



## Financial Regulations

ELT manager	Director of Finance & Resources
Responsible officer	Director of Finance & Resources
Date first approved by BoM	March 2011
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Equality impact assessment	December 2019
Further information (where relevant)	

Reviewer	Date	Review Action/Impact	BoM
AA	Mar 2012	Appendix 1; 5.2 – Curriculum Managers added	
AA	Mar 2013	6.2 and Appendix 1; 4.4 – Delegated amounts increased; with mechanism for controlling delegated authorities 11.1 – reference to salary scales added 11.4 and Appendix 1; 11.4 – Reference to expenses guidelines included; amounts and categories amended in line with expenses guidelines.	
AA	Oct 2015	2 & others - Reference to the Regional Strategic Body – University of Highlands & Islands 4.2 Budget preparation reduced from 3 to 2 years. 4.7 Provision of monthly cost reports to budget holders. 4.8 Management accounts produced three monthly rather than monthly. Appendix 2 – 5.3 changes to tier values	
PJL	Nov 2019	Throughout – Titles updated, e.g. Director of Finance & Resources 3 Removal of the sentence stating that the appointment of external auditors must be approved by Audit Scotland. 4.2 Reworded to incorporate preparation of FFR. 4.3 Incorporate budget holder requirements. 5 Minor amendments to reflect current procurement practice 10.2 Administration of claims undertaken by the Facilities Manager not DoFR 11.1 Wording changed to incorporate the role of National Bargaining in determining remuneration.	

## Financial Regulations Policy

WHC reserves the right to amend this policy at its discretion. The most up-to-date version can be downloaded from our website.

		Appendix 2 – Changes to some tier values and changes in titles.	
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# FINANCIAL REGULATIONS

## 1 General

### 1.1 Introduction

The College's Board of Management has approved these regulations on the recommendation of the Finance & General Purposes Committee. These regulations shall apply to the College and to any subsidiary companies wholly owned or controlled by the College. All members of staff employed by the College, including staff of employment agencies, are required to comply with the financial regulations.

The College Financial Regulations provide a framework within which a reliable system of internal financial control may operate. They seek to make certain that the responsibilities of the members of the College can be met through the establishment of a system of management control designed to ensure that the College conducts its activities in an effective and efficient manner.

### 1.2 The requirement for these regulations is derived from the Scottish Funding Council (SFC) Memorandum.

A member of staff who fails to comply with the financial regulations may be subject to disciplinary action. Any breach of the financial regulations will be notified to the Chief Executive and/or the Director of Finance & Resources who shall determine what action, if any, is to be taken, and if necessary, inform the Board of Management.

It is the responsibility of Senior Managers and Managers to ensure that their staff are made aware of the existence and content of the College's financial regulations and that an adequate number of copies are available for reference within their Department/Curriculum area.

The Finance & General Purposes Committee is responsible for maintaining a regular review of the financial regulations and advising the Board of Management of any additions or alterations that are necessary.

## 2 Financial Responsibilities

The **Board of Management** is responsible for:

- the effective and efficient use of resources;
- the solvency of the College;

- safeguarding the College assets;
- approving annual estimates of income and expenditure and to approve the annual financial statements;
- ensuring that the funds provided by the Scottish Funding Council are used in accordance with the terms and conditions of the Financial Memorandum agreed between the Regional Strategic Body – The University of the Highland & Islands and West Highland College UHI.
- Board Members, as individuals, are not permitted, other than items identified in 11.6, to authorise any other expenditure.

The **Principal as Chief Executive** is responsible to the Board of Management for:

- the organisation, direction and management of the College and the leadership of its staff;
- preparing annual estimates of income and expenditure;
- the management of the College within the approved budget.

The **Director of Finance & Resources** is responsible to the Chief Executive for:

- advising on the financial aspects of the College's policy and on the financial administration of the College;
- ensuring that the College has satisfactory systems of financial control and management;
- preparing annual capital and revenue budgets and financial plans;
- preparing the College's annual accounts and financial forecasts for approval by the Board of Management prior to submission to the Scottish Funding Council, via the Regional Strategic Body - The University of the Highlands & Islands.
- ensuring that the financial forecasts are consistent with the College's approved strategic plan;
- monitoring and control of income and expenditure.

