife College's financial memorandum with SFC requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in SFC's audit code of practice. The main responsibility of internal audit is to provide the Board of Governors, the Principal and the Senior Management Team 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 Governors, Principal and chair of the Audit & Risk Committee. The formal responsibilities of internal audit are detailed at Appendix I. The internal auditor will also comply with the Auditing Practices Board's auditing guideline Guidance for Internal Auditors.

#### **13.4 Fraud and Corruption**

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

The notified individual shall immediately invoke the Anti-Fraud and Irregularity Strategy Response Plan as follows:

- he or she will notify the Principal of the suspected irregularity and the Principal shall take steps as he or she considers necessary by way of investigation and report
- Where relevant the Principal will advise the Chair of the Audit & Risk Committee and / or the internal auditors
- 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 SFC in accordance with their requirements as set out in the audit code of practice
- the Principal shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service.
- the internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit & Risk Committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Vice Principal Finance & Planning and/or the Principal, the member of staff shall notify the Clerk to the Board of Governors of their concerns regarding irregularities.

### **13.5 Value for Money**

It is a requirement of the financial memorandum that the Board of Governors of Fife 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 APUC, SFC, Audit Scotland, the National Audit Office, the Scottish Parliament Audit & Risk Committee or other relevant bodies.

Internal audit is to have regard to value for money in its programme of work. This will be used to enable the Audit & Risk Committee to refer to value for money in its annual report.

### **13.6 Other Auditors**

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

**13.7** Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies.

## **14 Treasury Management**

### **14.1 Treasury Management Policy**

The Finance, Commercial, Planning & Estates Committee is responsible for approving a treasury management strategy and policy for cash management, long-term investments and borrowings. This will require compliance with SFC rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Finance, Commercial, Planning & Estates Committee has a responsibility to ensure implementation, monitoring and review of this policy.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Vice Principal Finance & Planning and an appropriate reporting system set up. All borrowing shall be undertaken in the name of Fife College and shall conform to any relevant SFC requirements and require approval of the Scottish Ministers.

The Vice Principal Finance & Planning will report to the Finance, Commercial, Planning & Estates Committee quarterly in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

#### **14.2 Appointment of Bankers and Other Professional Advisers**

The Board of Governors is responsible for the appointment of Fife College's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Finance, Commercial, Planning & Estates Committee. The Scottish Ministers have approved a derogation which delays the move to the Government Banking Service (GBS) to 2016/17 at the earliest. The appointment shall be for a specified period after which consideration shall be given by the Finance, Commercial, Planning & Estates Committee to competitively tendering the service.

#### **14.3 Banking Arrangements**

The Vice Principal Finance & Planning is responsible, on behalf of the Finance, Commercial, Planning & Estates Committee, for liaising with Fife College's bankers in relation to Fife College's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of designated signatory. Proper arrangements for their safe custody shall be made by the Vice Principal Finance & Planning.

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

All cheques must be signed by two authorised persons.

All automated transfers on behalf of Fife College, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Vice Principal Finance & Planning. Each BACS or CHAPS should be signed by the compiler and then the Head of Finance. Details of authorised persons and limits are provided for in Fife College's detailed financial procedures (Section 19.2).

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

## **15 Income**

### **15.1 General**

The Vice Principal Finance & Planning is responsible for ensuring that appropriate procedures are in operation to enable Fife College to receive all income to which it is entitled. All receipt forms, invoices, vouchers or other official documents in use and electronic collection systems must have the prior approval of the Vice Principal Finance & Planning.

Levels of charges for all services, are determined by procedures approved by the Finance, Commercial, Planning & Estates Committee.

The Vice Principal Finance & Planning is responsible for the prompt collection, security and banking of all income received.

The Vice Principal Finance & Planning is responsible for ensuring that all grants notified by SFC and other bodies are received and appropriately recorded in Fife College's accounts.

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

### **15.2 Completeness of Income**

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



### **15.3 Gathering of Income**

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

#### **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 Fife College.

#### **Receipts by credit or debit card**

Fife College may only receive payments by debit or credit card using procedures approved by the Vice Principal Finance & Planning.

#### **Internet receipts**

Any member of staff wishing to facilitate a customer payment to be made to Fife College via the internet should seek guidance from the Vice Principal Finance & Planning at an early stage.

### **15.4 Collection of Debts**

The Vice Principal Finance & Planning should ensure that:

- debtors invoices are raised promptly on official invoices, in respect of all income due to Fife 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 Senior Management

Team.

Only the Vice Principal Finance & Planning can implement credit arrangements and indicate the periods in which different types of invoice must be paid.

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 Vice Principal Finance & Planning for submission to the Finance, Commercial, Planning & Estates Committee for consideration and obtain SFC approval. Individual debts below this level may be written off with the permission of the Head of Finance.

### **15.5 Student Debt**

Students with debt sent to the Debt Collection agency shall be flagged in the student system, and checks should be made with the Finance Service re the current status of this debt before finalising any enrolments.

Students with previously written off debt to the college shall be flagged in the student system and prevented from re-enrolling at Fife College and from using any of Fife College's facilities unless appropriate arrangements have been made.

### **15.6 Student Fees**

The procedures for collecting tuition fees must be approved by the Vice Principal Finance & Planning. He or she is responsible for ensuring that all student fees due to Fife 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 shall be prevented from re-enrolling at the College and from using any of the College's facilities.

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

## **15.7 Student Loans**

Appropriate records will be maintained to support all transactions involving student loans.

## **15.8 Student Support Funds**

The Vice Principal Finance & Planning is responsible for ensuring that all ring-fenced funding received by Fife College for student support is used in accordance with each scheme's rules and regulations. Under no circumstances should payments be made other than in accordance with the approved scheme.

The Vice Principal Finance & Planning is responsible for ensuring the adequacy of the systems in place for:

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

## **16 Other Income-Generating Activity**

### **16.1 Private Consultancies and Other Paid Work**

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

- Staff may not accept outside consultancies or other paid work without the consent of the appropriate Head of Department or the Vice Principal Finance & Planning and in their case the consent of the Principal.
- Staff must submit applications for permission to undertake work as a purely private activity in writing 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.

## **16.2 Commercial Courses & 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 costing and pricing procedure set by the Vice Principal Finance & Planning. A contract or short form of agreement must be in place for all commercial activity.

## **16.3 Government Funded Training Schemes**

In this context government funded training schemes includes training for work, new deal, prison service work, 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 cost and pricing procedures set by the Vice Principal Finance & Planning.

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).

## **16.4 Facilities and Accommodation**

The hire of accommodation and the provision of facilities are provided at day rates. The Vice Principal Finance & Planning is responsible for setting the relevant schedule of rates on at least an annual basis and those are approved by the Finance, Commercial, Planning & Estates Committee or the Board of Directors of Carnegie Enterprise. Volume discounts are at the discretion of the Vice Principal Finance & Planning.

