



Policy	Finance 7
Issue No	2.1
Issue Date	01/01/2020
Review Date	31/12/2022
EIA	
Prepared by	AW

EDINBURGH COLLEGE

Financial Regulations

FOREWORD

To conduct its business effectively, a college needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations which set out the financial policies of the college.

Financial regulations make good business sense, and for further education colleges, they have additional significance as our grant funding depends upon it. The financial memoranda between the Scottish Funding Council and the colleges they fund makes it a condition of grant that a college ensures that it has a sound system of internal financial management and control. Financial regulations are a core component of such a system.

Note

The United Kingdom left the European Union (EU) on 31 January 2020. A transition period is now in place until 31 December 2020. References in this document to EU will be updated after this date.

CONTENTS

FINANCIAL REGULATIONS.....	5
A GENERAL PROVISIONS.....	5
1 Background.....	5
2 Status of Financial Regulations.....	5
B CORPORATE GOVERNANCE.....	7
3 Board of Management.....	7
4 The Principal (Chief Executive Officer).....	8
5 Committee Structure.....	9
6 Financial Responsibility of Staff.....	10
7 Risk Management.....	11
8 Whistleblowing.....	12
9 Code of Conduct.....	12
C FINANCIAL MANAGEMENT AND CONTROL.....	13
10 Financial Planning.....	13
11 Financial Control.....	14
12 Accounting Arrangements.....	15
13 Audit Requirements.....	17
14 Treasury Management.....	18
15 Income.....	19
16 Other Income-Generating Activity.....	20
17 Intellectual Property Rights and Patents.....	22
18 Expenditure.....	22
19 Pay Expenditure.....	28
20 Assets.....	29
21 Funds Held on Trust.....	31
22 Other.....	31
23 Governance.....	33

APPENDIX A: BOARD OF MANAGEMENT RESPONSIBILITIES.....	34
APPENDIX B: ACADEMIC COUNCIL TERMS OF REFERENCE	35
APPENDIX C: AUDIT & RISK ASSURANCE COMMITTEE TERMS OF REFERENCE	37
APPENDIX D: EXTERNAL ENGAGEMENT COMMITTEE TERMS OF REFERENCE	42
APPENDIX E: NOMINATIONS COMMITTEE TERMS OF REFERENCE.....	44
APPENDIX F: POLICY & RESOURCES COMMITTEE TERMS OF REFERENCE	46
APPENDIX G: REMUNERATION COMMITTEE TERMS OF REFERENCE.....	48
APPENDIX H: MAIN FEATURES OF THE PUBLIC INTEREST DISCLOSURE ACT 1998	50
APPENDIX I: CODE OF CONDUCT... ..	52
APPENDIX J: INTERNAL AUDIT RESPONSIBILITIES.....	53
APPENDIX K: FRAUD RESPONSE PLAN.....	54

FINANCIAL REGULATIONS

A GENERAL PROVISIONS

1 Background

- 1.1 The College is a further education corporation created under the provisions of the Further and Higher Education Act (Scotland) 1992. Its structure of governance is laid down in the instrument and articles of government, which may only be amended by application to the First Minister for Scotland. The College is accountable through its Board of Management which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2 The College is an exempt charity by virtue of the Charities & Trustees Investment (Scotland) Act 2005.
- 1.3 The Scottish Funding Council (SFC) is the national strategic body which is responsible for funding teaching and learning provision, research and other activities in Scotland's colleges, universities and higher education institutions.
- 1.4 The financial memorandum between the Scottish Funding Council (SFC) and the College sets out the terms and conditions on which grant funding is made available. The Board of Management is responsible for ensuring that conditions of grant are met. As part of this process, the College must adhere to the 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 the College form part of this overall system of accountability and control.

2 Status of Financial Regulations

- 2.1 This document sets out the College's financial regulations. It translates into practical guidance the College's broad policies relating to financial control. Within the context of the SFC's financial memorandum, the SPFM, and all its subsidiary undertakings (where applicable).

- 2.2 These financial regulations are subordinate to the College's governance framework and to any restrictions contained within the SFC's financial memorandum and Scottish Government finance manual (SPFM).
- 2.3 The purpose of these financial regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's strategic plan, business objectives and financial sustainability. In particular:
- achieving financial sustainability
 - achieving value for money;
 - fulfilling its responsibility for the provision of effective financial controls over the use of public funds;
 - ensuring that the College complies with all relevant legislation; and
 - safe-guarding the assets of the College.
- 2.4 Compliance with the financial regulations is compulsory for all staff connected with the College. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the College's disciplinary policy. The Board of Management will be notified of any such breach through the Audit & Risk Assurance Committee. It is the responsibility of Senior Management Team Budget Holders to ensure that all staff are aware of the existence and content of the College's financial regulations.
- 2.5 The Board of Management is responsible for maintaining a continuous review of the financial regulations, through the Chief Operating Officer, and for advising of any additions or changes necessary.
- 2.6 In exceptional circumstances, the Board of Management may authorise a departure from the detailed provisions herein, provided the departure does not conflict with SFC or Government requirements.
- 2.7 These Financial Regulations should be read in conjunction with relevant guidance on financial accountability or propriety issued by the:
- The Scottish Funding Council
 - The Scottish Government
 - Audit Scotland
 - The Scottish Parliament Audit Committee
 - SORP: Accounting for Further and Higher Education 2015
 - The Government Financial Reporting Manual (FReM)
- 2.8 The SFC issued a Financial Memorandum ('the Financial Memorandum') that had effect from 1st December 2014. The primary purpose of the Memorandum is to establish a formal

relationship 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 Management is aware 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 Board of Management

3.1 The Board of Management will meet the principles of good governance set out in the Code of Good Governance for Scottish Colleges, and the other principles identified within these Financial Regulations.

3.2 The Board of Management is responsible for the management and administration of the College so as to ensure the provision of Further Education that meets the needs of stakeholders. Its financial responsibilities are to ensure that:

- Public funds are used in accordance with relevant legislation, the requirements of this Financial Memorandum and only for the purpose(s) for which they were given. Strategic, capital and other grant funding should only be used for the purposes for which it is provided by SFC;
- Subject to any legal requirement to observe confidentiality, the College will be open and transparent with SFC and other stakeholders, and will give, or be prepared to give, a public justification of its decisions in relation to the use of public funds.
- The institution strives to achieve best value and is economical, efficient and effective in its use of public funding;
- There is effective planning and delivery of the institution's activities in accordance with its mission and its Outcome Agreement agreed with SFC;
- The institution plans and manages its activities to remain sustainable and financially viable. An institution is being managed on a sustainable basis if, year on year, it generates sufficient income to cover its costs and allow for maintenance of and investment in its infrastructure (physical, human and intellectual) at a level which enables it to maintain adaptive capacity necessary to meet future demands;

- The institution has a sound system of internal management and control, including an audit committee, an effective internal audit service, and adequate procedures to prevent fraud or bribery;
- The institution has an effective policy of risk management and risk management arrangements;
- The institution has regular, timely, accurate and adequate information to monitor performance and account for the use of public funds. Such information will be made available to SFC on request, as necessary, for the exercise of its functions and to gain assurance;
- The institution is engaged actively in continuously enhancing the quality of its activities and involves students and other stakeholders in these processes.
- The Board of Management's financial responsibilities are also to:
 - 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,
 - approve the appointment of the internal audit service,
 - approve an annual budget before the start of each financial year,
 - determine tuition fees,
 - approve the College's strategic plan, and
 - approve the Annual Report and Financial Statements.

4 The Principal & Chief Executive

4.1 The Principal is accountable directly to the Board of Management for the proper conduct of the institution's affairs. The Principal is also accountable directly to the SFC's Accountable Officer for the institution's proper use of funds deriving from Scottish Ministers and its compliance with the requirements of the SFC's Financial Memorandum. The Principal may be required to justify any of the College's financial matters to the Scottish Parliament Audit 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 Board of Management, and for the management of budget and resources, within the estimates approved by the Board of Management."

The Principal shall demonstrate his or her oversight of financial matters by signing the Annual Report and Financial Statements, and the declaration pages of the Financial Forecast Return (FFR), and Financial Statement Return submitted to the SFC.

The Principal must inform the SFC's Accountable Officer without delay of any circumstance that is having, or is likely to have, a significant adverse effect on the ability of the institution to deliver its education programmes, and other related activity, including delivery of its Outcome Agreement with the SFC. The Principal must also notify SFC's Accountable Officer of any serious weakness, such as a significant and immediate threat to the institution's financial position, significant fraud or major accounting breakdown or any material non-compliance with any requirement of the SFC's Financial Memorandum.

5 Committee Structure

5.1 The Board of Management has ultimate responsibility for the College's finances, but it delegates specific powers and processes to the committees detailed below. These committees are accountable to the Board of Management.

5.2 Audit & Risk Assurance Committee

The Scottish Funding Council's financial memorandum and audit code of practice require the College to appoint an Audit & Risk Assurance Committee. The Committee is independent, advisory and reports to the Board of Management. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. A more detailed extract from the Audit & Risk Assurance Committee's terms of reference is shown at Appendix C. The audit requirements of the College are set out in the Scottish Funding Council's audit code of practice, and the Scottish Government's Audit Committee Handbook.

