



Forth Valley College

Financial Regulations

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A Financial Regulations

1. Introduction and Background

- 1.1. Forth Valley College came into being on 1 August 2005 as a result of the merger of Clackmannan and Falkirk Colleges. The Office for National Statistics (ONS) reclassified all incorporated Further Education (FE) Colleges as central government entities, to be referred to as Arm's Length Public Bodies from 1 April 2014. The College is a registered charity (Scottish Charity number SCO21191) for the purposes of the Law Reform (Miscellaneous Provisions) (Scotland) Act 2005. Forth Valley College is accountable through its Board of Management, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2. Forth Valley College is an exempt charity by virtue of the Charities Act 1993 as amended by the Charities Act 2006.
- 1.3. The Financial Memorandum between the Scottish Funding Council (SFC) and Forth Valley College sets out the terms and conditions on which grant is made. The Board of Management is responsible for ensuring that conditions of grant are met. As part of this process, Forth Valley College must adhere to the SFC's Financial Memorandum, the Outcome Agreement, Scottish Governments Scottish Public Finance Manual (SPFM), except where any special actions or derogations have been agreed with Scottish Ministers, and the Code of Good Governance for Scotland's Colleges which requires it to have sound systems of financial and management control. The financial regulations of Forth Valley College form part of this overall system of accountability.

2. Status of Financial Regulations

- 2.1. This document sets out Forth Valley College's financial regulations. It translates into practical guidance of Forth Valley College's broad policies relating to financial control within the context of the SFC's Financial Memorandum, the SPFM and all its subsidiary undertakings (where applicable). This document was approved by the Finance Committee on 13th September 2022.
- 2.2. These financial regulations do not in themselves set standards or provide control information, but they do outline a financial control system within which management can delegate authority whilst informing staff of correct financial procedures.
- 2.3. The purpose of these financial regulations is to provide control over the totality of Forth Valley College's resources and provide management with assurances that the resources are being properly applied for the achievement of Forth Valley College's strategic plan and business objectives:
- Financial sustainability
 - Achieving value for money
 - Fulfilling its responsibility for the provision of effective financial controls over the use of public funds
 - Ensuring that Forth Valley College complies with all relevant legislation
 - Safeguarding the assets of Forth Valley College
- 2.4. Compliance with the financial regulations is compulsory for all staff connected with Forth Valley College. Any member of staff who fails to comply with the financial regulations may be subject to disciplinary action under Forth Valley College's disciplinary and dismissal policy. The Board of Management will be notified of any such breach through the Audit Committee. It is the responsibility of Directors of Curriculum and Directors or Heads of Corporate Services to ensure that their staff are made aware of the existence and content of Forth Valley College's financial regulations.
- 2.5. The Finance Committee is responsible for maintaining a continuous review of the financial regulations, through the Vice Principal of Finance & Corporate Affairs and the Director of Finance, and for advising the Board of Management of any additions or changes necessary.
- 2.6. In exceptional circumstances, the Principal may authorise a departure from the detailed provisions herein, in line with the SFC Financial Delegated Limits, such departure to be reported to the Chair of the Finance Committee at the earliest opportunity. The Principal shall not, however, set aside those parts of the regulations that make reference to the responsibilities of the Scottish Funding Council or certain requirements that flow from the Scottish Public Finance Manual.

- 2.7. The Financial Regulations should be read in conjunction with relevant guidance on accountability or propriety issued by:
- The SFC
 - The Financial Memorandum
 - The Accounts Direction
 - The Scottish Government
 - The Scottish Government Financial Reporting Manual (FReM)
 - The Scottish Public Finance Manual (SPFM)
 - Audit Scotland
 - The Code of Good Governance for Scotland's Colleges
 - Financial Reporting Council
 - SORP: Accounting for Further and Higher Educational Institutions
 - FRS102: Accounting and Reporting by Charities
- 2.8. The SFC issued a Financial Memorandum that had effect from 1st December 2014. The primary purpose of the Memorandum is to set out the formal relationship between the SFC and fundable bodies in the college sector, and the requirements with which fundable bodies must comply as a term and condition of grant from SFC. The Financial Memorandum also makes compliance with the requirements of the SPFM, a condition of grant. The Board of Management accepts that if the College fails to comply with any terms and conditions attached to the funds from the SFC or contained in the Financial Memorandum, the College may be required to:
- repay to the SFC any sums received from it, and
 - pay interest to the SFC in respect of any period during which a sum due to the SFC is unpaid
- 2.9. The Director of Finance is responsible for ensuring that copies of the Financial Regulations are published on the College's intranet website. The Director of Finance should be contacted for advice if there is any uncertainty as to the application of the Financial Regulations.

3 Corporate Governance

3.1 Board of Management

The Board of Management is responsible for the management and administration of Forth Valley College and must ensure that it provides suitable and efficient further education to its students, having regard to the provision in the area it serves and the likely needs of potential students.