## **16.5 Levels of Authorisation for 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.

### **16.6 Profitability and Recovery of Overheads**

All income-generating activity must be surplus-generating unless agreed in advance by the Vice Principal Finance & Planning or Vice Principal Commercial Development.

### **16.7 Additional Payments to Staff**

Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved in writing by the appropriate Head of Department and, the Vice Principal Finance & Planning.

## **17 European Union (EU) and Other Grant Funding Activity**

**17.1** Any such project requires the approval of the Principal prior to any commitment being entered into. Such approval shall be dependent upon the relevant Manager being able to demonstrate that eligible matching funds are available and that the project is consistent with the strategic plans of the College.

If Fife College is lead partner in any approved project, the relevant Manager shall ensure that:

- each partner organisation signs a written contract which sets out their responsibilities and allows for full audit access to detailed records
- appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision by partners is of suitable quality
- payments are only made to partners against detailed returns.

## **18 Intellectual Property Rights and Patents**

### **18.1 General**

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

## **18.2 Patents**

The Board of Governors is responsible for establishing procedures to deal with any patents and rights accruing to Fife College from inventions and discoveries made by staff in the course of their work. Initial guidance should be sought from SFC should this situation arise.

## **18.3 Commercialisation**

In the event of Fife College deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed with (Section 16) or (Section 10.7) depending on scale.

## **19 Expenditure**

### **19.1 General**

The Vice Principal Finance & Planning is responsible for making payments to suppliers of goods and services to Fife College.

External business and management consultancies greater than £100,000 and operating leases (non-property) greater than £250,000 requires SFC approval.

### **19.2 Scheme of Delegation/Financial Authorities**

All Budget Holders are responsible for purchases within their areas. Purchasing authority may be delegated to Budget Managers. Budget Managers may not delegate responsibility. In exercising this delegated authority, Budget Holders & Managers are required to observe the College's purchasing policies and financial procedures. The Vice Principal Finance & Planning shall maintain a register of Budget Holders and Budget Managers, authorised signatories and Budget Holders must supply him with specimen signatures of those Budget Managers authorized to raise invoices and certify invoices for payment. The Vice Principal Finance & Planning must be notified immediately of any changes to the authorities to commit expenditure.

The Budget Holder is responsible for purchases within his or her area. The main expenditure

types and necessary authorisation is listed below:

Expenditure on a single order shall be authorised as follows:

Budget Manager	£1,000
Budget Holder	Up to £3,000
Head of Finance	Up to £5,000
Vice Principal Finance & Planning	Up to £75,000
Principal	£75,000 to £120,000
Board of Governors	Over £120,000

Expenditure through the college Petty Cash shall be authorised as follows:

Budget Manager	£50
Head of Department/Budget Holder	Up to £100
Head of Finance	Up to £250
Vice Principal Finance & Planning	Up to £500

Orders or Petty cash requests may not be split to lower value orders with a view to reducing the authorisation required.

Where Managers have any other additional controls in relation to Procurement limits this will be their sole responsibility to control.

Under procedures agreed by the Vice Principal Finance & Planning, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits (for electronic systems).

The Vice Principal Finance & Planning must be notified immediately of any changes to the authorities to commit expenditure.

All signatories are not authorised to commit Fife College to expenditure without first reserving sufficient funds to meet the purchase cost.

All hire purchase, lease and other financial ongoing agreements which extend beyond the current financial year must be approved and signed by the Principal, Vice Principal Finance & Planning.

Expenditure on any single order in excess of £3,000, exclusive of VAT is subject to the Procurement Procedures (Section 19.4).

The Principal, Vice Principal Finance & Planning or the Head of Finance must authorise departmental orders in the absence of the Head of School/Department and relevant Vice Principal.

In the event that neither the Principal, Vice Principal Finance & Planning nor the Head of Finance is available for approval of expenditure, other members of the Senior Management Team may approve relevant orders in their absence.

The Head of Finance is authorised to approve payments, regardless of the value, in respect of the Payroll & VAT returns, this includes payments to HMRC, Pension Funds, and other bodies in respect of deductions made from employees' pay.

The Vice Principal Finance & Planning and Vice Principal Organisational Development & Change are authorised to approve payments made to employees, with the exception of the Principal, in respect of severance schemes approved by the Board of Governors. Any severance payments to the Principal must be approved by the Chair of the Board of Governors.

The Head of Finance is authorised to approve payment regardless of value in relation to payments to financial institutions in respect of the capital and interest repayments for authorised loan agreements and lease arrangements.

The Head of Finance is authorised to approve processing of BACS payment runs as follows:

- Creditor Payments following the appropriate invoice authorisation process
- Student funds payments for Bursaries, EMAs, Childcare and Hardships payments.
- Payroll payments

The Head of Finance is authorised to set up Direct Debits payments on behalf of the College in line with budget and procurement procedures.



### **19.3 Procurement**

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

The Vice Principal Finance & Planning is responsible for:

- ensuring that Fife College's Procurement policy is known and observed by all involved in Procurement for Fife 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 Fife College to assist budget holders in meeting their value for money obligations
- ensuring all orders are vetted before they leave Fife College
- the drafting and negotiation of all large-scale purchase contracts (in excess of £50,000) undertaken by Fife College, in collaboration with the responsible budget holder.
- ensuring that Fife 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.

Procurement non-competitive action requires prior consultation with SFC if the transaction is greater than £25,000 inclusive of VAT (per SFC guidance).

### **19.4 Procurement Procedures**

Managers and budget holders must comply with Fife College's Procurement procedures.

In all cases value for money must be obtained.

#### **Purchase of Goods and Services**

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

Official college orders must be placed for the purchase of all goods or services, except fresh goods and fresh provisions, exam fees, utilities and those made using purchasing cards or petty cash. In exceptional circumstances, urgent orders may be given orally, but must be supported by an official purchase order requisition endorsed 'confirmation order only' not later than the following working day.

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 Head Finance or the Vice Principal Finance & Planning. Budget Holders must submit a report explaining the reasons to the Head of Finance or Vice Principal Finance & Planning for compilation into summary report for the next Finance, Commercial, Planning & Estates Committee. Suitable reasons can include e.g. that we are currently in a local contract with another Supplier and that contract expiry date has not yet been reached or e.g. that better value for money for the whole product life cycle can be obtained (in which case facts and figures to back this up must be included in the report).

Where goods and services are not being purchased via a National/APUC contract the following rules apply depending on the value. This value being based on 4 years spend for that commodity or the contract value whichever is the largest:

	Authority to procure	Evidence
Under £3,000	Budget holder	Written evidence that best value for money has been achieved
£3,000 to £24,999	Budget holder & Vice Principal Finance & Planning	At least 3 quotes and retain written evidence
£25,000 to £49,999	Vice Principal Finance & Planning	Tender opportunity advertised via PCS <sup>1</sup> . Where less than 3 responses received these must be reported to Finance, Commercial, Planning & Estates Committee
£50,000 to current relevant EU threshold	Principal plus Finance, Commercial, Planning & Estates Committee	Tender opportunity advertised via PCS <sup>1</sup> .
Current relevant EU threshold and over	Principal plus Finance, Commercial, Planning & Estates Committee	Tender opportunity advertised in OJEU <sup>2</sup>

<sup>1</sup> PCS – Public Contracts Scotland Portal

<sup>2</sup> OJEU – Official Journal of the European Union

All of the above limits are exclusive of VAT.