5.3 Remuneration Committee

The Remuneration Committee has the power to consider, approve and report to the Board of Management on decisions relating to remuneration packages, terms and conditions and (where appropriate) severance payments of the Principal and the Executive Team.

5.4 Nominations Committee

The Nominations Committee is responsible for recommending appointments to the Board of Management in accordance with the Further and Higher Education Act (Scotland) 1992 as amended by the Post-16 Act.

5.5 Learning, Teaching & Student Experience Committee

The Learning, Teaching & Student Experience Committee will act as a forum for the debate of College wide Academic issues and to engage with staff in promoting and fostering academic excellence in the professional work of the organisation.

5.6 Corporate Development Committee

The Corporate Development Committee is responsible for oversight of stakeholder engagement, marketing and economic research, business development and partnership, and international development at Edinburgh College.

5.7 Policy & Resources Committee

The Policy & Resources Committee is the principal management body to oversee the development and monitoring of the College strategic plans. The Committee oversees resources in support of strategic plans including operating budgets, capital and/or physical resources.

6 Financial Responsibility of Staff

6.1 Chief Operating Officer

Strategic financial planning is the responsibility of the Chief Operating Officer, who is responsible to the Principal for:

- preparing annual revenue and capital budgets and financial plans,
- preparing monthly and/or quarterly accounts, management information, monitoring and control of expenditure against budgets and all financial operations,
- preparing the College's annual accounts and other financial statements which the College is required to submit to other authorities,
- ensuring that the College maintains satisfactory financial systems,
- providing advice on all matters relating to financial strategy and planning,
- providing cash and resource returns to the SFC
- liaising with the internal and external auditors to implement audit strategies.

6.2 Executive Team

The Executive Team is responsible to the Principal for the operational and financial management of the areas or activities within their remit. They are advised by the Chief Operating Officer on strategic financial matters. The Executive Team is responsible for establishing and maintaining clear lines of control and responsibility within the areas that

they manage for all operational and financial matters including the delegation of day to day budget control to other budget managers and team leaders.

The Executive Team shall provide the Chief Operating Officer with such information as may be required to enable:

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

6.3 All Members of Staff

All members of staff should be aware that they have a general responsibility for the security of the College's property and assets, for avoiding loss and for due economy in the use of resources. They should ensure that they are aware of the College's financial authority limits (see 18.2) and the values of purchases for which quotations and tenders are required (see 18.6). They shall make available any relevant records or information to the Chief Operating Officer, or his authorised representative, in connection with the implementation of the College's financial policies, these financial regulations and the system of internal financial control. They shall provide such financial and other information as may be deemed necessary from time to time, to carry out the requirements of the Board of Management. They shall immediately notify the Chief Operating Officer whenever any matter arises, which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the College. The Chief Operating Officer shall take such steps as considered necessary by way of investigation and report.

7 Risk Management

7.1 The College's Risk Management Framework includes:

- a Risk Management Policy,
- a risk appetite statement,
- Operational Risks Registers, managed by each member of the Senior Management Team aligned to their respective operational plans, which cover all College business,
- the Edinburgh College Top Level Risk Register, which identifies the major risks drawn from Operational Risk Registers, risks identified by the Board of Management and its Committees, and risks identified by the Executive Team.
- A 'Three Lines of Defence' internal control and assurance framework, and counter fraud maturity model linked to the College's Top-Level Risk Register.

7.2 The Risk Management Framework is overseen by the College's Risk Management and Assurance Group (RMAG), which reports into the Audit and Risk Assurance Committee. This group meets every three months to review the Top-Level Risk Register, and a rolling review programme of Operational Risk Registers. It also recently reviewed the College's risk appetite statement.

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

- 7.3 The Executive Team must ensure that any agreements negotiated with external bodies cover any legal liabilities to which the College may be exposed. Advice should be sought from the Chief Operating Officer to ensure that this is the case.

8 Whistleblowing

- 8.1 Full procedures and regulations for whistleblowing are set out in the College's whistleblowing policy.

9 Code of Conduct

- 9.1 The College is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the Code of Conduct principles which members of staff and Board of Management are expected to observe. The 9 key principles are set out at Appendix I are:

- Duty / Public Service
- Selflessness
- Integrity
- Objectivity
- Accountability & Stewardship
- Openness
- Honesty
- Leadership
- Respect

- 9.2 Additionally, members of the Board of Management, senior managers or those involved in procurement are required to disclose interests in the College's register of interests maintained by the Board Secretary. They will also be responsible for ensuring that entries in the register relating to them are promptly kept up to date, as prescribed in the financial procedures.

- 9.3 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.

9.4 Receiving Gifts or Hospitality

It is an offence under the Bribery Act 2010 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.

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 the Chief Operating Officer or Director of Communications, Policy & Research.

C FINANCIAL MANAGEMENT AND CONTROL

10 Financial Planning

10.1 The Chief Operating Officer is responsible for preparing annually a rolling five-year strategic financial plan for approval by the Board of Management and for submitting a financial forecast return and cash forecast to the SFC. Financial plans should be consistent with the strategic plans and capital strategy approved by the Board of Management.

10.2 Budget Objectives

The Board of Management will, from time to time, set budget objectives for the College. These will help the Chief Operating Officer in preparing detailed financial plans for the College.

10.3 Resource Allocation

Resources are allocated annually by the Board of Management, and on the basis of the above objectives. The Executive Team is responsible for the economic, effective and efficient use of resources allocated to them.

10.4 Budget preparation

The Chief Operating Officer is responsible for preparing an annual revenue budget and capital programme each year for consideration by the Board of Management. Detailed budgets are prepared in order to support the resource allocation process and these are communicated to the Executive Team as soon as possible following their approval by the Board of Management.

10.5 Capital Programmes

The capital expenditure programme includes all expenditure on land, buildings, equipment, furniture and associated costs, whether or not they are funded from capital grants or capitalised for inclusion in the College's financial statements.

The Chief Operating Officer will also establish procedures for the approval of variations, including the notification of variations to the Scottish Funding Council, as laid down in Scottish Funding Council guidelines. The Chief Operating Officer is responsible for providing regular statements concerning all capital expenditure to the Board of Management for monitoring purposes.

Following completion of any major capital project, a post-project evaluation or final report should be submitted to the Board of Management including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the Scottish Funding Council.

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 Assurance Committee.

10.6 Overseas Activity

In planning and undertaking overseas activity, the College must have due regard to the relevant guidelines issued by the Scottish Funding Council.

10.7 Other Major Developments

Any new area of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £100,000 excluding VAT should be presented for approval to the Board of Management via the Corporate Development Committee. Once approval is received from the Board of Management, under delegated limits contained within the SFC Financial Memorandum, final approval should be sought from the SFC.

The Chief Operating Officer will establish protocols for these major developments to enable them to be considered for approval by the Board of Management. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet.

11 Financial Control

11.1 Budgetary Control

The control of income and expenditure within an agreed budget is the responsibility of the designated Budget Holder, who must ensure that effective monitoring is undertaken. Executive Team members may delegate day-to-day management of their budgets to one or more Budget Managers. Significant departures from agreed budgetary targets must be reported immediately to the Chief Operating Officer who will also be responsible for ensuring that quarterly budget reviews take place with each Budget Holder.

11.2 Financial Information

The Executive Team members and Budget managers are supported in their duties by management information provided by the Finance Department. The Chief Operating Officer is responsible for supplying budgetary reports on all aspects of the College's finances to the Board of Management.

11.3 Changes to the Approved Budget

Changes proposed to the approved budget will be first considered by the Board of Management, unless they fall within the delegated approval arrangements. Under the scheme of delegation, the Principal may approve variations up to £100,000 in aggregate value.

11.4 Virement

The virement of budgets must not lead to any net change in the overall annual budget for the College. Senior Management Team members may vire budgets within a single cost centre or between cost centres. These virements should be within detailed budget headings within each of the three principal budget categories:

- income.
- staff costs, and
- other operating expenditure.

Transfers between budget categories (e.g. staff and other operating expenditure) require the approval of the Chief Operating Officer. Virement between budgets held by different Executive Team members is permitted with the written approval of the transferring and receiving Senior Management Team members.

12 Accounting Arrangements

12.1 Financial Year

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

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 Scottish Public Finance Manual (SPFM)

12.3 Format of the Financial Statements

The financial statements are prepared in accordance with the Statement of Recommended Practice *Accounting for Further and Higher Education 2015, the FReM*, subject to any specific requirements of the Scottish Funding Council and the SPFM, and in accordance with the provisions of the Companies Act 1985 and applicable Accounting Standards.

12.4 Capitalisation and Depreciation

Assets are recorded in the Balance Sheet at Depreciated Replacement Cost for Land & Buildings and at Historic Cost less depreciation for Equipment in accordance with the Financial Reporting Manual. Buildings will be depreciated in equal instalments over their estimated remaining useful life, but subject to periodic revaluation. Land will not be depreciated.