The **Senior Managers** are responsible to the Chief Executive for:

- the efficient and effective use of resources at their disposal;
- the management of the college within the approved budget;
- maintaining clear lines of financial responsibility within the college;
- ensuring compliance with the Financial Regulations;

**Budget Managers** are responsible for:

- the control and monitoring of resources within agreed targets;
- financial management of their own areas;

- maintaining clear lines of financial responsibility in their own areas;
- day to day operation of financial procedures in their own areas;
- ensuring that the action they take is in accordance with the Financial Regulations;
- reviewing the performance of their department/curriculum area against agreed budgets and targets;
- ensuring any potential conflicts of interest, which may exist in financial relationships with third parties, are disclosed to the College Secretary

### **3 Audit**

The appointment of both the internal and external auditors is the responsibility of the Board of Management.

#### **3.1 Audit Approach**

External [including funding auditors] and internal auditors shall have the authority to:

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

#### **3.2 External Audit**

The primary role of external audit is to report on the College's annual 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.

#### **3.3 Internal Audit**

The main responsibility of internal audit is to provide the Board of Management, the Chief Executive and Senior Managers with assurances on the adequacy of the internal control system. The internal audit service remains independent in its planning and operation and has direct access to the Board of Management, Chief Executive and Chair of the Audit Committee.

#### **3.4 Fraud and other irregularities**

The College policy on fraud and other financial irregularities is set out in Appendix 1.

### **3.5 Other Auditors**

The institution may, from time to time, be subject to audit or investigation by external bodies. They have the same rights of access as external and internal auditors.

## **4 Financial management and control**

### **4.1 Financial objectives**

As part of the strategic planning process, the Board of Management will, each year, determine a series of financial objectives for the College. These, and other College objectives, will inform the budget setting and financial planning processes.

### **4.2 Budget preparation**

The Director of Finance & Resources is responsible for preparing, annually, a detailed revenue budget, a medium-term financial forecast return (FFR) and a capital plan. The revenue budget and capital plan should be prepared in line with a timescale approved by the Finance & General Purposes Committee. The FFR should be prepared in line with timescales given by the Scottish Funding Council (SFC). The budget and financial forecast return are to be approved by the Board of Management, on the recommendation of the Finance & General Purposes Committee and submitted to SFC via the Regional Strategic Body – the University of the Highlands & Islands.

### **4.3 Resource allocation**

The Senior Managers will consider and determine the basis on which income and expenditure will be allocated to college centres and cross-college support services. In doing so, they will give due consideration to College self-assessment, strategic and operational plans and priorities, College policies and procedures and budget holders requirements.

### **4.4 Capital programme**

The Chief Executive will each year agree the basis for the allocation of the capital funds approved by the Board of Management. The Director of Finance & Resources will establish procedures for proposing, considering and approving capital expenditure requests.

Major building projects will require the preparation of a detailed business case and investment appraisal, for consideration by the Finance & General Purposes Committee, and approval by the Board of Management.

Progress reports on major capital projects shall be submitted to the Finance & General Purposes Committee, at a frequency determined by the Committee.

#### **4.5 Projects and business developments**

Any new project or activity which will require an investment in buildings resources or staff time, must be authorised in accordance with the financial limits set out in section 8.2 of Appendix 2.

All major developments should have business plans in format determined by the Board of Management.

#### **4.6 Budget virements**

Budget virements are designed to allow budget managers some freedom in the deployment of resources to respond to unplanned needs or opportunities which arise after the budget has been approved. The general rules are that:

- funds may be vired within non-pay revenue budgets;
- funds may be vired from a non-pay revenue budget to a capital budget, but not vice versa;
- funds may be vired from pay budgets to non-pay budgets but not vice versa.
- All virements must be approved in accordance with the limits set out in Appendix 2.

The Director of Finance & Resources will be responsible for recording and control of virements.

#### **4.7 Budget monitoring and reporting**

The Director of Finance & Resources will provide reports to monitor income and expenditure against a profiled budget for all budget holders within 21 working days of the closedown of each accounting period. Summary level reports will be produced for the Senior Managers at the same time.