### **Purchase agreements extending beyond the current financial year**

All Hire Purchase, Lease and other financial ongoing agreements must be approved and signed by the Principal or the Vice Principal Finance & Planning.

### **19.5 Purchase Orders**

The ordering of goods and services shall be in accordance with Fife College's detailed financial procedures/Procurement policies.

### **19.6 Procurement Cards**

If introduced the operation and control of Fife College's Procurement cards will be responsibility of the Vice Principal Finance & Planning.

Holders of Procurement cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs. The Vice Principal Finance & Planning shall determine what information is required on purchases made with Procurement cards from cardholders and deadlines for receipt in Finance Services to enable financial control to be maintained and cardholders must provide that information.

Details of the operation of the scheme when introduced will be included in the Procurement procedures.

### **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. The delivery note must then be passed to procurement immediately.

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 immediately notified.

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

### **19.7 Major Building Contracts**

Building contracts are the responsibility of the Board of Governors with advice provided by the Vice Principal Finance & Planning and where necessary external professional advisors. Proposals will normally be initiated as a result of planned capital developments, or in response

to requests from Teaching Departments and Support Sections. Managing Consultants may be appointed if the project, as determined by the Board of Governors, is too large or too specialised for Facilities to manage. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of castings, or investment appraisals, prepared in conjunction with the Vice Principal Finance & Planning for Board of Governors consideration. Investment appraisals should comply with Scottish Funding Council guidance. Following consideration, and approval by, the Board of Governors, 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.

Building contracts are administered by the Vice Principal Organisational Development and must adopt the protocols for proposed capital expenditure and major developments. The details are set out in Appendix F and Appendix G.

Capital projects require outline approval from SFC and the Scottish Government.

### **19.8 EU Regulations**

The Vice Principal Finance & Planning is responsible for ensuring Fife College complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

It is the responsibility of Senior Managers to ensure that their members of staff comply with EU regulations by notifying the Vice Principal Finance & Planning of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as the Official Journal of the European Union (OJEU).

The Vice Principal Finance & Planning is also required to submit to Scottish Funding Council annually details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by Managers to the Vice Principal Finance & Planning.

### **19.9 Payment of Invoices**

The Vice Principal Finance & Planning 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 Finance Services will prepare single manual BACS for urgent payments. The Head of Finance is authorised to process the fortnightly payment runs.

Suppliers must be instructed to submit invoices for goods or services directly to Finance Services.

Payments will only be made by Finance Services against invoices that have been certified for payment by the appropriate Budget Holder and Vice Principal Finance & Planning or against invoices that can be matched to a receipted order (electronic system).

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

### **19.10 Staff Reimbursement**

Staff may incur expenses in relation to Fife College business for which they are entitled to reimbursement (Section 20.5) through their salary. These expenses normally relate to travel and subsistence.

Where such expenses by staff are planned, the relevant Manager may approve a cash advance to staff. Upon completion of the travel or project to which the advance relates, any unspent balance must be repaid within one month and under no circumstances will a second advance be approved until the first balance has been settled.

### **19.11 College Credit Cards**

Where appropriate, the Principal or the Vice Principal Finance & Planning may approve the issuing of college credit cards to senior staff. Such credit cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. The Vice Principal Finance & Planning will be responsible for setting in place a system to monitor the use of college credit cards and account for expenses charged through them.

### **19.12 Petty Cash**

The Head of Finance shall maintain the central petty cash floats to be held by the Finance Team.

Where a single item is for less than £50 it may be paid from petty cash. Receipts or vouchers must support all petty cash expenditure. Any request above £50 must be approved by the Vice Principal Finance & Planning or Head of Finance.

The Head of Finance shall make available to areas such imprests as he or she considers 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.

Requisitions for reimbursements must be sent to Finance Services, 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.

### **Petty Cash Float Management**

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 Fife College's insurers when not in use and will be subject to periodic checks by the Manager or another person nominated by him or her.

Standard college petty cash slips are supplied by Finance Services and must be used for recording all imprest account expenditure.

At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by the Manager.

Keys to safes or other similar containers are to be carried on the person of those responsible at all times. The loss of such keys must be reported to the Vice Principal Finance & Planning immediately.

### **19.17 Other Payments**

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Vice Principal Finance & Planning, supported by certified claims where appropriate.

### **19.18 Late Payment Rules**

The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

- small businesses can charge interest on overdue invoices
- 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
- Fife College can be sued for non-payment.



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

### **19.19 Giving Hospitality**

Staff entertaining guests from outside bodies should normally use Fife College's catering facilities. Reasons may be requested when submitting a claim for reimbursement.

Guidance for entertaining guests is set out in the Policy on Hospitality contained within the staff handbook.

## **20 Remuneration Policy**

**20.1** Salaries and other benefits for the Principal, the Senior Management Team and Clerk to the Board of Governors will be determined by the Chairman's Committee (Remuneration) set up by the Board of Governors.

All other staff will be appointed to the salary scales approved by the Principal and in accordance with appropriate conditions of service.

All letters of appointment must be issued by Human Resources and Organisational Development.

The Chairman's Committee (Remuneration) or the Principal will determine what other benefits, such as cars, medical and life insurance, are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available.

Salaries and other benefits for the Principal and Vice Principals will be determined by the Chairman's Committee but will have due regard to public sector pay policy.

### **20.2 Appointment of Staff**

All contracts of service shall be concluded in accordance with Fife College's approved human resource practices and procedures and all offers of employment with Fife College shall be made in writing by the Principal. Budget holders shall ensure that the Vice Principal Finance & Planning and the Vice Principal Organisational Development are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of

employees.

### **20.3 Salaries and Wages**

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

The Vice Principal Organisational Development will be responsible for keeping the Vice Principal Finance & Planning informed of all matters relating to staff for payroll purposes. In particular these include:

- appointments, resignations, dismissals, secondments and transfers
- absences from duty for sickness or other reason, apart from approved leave
- changes in remuneration
- information necessary to maintain records of service for superannuation

The Vice Principal Organisational Development 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.

The Vice Principal Organisational Development shall be responsible for keeping all records relating to payroll including those of a statutory nature.

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

### **20.4 Superannuation Schemes**

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

The Vice Principal Finance & Planning is responsible for day-to-day superannuation matters, including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes

- administering relevant pension schemes.

The Vice Principal Organisational Development is responsible for administering eligibility to pension arrangements and for informing the Vice Principal Finance & Planning when deductions should begin or cease for staff.