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 will be recorded in the balance sheet where the acquisition cost including vat per item is £10,000 or more. Grouped items (e.g. a suite of computers) with a group value of £10,000 or more and are easily identifiable, will also be capitalised. Capitalised assets other than land and buildings will be depreciated in accordance with the College's financial policy on capitalised assets and depreciation.

Certain tangible assets will be revalued. Where such a policy is adopted it should be applied consistently to all tangible fixed assets of the same class, and its carrying amount should be its current value. A full valuation at least every 5 years and an interim valuation in year 3, with an interim valuation in the intervening years where it is likely that there has been a material change in value.

Where an asset is found to have suffered impairment, the prospective impairment and background must be communicated to the SFC at the earliest opportunity.

12.5 Accounting Records

The Chief Operating Officer is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities. The College is required by law to retain prime documents for six years. These include:

- Bank account records
- Expenditure records
- Ledger records
- Receipts and revenue records
- Salaries and related records
- Stores records
- Other accountable financial records

The Chief Operating Officer 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 local enterprise consultants and European funds.

Additionally, for auditing and other purposes, other financial documents should be retained for three years or in the case of externally funded projects as determined by the funding provider.

12.6 Public Access

Under the terms of the Freedom of Information (Scotland) Act 2002, the Board of Management is required to supply any person with a copy of the College's most recent financial statements within twenty working days of a request after such date as which the financial statements have been laid before and approved by the Scottish Parliament. The Act enables the Board of Management to levy a reasonable fee, subject to a specific criteria and this will be charged at the discretion of the Chief

Operating Officer. The College will also make available the Annual Report and Financial Statements on the College's website. A printed copy will be available on request to Edinburgh College.

Previous years' financial statements are also available on the College website or by request.

12.7 Taxation

The Chief Operating Officer is responsible for maintaining the College's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

13 Audit Requirements

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 the College,
- require and receive such explanations as are necessary concerning any matter under examination,
- require any employee of the College to account for cash, stores or any other College property under his or her control,
- access records belonging to third parties, such as contractors, when required.

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

The financial statements should be reviewed by the Audit & Risk Assurance Committee. On the recommendation of the Audit & Risk Assurance Committee they will be submitted to the Board of Management 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 the College. The primary role of external audit is to report on the College's financial statements and to carry out such examination of the statements and underlying records, and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. The external auditors address their report and opinion jointly to the Auditor General and the members of the Board of Management. Their duties will be in accordance with advice set out in the Auditing Practices Board's statements of auditing standards.

13.3 Internal Audit

The internal auditor is appointed by the Board of Management on the recommendation of the Audit & Risk Assurance Committee. The College's financial memorandum with the Scottish Funding Council requires that it has an effective internal audit function. The main responsibility of internal audit is to

provide the Board of Management, the Principal, and senior management with assurances on the adequacy of the internal control system. The internal audit service remains independent in its planning and operation but has direct access to the Board of Management, Principal and Chair of the Audit & Risk Assurance Committee. The internal auditor will also comply with the Auditing Practices Board's auditing guideline Guidance for Internal Auditors.

13.4 Counter Fraud, Bribery and Corruption

Full procedures and regulations for Counter Fraud, Bribery and Corruption are set out in the College's Counter Fraud, Bribery and Corruption policy

13.5 Value for Money

It is a requirement of the financial memorandum that the Board of Management of the College is responsible for delivering value for money from public funds adhering to Scottish and EU Legislation. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the Scottish Government, Scottish Funding Council, the National Audit Office, the Public Accounts Committee, Audit Scotland, 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 committee to refer to value for money in its annual report.

13.6 Other Auditors

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

14 Treasury Management

14.1 Treasury Management

Treasury Management will require compliance with Scottish Funding Council rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the SFC's Financial Memorandum. The Board of Management has a responsibility to ensure implementation, monitoring and review.

All executive decisions concerning borrowing, investment or financing shall be delegated to the Chief Operating Officer and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the College and shall conform to any relevant Scottish Funding Council requirements and require approval of the Scottish Ministers. Regional Boards may not borrow money.

The Chief Operating Officer will report to the Board of Management regularly during 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

All bodies to which the SPFM applies are required to use the Government Banking Service contract

14.3 Banking Arrangements

The Chief Operating Officer is responsible, on behalf of the Board of Management, for liaising with the College's bankers in relation to the College's bank accounts and payments.

All bank accounts shall be in the name of the College or one of its associated entities (as appropriate).

All cheques and electronic payment instructions, including BACS and CHAPS payments, shall be signed or otherwise authorised by two duly authorised signatories from those set out on the list of authorised signatories for the bank account from which the payment is to be made. System generated batch payment files where in-built authorisation processes have been enforced (Purchase Ledger, Payroll & Student Funding) will only require one authorised electronic signatory, which must be one of the Assistant Principal of Student Experience, Student experience Manager, Student Funding Manager (Student Funding payments only) Director of Finance & Estates Infrastructure, Finance Managers or Financial Accountant.

The Director of Finance & Estates Infrastructure 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 Chief Operating Officer is responsible for ensuring that appropriate procedures are in operation to enable the College to receive all income to which it is entitled.

The Chief Operating Officer is responsible for the prompt collection, security and banking of all income received and that all grants notified by the Scottish Funding Council and other bodies are received and appropriately recorded in the College's accounts.

The Chief Operating Officer is responsible for ensuring that all claims for funds, including contracts, are made by the due date.

15.2 Completeness of Income

It is the responsibility of all staff to ensure that revenue to the College is accurately accounted for by the efficient application of agreed procedures for the identification, collection and banking of income.

15.3 Receipt of Cash, Cheques

All monies received must be accounted for in line with the Finance Procedures.

15.4 Collection of Debts

Collection and review of debtors must be accounted for in line with the Finance Procedures.

15.5 Tuition Fees

Except for those fees which are set by SFC or SAAS, changes to student tuition fees should be approved by the Policy and Resources Committee and set in the Tuition Fee policy.

16 Commercial, International and Other Income

16.1 Commercial Courses and International Courses and Other Services Rendered

A commercial and international course is any course which does not form part of the SFC funded activity of the College. Other services rendered include, but are not limited to, letting of College facilities; provision of tailor-made training and new Business to Business activities.

The delegated financial authority of the Senior Management Team and the Corporate Development Committee for commercial and international contracts are in the table below. In addition, any resulting contractual agreements must be signed by the Chief Operating Officer with a copy of the signed agreement sent to the Head of procurement for record and audit purposes.

	Level 1	Level 2	Level 3	Level 4
Delegated authority	Director of Enterprise & knowledge Exchange and the Vice Principal Corporate Development	Vice Principal Corporate Development and one nominated Non-Executive Member of the Corporate Development Committee (normally, committee Chair)	Executive Team and Corporate Development Committee and noted to BOM	Board of Management

Contract value	Up to £200,000 (excl. VAT) pa (based on total contract value)	New client up to £250,000 (excl. VAT) Existing client up to £300,000 (excl. VAT) pa	New Client up to £400,000 (excl. VAT) Existing client up to £500,000 (excl. VAT) pa	New client exceeding £400,000 (excl. VAT) Existing client exceeding £500,000 (excl. VAT) pa
Contract conditions	Contract returns at a minimum breakeven on a full economic costing basis	Contract returns at a minimum breakeven on a full economic costing basis	Existing client contract is for a maximum of 2 years.	The contract should meet the previous conditions.
Comment	Should the contract not meet the above conditions and/or exceeds values then it would be escalated to Level 2 authorisation.	Should the contract not meet the above conditions and/or exceeds values then it would be escalated to Level 3 authorisation.	Should the contract not meet the above conditions and/or exceeds values then it would be escalated to Level 4 authorisation.	

In instance where a contract requires financial guarantees or indemnities, SFC approval will be required before these contracts can be authorised.

16.3 Off-site Collaborative Provision

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

- There shall be a contract signed by the Principal or Executive Team member and on behalf of any partner organisation that shall comply at least with the Scottish Funding Council model contract (as amended from time to time) in place before any provision is made. Contracts for significant changes in franchising activity shall be approved in advance by the Board of Management.
- • Where the partnership would represent a significant departure from the College's strategic plan, the Board of Management shall approve the departure, and the Principal shall inform the Scottish Funding Council and seek its views.

16.4 European Union (EU), ESF, and Other Matched Funding

Any such project requires the approval of the appropriate member of the Executive Team prior to any commitment being entered into. Such approval shall be dependent upon the relevant Executive Team member being able to demonstrate that eligible matching funds are available and that the project is financially viable. It must also follow the SFC's ESF guidance prior to commencing.

Individual applications for funds in excess of £150,000 shall be the subject of a report by the Principal to the Commercial & International Committee which will set out, amongst other things, the potential risks generated by the project. If the College sub-contracts such work to external providers, the relevant Executive Team member shall ensure that:

- this is on the basis of a written contract which allows for full audit access to detailed records,
- appropriate monitoring procedures are in place to ensure that the provision is of suitable quality and the outputs are achieved,
- payment/s is/are only made against detailed invoices.