To assist the Board of Management in meeting these responsibilities, the Board will maintain an Audit Committee in accordance with the best practice principles of corporate governance. The Board will also maintain a Finance Committee, Remuneration Committee and other committees as appropriate

Its financial responsibilities include:

Reserved for the Board of Management

- Approving the College's Strategic Plan, Regional Outcome Agreement, Evaluative Report and Enhancement Plan
- Approving the Annual Report and Accounts
- Acquisition and disposal of property, subject to approval of SFC
- Approving the annual budget before the start of each financial year

Delegated to the Finance Committee

- Ensure compliance with the Financial Memorandum between the Scottish Funding Council and the Board of Management of the College
- Approval of tuition fees and fee waiver policy which can be found on the College's website.
- Review regular financial reports to allow the revenue and capital budgets to be monitored and the financial position of the College to be assessed
- To consider and advise on the financial management and control systems within the College – including the approval of Financial Regulations

Delegated to the Audit Committee

- Reviewing the Internal and External Auditors' assessment of the effectiveness of the College's financial and other internal control systems, including controls specifically to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness
- Ensuring that the College complies with the Code of Good Governance for Scotland's Colleges

The Board shall, for the purposes stated above, require the Principal to exercise responsibility for the control of resources, for seeking economy, efficiency and effectiveness in the use of all the College's resources, and for ensuring that financial considerations are taken into account at all stages in framing and reaching decisions and in their implementations.

3.2 Principal and Chief Executive

The College Principal & Chief Executive is responsible for ensuring the financial administration of the College's affairs in accordance with the SFC Financial Memorandum.

As Accountable Officer of the College, the Principal & Chief Executive is responsible for satisfying the Board of Management that funds provided to the College are used only in accordance with the Financial Memorandum and any other SFC conditions. The Principal & Chief Executive may also be required to justify any of Forth Valley College's financial matters to the Scottish Parliament Public Audit Committee.

The Principal & Chief Executive is ultimately responsible to the Board for the control of resources, for seeking economy, efficiency and effectiveness in the use of the College's resources and for ensuring that financial considerations are taken into account at all stages of decision making.

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

The Principal & Chief Executive has authority to disseminate actions to members of the Senior Management Team, but shall not assign absolutely to any person the responsibility set out in this section.

3.3 Governance Structure

The Board of Management has ultimate responsibility for Forth Valley College's finances, but is able to delegate specific powers and processes to the Committees detailed below. These Committees are accountable to the Board of Management. Remits for each of the committees are available on the College website.

Audit Committee

The Audit Committee's role is to contribute to good governance by providing assistance to the Board of Management on issues of compliance, risk, financial probity and the overall effectiveness of internal College control systems.

Finance Committee

The purpose of the Finance Committee is to contribute to good governance by providing independent advice to the Board of Management on the financial management of the College, providing a strategic overview of the College's financial direction while ensuring a position of financial security and that all relevant audit and legislative requirements are met.

Human Resources Committee

The Human Resource (HR) Committee advises the Board of Management on HR strategy (including industrial relation matters), oversees the Board's health & safety responsibilities, and monitors the Board's equal opportunities aspirations.

Remuneration Committee

The role of the Remuneration Committee is to provide good governance by providing an oversight and approving the remuneration arrangements of the Principal and Senior staff, in line with the FE Code of Good Governance, the Scottish Public Finance Manual and sectoral guidance.

Nomination Committee

The role of the Nomination Committee is to contribute to good governance in relation to the appointment of non-executive Board Member appointments and the appointment of the College Principal.

Learning and Student Experience Committee

The Learning and Student Experience Committee provides assistance to the Board of Management on the educational performance of the College, to act as the primary linkage between the Board of Management and the Student Association Executive, and to consider matters relating to the interests of learners in the College.

3.4 Vice Principal of Finance & Corporate Affairs

The Vice Principal of Finance & Corporate Affairs reports directly to the Principal & Chief Executive and has responsibility for the strategic financial management of the College. The Vice Principal of Finance & Corporate Affairs shall:

- Provide the Board of Management with an annual financial budget. The Plan shall reflect the overall strategic plan approved by the Board
- Develop and maintain an effective resource allocation method for allocating financial resources to College budget managers
- Develop and maintain a range of financial and other related performance indicators
- Provide the Finance Committee with regular reports on the financial performance of the College
- Lead the College's management of financial risks
- Ensure the College has an effective system of financial controls
- Provide professional advice on all matters relating to financial policies and procedures
- Provide the Board with an annual report & financial statements.

The Vice Principal of Finance & Corporate Affairs together with the Director of Finance shall have the following operational responsibilities:

- Provide professional and credible financial advice and guidance to managers to promote best practice and ensure compliance with financial legislation and College policies
- Ensure that changing financial legislation and best practice is continually embedded within College policies and practices in a timely manner
- Lead and manage the College's financial planning systems to ensure that finances are able to meet the changing needs of the organisation ensuring effective financial procedures are in place, conforming to high standards of best practice

- Meet the statutory and other requirements of auditors and HMRC, Board members and the Principal & Chief Executive in respect of budget setting, financial monitoring and control, reporting, the preparation of annual accounts to prescribed standards and the completion of taxation formalities
- Liaise with internal and external auditors
- Lead in the development of the College's financial planning processes and procedures;
- Develop and maintain an efficient and effective financial systems and related procedures
- Produce accurate and timely management accounts and cash flow forecasts in the prescribed formats
- Provide accurate and timely financial information and reports to all budget managers
- Provide professional advice on all matters relating to financial policies and procedures

3.5 Members of LMT and Heads of Corporate Service Departments

Members of the Leadership Management Team (LMT) together with the Heads of Corporate Service departments are responsible to the Principal & Chief Executive for financial management of the areas or activities they control. They are advised by the Vice Principal of Finance & Corporate Affairs in executing their financial duties and the Vice Principal of Finance & Corporate Affairs will supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept.