College level management accounts will be produced in a format and to a timescale determined by the Finance & General Purposes Committee, for presentation to the Committee, the Board of Management and the Senior Managers.

Each Senior Manager shall be responsible for ensuring that their area achieves the overall financial targets.

The Director of Finance & Resources is responsible for providing monthly cost reports to all budget holders.

#### **4.8 Changes to the approved budget**

Changes to the approved College budget will be authorised by the Finance & General Purposes Committee, by consideration of the revised forecasts submitted as part of the management accounts.

#### **4.9 Treatment to year end balances**

Where a Budget Manager fails to achieve the agreed budget targets, the Chief Executive may require such deficit to be carried forward and set against the budget provision for the following year. The carrying forward of any budget surplus across accounting years will be considered by the Chief Executive during the budget allocation cycle, in the light of the College's overall financial position.

## **5 Expenditure and Orders for Goods and Services**

### **5.1 General**

The authority to approve purchase orders, negotiate contract terms, prepare tender documents and invite and oversee the opening of tenders in accordance with these regulations, is vested in the appropriate Senior Manager.

### **5.2 Scheme of delegation**

Authority to raise requisitions may be delegated to named individuals. In exercising this delegated authority, budget holders are required to comply with these regulations, purchasing policies and financial procedures.

The Director of Finance & Resources will maintain a register of authorised signatories, together with specimen signatures. This will be updated annually as part of the budget setting process. Budget holders must ensure that funds are available within their budget before authorising a requisition.

The Director of Finance & Resources is responsible for ensuring that all purchase requisitions have been completed in line with the College's purchasing procedures and authorised as specified in Appendix 2.

### **5.3 Choice of supplier**

In determining the supplier with whom the purchase order is to be placed, the appropriate Senior Manager is responsible for ensuring that if a college contract exists, orders are placed in accordance with the terms and conditions of that contract. In addition, the Director of Finance & Resources is responsible for ensuring that the College complies with EU procurement legislation and the Scottish Reform Act.

Apart from items covered by college contracts, decisions on suppliers will be made in accordance with the limits set out in Appendix 2.

If, in the opinion of the appropriate Senior Manager, there would be no advantage to the College in inviting tenders for a particular contract, he or she

may apply to the Director of Finance & Resources for written approval to waive the requirements, provided that this does not infringe statutory [including European] requirements or regulations.

#### **5.4 Post tender negotiations**

Post tender negotiations, in order to improve price, delivery or other terms and conditions, can be entered into by the Director of Finance & Resources, provided:

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

In each case, a statement of justification should be approved by the Director of Finance & Resources prior to the negotiations. The Director of Finance & Resources shall keep detailed records of post tender negotiations.

#### **5.5 Building works**

The Facilities Manager is responsible for ensuring compliance with the requirements of financial regulations when placing orders / tenders / contracts for building works. Orders for other goods and services will be dealt with as for other departments / functions.

#### **5.6 Contract signatories**

Contracts for expenditure must be authorised as specified in Appendix 2

#### **5.7 Purchase orders**

Prior to signing and forwarding the official purchase order on behalf of the College, the appropriate Senior Manager is responsible for ensuring that all orders have been completed in line with the College's purchasing procedures, and that College standard terms and conditions are brought to the attention of the suppliers.

#### **5.8 Goods received notification**

College Budget Holders are responsible for ensuring that the quantity and quality of goods received are checked, and for ensuring that the appropriate notifications of goods received are forwarded to the purchasing section on a timely basis.

The Director of Finance & Resources is responsible for ensuring that notification of satisfactory delivery has been received by the purchasing section before payment is released.

#### **5.9 Purchase invoices and payments**

The Director of Finance & Resources is responsible for ensuring that purchase invoices submitted to the College for payment correspond to the details of the purchase order to which they relate, and that payments to suppliers are generated in accordance with contract terms.

## **5.10 Payments mechanisms**

The Director of Finance & Resources is responsible for deciding the most appropriate method of payment of invoices.

Purchase ledger BACS payments schedules and cheque listings must be authorised in accordance with the College's bank mandate.

The College Credit Card will be used only in accordance with detailed College procedures maintained by the Director of Finance & Resources.