16.5 Profitability and Recovery of Overheads

All other income-generating activities must be self-financing, or surplus-generating, unless it is intended that a new course is to be launched as a loss-leader. If that is the case, the reason for it must be specified and agreed by a member of the Executive Team. Other income-generating activities organised by members of staff must be costed and agreed with the Chief Operating Officer before any commitments are made. Provision must be made for charging both direct and indirect costs using full economic costing, in particular for the full recovery of overheads.

17 Intellectual Property Rights and Patents

17.1 General

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

17.2 Patents

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

17.3 Intellectual Property Rights

Intellectual Property is the product of thought, creativity, and intellectual effort. In the course of their studies at the College, Students may generate Intellectual Property (e.g. "results") which is of some commercial value. A variety of legal rights protect applications of ideas and

information that may be of commercial value. Those most relevant to the College's activities include patents, registered designs, copyright and 'know how'. The law is clear that intellectual property created by staff 'in the course of their employment' belongs to their employer. Students are not normally employees of the College. Any assignment of Student Intellectual Property must be done by a specific contract. Colleges must seek to strike a balance between a duty of care to the Student and a duty to exploit (e.g. sell, transfer, assign or license) Intellectual Property for the College's good, this balance being best achieved by selective assignment arising out of a specific contract in cases where the College's input in the creation of the Intellectual Property is very clear.

In the event of the College deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the College and contained in the College's detailed financial procedures. Initial guidance should be sought from the SFC should this situation arise.

17.4 Intellectual Property Rights by Students

Where a Student generates Intellectual Property the Student has a duty to promptly inform the College of the Intellectual Property. The College will explain to the Student the issue of ownership in respect of all types of Intellectual Property through the development of appropriate documentation. When considering any Intellectual Property generated by one of its Students, the College will seek to strike a balance between fulfilling its duty of care to the Student and exploiting intellectual property for the good of the College. In each case the College will be mindful of protecting any third-party rights that may be relevant in the generation of the Intellectual Property.

18 Expenditure

18.1 General

Finance Procedures outline the regulations relating to payments to suppliers of goods and services to the College.

18.2 Scheme of Delegation/Financial Authorities

Each Executive Team member is responsible for purchases within their functions. Purchasing authority may be delegated to members of the Leadership Team, who in turn may delegate to middle managers, provided this is in accordance with the delegated authority matrix.

In exercising this delegated authority the Executive Team, Senior Management Team members and middle managers are required to observe the College's purchasing policy and financial procedures.

The Chief Operating Officer shall maintain a register of authorised signatories and Executive Team members must supply him/her with specimen signatures of those staff authorised to

raise invoices and certify invoices for payment.

Authorisation limits can be delegated to departmental budget holders in line with the following guidelines:

- Executive Team - approve and authorise expenditure within designated cost centres up to £75,000.
- Senior Management Team - approve and authorise expenditure within their designated cost centres up to £25,000.
- Cost Centre Managers - approve and authorise expenditure within their designated cost centres up to and including £5,000.
- Expenditure greater than £75k requires further authorisation by the Chief Operating Officer or Principal.

Orders may not be split to lower the value per order with a view to reducing the authorisation level required.

Where expenditure is authorised by the person listed above this will be in addition to authorisation by the relevant budget holder.

The Director of Finance & Estates Infrastructure is authorised to approve payments, regardless of value, in respect of the Payroll & VAT returns, this includes payments to HMRC, Pension Funds and other outside bodies in respect of deductions made from employees' pay. These payments will be checked by the Finance Manager or Financial Accountant.

18.3 Procurement

The College requires all Executive Team members, irrespective of the source of funds, to obtain goods and services that offer Value for Money and have been purchased in accordance with Scottish and EU procurement legislation and regulation.

The Chief Operating Officer is responsible for:

- ensuring that the College's procurement procedures are known and observed by all staff involved in procuring for the College,
- advising teaching departments and support departments on matters of College procurement procedures and practice,
- Developing and managing contract and supplier arrangements on behalf of the college to assist Executive team members in meeting their value for money objectives.
 - the drafting and negotiation of all large-scale procurement contracts undertaken by the College, and:
- ensuring that the College complies with relevant procurement legislation and regulations.

Procurement Non-Competitive Action requires prior consultation with the SFC if the anticipated spend is greater than £25,000 (per SFC guidance).

Goods and services should firstly be sourced through APUC, Government and other framework agreements, prior to any alternative procurement route being taken.

18.4 Purchase Orders

The ordering of goods and services shall be in accordance with the College's detailed procurement policies and procedures.

Official College Purchase Orders must be placed for the purchase of all goods or services, except those made using purchasing cards, petty cash or which are of an annual contractual nature such as utility or insurance services. The official purchasing order must be placed and issued before any goods or services are received or invoiced.

A request for a special payment process is used to make payments to suppliers without the requirement to set up full supplier details on the finance system. The process for this is included in the Finance Procedures.,

18.5 Purchasing Cards

The operation and control of the College's purchasing cards is the responsibility of the Director of Finance & Estates Infrastructure and contained within instructions signed up to by card holders on receipt of cards. Holders of purchasing cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Cards must not be lent to another person, nor should they be used for personal or private purchases.

18.6 Quotations and Tenders

Delegated Budget Managers must comply with the College's Procurement Policy and the [Scottish Government Procurement Journey](#). To avoid conflict with applicable procurement legislation and regulation guidance from College procurement team must be sought before making a purchase. The procurement procedure to be followed for the value threshold of a particular contract is as follows:

For Goods and Services:

Value	Action	Responsibility	Authorisation
£0 - £5K	At least 2 quotations should be obtained	devolved to department	cost centres managers
£5K - £25K	at least 2 written quotations should be obtained	devolved to department	leadership team
£12.5K - £25K	at least 2 written quotations or low value tender through PCS or use Framework	devolved to department	leadership team and procurement
£25K - £50K	at least 3 written quotations should be obtained or low value tender through PCS or use Framework	devolved(*) or procurement	leadership team and procurement

£50K - OJEU	open tender via PCS / PCS-T	procurement	Principal or Chief Operating Officer and procurement
OJEU +	tender via PCS-T	procurement	Principal or Chief Operating Officer and procurement

For Works:

Value	Action	Responsibility	Authorisation
£5K - £50K	at least 2 quotes	devolved to department	leadership team
£50K - £100K	Tender via PCS	devolved* or procurement	Principal or Chief Operating Officer and procurement
£100K - £2M	Tender via PCS-T	procurement	Principal or Chief Operating Officer and procurement
£2M - OJEU	Tender via PCS-T	procurement	Principal or Chief Operating Officer and procurement
OJEU +	Tender via PCS-T	procurement	Principal or Chief Operating Officer and procurement

Over [EU threshold](#) - the contract will be subject to full EU tendering procedures unadvertised using the Public Contracts Scotland website.

The award of contracts over £100,000 must be reported to the Board of Management.

18.7 Building Contracts

Building contracts are the responsibility of the Board of Management with advice provided by the Chief Operating Officer and Executive Team and where necessary external professional advisors.

Proposals will normally be initiated as a result of planned capital developments, or in response to requests from academic departments and support departments.

Managing Consultants may be appointed if the project, as determined by the Board of Management, is too large or too specialised for the Facilities department to manage. Appointments shall be subject to tendering and other procurement procedures where appropriate.

Proposals shall be presented in the form of costings, and/or investment appraisals as appropriate, prepared in conjunction with the Chief Operating Officer for Board of Management consideration and approval. Investment appraisals should comply with Scottish Funding Council guidance.

Following consideration, and approval by the Board of Management, submissions should be forwarded to the Scottish Funding Council where appropriate. If the required agreement is secured from the Scottish Funding Council, the relevant procedural rules should be followed. Scottish Funding Council guidance on best practice should be followed even when

Scottish Funding Council approval is not required.

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

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

18.8 Scottish and EU Regulations

The Chief Operating Officer is responsible for ensuring that the College complies with its legal obligations under Scottish and EU procurement legislation. Scottish procurement regulations apply to contracts with a value of £50,000.00 or greater up to EU procurement regulations which apply to written contracts for all forms of procurement, purchase or hire with a total value exceeding the current EU threshold value.

The Scottish regulations require that the value of same or similar purchases over any 4-year period must be aggregated and that where that calculation exceeds £50,000.00 then the Scottish procurement regulations will apply to all future purchases

It is the responsibility of Executive Team members to ensure that their members of staff comply with the Scottish and EU regulations by notifying the Chief Operating Officer 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 Chief Operating Officer is also required to annually submit to the Scottish Funding Council details on expenditure which exceeds the threshold.

The Scottish regulations require that the College publishes an Annual Procurement Strategy and must confirm to the Scottish Government it has done so.

The Scottish regulations require that the College provides the Scottish Government with an Annual Procurement Report that details all regulated procurement. The report must also be published on the College's website.

18.9 Receipt of Goods and Services

All goods shall be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

All goods received shall be entered onto an 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 services shall be received and verified by designated officers. The services received shall be entered onto an electronic receipting system on the day of receipt.

All persons receiving goods on behalf of the College must be independent of those who negotiated prices and terms and placed the official order.

18.10 Payment of Invoices

The process for this is included in the Finance Procedures.