The Directors and Heads of Corporate Service departments are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved to budget holders, they are accountable to their line manager for their own budget.

3.6 All members of Staff

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

They should adhere to the College's financial authority limits (section 13.2) and the values of purchases for which quotations and competitive tenders are required (section 13.5).

Except as authorised by the Scheme of Delegation, staff shall consult with the finance staff and the Vice Principal of Finance & Corporate Affairs with respect to any matter which is liable to affect materially the finances of the College before any provisional or other commitment is incurred or before reporting thereon to a Committee.

They shall make available any relevant records or information to the Vice Principal of Finance & Corporate Affairs or his or her authorised representative in connection with the implementation of Forth Valley College's financial policies, these financial

regulations, the system of financial control and the requirements of the Board of Management.

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

All members of staff with access to the College's finance system must comply with the rules laid down within the IT Security Policy, which is available on the College Documentation page on SharePoint.

3.7 Risk Management

The College acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Details of the College's approach to risk management is set out in the Risk Management Policy which is available on the College Documentation SharePoint page.

The Board of Management has overall responsibility for the College's risk management strategy and ensuring a common approach to the management of tasks throughout the College through the development, implementation and embedding of a formal, structured risk management process.

The Audit Committee shall monitor and review the management of risk and ensure key risk indicators are identified and closely monitored on a regular basis.

In line with the Risk Management Policy the Leadership Management Team shall:

- Make conservative and prudent recognition and disclosure of the financial and non-financial implications of risks
- Be responsible for encouraging good risk management practice within their areas of responsibility
- Carry out regular reviews to identify significant risks associated with the achievement of key objectives and other relevant areas

3.8 Whistleblowing

Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistle-blower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country.

Normally, any concern about a workplace matter at the College should be raised with the relevant member of staff's immediate line manager or head of department. However, the College recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible. The College's Whistleblowing Policy, therefore, sets out how these situations should be handled

The College's Whistleblowing Policy can be found on the HR SharePoint page.

3.9 Code of Conduct

The College is committed to the highest standards of openness, integrity and accountability.

It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe (see Section C). These principles are selflessness, integrity, objectivity, accountability, openness, honesty and leadership. In February 2022, the Board of Management approved the adoption of the Code of Conduct, which is available on the College website.

The Register of Interest for the Board of Management shall be maintained by the Board Secretary and shall be made available on the College's website.

The Register of Interest for senior managers and other budget managers shall be maintained by the Vice Principal Finance & Corporate Affairs and shall be made available on SharePoint.

Additionally, members of the Board of Management, senior management or those involved in procurement are required to disclose interests in the College's register of interests. They are responsible for ensuring that entries in the register relating to themselves are kept up to date promptly, as prescribed in the financial procedures.

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.

3.10 Receiving Gifts, Hospitality and Entertainment

It is a criminal offence for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. Members of staff must:

- Not create suspicion of any conflict between their official duty and their private interest

- 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 gift or consideration to show favour or disfavour to any person or organisation
- Not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the College would be likely to provide in return.
- Seek advice from the Head of HR when it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality

Guidance on acceptable hospitality is contained within the Gifts and Hospitality Policy, which can be found on the College Documentation page on SharePoint. For the protection of those involved, the Corporate Governance & Planning Officer will maintain a register of gifts and hospitality received where the value is in excess of £50. Members of staff in receipt of such gifts or hospitality are obliged to notify the Corporate Governance & Planning Officer promptly.

3.11 Entertaining Guests

It is unlikely that a member of staff will need to offer a gift to another person or organisation linked to their college responsibilities. If, however, it is proposed to offer a gift, then this should normally be arranged via the College's executive office. If the proposed value of the gift is in excess of £500, then the proposal must be authorised initially by a member of the College's Senior Management Team and thereafter cleared by the Scottish Funding Council.

Entertaining guests from outside bodies should normally use the College's catering facilities. Reasons may be requested when submitting a claim for reimbursement. Guidance for entertaining guests is set out in the College's Travel and Expenses Policy, which can be found on the Finance SharePoint page.

4 Financial Planning

4.1 Introduction

The Vice Principal of Finance & Corporate Affairs is responsible for preparing a rolling three year financial plan for approval by the Board of Management on the recommendation of the Finance Committee and for preparing financial forecasts for submission to SFC. Financial plans should be consistent with the strategic plans approved by the Board of Management.

4.2 Budget Objectives

The Board of Management will, from time to time, propose budget objectives for Forth Valley College. These will help the Vice Principal of Finance & Corporate Affairs in preparing the more detailed financial plans for Forth Valley College.

The Board shall plan and conduct its financial and academic affairs so that:

- Its total income is not less than sufficient, taking one financial (31 July) year with another, to meet its total expenditure
- A reasonable level of net current assets is maintained (excluding deferred capital grant and pension obligations)
- A reasonable level of capital expenditure is made each year so as to maintain the value of the College's fixed assets
- It has sufficient financial resources to meet its needs in the form of cash and other liquid assets or borrowing facilities.

4.3 Budget Preparation

The Vice Principal of Finance & Corporate Affairs is responsible for preparing an annual revenue budget and capital programme each year for consideration by the Finance Committee before submission to the Board of Management. The budget should also include a projected year-end balance sheet and cash flow forecasts if appropriate.