## **20.5 Travel, Subsistence and Other Allowances**

### **Staff travel**

Staff may incur expenses in relation to Fife College business for which they are entitled to reimbursement through their salary. These expenses normally relate to travel and subsistence. All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed on the Fife College Travel & Subsistence Claim Form. Expense claims of staff must be approved by the authorised budget holder. Self-authorised claims will not be accepted for payment. Where the claimant is the budget holder the claim form should be authorised by the relevant Vice Principal/Principal. Where such expenses by staff are planned, the relevant Manager may approve a cash advance to staff. Advances of travel expenses may only be issued in exceptional circumstances. These must be authorised by the Budget holder prior to an advance being requested and will be authorised by the Vice Principal Finance & Planning or nominated representative. Upon completion of the travel or project to which the advance relates, any unspent balance must be repaid immediately and under no circumstances will a second advance be approved until the first balance has been settled.

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

- the journeys were authorised
- the expenses were properly and necessarily incurred
- the correct budget is being charged
- the allowances are properly payable by Fife College

- consideration has been given to value for money in choosing the mode of transport. All staff using their own vehicles on behalf of Fife College must ensure appropriate insurance cover for business use.

Claims for travel and subsistence by the Principal should be approved by the Chair and for members of the Board of Governors travel and subsistence shall be certified by the Clerk to the Board of Governors and approved by the Vice Principal Finance & Planning.

Arrangements for travel by the Chair shall be approved by the Finance, Commercial, Planning & Estates Committee.

## **20.6 Travel outwith Scotland**

All arrangements for travel outwith Scotland must be approved by the Principal in advance of making commitments and travel bookings. Arrangements for travel by the Principal or members of the Board of Governors shall be approved by the Chair of the Board of Governors.

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

## **20.7 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 Governors, following approval by SFC, through the Finance, Commercial, Planning & Estates Committee. Professional advice should be obtained where necessary. All such payments shall be authorised by the Principal and calculations checked by the Vice Principal Organisational Development or Vice Principal Finance & Planning. Where enhancements to the approved scheme are to be offered, approval by the Chairman's Committee is required. In exceptional circumstances this approval may be given by the Chair of the Board of Governors in consultation with the Principal, to be reported to the next meeting of the Committee. Amounts paid should be declared in the financial statements.

All matters referred to an employment tribunal shall be notified to the Finance, Commercial, Planning & Estates Committees at the earliest opportunity. All determinations of tribunals must be similarly notified.

Special severance payments, ex-gratia payments, compensation payments and extra contractual payments should be reported to SFC on an annual basis (31 March). This report should include the number of special severance, ex-gratia payments, compensation payments and extra contractual payments which have been made and the attendant cost for each category. The SFC has delegated to colleges a £1k special severance payment limit.

The College must seek the view of its external auditor if it plans to make what it considers to be any novel or potentially contentious severance payments, including those that exceed the maximum threshold agreed by the governing body.

The College's external auditor must review severance settlements. Such a review will normally take place after settlements have been agreed (normally as part of their financial statements audit) and should be carried out by senior audit staff because of the complexity and sensitivity of the issues. If final settlements do not materially conform to the terms of the SFC Memorandum, auditors must report the facts to the Board of Governors in their management letter. The auditors should also recommend that the College informs the SFC.

## **21 Assets**

### **21.1 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 Governors and with reference to SFC requirements where exchequer-funded assets or exchequer funds are involved.

### **21.2 Fixed Asset Registers**

The Vice Principal Finance & Planning is responsible for maintaining Fife College's register of land, buildings, fixed plant and machinery. Managers will provide the Vice Principal Finance & Planning with any information he or she may need to maintain the registers.

### **21.3 Stocks and Stores**

Managers are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their areas. The systems used for stores accounting in areas must have the approval of the Vice Principal Finance & Planning.

Managers are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

Those Managers whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Vice Principal Finance & Planning and that instructions to appropriate staff within their areas are issued in accordance with advice contained in Fife College's detailed financial procedures.

### **21.4 Safeguarding our Assets**

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

Managers are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control.

They will consult the Vice Principal Finance & Planning in any case where security is thought to be defective or where it is considered that special security arrangements may be needed. Assets owned by Fife College shall, so far as is practical, be effectively marked to identify them as college property.

### **21.5 Personal Use**

Assets owned or leased by Fife College shall not be subject to personal use without proper authorization by a Vice Principal.

## **21.6 Asset Disposal**

Disposal of plant, equipment and furniture must be in accordance with procedures agreed by the Finance, Commercial, Planning & Estates Committee.

Disposal of land and buildings must only take place with the authorisation of the Board of Governors. SFC approval will be required in advance of any planned sale.

## **21.7 All Other Assets**

Managers are responsible for establishing adequate arrangements for the custody and control of all other assets owned by Fife College, whether tangible (such as stock – see above) or intangible (such as intellectual property – see Section 18), including electronic data.

## **22 Funds Held on Trust**

### **22.1 Gifts, Benefactions and Donations**

The Vice Principal Finance & Planning is responsible for maintaining financial records in respect of gifts, benefactions and donations made to Fife College and initiating claims for recovery of tax where appropriate.

### **22.2 Student Support Funds**

Records of student support funds will be maintained according to SFC and SAAS requirements.

### **22.3 Trust Funds**

The Vice Principal Finance & Planning is responsible for ensuring that all Fife College's trust funds are operated within any relevant legislation for each trust fund and for advising the Finance, Commercial, Planning & Estates Committee on the control and investment of fund balances.

## **22.4 Voluntary Funds**

The Vice Principal Finance & Planning shall be informed of any fund that is not an official fund of Fife College, which is controlled wholly or in part by a member of staff in relation to their function in Fife College.

## **23 Other**

### **23.1 Insurance**

The Vice Principal Finance & Planning is responsible for Fife College's insurance arrangements in accordance with the SFC policy guidance, including the provision of advice on the types of cover available. As part of the overall risk management strategy (see section 7), 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 provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the Finance, Commercial, Planning & Estates Committee on an annual basis. In their memorandum, SFC agreed a derogation whereby the current commercial insurance arrangements can be extended for three years to 31 July 2018.

The Vice Principal Finance & Planning is responsible for effecting insurance cover as determined by the Finance, Commercial, Planning & Estates Committee. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Vice Principal Finance & Planning will ensure a register is kept of all insurances affected by Fife College and the property and risks covered. He or she will also deal with Fife College's insurers and advisers about specific insurance problems.



Managers must ensure that any agreements negotiated within their areas with external bodies cover any legal liabilities to which Fife College may be exposed. The Vice Principal Finance & Planning's advice should be sought to ensure that this is the case. Managers must give prompt notification to the Vice Principal Finance & Planning of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Managers must advise the Vice Principal Finance & Planning immediately of any event that may give rise to an insurance claim. The Vice Principal Finance & Planning will notify Fife College's insurers and, if appropriate, prepare a claim in conjunction with the Manager for transmission to the insurers.

The Vice Principal Finance & Planning 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. Any claims waived or abandoned should be reported to SFC annually. The report should detail the number of such waivers or abandonments and the total value.