## **6 Asset Management**

### **6.1 General**

The Board of Management is responsible for safeguarding the assets of the College. The purchase, long term lease and disposal of land and buildings can only be undertaken with the authority of the Board of Management and with SFC consent where required.

### **6.2 Capital expenditure**

The College's definition of Capital Expenditure is contained within the College's accounting procedures, which govern the capitalisation of all tangible assets including land, buildings and property enhancements and equipment.

Additional authorisation controls apply to the acquisition of capital items with a value greater than £20,000 in order to ensure that:

- the proposal has been considered in any appropriate wider context [e.g. computer equipment proposals within the IT strategy framework];
- the financing of the proposal has been agreed and any related borrowing arrangements are in accordance with the College's financial memorandum with the SFC via the Regional Strategic Body – the University of the Highland & Islands.;
- the acquisition is affordable, in the context of the College's financial plans;
- the acquisition represents value for money for the College.

However, if the funding for the capital purchase is to be drawn from College cash reserves, the delegated authority will be removed if cash reserves have fallen below £150,000.

### **6.3 Fixed assets register**

The Director of Finance & Resources is responsible for maintaining a fixed assets register providing a record of College capital assets for accounting and control purposes. Budget holders will provide the Director of Finance & Resources with any information needed to maintain the register.

Capitalised items must be labelled for security, identity and maintenance purposes. The Facilities Manager is responsible for ensuring that capitalised computer equipment is properly labelled. Senior Managers have similar responsibilities in respect of capital items under their control.

The Director of Finance & Resources is responsible for the provision of regular fixed asset reports to the Senior Managers in order to ensure that fixed asset system records are up-to-date and accurate. Senior Managers are required to ensure such reports are checked and returned within a timescale determined by the Director of Finance & Resources.

Depreciation rates applicable to College assets will be determined by the Finance & General Purposes Committee on the recommendation of the Director of Finance & Resources.

#### **6.4 Inventories**

Senior Managers are responsible for maintaining inventories of all portable plant and equipment that does not meet the criteria of capital expenditure. The Facilities Manager is solely responsible for maintaining an inventory of all ICT equipment within the College. All items recorded on the inventory must be labelled for security and identity purposes.

Senior Managers shall ensure that inventories in their area are checked at least annually.

#### **6.5 Asset disposals**

All sales of land and buildings must be approved by the Board of Management with the consent of the SFC.

All other asset disposals must be authorised by the relevant budget holder and if necessary, within the conditions specified in Appendix 2.

The Director of Finance & Resources is responsible for ensuring disposal is in accordance with College procedures.

#### **6.6 College properties**

The College Facilities Manager is responsible for maintaining a comprehensive database of properties used by the College within which details of freehold and leasehold properties including leasing terms will be recorded. Details of the terms upon which the College is permitted use of other premises that it does not own must also be recorded within the system. The information held will be sufficiently detailed to allow the verification [and

authorisation] of rates payments, utility charges and miscellaneous charges for use.

## **6.7 Assets held under leasing agreements**

The Director of Finance & Resources is responsible for ensuring that changes to details of equipment leased by the College are forwarded promptly to lessors in order that leasing and payment schedules may be amended accordingly.

## **6.8 Stocks and stores**

Senior Managers are responsible for establishing arrangements for the custody and control of stocks and stores within their areas of responsibility. Senior Managers must ensure that regular inspections and stock checks are carried out, and that stock is valued in accordance with guidelines issued by the Director of Finance & Resources.

# **7 Cash, Banking and Treasury Management**

## **7.1 Banking arrangements**

Banking arrangements for the College will be reviewed periodically by the Finance & General Purposes Committee.

The College's bank mandate, and any amendments thereto, must be approved by the Finance & General Purposes Committee. The Director of Finance & Resources is responsible for ensuring that authorisation powers within the bank mandate are always appropriate to the College's circumstances.

No college, curriculum area / team, support unit or member of staff is permitted to operate a College bank account except with the express authority of the Finance & General Purposes Committee.

The investment of surplus cash balances should be undertaken in accordance with the College's Treasury Management policy, approved by the Finance & General Purposes Committee.

## **7.2 Petty cash imprests**

The value of cash floats and imprests permissible at each cash collection point will be determined by the Director of Finance & Resources.