The Vice Principal of Finance & Corporate Affairs must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Directors and Heads of Corporate Service departments as soon as possible following their approval by the Board of Management.

Throughout the year the Vice Principal of Finance & Corporate Affairs is responsible for submitting revised financial forecasts to the Finance Committee.

4.4 Capital Budgets

The capital expenditure budget includes all expenditure on land, buildings, equipment, furniture and associated costs which are to be capitalised for inclusion in Forth Valley College's financial statements. The College's accounting policies shall set out the threshold for capitalising fixed assets (currently £10,000).

The annual funding allocation from SFC includes an amount for campus **Capital & Maintenance**. It is the responsibility of the Vice Principal of Infrastructure & Communications to decide on the split of this funding between revenue and capital, and to confirm the correct treatment of projects with the Director of Finance. Any project costing more than £250,000 requires specific approval from the Board of Management.

In addition to the SFC funding allocation for capital, other funding sources may be sought for capital projects, e.g. Forth Valley College Foundation. These grants should be individually monitored for adherence to the terms of grant.

The Vice Principal of Infrastructure & Communications has responsibility for implementing protocols for the inclusion of capital projects in the capital expenditure programme for approval of the Finance Committee. These set out the information that is required for each proposed capital project as well as the financial and qualitative criteria that they are required to meet.

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

The Vice Principal of Infrastructure & Communications is responsible for providing regular reports concerning all capital expenditure to the Finance Committee for monitoring purposes.

Post-project evaluations may need to be sent to the relevant funding body, as laid down in funding body guidelines or specific grant award letter.

4.5 **Full Cost Courses and Services Rendered**

A full cost course is any course which is not eligible for SFC grant in aid support (i.e. funded by Credits).

Any member of staff wishing to run a full cost course or provide other services must complete a form in the business approval process to obtain the appropriate level of management authorisation. The form can be found on the Apprenticeships, Skills & Commercialisation SharePoint page.

All other income-generating activities shall be self-financing or surplus-generating unless it is intended that a new activity is to be launched as a loss leader. The provision of a "loss leader" activity shall be brought to the attention of the Vice Principal of Finance & Corporate Affairs.

4.6 **Overseas Business Activities**

Proposed business activity outwith the UK must be subject to prior approval by the Principal and Senior Management Team. The approval limits within the College Scheme of Delegation are applicable to overseas activity.

4.7 Other Major Developments

Any significantly new aspect of business, which will require investment in buildings, resources or staff time should be presented for approval to the Finance Committee in line with the Scheme of Delegation. The Committee shall be provided with a business case for the activity together with a risk assessment.

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5 Financial Control

5.1 General

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

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

5.2 Financial Information

The budget holders are assisted in their duties by management information provided by the finance department. The types and frequency of management information available to different levels of management are described in the detailed Management Accounting Procedures to reflect the current management needs of the College.

The Vice Principal of Finance & Corporate Affairs is responsible for supplying budgetary reports on all aspects of Forth Valley College's finances to the Finance Committee on a basis determined by the Finance Committee but subject to any specific requirements of SFC. The Chair of the Finance Committee will update the Board of Management, which has overall responsibility for College finances.

5.3 Changes to Approved Budget

The Finance Committee will approve any significant changes to the previously set budget after consideration of updated financial forecasts. Additionally, the Finance Committee must approve moving the adjusted operating position (AOP) from surplus to deficit.

5.4 Virement

Where a budget holder is responsible for more than one budget, virement is only permitted with the prior approval of the Director of Finance. Virement is only permitted between budget headings (e.g. materials, transport, property costs) within the same budget at reforecast time in discussion with Finance.

Virement between capital and revenue budgets is not generally permitted but in exceptional circumstances may be approved by the Finance Committee, and will also require SFC approval.

5.5 Treatment of Year-end Balances

At the year end, budget holders will not have the authority to carry forward a balance on their budget to the following year unless the Vice Principal of Finance & Corporate Affairs has approved a specific scheme for carrying forward all or part of unspent amounts.

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6 Accounting Arrangements

6.1 Financial Year

Forth Valley College's financial year will run from 1 August until 31 July.

6.2 Basis of Accounting

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

6.3 Format of the Financial Statements

The financial statements are prepared in accordance with:

- Applicable Accounting Standards
- Statement of Recommended Practice Accounting for Further and Higher Education
- Financial Reporting Standard FRS 102
- The Financial Reporting Manual (FRM) issued by the Scottish Government.
- The Accounts direction and other guidance issued by SFC

6.4 Accounting Returns

The Vice Principal of Finance & Corporate Affairs is responsible for consolidating and submitting financial returns and other periodic financial reports to the SFC and other agencies as required.

The Vice Principal of Finance & Corporate Affairs is responsible for ensuring that all grants allocated and notified by the SFC and other bodies, are wholly received.

6.5 Capitalisation and Depreciation

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

Full professional valuations will take place at least every 5 years to ensure that the fair value based on depreciated replacement cost, is not materially different to the current value.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £10,000 or more. Capitalised assets other than land and buildings will be depreciated on a straight line basis over the useful economic life of the asset commencing in the year of acquisition.

6.6 Accounting Records

The Vice Principal of Finance & Corporate Affairs is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities and complies with the Data Protection Act 2018.