All staff using their own vehicles on behalf of Fife College must ensure appropriate insurance cover for business use.

### **23.2 Companies and Joint Ventures**

In certain circumstances it may be advantageous to Fife College to establish a company or a joint venture to undertake services on behalf of Fife College. Due regard must be given to guidance issued by the Scottish Funding Council and the Scottish Government.

Under the Further and Higher Education (Scotland) Act 1992, a college needs the prior approval of the Scottish Funding Council before a company or a joint venture can be established. The Board of Governors is responsible for ensuring that the required procedures are followed.

It is the responsibility of the Board of Governors to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by Fife College. These and other

arrangements will be set out in appropriate legal documentation.

The directors of companies where the company is a subsidiary of Fife College must submit, via the Finance, Commercial, Planning & Estates Committee, an annual report to the Board of Governors. They will also submit business plans or budgets as requested to enable the Committee to assess the risk to Fife College. Fife College's internal and external auditors shall also be appointed to such companies and the company's financial year must be consistent with that of Fife College.

### **23.3 Security**

Keys to safes or other similar containers are to be carried on the person of those responsible at all times. The loss of such keys must be reported to the Head of Finance immediately.

The Vice Principal Finance & Planning shall be responsible for maintaining proper security and privacy of information held on Fife 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 1998. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

The Vice Principal Finance & Planning is responsible for the safekeeping of official and legal documents relating to Fife College. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Vice Principal Finance & Planning. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

### **23.4 Student Representative Council**

The Student Representative Council has no separate legal identity but is recognised to fulfill a valuable role in relation to Fife College's students.

Each year, the Finance, Commercial, Planning & Estates Committee shall determine the level of funding to be made available to the Student Representative Council to support its work.

### **23.5 Provision of Indemnities**

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

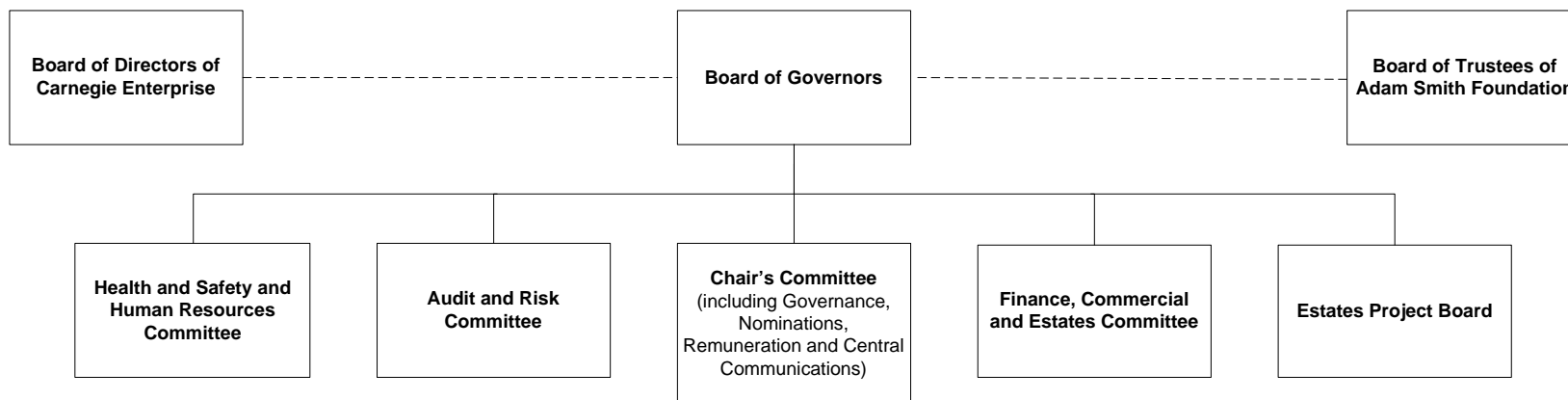
## **24 Appendices**

- Appendix A Governance Structure
- Appendix B Board of Governors Responsibilities
- Appendix C Finance, Commercial & Estates Committee Responsibilities
- Appendix D Audit & Risk Committee Terms of Reference
- Appendix E Chair's Committee
- Appendix F Estates Project Board
- Appendix G Health and Safety and Human Resources Committee
- Appendix H Carnegie Enterprise Board of Directors
- Appendix I Main Features of the Public Interest Disclosure Act 1998
- Appendix J The Seven Principles of Public Life from the Report of the Committee for Standards in Public Life (The Nolan Report)
- Appendix K Summary of Protocols for Proposed Capital Expenditure
- Appendix L Summary of Protocols for Proposed Major Developments
- Appendix M Internal Audit Responsibilities
- Appendix N Procurement Procedures
- Appendix O Main points included in the College's code of tendering
- Appendix P Fraud Prevention Policy and Response Plan

---

## APPENDIX A: GOVERNANCE STRUCTURE

### BOARD OF GOVERNORS OF FIFE COLLEGE Governance Structure



**Notes:**

- The Depute Chair of the Board will chair Remuneration meetings.
- Curriculum issues will be addressed and reported to the Board at every meeting as a standing agenda item.

## APPENDIX B: BOARD OF GOVERNORS RESPONSIBILITIES

The Board of Governors is responsible for:

- ensuring that the College maintains proper accounts and related records,
- ensuring that systems are in place for all employees and creditors to be paid by their due date and that such systems are effective,
- ensuring that all income received is correctly accounted for and that income receivable is collected promptly,
- receiving and commenting on the College's revenue and capital budgets,
- ensuring that the requirement of the financial memorandum with the Scottish Funding Council to maintain financial solvency is fulfilled,
- managing the College's investments,
- overseeing ;
  - cash management and borrowing policies,
  - the College's banking arrangements, and
  - the College's insurance arrangements,
- receiving reports on all aspects of the maintenance and management of the College's Estate,
- recommending any required additions or disposals to the Board of Governors,
- any other matters as directed by the Board of Governors.

---

## APPENDIX C: FINANCE, COMMERCIAL & ESTATES COMMITTEE SUMMARY OF RESPONSIBILITIES

### **1.0 Composition**

The Finance, Commercial and Estates Committee will have a minimum of four members of the Board, one of whom shall be the Principal.

For a meeting to be quorate, three members must be present.

The Committee should have a range of skills and experience and at least one member should have a background in finance, accounting or audit.

The Vice Principals for Finance and Planning, Commercial Development and Organisational Development and Change, or their nominees, should be in attendance at each meeting. The Chair of the Board may be invited to attend specific meetings where items of relevance are on the agenda.

The Committee should normally meet four times per year, one of which must be to consider the annual financial statements.

### **2.0 Overall Purpose**

The purpose of the Finance, Commercial and Estates Committee is to assure the Board of Governors that Fife College has appropriate strategies, plans, budgets and controls in place which manage identified risks creating a sustainable and stable college.

The Committee will receive regular updates from the Boards of any subsidiary company of the College in order to monitor the overall strategic direction of the organisation in

relation to commercial activity. However its decisions are limited to commercial activity within Fife College as the relevant company Directors have full statutory responsibilities.