18.11 Staff Reimbursement

The process for this is included in the Expenses Policy and Procedure.

18.12 Petty Cash

The process for this is included in the finance Procedures.

18.13 Other Payments

Student Support payments on behalf of sponsoring organisations for maintenance and other items shall be made on the authority of the Student Funding Manager, on the basis of applications from the students that satisfy the conditions and criteria set by the funding bodies. Payments shall be made directly to the students' bank accounts.

18.14 Creditor Payment Policy

It is the College's policy to agree payments with its suppliers in advance and to make payment, where practicable, in accordance with those terms, subject to satisfactory performance by the supplier. Where necessary, suppliers are made aware of the terms of payment. The College adheres to "The Better Payment Practice Code".

19 Pay Expenditure

19.1 Remuneration Policy

Under the College's Financial Regulations, which are consistent with the Code of Good Governance for Scotland's Colleges, the Board of Management has the authority to appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and other senior post-holders.

Under its Scheme of Delegation, the Board delegates authority to the Remuneration Committee to consider, approve and report to the Board on decisions regarding the remuneration, package, terms and conditions and, where appropriate, severance payments of the Principal and Chief Executive and the Executive team.

Salaries and other benefits for senior management will be determined by the Remuneration Committee set up by the Board of Management, but will have due regard to public sector pay policy.

19.2 Appointment of Staff

The process for this is included in the Recruitment and Selection policy.

19.3 Salaries and Wages

The Chief Operating Officer is responsible for all payments of salaries to all staff, including payments for overtime. As set out in the Payroll Procedures.

The Chief Operating Officer shall be responsible for keeping all records relating to payroll including those of a statutory nature. All payments must be made in accordance with the College's detailed payroll financial procedures and comply with Inland Revenue regulations.

19.4 Pension Schemes

The College participates in two main pension schemes for the College's staff, being the Scottish Teachers' Superannuation Scheme ("STSS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS)

The Chief Operating Officer is responsible for ensuring appropriate administration for pension matters, including:

- paying contributions to the schemes, and
- preparing the annual returns to the schemes.

19.5 Travel and Expenses

This is the responsibility of the Chief Operating Officer and is outlined in the Expense Policy and Procedure.

19.8 Severance and Other Non-Contractual Payments

The process for this is included in the Severance Schemes and Settlement Agreement Policy.

20 Assets

20.1 Land, Buildings, Fixed Plant and Machinery

Land and buildings are stated in the balance sheet at valuation less amounts written off by way of depreciation. They have been valued at depreciated replacement cost on an existing use basis, which is considered to be equivalent to open market value on an existing use basis. Heritable land is not depreciated. Heritable buildings are depreciated over the expected useful economic life to the College of up to 50 years

20.2 Fixed Asset Register

Fixed assets are capitalised at their cost of acquisition and/or installation. The threshold for

capitalisation of assets is £10,000; however, individual assets whose costs fall below the threshold, but are of a similar type and easily identifiable, will be grouped. All capitalised assets are detailed on a fixed asset register and are regularly reviewed for impairment..

20.3 Stocks and Stores

Executive Team members are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their Academic and Support Departments. The systems used for stores accounting must have the approval of the Chief Operating Officer.

Stocks and stores of a hazardous nature should be subject to appropriate Health & Safety procedures and security checks.

Those Executive Team members whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Chief Operating Officer and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the financial procedures of the College.

20.4 Safeguarding Assets

Executive Team members are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the Chief Operating Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

High value assets owned by the College shall, so far as is practical, be effectively marked to identify them as College property.

20.5 Personal Use

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

20.6 Asset Disposal

Disposal of equipment and furniture must be in accordance with procedures agreed by the Director of Finance & Estates infrastructure.

Disposal of land and buildings must only take place with the authorisation of the Board of Management. Scottish Funding Council approval will be required in advance of any planned Sale.

20.7 All Other Assets

Executive Team members are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the College, whether tangible or intangible, including electronic data.

21 Other Funds

21.1 Gifts, Benefactions and Donations

The Chief Operating Officer is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the College and initiating claims for recovery of tax where appropriate.

21.2 Student Support Funds

Records of student support funds will be maintained according to Scottish Funding Council and SAAS requirements.

22 Other

22.1 Insurance

The Chief Operating Officer is responsible for the 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, 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 insurance cover will be considered and approved by the Chief Operating Officer on an annual basis. The Scottish Government confirmed derogation of Business Insurance and therefore the College will continue to purchase statutory and non-statutory business insurance cover until the Scottish Government confirm otherwise.

The Chief Operating Officer is responsible for effecting insurance cover as determined by the Board of Management. On behalf of the Chief Operating Officer, Finance and Estates are responsible for obtaining quotes, negotiating claims and maintaining the necessary records. A register of all insurances affected by the College and the property and risks covered will be kept, and Finance and Estates will deal with the College's insurers and advisers about specific insurance problems. Executive Team members must ensure that any agreements negotiated within their areas with external bodies must have insurance cover for any liabilities to which the College may be exposed. Executive Team members must give prompt notification to the Chief Operating Officer of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks.

Finance or Estates must immediately be made aware of any event that may give rise to an insurance claim. The College's insurers will then be informed by the relevant department and, if appropriate, prepare a claim for transmission to the insurers. The Estates department 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.

All staff using their own vehicles on behalf of the College shall maintain appropriate insurance

cover for business use at their own expense.

22.2 Companies and Joint Ventures

In certain circumstances, it may be advantageous to the College to establish a company or a joint venture to undertake services on behalf of the College. Any member of staff considering the use of a company or a joint venture should first seek the advice of the Chief Operating Officer, who should have due regard to guidance issued by the Scottish Funding Council and Scottish Government.

22.3 Security

An officer shall be responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers.

Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 2018. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

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

22.4 Students' Association (Arm's Length)

The Students' Association is a separate legal entity from the College but is recognised to fulfil a valuable role in relation to the College's students. Subject to any constraints imposed by the Scottish Funding Council, the Board of Management shall determine the level of grant to be paid annually to the Students' Association.

The Board of Management requires the Association to provide for information, details of its proposed budget to assist in determining the appropriate level of grant in accordance with an agreement between the College and the Students' Association, the College's internal auditor shall have access to records, assets and personnel within the Students' Association in the same way as other areas of the College. At the year end the Students' Association financial statements will be audited / independently examined by an appropriately qualified member of staff or firm of auditors and will be presented to the Board of Management for information.

22.5 Provision of Indemnities

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

23 Governance

Appendix A	Board of Management Responsibilities
Appendix B	Learning, Teaching & Student Experience Committee – Terms of Reference
Appendix C	Audit & Risk Assurance Committee Terms of Reference
Appendix D	Corporate Development Committee Terms of Reference
Appendix E	Nominations Committee Terms of Reference
Appendix F	Policy & Resources Committee Terms of Reference
Appendix G	Remuneration Committee Terms of Reference
Appendix H	Main Features of the Public Interest Disclosure Act 1998
Appendix I	The Seven Principles of Public Life from the Report of the Committee for Standards in Public Life (The Nolan Report)
Appendix J	Internal Audit Responsibilities

APPENDIX A: BOARD OF MANAGEMENT RESPONSIBILITIES

The Board of Management 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 promptly collected,
- receiving, and approving 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 Management,
- any other matters as directed by the Board of Management.

APPENDIX B: LEARNING, TEACHING AND STUDENT EXPERIENCE COMMITTEE TERMS OF REFERENCE

1. PURPOSE

- 1.1 To provide a forum for the debate of College wide Academic issues, and to foster excellence within the following Key Academic Themes:
- i. Learning & Teaching;
 - ii. Student Experience & Engagement;
 - iii. Curriculum Management;
 - iv. Continuing Professional Development;
 - v. Quality Enhancement, Quality Assurance.

2. AUTHORITY

- 2.1 The Committee operates under the authority of, and reports to, the Board.

3. ROLE & REMIT

- 3.1 To guide the development of policy and strategy related to: (i) Curriculum Planning, Development and Delivery; and (ii) Teaching, Learning and Assessment.
- 3.2 To make recommendations to the Board of Management and monitor the effective implementation of strategy.
- 3.3 To provide oversight of quality enhancement and processes.
- 3.4 To provide oversight of feedback from students.
- 3.5 To facilitate the promotion, sharing and dissemination of good practice.

4. MEASURES OF SUCCESS

The key measures of success of the Academic Council will be:

- 4.1 The achievement of targets in the Outcome Agreement.
- 4.2 The College makes a more effective contribution to the region through joint working with partners to meet Community Planning Partnership objectives.
- 4.3 The improvement of retention, attainment and positive destinations for all students.
- 4.4 The high-quality student experience across all campuses evidenced by increased levels of student satisfaction.
- 4.5 The creation of more places and opportunities at the College for 16-19 year olds.
- 4.6 The curriculum is characterised by greater innovation in learning and teaching methods.
- 4.7 The curriculum is refreshed annually with courses that will better address skills gaps and shortages in the regional economy.

- 4.8 The curriculum is informed by more and better engagement with priority employers and employer organisations that reflect the College's regional, national and global ambitions.
- 4.9 The College works more effectively with its regional university partners to improve progression opportunities for all HE programmes.