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

- Purchase invoices
- Sales Invoices
- Bank statements
- Copies of receipts
- Paid cheques
- Payroll records, including expense claims and part-time lecturers' contracts

The Vice Principal of Infrastructure & Communications will make appropriate arrangements for the retention of electronic records. Members of staff should ensure that retention arrangements are in compliance with the College Information Management Procedures which can be found on SharePoint. Additionally, staff must ensure arrangements comply with specific requirements of funding organisations (e.g. Skills Development Scotland, European Social Fund).

6.7 Public Access

The Board of Management is required to supply any person with a copy of Forth Valley College's most recent financial statements. Copies of the latest financial statements are provided to statutory agencies as required and are available on the College website.

Under the terms of the Freedom of Information (Scotland) Act 2002 (FOISA) and the College's freedom of information procedure, the College is committed to assisting members of the public in exercising their statutory rights to access all types of recorded information including financial information. Under FOISA any person has the right to request information and the College is required to release that information unless any of the lawful exemptions apply. Requests for material will be dealt with promptly and submitted to the Corporate Governance & Planning Officer for collation and distribution.

6.8 Taxation

The Vice Principal of Finance & Corporate Affairs is responsible for advising Directors and Heads of Corporate Service departments on all taxation issues as they apply to Forth Valley College and will provide guidance on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

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

6.9 Charities Accounting

The Vice Principal of Finance & Corporate Affairs shall ensure financial record keeping and reporting comply with section 44 of the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. In doing so the Vice Principal Corporate Services shall:

- Keep proper accounting records
- Prepare a statement of account, including a report on its activities, at the end of each financial year
- Have the statement of account independently examined or audited
- Send a copy of the accounts, along with the annual return to OSCR
- Ensure accounting records are kept for a minimum of 6 years from the end of the financial year in which they were made.

7 Audit Requirements

7.1 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 Forth Valley College
- Require and receive such explanations as are necessary concerning any matter under examination
- Require any employee of Forth Valley College to account for cash, stores or any other College property under his or her control
- Access records belonging to third parties, such as contractors, when required

The Vice Principal of Finance & Corporate Services shall be the primary point of contact for both external and internal auditors. The Board Secretary shall be the auditor's primary point of contact in terms of Board and Committee administration and the strategic risk management.

7.2 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 Forth Valley College.

The primary role of external audit is to report on Forth Valley 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. Their duties will be in accordance with advice set out in Audit Scotland's Audit Code of Practice and the Auditing Practices Board's statements of auditing standards.

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

Following consideration by the Finance Committee and the Audit Committee, the financial statements will be submitted to the Board of Management for approval.

7.3 Internal Audit

Forth Valley College's Financial Memorandum with SFC requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in SFC's Financial Memorandum and Audit Scotland's Code of Audit Practice.

The internal auditor is appointed by the Board of Management on the recommendation of the Audit Committee. The main responsibility of internal audit is to provide the Board of Management, the Principal & Chief Executive and senior management with assurances on the adequacy of the internal control systems.

The internal audit service remains independent in its planning and operation but has direct access to the Board of Management, Principal & Chief Executive and Chair of the Audit Committee. The formal responsibilities of internal audit are set in the formal audit appointment letter.

7.4 Reporting

The Audit Committee shall agree an annual audit plan for internal audit and shall consider the reports resulting from this plan.

7.5 Other Auditors

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

The Audit Committee shall consider reports prepared by other auditors.

7.6 Fraud Prevention

The Vice Principal of Finance & Corporate Affairs shall develop and maintain a Fraud Prevention Policy, which shall be approved by the Audit Committee. This policy shall be brought to the attention of all members of staff and be made available on the College Documentation SharePoint page.

The objective of this policy is to safeguard the proper use of the College's finances and resources. The College derives much of its income from public funds and, therefore, has a particular responsibility to ensure that income and resources are used solely for the purposes intended.

For the purposes of this policy, fraud is defined as dishonest, irregular or illegal acts, characterised by a deliberate intent at concealment or false representation, resulting in the diversion of resources, whether or not for personal gain, for the benefit of an individual or group of individuals at a consequent loss to the College.

The aftermath of fraud is costly, time-consuming and disruptive. The major thrust of any anti-fraud strategy should therefore be prevention.

7.7 Best Value and Value for Money

The duty of Best Value in Public Services is as follows:

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance,
- To have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.

The Board of Management and senior managers shall take account of the five themes of Best Value characteristics that public service organisations are expected to demonstrate:

- Vision and Leadership
- Effective Partnerships
- Governance and Accountability
- Use of Resources
- Performance Management

The Scottish Government guidance also identifies the two cross-cutting themes which a Best Value organisation should fully embrace across all the activities by which they deliver their outcomes:

- Equality
- Sustainability

It is a requirement of the Financial Memorandum that the Board of Management be responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the Scottish Funding Council, Auditor General, Audit Scotland and other relevant bodies.

8 Treasury Management

8.1 Banking Arrangements

All bodies to which the Scottish Public Finance Manual is directly applicable are required to have their core bank accounts with the Government Banking Service (GBS), except where the Scottish Government's Treasury and Banking Branch (T&B) can be persuaded that the holding of such an account would not be cost effective.