### **3.0 Remit and Duties**

#### **3.1 Financial Control**

- Monitor the financial control of the college and to keep the Financial Regulations under review
- Monitor the Treasury Management policy providing a strategy for cash management, long term investments and borrowings
- Monitor expenditure and income against budget and report to the Board where action is required
- Approve the policy for fee waivers and the write off of bad debts within limits set in the Financial Regulations
- Consider and recommend the level of tuition fees and other charges
- Monitor capital expenditure against agreed development plans
- Consider financial benchmarking information and monitor unit costs

#### **3.2 Financial Management**

- Approve all strategic decisions in relation to college finance within the scheme of delegation
- Consider and recommend to the Board the college's annual budget
- Consider and recommend to the Board the college's annual financial statements
- Ensure the college adheres to the Financial Memorandum issued by the Scottish Funding Council
- Review the effectiveness of financial management

#### **3.3 Commercial**

- Review the commercial strategy of the College and recommend any action to the Board

- Monitor the performance of the commercial activity against budget
- Receive regular update reports from any subsidiary of the college including Carnegie Enterprise Limited
- Receive information on the College commercial tenders and contracts and their performance

### **3.4 Estates**

- Oversee the College estates strategy and ensure that it is consistent with the College's overall strategy, establishing and overseeing any Project Boards or Short Life Working Groups that may from time to time be established.
- Provide assurance to the Board that the estates strategy is fit for purpose and sustainable

### **3.5 ICT**

- Oversee the College ICT strategy and ensure that it is consistent with the College's overall strategy
- Receive updates from the ICT Strategy Group on issues of strategic importance and giving updates on progress
- Provide assurance to the Board that the ICT strategy is fit for purpose and sustainable

### **3.6 Other Matters**

- Receive and review reports related to the work of the Committee prepared by external bodies

### **3.7 Reports from the Committee**

- Report to each Board meeting relevant matters discussed within the Committee
- Report to the relevant Committee of the Board matters that impact on their remit



---

## APPENDIX D: AUDIT & RISK COMMITTEE SUMMARY OF RESPONSIBILITIES

### 1.0 Composition

The Audit and Risk Committee will have a minimum of four members of the Board.

For a meeting to be quorate, three members must be present.

The Committee should have a range of skills and experience and at least one member must have recent relevant financial or audit experience.

The Vice Principal Finance and Planning, or their nominee, should normally be in attendance at each meeting. However they may be asked to leave part or all of any meeting at the request of the Chair. The Chair of the Board, the Chair of the Finance, Commercial, Planning and Estates Committee and the Principal may be invited to attend specific meetings where items of relevance are on the agenda. The College's appointed internal and external auditors will be invited to send representatives to each meeting.

Members of the Finance Committee, the staff nominees or anyone with executive authority in the college may not be members of the Audit and Risk Committee.

The Committee should normally meet four times per year, one of which must be to consider the annual financial statements and accompanying external audit report. The Committee will annually hold a private meeting (without College executives present) with internal and external auditors to discuss audit issues. Audit and Risk Committee members or the internal and external auditors may request an additional private meeting at any time should there be issues that require to be discussed.

## **2.0 Overall Purpose**

The purpose of the Audit and Risk Committee is to assure the Board of Governors that Fife College has in place a system of governance, internal control and risk management which is being maintained and developed to meet legislation and regulations applying to the sector. The Committee must support the Board and the Principal by reviewing the comprehensiveness, reliability and integrity of assurances: the College's governance, risk management and internal control framework.

## **3.0 Remit and Duties**

### **3.1 Probity**

- Advise on the selection, appointment and remuneration of the internal audit service
- Agree an internal audit work programme annually based on an audit needs assessment
- Receive the internal audit reports as per the agreed work programme and ensure that recommendations are adequately responded to by the college
- Receive an annual report from the internal auditor which should include an opinion on the degree of assurance that can be placed on the systems of internal control and any follow-up actions still outstanding which should be closed off by the College
- Review the annual financial statements with a view to recommending them to the Board for approval
- Receive the external auditor annual report and management letters and to ensure that any recommendations are adequately responded to by the college
- Monitor the effectiveness of internal and external audit service and promote co-ordination between the two
- Review the effectiveness of financial and other control systems ensuring value for money

- Oversee the policies on fraud and irregularity and receive reports on any fraud or irregularity, potential or real, ensuring that action is taken by the college to address these
- Receive an annual report on any matters of whistleblowing or disclosure and ensure that any recommendations from these are adequately responded to by the college

### **3.2 Risk Management**

- Monitor and ensure the effectiveness of the college's approach to risk assessment and management through regular review of the Risk Register and other reports
- Review the prioritisation of risk management taking into account financial, reputational, commercial and other risks
- Request reviews by the college of areas of high or escalating risk ensuring that recommendations from these are adequately responded to
- Review key risks associated from subsidiary companies of the College, at least annually, ensuring that action is taken in mitigation of any risks identified
- Receive ad-hoc reports on matters of potential reputational, commercial and/or financial risk and ensure that the College's approach to managing the risks is appropriate and adequate

### **3.3 Performance**

- Scrutinise the organisational performance management and governance processes to ensure their appropriateness and effectiveness
- Undertake a self-evaluation exercise annually to ensure that the Audit and Risk Committee complies with best practice in relation to governance and that the internal and external audit service is satisfactory.
- In accordance with the Scottish Funding Council Code of Audit Practice, provide an annual report to the Board on the adequacy and effectiveness of

the College's internal control systems and on the effectiveness of the work of the internal and external auditors.

### **3.4 Other Matters**

- Receive and review reports related to the work of the Committee prepared by external bodies

### **3.5 Reports from the Committee**

- Report to each Board of Governors meeting relevant matters discussed within the Committee
- Prepare an annual report to the Board of Governors that gives an opinion on the system of governance, internal control and risk management within the college
- Report to the relevant Committee of the Board matters that impact on their remit

---

## APPENDIX E: CHAIR'S COMMITTEE SUMMARY OF RESPONSIBILITIES

### **1.0 Composition**

The Chair's Committee will have a minimum of four members of the Board, including the Chair and the Depute Chair of the Board.

For a meeting to be quorate, three members including the Chair or the Depute Chair must be present.

The Committee should have a range of skills and experience and the membership is determined by the Chair of the Board who will chair the meeting. The Depute Chair will be the Chair where remuneration is being discussed or when discussing the de-selection of a Board member where the Chair has been involved in the matter previously.

The Principal, or their nominee, should be in attendance at each meeting except where the salary of that post holder, or their peers, is being considered.

The Committee should normally meet four times per year.

### **2.0 Overall Purpose**

The purpose of the Chair's Committee is to ensure that the governance structure of Fife College is fit for purpose and meets legislative obligations; act as a Nomination Committee for recruitment and selection to the Board of Governors; act as a de-selection panel for Board members; review and approve the salaries of the Principal, Vice Principals and the Secretary to the Board; and consider central communications.