Petty cash disbursements are intended for use in emergencies or in cases of urgent hardship and should not be authorised to circumvent the College's purchasing procedures or normal payment mechanisms

The disbursement of petty cash payments must be authorised as specified in Appendix 2.

Learning Centre Managers are empowered to authorise imprest reimbursements at their local Centre, following evidenced verification that bona fide receipts have been obtained for all disbursements.

## **8 Income and Credit Control**

### **8.1 General**

All College staff are responsible for ensuring that College income is maximised through the efficient application of agreed procedures for the identification, collection and banking of income. This requires the prompt notification to the Director of Finance & Resources of sums due to the College.

### **8.2 Funding agreements, contracts and grants**

The College's proposed annual funding agreement with the SFC, via the Regional Strategic Body – the University of the Highlands & Islands, will be determined each year by the Chief Executive. The funding agreement will be consistent with the College's approved strategic plan and must be signed by the Chief Executive.

Other funding agreements and contracts may be authorised within the conditions specified in Appendix 2. The terms of such agreements, and fees and prices embodied therein, will be determined by the Board of Management.

Proposals to enter into such agreements should be made in accordance with the College's detailed project management procedures.

Copies of all contracts for income should be logged within the Finance Department.

### **8.3 Trading activities**

Prices and terms relating to the goods and services supplied by the College in the course of its non-teaching activities, will be determined by the relevant Senior Manager, having regard for guidance issued from time to time by the Director of Finance & Resources.

### **8.4 Tuition fees and student support**

The level and structure of College tuition fees and charges, together with all discretionary fee waivers and refund policies must be approved by the Board of Management following detailed consideration by Finance & General Purposes Committee.

### **8.5 Credit control**

Prior to entering into any new income-generating contract or agreement, the Director of Finance & Resources is responsible for establishing the creditworthiness of parties contracting with the College utilising, where this is considered to be appropriate, credit referencing agencies to assist in the evaluation.

The Director of Finance & Resources is responsible for formulating debt write-off procedures for the College. In the context of the procedures, debt write-offs must be authorised within the conditions specified in Appendix 2.

## **8.6 Receipt of cash, cheques and other payment methods**

All monies received within the College, from whatever source, must be recorded immediately on receipt, via a till, enrolment form, receipt book or other appropriate method. All monies received must be paid promptly to the relevant local college finance office. The custody and transit of all monies received must comply with the requirements of the College's insurers.

All sums received must be paid in and accounted for in full and must not be retained for local expenditure or reimbursement of petty cash. Personal or other cheques must not be cashed out of money received by the College.

## **9 Gifts and hospitality**

It is an offence, 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, no member of the College staff should accept gifts or hospitality from suppliers or any other individual or organisation where acceptance might be construed as instrumental in the furtherance of business with the College, i.e. for 'commercial or academic gain' or which are valued in excess of the value specified in Appendix 2 in any one financial year. No gifts or hospitality should be accepted from potential suppliers in the period leading up to the awarding of a contract.

Hospitality may be accepted by College staff where clearly provided in conjunction with events relevant to the furtherance of the College's business [e.g. conferences, seminars, training events]. In all cases the approval of the appropriate Senior Manager must be obtained in advance of attendance at the event.

All gifts and hospitality should be recorded in a register maintained by the College Secretary in respect of Board Members, the Chief Executive and Director of Finance and Resources and by the Chief Executive for all other members of staff.

## **10 Insurances**

### **10.1 Insurance cover**

The Director of Finance & Resources is responsible for ensuring that adequate insurance arrangements for the College are in place.

The arrangements will be reported annually to the Finance & General Purposes Committee.

Insurance [and brokerage services, if applicable] will be subject to periodic market testing, including a full tender exercise at least every 5 years.

Senior Managers must give prompt notification, to the Director of Finance & Resources, of any potential new risks, activities, property, equipment or contracts that may affect the insurance arrangements and cover.

The Facilities Manager is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspections are carried out in the period prescribed.

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

### **10.2 Insurance claims**

The Facilities Manager is responsible for the administration of claims and logging of related details. Details of all incidents, accidents, losses and damage to College property and complaints which may lead to a claim, must be recorded and reported to the Facilities Manager.