5. MEMBERSHIP

- 5.1 There shall be six core members of the Committee, three of whom must be Non-Executive Members. The further three members shall include the Principal, the Academic Staff Member and a Student Board Member.
- 5.2 The co-opted membership of the Committee will include:
- 5.2.1 The two Student Sabbatical Officers who are not core members of the Committee, plus one current student nominated by ECSA.
- 5.2.2 Eight members of College Staff (two per Faculty), who are not part of the senior management team, to represent each of the curriculum areas:
- Creative Industries;
 - Engineering and Built Environment;
 - Health, Wellbeing and Social Sciences;
 - Tourism, Hospitality and Business;
- 5.2.3 Additional Members may be co-opted in alignment with the Board of Management's co-opted membership procedures.
- 5.2.4 Co-opted members of the Academic Council shall not have voting rights
- 5.3 The Vice Principal Innovation, Planning and Performance, shall attend meetings of the Committee.
- 5.4 The Assistant Principal Quality & Improvement and the Assistant Principal of Student Experience shall attend meetings of the Committee.
- 5.5 A Member of the Governance Team shall be Clerk to the Committee.

6. QUORUM

- 6.1 Two Non-Executive Members must attend, one of whom will act as Committee Chair.
- 6.2 One representative from ECSA must attend.
- 6.3 One member of the Executive must attend.
- 6.4 Two College staff members must attend.

7. FREQUENCY OF MEETINGS

- 7.1 Meetings of the Council will be held on a quarterly basis.

APPENDIX C: AUDIT & RISK ASSURANCE COMMITTEE TERMS OF REFERENCE DUTIES

1. PURPOSE

- 1.1 To review the effectiveness of the college's governance arrangements, financial systems, internal control environment and risk management arrangements and provide appropriate assurances to the Board of Management on these areas.

2. AUTHORITY

- 2.1 The Committee operates under the authority of, and reports to, the Board.

3. DUTIES

3.1 GENERAL COMMITTEE REMIT

- review and consider the changing context in which the College operates; (for example, changes in the environment, legislation, government and awarding bodies policies);
- challenge and support Management in developing appropriate responses in line with the College Vision and Mission;
- review the College Strategies to ensure they take account of the changing context;
- monitor the implementation of the strategies and advise the College Executive on tactics to deploy in achieving targets;
- the committee should periodically review its own effectiveness and report the results of that review to the Board and Accountable Officer;
- at each meeting, the Committee should receive reports on updates on risk management arrangements and progress reports from the Internal and external Audit functions.

3.2 SPECIFIC COMMITTEE ROLE & REMIT

On behalf of the Board, the Committee is specifically charged with:

Internal Control

- 3.2.1 reviewing and advising the Board of Management of the Internal Auditor's and the External Auditor's assessment of the effectiveness of the college's financial and other internal control systems, including controls specifically to prevent or detect fraud, cyber security risks or other irregularities as well as those for securing economy, efficiency, effectiveness and best value; and
- 3.2.2 reviewing and advising the Board of Management on its compliance with Corporate Governance requirements and good practice guidance.

Internal Audit

- 3.2.3 advising the Board of Management on the selection, appointment or reappointment and remuneration, or removal of the Internal Auditors where the service is contracted-out. The responsibility regarding selection of a

- contracted-out provider may be delegated to a Selection/Evaluation Committee;
- 3.2.4 advising the Board of Management on the terms of reference for the Internal Auditors;
- 3.2.5 reviewing the scope, efficiency and effectiveness of the work of internal audit, considering the adequacy of the resourcing of internal audit and advising the Board of Management on these matters;
- 3.2.6 advising the Board of Management of the Audit & Risk Assurance Committee's approval of the basis for and the results of the internal audit needs assessment and the strategic and operational planning processes;
- 3.2.7 approving the criteria for grading recommendations in assignment reports as proposed by the Internal Auditors;
- 3.2.8 reviewing the Internal Auditors monitoring of management action on the implementation of agreed recommendations reported in internal audit assignment reports and internal audit annual reports;
- 3.2.9 considering salient issues arising from internal audit assignment reports, progress reports, annual reports and management's response thereto and informing the Board of Management thereof;
- 3.2.10 informing the Board of Management of the Audit & Risk Assurance Committee's approval of the internal audit's annual report;
- 3.2.11 ensuring establishment of appropriate performance measures and indicators to monitor the effectiveness of the Internal Auditors;
- 3.2.12 securing and monitoring appropriate liaison and co-ordination between internal and external audit;
- 3.2.13 ensuring good communication between the Committee and the Head of Internal Auditors; and
- 3.2.14 responding appropriately to notification of fraud or other improprieties received from the Internal Auditors or other persons.

External Audit

- 3.2.15 considering the College's annual financial statements and the external auditor's report prior to submission to the Board of Management. If within its terms of reference, the Committee should consider the external audit opinion, the Statement of Members' Responsibilities and any relevant issue raised in the external auditor's management letter;
- 3.2.16 reviewing the external auditor's annual Management Letter and monitoring management action on the implementation of the agreed recommendations contained therein;
- 3.2.17 advising the Board of Management of salient issues arising from the external auditor's management letter and any other external audit reports, and of management's response thereto;
- 3.2.18 reviewing the statement of corporate governance;
- 3.2.19 establishing appropriate performance measures and indicators to monitor the effectiveness of the external audit provision;
- 3.2.20 reviewing the external audit strategy and plan;
- 3.2.21 holding discussions with external auditors and ensuring their attendance at Audit & Risk Assurance Committee and Board of Management meetings as required;

- 3.2.22 considering the objectives and scope of any non-statutory audit work undertaken or to be undertaken, by the external auditor's firm and advising the Board of Management of any potential conflict of interest; and,
- 3.2.23 securing appropriate liaison and co-ordination between external and internal audit.

Best Value

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

Advice to the Board of Management and Accountable Officer

- 3.2.27 reviewing the college's compliance with the Code of Good Governance for Scotland's Colleges and advising the Board of Management on this;
- 3.2.28 producing an annual report for the Board of Management;
- 3.2.29 advising the Board of Management of significant, relevant reports from the Funding Council and Audit Scotland and successor bodies and, where appropriate, management's response thereto; and
- 3.2.30 reviewing reported cases of impropriety (including fraud) to establish whether they have been appropriately handled;
- 3.2.31 the Committee should report to the Board and Accountable Officer after each meeting. Minutes of the meeting may form the basis of such a report;
- 3.2.32 the Committee shall ensure that a well-designed assurance framework, identifying all the key sources of assurance in the college, is appropriately implemented;
- 3.2.33 the Committee shall provide constructive challenge to the Accountable Officer in order to ensure that effective assurances are in place, and that all aspects of risk management, governance and control are functioning appropriately.

Access

- 3.2.34 the representatives of Internal and External Audit will have free and confidential access to the Chair of the Committee;
- 3.2.35 the representatives of Internal and External Audit shall meet on an annual basis with members of the Committee.

4. RISK

- 4.1 The Committee will be responsible to the Board for the consideration and assessment of the strategic risks identified for it by the Board;

- 4.2 The Committee will be responsible for satisfying itself that risks are being managed and will seek assurances on the adequacy of their management, including from Internal and External Auditors and the Executive Team.

5. DELEGATION OF POWERS/AUTHORITIES FROM BOARD OF MANAGEMENT

- 5.1 The following decision-making authorities and powers are delegated from the Board of Management to the Committee:

5.1.1 The Committee is authorised by the Board of Management to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee of the College, and all employees are directed to co-operate with any request made by the Committee.

5.1.2 The Committee is authorised by the Board of Management to obtain independent professional advice and to secure the attendance of non-members with relevant experience and expertise at its meetings if it considers this necessary.

6. REPORTING ARRANGEMENTS

- 6.1 The Committee will prepare an annual report of its activities for the Board. The report will demonstrate to the Board how the Committee has fulfilled its general and specific roles and remits.

7. MEMBERSHIP

- 7.1 The members of the Committee shall be at least three members of the Board of Management (other than the Chair and the Principal and Chief Executive) at least one of whom will have a background in finance, accounting and/or auditing as determined from time to time by the Board of Management.
- 7.2 Attendees should include the Accountable Officer, the Chief Operating Officer and a representative from both Internal and External Audit.
- 7.3 The Chief Operating Officer will be an adviser to the Committee.
- 7.4 Members may be co-opted to the Committee as it thinks necessary. The appointment of co-opted members must be ratified by the Board of Management.
- 7.5 Co-opted members and advisers to the Committee will be entitled to attend and speak at meetings of the Committee, but will not be entitled to vote.
- 7.6 The Committee may require the attendance of any member of staff to provide information and give explanation in relation to matters under its consideration.

7.7 The Committee may request that some regular attendees who are not members of the Committee should withdraw in order to allow and open and frank discussion of certain matters as appropriate.

7.8 The skills and knowledge of the Committee is considered by the Nominations Committee in consultation with the Committee Chair.