## **3.0 Remit and Duties**

### **3.1 Governance**

- Review, at least annually, the governance structure of the Board to ensure that it is appropriate and in line with legislation
- Review the membership of Committees and make recommendations to the Board
- Develop succession plans as required to ensure the Board has sufficient and appropriate membership to fulfill its responsibilities
- Approve the succession plan for the senior management team and monitor implementation
- Determine arrangements for performance management of the Principal and measure this against strategic objectives and key performance indicators set annually
- Ensure that the Board and Committees are undertaking self-evaluation and that action on the outcomes is taken as required
- Advise on development activities for the Board

### **3.2 Nomination**

- Determine the process for identifying candidates to apply to the Board
- Select candidates to join the Board following good practice, making recommendations to Scottish Ministers on appointments
- Oversee the administration process for appointment of Board members

### **3.3 De-Selection**

- Review the de-selection process at least annually
- Instigate the de-selection process where required

### **3.4 Remuneration**

- Determine the remuneration for the Principal, Vice Principals and the Secretary on an annual basis

- Approve the terms of any staff severance scheme, taking into account Scottish Funding Council guidance and thresholds; together with limits on funding and payback periods and monitor progress against this
- Consider severance scheme applications from the Principal, Vice Principals and Secretary, where relevant following recommendations by the Principal

### **3.5 Central Communications**

- Have oversight of the central communications, internal and external to the College, to ensure that any reputational or other risks are effectively managed

### **3.6 Reports from the Committee**

- Report to each Board meeting relevant matters discussed within the Committee
- Recommend for approval to the Board new Board members and their terms of office
- Report to the Board on governance arrangements and their suitability
- Report to the relevant Committee or to the Board on the outcomes of self-evaluation and any subsequent action required
- Report to the relevant Committee of the Board matters that impact on their remit

---

## APPENDIX F: ESTATES PROJECT BOARD SUMMARY OF RESPONSIBILITIES

### **1.0 Composition**

The Estates Project Board will comprise the Chair of the Board, the Principal and at least two other Board representatives, at least one of which should be a member of the Finance, Commercial and Estates Committee.

For a meeting to be quorate, two members must be present.

The Vice Principal for Finance and Planning and the Project Director, or their nominees, should be in attendance at each meeting. Other interested parties, for example the Scottish Funding Council, Scottish Futures Trust or student and staff representatives, should be invited to attend relevant meetings.

The Estates Project Board is required to exist for a sufficient time period to ensure that its purpose and remit has been completed to the satisfaction of the Board of Governors.

### **2.0 Overall Purpose**

The purpose of the Estates Project Board is to ensure that the new build projects at Dunfermline and Levenmouth are effectively managed and implemented in accordance with the Business Case as approved by the Scottish Funding Council.

### **3.0 Remit and Duties**

- To approve the Outline Business Case and Full Business Case for submission to the Scottish Funding Council.



- To ensure that any works are procured in accordance with the College's Financial Regulations and guidance as set out by the Scottish Funding Council.
- To monitor the progress of the new builds ensuring that they are brought in on time and on budget and to report any slippage to the Board of Governors.
- To consider and manage project related risks.

#### **4.0 Reports from the Committee**

- Report to each Finance, Commercial and Estates Committee and Board of Governors meeting relevant matters discussed within the Group
- Prepare a final report for the Board of Governors once the Projects have concluded recommending that the Estates Project Board be discontinued and any outstanding work subsumed into the main work of the Finance, Commercial and Estates Committee

---

## APPENDIX G: HEALTH AND SAFETY AND HUMAN RESOURCES COMMITTEE SUMMARY OF RESPONSIBILITIES

### **1.0 Composition**

The Health and Safety and Human Resources Committee will have a minimum of four members of the Board, one of whom shall be the Principal.

For a meeting to be quorate, three members must be present.

The Committee should have a range of skills and experience and at least one member should have a background in health and safety or human resources.

The Vice Principal Organisational Development and Change, or their nominee, should be in attendance at each meeting. The Chair of the Board may be invited to attend specific meetings where items of relevance are on the agenda.

The Committee should normally meet four times per year.

### **2.0 Overall Purpose**

The purpose of the Health and Safety and Human Resources Committee is to assure the Board of Governors that Fife 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 Governors of the appropriateness of policies and procedures to promote a positive and inclusive culture and meets with relevant legislation.

### **3.0 Remit and Duties**

#### **3.1 Health and Safety**

- Ensure the health and safety policy of Fife College is reviewed at least annually
- Receive reports that detail the approach to health and safety in the College and how the College meets the its legal obligations
- Receive health and safety audit reports and determine any necessary arising actions
- Ensure that action is taken to promote the health and safety of staff, students and others within the College
- Consider any reports from external enforcing authorities under health and safety legislation or other bodies and ensure that issues where weakness is identified are addressed fully by the College
- Consider and agree setting and measuring of health and safety performance standards

#### **3.2 Human Resources**

- Review the human resources strategy to ensure fit with the overall strategy of the College
- Receive reports and data on HR metrics and to ensure that any key findings impacting on the staff experience or working environment are addressed by the College
- Receive reports and data on equalities monitoring in relation to staff and students ensuring that appropriate action is taken by the College where required
- Ratify or endorse changes to policies and procedures that affect staff ensuring that these meet legislative requirements
- Receive reports on the development opportunities available to staff, the take up of these and the impact on the College
- Ensure the College maintains positive relationships with recognised trade unions

### **3.3 Other Matters**

- Receive and review reports related to the work of the Committee prepared by external bodies
- Members of this Committee may on occasion be required to act within the policy framework as recognised agreed on staffing matters.

### **3.4 Reports from the Committee**

- Report to each Board meeting relevant matters discussed within the Committee
- Report to the relevant Committee of the Board matters that impact on their remit

---

## APPENDIX H: CARNEGIE ENTERPRISE BOARD OF DIRECTORS SUMMARY OF RESPONSIBILITIES

### **1 Composition**

The Board of Directors of Carnegie Enterprise will have a minimum of four Directors who are members of the Board, one of whom shall be the Principal. In addition, the Directors will appoint one external non-executive Director. The Managing Director of Carnegie Enterprise will also be a member.

For a meeting to be quorate, three Directors must be present.

The Board of Directors of Carnegie Enterprise should have a range of skills and experience and at least one member should have a background in commercial activities.

The Vice Principal Finance and Planning, or their nominee, should be in attendance at each meeting.

The Committee should normally meet quarterly.

### **2 Overall Purpose**

The purpose of the Board of Directors of Carnegie Enterprise is to develop and monitor commercial and business strategies for the commercial company, and to ensure the company fully complies with its statutory obligations.