- The core bank account shall be used for the receipt of funding and the processing of all main payments and receipts. This principle does not preclude the use of commercial banks for processing transactions or the operation of local commercial bank accounts.
- A commercial bank account shall only be opened where there is a distinctive business need that cannot be met by the GBS bank account or where there is a separate contractual reason for doing so. Accounts shall be opened by the Vice Principal of Finance & Corporate Affairs and be in the name of Forth Valley College.
- Balances in commercial bank accounts should be kept to the minimum consistent with the principles of not providing funding in advance of need and avoiding accounts being overdrawn.
- Before issuing any indemnity to a bank, the Vice Principal of Finance & Corporate Affairs should consult with the Scottish Funding Council, which will consider in consultation with legal advisers as to whether the terms proposed are acceptable. In particular, the terms of the indemnity must not be too widely drawn and they must provide that the bank will remain liable for any acts of negligence or bad faith on its part.
- The Vice Principal of Finance & Corporate Affairs is responsible, on behalf of the Finance Committee, for liaising with Forth Valley College's bankers in relation to the College's bank accounts and the issue of cheques/electronic payments.
- The authorised signatories for College bank accounts are:
 - Principal & Chief Executive
 - Vice Principals
 - Director of Finance
- All arrangements for the ordering, safe-keeping, control and signing of cheques on behalf of the College will be made by the Vice Principal of Finance & Corporate Affairs. All cheque payments shall be signed by at least two authorised signatories.
- The Vice Principal of Finance & Corporate Affairs shall be responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

8.2 Automated Transfers

All automated transfers on behalf of Forth Valley College, such as BACS (via SmarterPay) and faster payments through RBS Bankline, must be authorised in the appropriate manner as detailed in the “Scheme of Delegation” and “Authorisation Process by Department” for authorised spend and incorporating segregation of duties.

Each payment file should be reviewed and approved by a manager in the finance team, then uploaded by the compiler (senior finance assistant) and then sent for payment by the Director of Finance or his/her management team, ensuring a different manager from the approver of the payment file to ensure segregation of duties.

Changes to banking approvers for SmarterPay or RBS require approval by 2 authorised signatories.

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9 Income

9.1 General

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

Levels of charges for services are reviewed periodically and significant changes are approved by the Finance Committee.

The Vice Principal of Finance & Corporate Affairs is responsible for ensuring:

- The prompt collection, security and banking of all income received
- That all grants notified by SFC and other bodies are received and appropriately recorded in Forth Valley College's accounting records
- That all claims for funds, including contracts, are made by the due date

The Finance Manager is responsible for monitoring any new income streams in the year which must be communicated to the Director of Finance to consider the impact on the charitable status of the College and any VAT implications.

9.2 Pricing & Approval of Charges for Products and Services

There are two methods of pricing for products and services at Forth Valley College:

- Standard prices for core products and services, reviewed and agreed annually
- Bespoke prices for more unique, individual services, prepared by the Finance department, and approved through the business approval process

The business approval process is set with delegated authority limits as below and parameters for contribution percentages, set by the Director of Commercialisation & Skills.

Quote Value	Authority
Less than £10,000	Pricing Manager
Less than £50,000	Head of Commercial & Training Delivery
£50,000 to £250,000	Director of Commercialisation & Skills
£250,000 to £500,000	Vice Principal Finance & Corporate Affairs
£500,000 to £1,000,000	Principal, Senior Management Team
Over £1,000,000	Finance Committee

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

9.3 Receipt of Cash, Cheques and Other Negotiable Instruments

All monies received within departments, from whatever source, must be recorded by the department on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments.

All monies received must be either placed in a College safe, or promptly passed to the Finance department as set out in financial procedures. The custody and transit of all monies received must comply with the requirements of Forth Valley College's insurers.

All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous expenses or be paid into any petty cash float. Any exception to this requires approval by the Director of Finance. Personal or other cheques must not be cashed out of money received on behalf of Forth Valley College.

Forth Valley College may receive payments by debit or credit card as detailed in the financial procedures, including through the College's website for commercial courses.

9.4 Debt Management, Debt Write-off and Losses

The Vice Principal of Finance & Corporate Affairs should ensure that:

- Debtors' invoices are raised promptly, in respect of all income due to Forth Valley College
- Invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account
- Any credits granted are valid, properly authorised and completely recorded.
- VAT is correctly charged where appropriate, and accounted for
- Swift and effective action is taken in collecting overdue debts, in accordance with the College's Debt Management Procedures

Only the Vice Principal of Finance & Corporate Affairs can implement or amend credit arrangements and indicate the periods in which different types of invoices must be paid.

All fraud losses must be brought to the attention of the Vice Principal of Finance & Corporate Affairs, and reported to the Audit Committee. Fraud losses in excess of £5,000 must be notified to the Scottish Funding Council.

Requests to write off debts or losses must be referred and authorised in accordance with the limits in the following table:

Write-off Value	Authority	SFC approval
Less than £3,000	Director of Finance, Finance Manager	no
£3,000 to £50,000	Vice Principal Finance & Corporate Affairs	Yes **
£50,000 to £100,000	Principal, Senior Management Team	Yes
Over £100,000	Finance Committee	Yes

**The write-off of overseas student fees of less than £6,000 does not require SFC approval

9.5 Student Fees

The Vice Principal of Finance & Corporate Affairs is responsible for ensuring that appropriate procedures are in operation for collecting tuition fees and that all student fees due to Forth Valley College are received.

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

The College may pass outstanding debts to debt collection agencies and reserves the right to take legal action to recover outstanding amounts. Students with debt sent to the Debt Collection agency shall be flagged in the student system, and checks should be made with the Finance Service re the current status of this debt before finalising any enrolments.