8. CHAIR

8.1 The Board shall appoint and may remove the Committee Chair.

8.2 Where the Chair ceases to be a member of the Committee, that individual shall cease to be Chair.

9. CLERK

9.1 The Clerk to the Board of Management will act as Clerk to the Committee.

10. QUORUM

10.1 A quorum shall consist of two members of the Committee.

11. FREQUENCY OF MEETINGS

11.1 The Committee shall meet at least four times a year, in line with the College Financial Year.

APPENDIX D: CORPORATE DEVELOPMENT COMMITTEE TERMS OF REFERENCE

1. PURPOSE

- 1.1 To promote and retain oversight of stakeholder engagement, marketing and economic research, business development and partnerships, and international development at Edinburgh College.

2. AUTHORITY

- 2.1 The Committee operates under the authority of, and reports to, the Board.

3. ROLE & REMIT

- 3.1 To monitor, develop and advise the Board on the following matters:
 - 3.1.1 Commercial, International and Alternative Funding;
 - 3.1.2 Brand and Reputation;
 - 3.1.3 Relationships.
- 3.2 To consider and approve, where appropriate, the development and review of strategies relevant to the Committee's purpose.
- 3.3 To ensure that the College fulfils its statutory obligation under the 'Community Empowerment (Scotland) Act 2015', whereby the College: *'must co-operate with the other community planning partners in carrying out community planning'* and *'contribute such funds, staff and other resources as the community planning partnership considers appropriate', with a view to improving, or contributing to an improvement in, the achievement of each local outcome'*.
- 3.4 To consider matters relating to community outreach and the participation of the college in the delivery of major partnership projects.
- 3.5 To consider beneficial links that may be made to advance the work of the Board and provide advice and support accordingly.
- 3.6 To keep under review the regional and national economy and market trends to help advise on the alignment of the curriculum.
- 3.7 To develop networks and support approaches that will grow non-SFC income for the College.
- 3.8 To monitor risks associated with commercial and international income and make appropriate recommendations to the Audit Committee.
- 3.9 To seek advice or make recommendations as appropriate to other Committees and the Board, in particular:
 - 3.9.1 To the Academic Council in respect of strategic commercial and international developments impacting on the curriculum.

- 3.9.2 To the Nominations Committee in respect of brand and communications issues.
- 3.10 To review its operation annually and report any proposed changes to the Nominations Committee or the Board as appropriate.
- 3.11 To undertake other relevant duties as determined by the Board of Management.

4. MEMBERSHIP

- 4.1 There shall be at least five members of the Committee, three of whom must be Non-Executive Members (one of whom will act as Committee Chair), along with one Staff Member and one Student Member.
- 4.2 Additional Members may be co-opted but they shall not have voting rights.
- 4.3 The Vice Principal Corporate Development and the Director of Communications, Policy and Research shall attend meetings of the Committee.
- 4.4 Members of the Senior Management Team shall be invited to attend meetings of the Committee as required.
- 4.5 The Principal and Chair of the Board shall have the right of attendance at meetings.
- 4.6 A Member of the Governance Team shall be Clerk to the Committee.

5. QUORUM

- 5.1 The Committee will be quorate provided that at least two of the Non-Executive Members and one other full member are in attendance.

6. FREQUENCY OF MEETINGS

- 6.1 Meetings of the Committee shall be held on a quarterly basis.

APPENDIX E: NOMINATIONS COMMITTEE TERMS OF REFERENCE PURPOSE

1. PURPOSE

- 1.1 To identify and recommend to the Board of Management suitable candidates for Membership.
- 1.2 To keep under review procedures for search, nomination, appointment, induction, development and evaluation of Board Members.

2. AUTHORITY

- 2.1 The Committee operates under the authority of, and reports to, the Board.

3. ROLE & REMIT

- 3.1 To seek candidates for membership of the Board using search and advertisement as the Committee considers appropriate.
- 3.2 To undertake shortlisting and interview of suitable candidates having due regard for the independence of external directors, equality and diversity.
- 3.3 To recommend prospective Members for Board approval.
- 3.4 To advise the Board of Management on composition and balance of its membership, having due regard for the Equality Duty and good practice within the sector.
- 3.5 To produce for Board approval in accordance with best practice an annual statement of the Board's policy on diversity including gender.
- 3.6 To consider and make recommendations to the Board on Committee membership and the appointment of co-opted Members.
- 3.7 To review and approve annually procedures for search, nomination, appointment, induction, development and evaluation of Board Members.
- 3.8 To review annually a report prepared by the Clerk monitoring tenure of Board Members and key office holders (Chair and Committee Chairs) and the skills mix of the Board to allow forward planning.

4. MEMBERSHIP

- 4.1 There shall be at least six members of the Committee, three of whom must be Non-Executive Members, along with two Staff Members and one Student Member.
- 4.2 Additional Members may be co-opted but they shall not have voting rights.

- 4.3 The Principal may not be a Member.
- 4.4 The Chair of the Board shall act as Committee Chair.
- 4.5 The Clerk to the Board shall be Clerk to the Committee.
- 4.6 The Equalities Officer shall attend meetings as required, to advise the Committee on matters of equality, diversity and inclusion.

5. QUORUM

- 5.1 The Committee will be quorate provided that at least two of the Non-Executive Members and one other full member are in-attendance.

6. FREQUENCY OF MEETINGS

- 6.1 The Committee shall meet as required and not less than once per year.

APPENDIX F: POLICY & RESOURCES COMMITTEE TERMS OF REFERENCE

1. PURPOSE

- 1.1 To provide strategic oversight of the College's financial, estates, IT infrastructure and staffing matters and to advise the Board of Management on any other business of particular importance or complexity.

2. AUTHORITY

- 2.1 The Committee operates under the authority of, and reports to, the Board.

3. ROLE & REMIT

- 3.1 To review and advise the Board on the following matters:
 - 3.1.1 Policy generally and within its specific remit;
 - 3.1.2 Financial policy, management and planning;
 - 3.1.3 Human resources and organisational development policy, management and planning;
 - 3.1.4 Estates and IT infrastructure policy, management and planning;
 - 3.1.5 Progress towards implementation of the Edinburgh College Strategic Plan 2017-22 through its 'A Future Proofed College' programme;
 - 3.1.6 Progress across key initiatives and potential future developments.
- 3.2 To consider and approve, where appropriate, the development and review of strategies relevant to the Committee's purpose.
- 3.3 To recommend the annual budget to the Board for approval, and to keep under review the Management Accounts.
- 3.4 To authorise, within the terms set out in the Financial Memorandum, the writing off of individual student debt.
- 3.5 To consider proposals to amend the Estate and/or IT infrastructure within a framework seeking to improve academic delivery, environmental sustainability, outreach provision and financial efficiency.
- 3.6 To consider links that may be made with other organisations which could benefit the management of the Estate and/or IT infrastructure.
- 3.7 To undertake strategic deep dives into a single pillar of a strategy within the remit of the Committee, or a selected strategic KPI.
- 3.8 To review its operation annually and report any proposed changes to the Nominations Committee or the Board as appropriate.
- 3.9 To undertake other relevant duties as determined by the Board of Management.

4. MEMBERSHIP

- 4.1 Membership of the Committee shall represent the range of committee business and will include the Chair of the Board, the Vice Chair of the Board, and five Non-Executive Members who are representative of each committee of the Board.
- 4.2 The Vice Chair of the Board shall act as Chair of the Committee.
- 4.3 Additional Members may be co-opted but they shall not have voting rights.
- 4.4 The Principal & Chief Executive and the Director of Communications, Policy & Research shall attend meetings of the Committee.
- 4.5 The Chief Operating Officer and Vice Principals shall attend meetings as required.
- 4.6 The Clerk to the Board of Management shall act as Clerk to the Committee.

5. QUORUM

- 5.1 A quorum shall be not fewer than four members.

6. FREQUENCY OF MEETINGS

- 6.1 Meetings of the Committee shall be held on a quarterly basis.

APPENDIX G: REMUNERATION COMMITTEE TERMS OF REFERENCE

1. PURPOSE

1.1 To consider, approve and report to the Board on decisions regarding the remuneration package, terms and conditions (including the annual reviews of such) and, where appropriate, severance payments of the College Principal and Chief Executive and College Executive Team.

2. AUTHORITY

2.1 The Committee operates under the authority of, and reports to, the Board.

2.2 The Committee is authorised by the Board of Management to obtain independent professional advice if it considers this necessary.

3. ROLE & REMIT

3.1 In relation to its purpose (Paragraph 1.1 above), the Committee will take into account;

3.1.1 That senior management should be fairly rewarded for their individual performance and contribution to the College's overall performance;

3.1.2 That performance-related elements of remuneration be designed to give keen incentives to highest level performance based on individual KPIs which are aligned to the College's measures of performance;

3.1.3 Where, in terms of senior management remuneration, the College stands in relation to other comparable institutions in the sector;

3.1.4 The relationship between the remuneration of the senior management and that of other employees of the College;

3.1.5 The benefits granted to senior management;

3.1.6 The need to contain costs whilst employing suitably qualified and experienced staff;

3.1.7 The adequacy of pension arrangements and also the cost implication of pension arrangement, including the pension effect of remuneration proposals.