### **3 Remit and Duties**

#### **3.1 Business and Commercial**

- To approve, review and monitor strategy in relation to the generation of new business opportunities.
- To consider proposals for enhancing the efficiency and effectiveness of the company.
- To consider market opportunities and to make decisions on marketing strategies and plans to address these opportunities.
- To monitor and review the annual and three yearly business plan for Carnegie Enterprise and to recommend its approval for inclusion in the Strategic Plan to the Board of Governors of Fife College.
- To receive and consider reports regarding the award of commercially focused contracts.
- To consider the physical development of the Carnegie Conference Centre and the land attaching thereto as required and make recommendations to the Board of Governors of Fife College, through the Finance, Commercial, Planning and Estates Committee.

#### **3.2 Financial**

- To monitor and review the budget and forward forecasts in respect of progress towards achieving the business plan.
- To recommend the annual accounts and the budget for approval to the Board of Governors of Fife College, through the Finance, Commercial, Planning and Estates Committee.

#### **3.3 Reports from Committees**

- Report to each Board of Governors meeting relevant matters discussed by the Board of Directors
- Report to the relevant Committee of the Board matters that impact on their remit

---

## APPENDIX I: MAIN FEATURES OF THE PUBLIC INTEREST DISCLOSURE ACT 1998

### **1 Summary**

The Act came into force on 2 July 1999. It encourages people to blow the whistle about malpractice in the workplace and is designed to ensure that organisations respond by acting on the message rather than against the messenger. The Act applies to employees blowing 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 applies whether or not the information is confidential and extends to malpractice occurring in the UK and any other country or territory. In addition to employees, it covers trainees, agency staff, contractors, home workers, trainees and every professional in the NHS. Employment law restrictions on minimum length of service and age do not apply. At present, the Act does not cover the genuinely self-employed, volunteers, the army, intelligence services or police officers. The Act has been described as ‘the most far reaching whistleblower protection in the world’.

### **2 Internal disclosures**

A disclosure in good faith to a manager or the employer will be protected if the whistleblower has a reasonable suspicion that the malpractice has occurred, is occurring or is likely to occur.

### **3 Regulatory disclosures**

The Act protects disclosures made in good faith to prescribed bodies such as the Health and Safety Executive, the Financial Services Authority and the Inland Revenue, where the whistleblower has a reasonable belief that the information and their allegation(s) are substantially true.

### **4 Wider disclosures**

Wider disclosures (eg to the police, the media, MPs, and non-prescribed

regulators) are protected if, in addition to the tests for regulatory disclosures, they are reasonable in all the circumstances and they meet one of the three preconditions. Provided they are not made for personal gain, these preconditions are that the whistleblower:

- reasonably believed they would be victimised if they raised the matter internally or with a designated regulator
- reasonably believed a cover-up was likely and there was no regulator
- had already raised the matter internally or with a prescribed regulator

An employee who makes a wide, public disclosure is more likely to be protected if there was no internal procedure set up.

## **5 Full protection**

Where the whistleblower is victimised in breach of the Act they can bring a claim to an employment tribunal for compensation. Awards are uncapped and based on the losses suffered. Additionally, where an employee is sacked, they may apply for an interim order to keep their job. Not all disclosures made by an employee are protected under the Act. Those that include criminal acts, health and safety violations, breaches of legislation and miscarriages of justice. However, such acts are only protected as long as the disclosure is made in good faith to the employer, or any other person authorised under a procedure set up by the employer for this purpose. (Disclosures can also be made to appropriate regulatory bodies, such as the Health and Safety Executive.) Where an employee reasonably suspects malpractice (and this includes any crime), they will be protected from victimisation where they raise the matter in good faith with a person who is legally responsible for whistleblowing.

## **6 Qualifying areas**

The qualifying areas consist of information that the employee reasonably believes tends to show one or more of the following matters is either happening now, took place in the past, or is likely to happen in the future:

- a criminal offence



- the breach of a legal obligation
- a miscarriage of justice
- a danger to the health or safety of any individual
- damage to the environment
- deliberate covering up of information tending to show any of the above five matters.

---

APPENDIX J: THE SEVEN PRINCIPLES OF PUBLIC LIFE  
FROM  
THE REPORT OF THE COMMITTEE FOR  
STANDARDS IN PUBLIC LIFE  
(THE NOLAN REPORT)

**1 Selflessness**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

**2 Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties.

**3 Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

**4 Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

**5 Openness**

Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

**6 Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the

public interest.

## **7 Leadership**

Holders of public office should promote and support these principles by leadership and example.

---

## APPENDIX K: SUMMARY OF PROTOCOLS FOR PROPOSED CAPITAL EXPENDITURE

Proposed capital projects must be supported by:

- A statement that demonstrates the project's consistency with the strategic plans and estates strategy approved by the Board of Governors
- An initial budget for the project for submission to the Finance, Commercial, Planning & Estates Committee. The budget should include a breakdown of costs including professional fees, VAT, funding sources, and identification of appropriate Procurement route
- A financial evaluation of the plans together with their impact on revenue and or quality of service plus advice on the impact of alternative plans
- An investment appraisal in an approved format which complies with SFC guidance on option and investment appraisal
- A demonstration of compliance with Fife College Procurement Procedures and SFC regulations. This will require careful consideration where partnership arrangements are in place
- A cash flow forecast

---

## APPENDIX L: PROTOCOLS FOR PROPOSED MAJOR DEVELOPMENTS

The proposal should be supported by a business plan for three years which sets out:

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

---

## APPENDIX M: INTERNAL AUDIT RESPONSIBILITIES

### **SFC'S Audit Code of Practice**

The requirement to establish an internal audit service is a mandatory requirement of the Financial Memorandum with the Scottish Funding Council.

The prime responsibility of the internal audit service is to provide the Board of Governors, the designated officer and the other managers of Fife College with assurance on the adequacy and effectiveness of the internal control system, including risk management and governance. 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 Fife College. Risk management provides the opportunity for internal audit work to be efficient and focused. It does not necessarily imply that internal audit activity has to be increased.

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

---

## APPENDIX N: PROCUREMENT PROCEDURES

(see attached paper "Procurement Procedures for Fife College")

---

## APPENDIX O: MAIN POINTS INCLUDED IN THE COLLEGE'S CODE OF TENDERING PRACTICE

- Duty to comply by the College's staff.
- EU directives to be complied with.
- Competitive tendering procedure, which will:
  - ensure fairness of competition,
  - ensure that companies invited to tender are financially and technically able
  - to meet the College's requirements,
  - indicate the terms of the contract, and
  - outline the appropriate British standards to be complied with.
- Quotation procedure, which will indicate:
  - the minimum number of firms that should be expected to provide
  - quotations,
  - lists of available firms in existence which have been approved by the
  - College that might undertake the work specified,
  - the terms by which the contractors will be paid, and
  - the national requirements concerning good practice that should be followed.
- Submission of tenders (eg time, date, etc).
- Receipt and safe custody of tenders and records.
- Admissibility and acceptance of tenders.
- Acceptance of tenders/quotations.
- Justification of acceptance of tenders not at the lowest price.

---

APPENDIX P: FRAUD PREVENTION POLICY AND RESPONSE  
PLAN

(See attached paper "Fraud Prevention Policy and Response Plan")