The settlement of claims may be authorised as specified in Appendix 2.

## **11 Pay expenditure**

### **11.1 Remuneration policy**

The overall remuneration policy of the College is the responsibility of the Board of Management in line with National Bargaining. All staff [with the exception of senior postholders] shall be appointed to a salary which has been deemed appropriate by the Chief Executive and is in line with the colleges appropriate pay-scales.

The remuneration and terms and conditions of employment of senior postholders shall be determined by the Board of Management on the advice of the Remuneration Committee.

## **11.2 Appointment of staff**

The Chief Executive may authorise recruitment to any vacant post [apart from senior postholder and Director posts], provided that the post is already approved by the Senior Managers.

Managers shall ensure that the Chief Executive and the Director of Finance & Resources are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

Appointment of staff without appropriate authority is a disciplinary matter.

## **11.3 Payroll and pensions administration**

The Director of Finance & Resources is responsible for ensuring that proper arrangements are in place for the timely and accurate payment of all salaries, wages, severance payments, pension enhancements, fees, other emoluments and expenses to College employees and external lecturers.

The Director of Finance & Resources is also responsible for the timely disbursement of statutory and voluntary deductions from pay, together with employer national insurance and pension contributions, to appropriate third parties, and for maintaining appropriate records.

The Head of HR will be responsible for keeping the Director of Finance & Resources informed of all personnel matters that impact upon payroll, including details of:

- appointments, resignations, dismissals, secondments and transfers;
- absence from work for sickness and other reasons, apart from approved paid leave;
- changes in remuneration, other than normal increments and pay awards; and
- information necessary to maintain records of service for superannuation, income tax and national insurance.

Such information shall be processed only if recorded on the relevant College documentation and if correctly authorised by a member of the HR function.

## **11.4 Travel, subsistence and other expenses**

All claims for payments of travel, subsistence and other expenses shall be completed on the approved form and must be in line with the College's expenses guidelines. Terms and rates of payment will be determined, from time to time, by the Board of Management on the recommendation of the Chief Executive.

Claims by members of staff must be authorised in accordance with Appendix 2. In submitting a claim, the claimant is confirming that the journeys/expenses were properly and necessarily undertaken/incurred in order to fulfil the claimant's role. Authorisation of claim forms shall be taken to mean that:

- the journeys were authorised;
- the expenses were properly and necessarily incurred;
- the expenses are properly payable by the College.

Staff should give consideration to value for money in choosing the mode of transport. Expenditure on pre-booked travel and accommodation should be incurred through the normal purchasing procedures.

### **11.5 Relocation expenses**

Relocation expenses will be determined on a case by case basis and be payable against receipts.

Should the post become vacant [for whatever reason] within 24 months, the individual would be required to repay the allowance calculated on a monthly incremental basis.

### **11.6 Overseas travel (excluding student visits)**

Overseas travel by staff must be authorised in advance by a Senior Manager. Overseas travel by a Senior Manager, or any Board Member, must be authorised in advance by the Chair of the Board of Management and reported to the Board of Management. Overseas travel by the Chair of the Board of Management must be authorised in advance by the Chair of Audit Committee and reported to the Board of Management.

## **12 Company and joint ventures**

Companies or joint ventures can only be established by the College with the prior consent of the Board of Management. It is the responsibility of the Board of Management to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the College. These and other arrangements will be set out in a memorandum of understanding.

## **13 Risk Management**

The Board of Management acknowledges the risks inherent in the College's activities and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. The Board of Management has overall responsibility for ensuring there is a common approach to the management of those risks which pose a significant threat to the achievement of its business objectives and financial health. This will be achieved through the development and implementation of a structured risk management process.

The Audit Committee shall be responsible for the regular review of the adequacy of risk management arrangements.

## **14 Taxation**

The Director of Finance & Resources is responsible for ensuring that all direct and indirect tax payable by the College is properly accounted for and transferred to the appropriate authority by the due date.

## **15 Register of Interests**

In addition to members of the Board of Management, Senior Managers are required to complete a register of interests and to update this at least annually. All register of interest forms are retained by the College Secretary and are available for public inspection.