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

9.6 Student Loans and Cash Advances

The Vice Principal of Finance & Corporate Affairs shall ensure that appropriate records are maintained to support all transactions involving student loans, and cash advances.

9.7 Student Support Funds

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

10 Grants and Contracts

10.1 General

Any proposed grant request to a trust fund or charitable foundation must be approved by a member of SMT. The Vice Principal of Finance & Corporate Affairs is responsible for examining every formal application for grant and shall ensure that there is adequate provision of resources to meet all commitments. The Vice Principal of Finance & Corporate Affairs will ensure that the financial implications have been appraised, and it has been demonstrated that where relevant, eligible matching funds are available.

Grants and contracts shall be accepted on behalf of Forth Valley College by the Principal & Chief Executive. The Finance Manager shall initiate all claims for reimbursement from sponsoring bodies by the due date.

10.2 Grant Contract and Conditions

Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions often means that Forth Valley College will suffer a significant financial penalty. It is the responsibility of the appropriate Director/Head of department to ensure that conditions of funding are met.

10.3 Forth Valley College Foundation

All applications to the Forth Valley College Foundation for grant funding, must firstly be approved by the Board of Management.

11 Other Income-Generating Activity

11.1 General

All other income-generating activities shall be self-financing or surplus-generating unless it is intended that a new activity is to be launched as a loss leader. The provision of a “loss leader” activity shall be brought to the attention of the Vice Principal of Finance & Corporate Affairs.

Provision must be made for charging both direct and indirect costs in accordance with Forth Valley College’s costing and pricing model, in particular for the recovery of overheads.

11.2 Off site Collaborative Provision

Any contract or arrangement whereby Forth Valley College provides education to students away from College premises, or with the assistance of persons other than Forth Valley College’s own staff or with independent contractors (partner organisations), must be approved by the Principal & Chief Executive.

Any contract greater than £1,000,000 shall be subject to approval by the Finance Committee. The Committee shall be provided with a business case for the activity together with a risk assessment.

11.3 Other Major Commercial Activities

Any significantly new aspect of commercial business, or proposed establishment of a company or joint venture, which would require an investment in buildings, resources or staff time of more than £1,000,000 shall be subject to approval by the Finance Committee.

The Committee shall be provided with a business case for the commercial activity together with a risk assessment.

11.4 Additional Payments to staff

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

12 Patents and Intellectual Property Rights

12.1 General

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

Any activities likely to give rise to intellectual property should not be undertaken without the prior consent of the Principal & Chief Executive.

12.2 Patents

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

12.3 Intellectual Property Rights

In the event of Forth Valley College deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with sections 11 (Other Income-Generating Activity) and section 4.7 (Other Major Developments) depending on the scale and after discussion with the Principal & Chief Executive and Vice Principal of Finance & Corporate Affairs.

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13 Expenditure and Procurement

13.1 General

The Vice Principal of Finance & Corporate Affairs, as well as all budget holders, are responsible for ensuring that no expenditure or contractual obligation is incurred unless it is within the legal powers of the College.

The Directors/Heads of departments are responsible for purchases within their own remit. Members of staff involved in procurement must comply with the College's Procurement Policy (available on the Finance SharePoint page) and related procedures to ensure that they do not act unlawfully. In all cases value for money must be obtained.

Budget managers must not commit the College to expenditure without first ensuring sufficient uncommitted budget resources are available.

It is the responsibility of the Vice Principal of Finance & Corporate Affairs to ensure that payments are made to suppliers of goods and services to Forth Valley College.

Section B summarises the levels of delegated authority within FVC for each areas of activity and expenditure.

Procurement of goods with non-competitive action requires prior consultation with SFC if the transaction is greater than £25,000 exclusive of VAT.

13.2 Scheme of Delegation/Financial Authorisation

The Director of Finance shall notify budget managers of the monetary limits within which they can authorise purchase orders and approve invoices. This is the Internal Scheme of Delegation (authorisation process by department) and can be found on the Finance SharePoint page.

A list of financial and other delegations to Board Committees and individual members of staff in accordance with the Scheme of Delegation will be regularly maintained by the Vice Principal of Finance & Corporate Affairs.

Under procedures agreed by the Vice Principal of Finance & Corporate Affairs and the Director of Finance, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits (for electronic systems e.g. P2P).

Our procedures for the approval of orders and invoices are currently under review. The following expenditure levels are proposed and will require updating by our supplier on the purchasing system P2P. Any further changes to procedures will be communicated separately following completion of the review.

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

The Director of Finance shall maintain a register of authorised signatories and Directors/Heads of departments must supply specimen signatures of those authorised

to certify payments outwith P2P. These payments are for exceptional circumstances only or where it is not relevant to add a payee as a supplier.

Under no circumstances shall a budget manager authorise a purchase order and certify the resultant invoice. Senior budget managers shall ensure procedures are in place within their department to ensure a separation of duties.

All **capital budgets and expenditure** must be approved by SMT and any individual items greater than £250,000 must be authorised by the Finance Committee.

The following table sets out procurement authorisation limits for **single items of revenue expenditure** (inclusive of VAT).