3.2 To consider and respond to any appeals made by senior executives in relation to Paragraph 1.1 above.

3.3 To retain an overview of wider HR and workforce issues within the College and bring matters to the attention of the Board as appropriate.

3.4 To oversee and approve policy and decision-making in relation to severance, having regard to the relevant guidance:

3.4.1 To approve any relevant schemes or individual enhancements prior to seeking consent where required from the Funding Council;

3.4.2 To bring severance matters to the attention of the Board as appropriate.

3.5 To review its operation annually and report any proposed changes to the Nominations Committee or the Board as appropriate.

3.6 To undertake other relevant duties as determined by the Board of Management.

4. MEMBERSHIP

4.1 The Members of the Committee shall be a minimum of three non-executive Members of the Board of Management.

4.2 The Principal shall be an advisor to the Committee regarding proposals relating to other members of the College Executive Team within its remit. The Principal may not, however, have a vote in any such matter.

4.3 The Board may co-opt persons who are not members of the Board to the Committee but they shall not be entitled to vote.

4.4 The Committee shall elect a Chair from among its Members. The Chair of the Board of Management shall not act as Chair of the Committee.

4.5 The Clerk to the Board of Management shall act as Clerk to the Committee.

5. QUORUM

5.1 A quorum shall consist of two Committee members with entitlement to vote.

6. FREQUENCY OF MEETINGS

6.1 The Committee shall meet as required and not less than once per year.

APPENDIX H: MAIN FEATURES OF THE PUBLIC INTEREST DISCLOSURE ACT 1998

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 whistle blower protection in the world'.

INTERNAL DISCLOSURES

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

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 whistle-blower has a reasonable belief that the information and their allegation(s) are substantially true.

WIDER DISCLOSURES

Wider disclosures (e.g. to the police, the media, MSPs, 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 whistle-blower:

- 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, and

- 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.

FULL PROTECTION

Where the whistle-blower 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 are 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.

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 I: CODES OF CONDUCT - 9 KEY PRINCIPLES

The Scottish Ministers believe codes of conduct should be comprehensive statements of the principles and rules of conduct for behavior in the performance of their duties by local authority councilors and member of public bodies. The 9 key principles are:

Duty - Holders of public office have a duty to uphold the law and act in accordance with the law and the public trust placed in them. They have a duty to act in the interests of the public body of which they are a member and in accordance with the core functions and duties of that body.

Selflessness – Holders of public office have a duty to take decisions solely in terms of public interest. They must not act in order to gain financial or other material benefit for themselves, family or friends.

Integrity – Holders of public office must not place themselves under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence them in the performance of their duties.

Objectivity – Holders of public office must make decisions solely on merit and in a way that is consistent with the functions of the public body when carrying out public business including making appointments, awarding contracts or recommending individuals for rewards and benefits.

Accountability and Stewardship

Holders of public office are accountable for their decisions and actions to the public. They have a duty to consider issues on their merits, taking account of the views of others and must ensure that the public body uses its resources prudently and in accordance with the law.

Openness - Holders of public office have a duty to be as open as possible about decisions and actions, giving reasons for their decisions and restricting information only when the wider public interest clearly demands.

Honesty - Holders of public office have a duty to act honestly, and must declare any private interests relating to their public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership - Holders of public office have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of the public body and its members in conducting public business.

Respect - Holders of public office must respect fellow members of the public body and employees of the body and the role they play, treating them with courtesy at all times. Similarly they must respect members of the public when performing duties as a member of their public body.

APPENDIX J: INTERNAL AUDIT RESPONSIBILITIES

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 Management, the Principal and the other managers of the College with assurance on the adequacy and effectiveness of the internal control system, including risk management and governance.

Responsibility for internal control remains 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 the College. Risk management provides the opportunity for internal audit work to be efficient and focused. It does not necessarily imply that internal audit activity has to be increased.

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

APPENDIX K: FRAUD RESPONSE PLAN

PURPOSE

The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The use of the plan should enable the College to:

- Prevent further loss.
- Establish and secure evidence necessary for criminal and disciplinary action.
- Notify the Scottish Funding Council, if the circumstances are covered by the mandatory requirements of the audit code of practice.
- Recover losses.
- Punish the culprits.
- Deal with requests for references for employees disciplined or prosecuted for fraud.
- Review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud.
- Keep all personnel with a need to know suitably informed about the incident and the College's response.
- Inform the police.
- Assign responsibility for investigating the incident.
- Establish circumstances in which external specialists should be involved.
- Establish lines of communication with the police.

INITIATING ACTION

If you have reason to suspect fraud, bribery or corruption in your work area, or a concern has been reported to you by a member of your staff, you should do the following:

- Listen to the concerns of staff and treat every report seriously and sensitively. Re-assure staff that their concerns will be taken seriously and passed on to the appropriate senior officer;
- Obtain as much information as possible from the member of staff, including any notes or evidence to support the allegation. Do not interfere with this evidence and ensure it is kept securely;
- Do not attempt to investigate the matter yourself or attempt to obtain any further evidence as this may compromise any internal audit, disciplinary or police investigation;
- Report the matter immediately to the Chief Operating Officer.

All actual or suspected incidents should be reported without delay to the Chief Operating Officer. The Chief Operating Officer should, within 24 hours, convene a project group meeting of the following people to decide on the initial response:

- Chief Operating Officer (Chair)
- A senior representative of internal audit
- Director Human Resources & OD

If the allegation involves a Member, the Principal will be informed. If preliminary investigation shows the allegations to be groundless, the matter may then be dismissed and referred back to the Department/Faculty to resolve.

The Chief Operating Officer will usually keep the Principal & Chief Executive informed.

This project group will decide on the action to be taken. This will normally be an investigation, led by the Chief Operating Officer or internal audit. The decision by the project group to initiate a special investigation shall constitute authority to internal audit (if extended to internal auditor) to use time provided in the internal audit plan for special investigations, or contingency time, or to switch internal audit resources from planned audits.

PREVENTION OF FURTHER LOSS

Where initial investigation provides reasonable grounds for suspecting a member, or members of staff of fraud, the project group will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects. It may be necessary to plan the timing of suspension to prevent the suspects from destroying, or removing evidence that may be needed to support disciplinary or criminal action.

In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving the College's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the College. Any security passes and keys to premises, offices and furniture should be returned.

Advice should be obtained on the best means of denying access to the College buildings while suspects remain suspended (for example, by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, access permissions to the College's computer systems should be withdrawn without delay

Internal audit shall consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the College's assets.

ESTABLISHING AND SECURING EVIDENCE

A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The College will follow its disciplinary procedures against any member of staff who has committed fraud. The College will normally pursue the prosecution of any such individual.

Internal audit will:

- a. Maintain familiarity with the disciplinary procedure of the College, to ensure that evidence requirements will be met during any fraud investigation.
- b. Establish and maintain contact with the police as appropriate.
- c. Establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act.
- d. Ensure staff involved in fraud investigations are familiar with and follow rules on the admissibility of evidence in criminal proceedings.

NOTIFYING THE SCOTTISH FUNDING COUNCIL

The Principal is responsible for informing the Scottish Funding Council of any such incidents.

RECOVERY OF LOSSES

Recovering losses is a major objective of any fraud investigation. Internal audit will ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.

Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator/s refuses repayment. The College would normally expect to recover costs in addition to losses.

REFERENCES FOR EMPLOYEES DISCIPLINED OR PROSECUTED FOR FRAUD

The staff handbook includes a requirement that any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to the Director of Human Resources & OD who shall prepare any answer to a request for a reference having regard to employment law.

REPORTING TO THE BOARD OF MANAGEMENT

Any incident of actual or suspected fraud shall be reported without delay by the Principal to the chairs of both the Board of Management and the Audit & Risk Assurance Committee.

Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the chairs of both the Board of Management and Audit & Risk Assurance Committee.

The Audit & Risk Assurance Committee

On completion of a special investigation, a written report shall be submitted by the project group to the Audit & Risk Assurance Committee containing:

- e. A description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud.
- f. The measures taken to prevent a recurrence.
- g. Any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken.

This report will normally be prepared by internal audit.

REPORTING LINES

The project group shall provide a confidential report to the Chair of the Board of Management, the Chair of the Audit & Risk Assurance Committee, the Principal and the external audit partner at least monthly, unless the report recipients request a lesser frequency. The scope of the report shall include:

- h. Quantification of losses.
- i. Progress with recovery action.
- j. Progress with disciplinary action.
- k. Progress with criminal action.
- l. Estimate of resources required to conclude the investigation.
- m. Actions taken to prevent and detect similar incidents.

RESPONSIBILITY FOR INVESTIGATION

All special investigations shall normally be led by internal audit. Special investigations shall not be undertaken by management, although management should co-operate with requests for assistance from internal audit.

Some special investigations may require the use of technical expertise which internal audit does not possess. In these circumstances, the project group may approve the appointment of external specialists to lead or contribute to the special investigation.

REVIEW OF FRAUD RESPONSE PLAN

This plan will be reviewed for fitness of purpose after each use, or every three years, whichever is earlier. Any need for change will be reported to the Audit & Risk Assurance Committee for approval.