## College Fraud Policy Statement

## APPENDIX 1

### 1 What is a fraud / financial irregularity?

Fraud is a generic term for a number of types of activity that result in the theft or attempted theft of property or money. Fraud involves intentional deceit and is very different to, and does not include, negligence and accidental error.

### 2 Identification of a potential financial irregularity

The Whistle-blowing Procedure is intended to encourage staff to inform management of their genuine and legitimate concerns about serious malpractice, fraud or corruption in order that management can investigate.

Any member of staff identifying a potential financial irregularity should inform a Senior Manager or the Chief Executive. If it is a Senior Manager who is informed he/she should then inform the Chief Executive at the earliest opportunity.

An exception to this rule is where either a Senior Manager or the Chief Executive may potentially be involved. A rule of thumb must be if a Senior Manager or the Chief Executive is potentially implicated notification should be either direct to the Chief Executive or to the Chair of the Audit Committee as appropriate [through the College Secretary].

### 3 Decisions relating to required action

Except where the Chief Executive may have a potential involvement, the decision on the preliminary investigation must be taken by the Chief Executive, normally in consultation with the Director of Finance & Resources.

If the Chief Executive has a potential involvement, the Chair of Board of the Audit Committee should determine the necessary action, normally in consultation with the Chair of Board of Management or exceptionally, internal audit.

### 4 Potential Actions by the Chief Executive

Upon receiving notification of a potential financial irregularity, there are three potential courses of action:

No further action

Where the Chief Executive considers that there are no grounds for further investigation or action, this course should be substantiated in writing, filed with the College Secretary and notified to the member of staff raising the concern.

Instigate a preliminary investigation and, where necessary contact police, and/or

Commence an investigation to explore the concerns raised. Direct invitation to the police to carry out a review – where prima facia fraud or theft has occurred.

Inform SFC via the Regional Strategic Body – the University of the Highlands & Islands

The Audit Code of Practice requires certain frauds to be reported to the SFC.

## 5 Conducting a preliminary investigation

If the Chief Executive considers that a preliminary investigation is necessary they must determine the nature and extent of the investigation and the team required to perform it. The decisions will be determined by the nature of the initial evidence.

## 6 Investigation team

The Investigation Team compositions options include:

- Director of Finance & Resources and a relevant manager;
- a Senior Manager or a manager and an HR Officer;
- Internal Audit or External Audit.

The choice of team will be dependent on the issue under investigation.

## 7 Components of Investigation

The Chief Executive should agree the terms of reference of the investigation that will include:

- scope of the investigation;
- provisional timescale;
- working arrangement;
- reporting lines and requirements.

## 8 Investigations

Each investigation will be determined by specific requirements but is likely to include:

- reference to College Disciplinary Procedure, where College staff are thought to be involved;
- understanding of the relevant systems;
- collection of all relevant documentary evidence;
- understanding of the requirements of financial regulations and, where appropriate other procedures;
- initial interviews with key staff; following the Disciplinary Procedure Guidelines;

- where applicable, initial interviews with those making allegations; following the Disciplinary Procedure Guidelines;
- preparation of a draft report to the Chief Executive incorporating recommendations for action, which may include:
  - no further work required;
  - further work necessary in certain areas;
  - move to investigation under College Disciplinary Procedures;
  - invite police involvement;
  - proposals to improve systems / procedures / security, as appropriate
- decision by Chief Executive.

## 9 Interviews

The interviews need to be carried out in a formal way following the guidance in the College Disciplinary Procedure with the knowledge that, potentially, evidence could later become court evidence or used in a disciplinary investigation.

The following minimum requirements must be followed:

- The employee under investigation must be advised that the investigation is being carried out under the Fraud Policy and potentially may result in a recommendation for disciplinary action under the College Disciplinary Procedure.
- All interviews should be carried out in the presence of two independent people;
- Notes should be taken of each interview, at the time of the interview, and be signed by the interviewer. The interviewee must be invited to sign the notes and if they decline, that refusal should also be recorded;
- Statements may be helpful in certain investigations. Statements should be signed and dated by the individual.

## 10 Reporting

A report should be prepared for the Chief Executive. Again the exact nature should be determined by the specifics of the situation but the following headings may be appropriate:

- Introduction
- Terms of reference
- Executive summary
- Action recommendations
- Investigation process
- Detailed findings
- Appendices providing evidence, copies of documentation etc.

These reports will, taken together, form a register of fraud incidents. This register will be maintained by the Chief Executive.

## **11 Disciplinary Action and Suspension**

If, during or following the preliminary investigation, there are allegations of misconduct concerning an employee, the Disciplinary Procedure will be followed.

If the disciplinary procedures are enacted or if the police are contacted at any time, the Chair of Board of Management and Chair of Audit Committee must be notified.

## APPENDIX 2 – Approval Levels

Reference	Item	Authorisation	
		Value	Position
4.4	Capital programme	Purchases and contracts up to £20,000*	Chief Executive * 6.2 above applies
		Purchases and contracts from £20,001 to £50,000*	Finance & General Purposes Committee * 6.2 above applies
		Purchases and contracts from £50,001 and above	Board of Management on recommendation of Finance & General Purposes Committee
4.6	Virement (except salary)	Up to £1,000	Any Senior Manager
		£1,001 - £10,000	Chief Executive
		Over £10,000	Finance & General Purposes Committee
5.2	Purchase requisitions#  #NOTE: A post holder may only approve purchase requisitions charged to their budget or a budget for which they have management responsibility	Up to £1,000	Budget holder, who shall take appropriate steps to ensure value for money.
		Up to £2,500	College Management Group and Curriculum Managers
		Up to £10,000	Any member of ELT
		Up to £20,000	Principal

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		£20,001 upwards	<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes Committee for detailed review and recommendation</li> <li>• Board of Management for summary review and approval</li> </ul>
<b>Reference</b>	<b>Item</b>	<b>Authorisation</b>	
		<b>Value</b>	<b>Position</b>
5.3	Choice of supplier	<£1,000	Telephone or written quote. Budget Holder
		£1,001 - £2,500	Minimum 3 written quotes
		£2,501 - £10,000	Minimum 3 written quotes Any member of ELT
		£2,501 - £12,500	Minimum 3 written quotes sought Principal
		£12,501 - £181,302	3 competitive quotes via Public Contracts Scotland Portal Principal and Finance & General Purposes Committee for detailed review and recommendation Board of Management for summary review and approval
		>£181,302	EU regulations Board of Management
6.5	Asset disposals [excluding land and buildings]	Up to £1,000 (estimated value)	Any member of ELT
		£1,001 - £5,000	Chief Executive
		Over £5,000	Board of Management

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7.2	Petty cash	Up to £75	Learning Centre Manager
		Over £75	Any Senior Manager
<b>Reference</b>	<b>Item</b>	<b>Authorisation</b>	
		<b>Value</b>	<b>Position</b>
8.2	Funding Agreements/Contracts	Up to £5,000	Any member of ELT
		£5,001 - £20,000	Chief Executive
		Over £20,000	Board of Management on recommendation of Finance & General Purposes Committee
8.5	Write-off of debts	Up to £5,000	Director of Finance
		£5,001 - £7,500	Chief Executive
		Over £7,500	Board of Management on recommendation of Finance & General Purposes Committee
9	Gifts and hospitality	Up to £50	Any Senior Manager Chief Executive [for Directors] Board of Management [for Chief executive]
		Over £50	Not to be accepted
10.2	Settlement of Insurance claim	Up to £20,000	Chief Executive
		Over £20,000	Board of Management on recommendation of Finance & General Purposes Committee

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Reference	Item	Authorisation	
		Value	Position
11.4	Travel expenses		
	• Principal [UK]	All	Chair of Board of Management
	• Principal [Overseas]	All	Chair of Board of Management on recommendation of Finance & General Purposes Committee
	• Board Members & College Secretary	Up to £150	Chair of Finance & General Purposes Committee
	• Board Members & College Secretary	Over £150	Chair of Board of Management
	• Board Members [Overseas]	All	Chair of Board of Management
	• Chair of Board of Management	Up to £250	Chair of Finance & General Purposes Committee
	• Chair of Board of Management	Over £250	Chair of Audit Committee
	• Members of ELT	All	Principal
	• All other staff	Up to £250	Budget holder
	• All other staff	Over £250	Senior Manager