Expenditure level	Authority
Less than £20,000	Operations Managers, Heads of Corporate Service departments
£20,000 to £50,000	Head of IT, Head of Estates & Directors
£50,000 to £100,000	Director of Finance, Vice Principals
£100,000 to £250,000	Principal, Senior Management Team
£250,000 to £500,000	Finance Committee unless incorporated within an approved project
Over £500,000	Board of Management
Non-competitive procurement over £25,000 (ex VAT)	Scottish Funding Council
Over £100,000 on consultancies	Board of Management plus Scottish Funding Council

The limits in the above table can be superseded with a specific scheme of delegation for an individual approved project with the prior approval of the Finance Committee.

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

Director/Head of Department	Up to £100
Director of Finance	Up to £250
Vice Principal Finance & Corporate Affairs	Up to £500

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

13.3 SFC Financial Memorandum Delegated Limits

The following table sets out the delegated limits for categories of expenditure that require SFC approval or annual reportage. These delegated limits are contained within the SFC Financial Memorandum and are subject to periodic SFC update.

The Senior Management Team will monitor the items covered by the below table and report to the Finance Committee any item requiring SFC approval and also provide annual reportage prior to the SFC reporting date.

Delegated Limits	
Operating leases - non property	£250,000
External business & management consultancies	£100,000
Procurement non-competitive action	£25,000
Special severance payments	£1,000
Reportable items	
Ex-gratia payments	£1,000
Claims waived or abandoned	£3,000
Write-off of bad debt	£3,000
Losses	£3,000
Fraud loss	£5,000
Extra contractual payments	£5,000
Compensation payments	£5,000
Overseas student irrecoverable loss limit	£6,000

13.4 Purchase of Goods and Services

The ordering of goods and services shall be in accordance with Forth Valley College's detailed financial procedures and procurement policies. The detailed procedures including the internal scheme of delegation and the authorisation process by department can be found on the Finance SharePoint page.

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

Official orders must be placed for the purchase of all goods or services, except those on the exceptions listing (in the financial procedures), those made using college credit cards or petty cash. In exceptional circumstances, urgent orders may be given orally, but must be supported by an official purchase order requisition endorsed 'confirmation order only' not later than the following working day.

It is the responsibility of the Vice Principal of Finance & Corporate Affairs to ensure that all purchase orders refer to Forth Valley College's Standard Terms and Conditions.

National and sector (APUC) frameworks should be used for all purchases where a framework exists - unless it can be proven that not using the framework is better value or agreement has been reached between the Budget Holder and the Director of Finance or the Vice Principal of Finance & Corporate Affairs.

13.5 Tenders and Quotations

Heads of Department/Service and other delegated budget holders must comply with Forth Valley College's Procurement Policy and Procedures.

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

Value (excluding VAT)	Evidence
Up to £2,999	One written quote and submit with the purchase order requisition
£3,000 to £24,999	3 written quotes and submit with the purchase order requisition.
£25,000 to £49,999	Local tender exercise – advise the Supply Chain Manager.
£50,000 to current relevant EU threshold	National tender exercise – advise the Supply Chain Manager.
Current relevant EU threshold and over	EU tender exercise – advise the Supply Chain Manager.

In the event that three suppliers cannot be identified or there is a justifiable business case to contract directly with a single supplier without tendering/quotations, approval to proceed should be sought from the Supply Chain Manager.

13.6 Purchase agreements extending beyond the current financial year

All Hire Purchase, Lease and other financial on-going agreements must be approved and signed by the Principal or the Vice Principal of Finance & Corporate Affairs.

13.7 Information and Communications Technology Purchasing

Information and Communication Technology (ICT) purchasing will normally occur through the budgets allocated annually to the IT department. It is important that all ICT purchasing within the College is reviewed and approved by the Head of Information Technology. This is to ensure:

- That all products purchased are compatible with college networks
- Elimination of possible duplication within the College
- Value for money

13.8 Post-Tender Negotiations

Post-tender negotiations (i.e. after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms must be conducted by the Supply Chain Manager and in accordance with procurement procedures.

13.9 Leasing

Authority to commit the College to operating and financial leases is restricted to the College Principal and Vice Principal of Finance & Corporate Affairs. Details of all operating or financial leases which the College is committed to must be notified to the Vice Principal of Finance & Corporate Affairs who will maintain a register of lease commitments.

Responsibility for the management of activity under individual leases will rest with the budget holder. The Vice Principal of Finance & Corporate Affairs will be responsible for monitoring overall lease activity within the College.

13.10 Major Building Contracts

Building contracts are the responsibility of the Board of Management with advice from the Vice Principal of Infrastructure & Communications, and where necessary external professional advisors.

Proposals will normally be initiated as a result of planned capital developments or in response from requests from departments. Consultants may be appointed if the project, as determined by the Board of Management, is too large or too specialised for department resources. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Vice Principal of Finance & Corporate Affairs, for consideration ultimately by the Board of Management. Proposals should comply with the appropriate funding body guidance.

Following consideration by the Senior Management Team, the Finance Committee, and approval by the Board of Management, submissions should be forwarded to SFC where appropriate. If the required agreement is secured from SFC, the relevant procedural rules should be followed.

13.11 Receipt of Goods

All goods shall be received at designated receipt and distribution points. They shall be checked for quantity, quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods. The delivery note must then be passed to the appropriate department immediately and the purchasing system updated to record the receipt.

13.12 Payment of Invoices

The Vice Principal of Finance & Corporate Affairs is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer.

In **exceptional** circumstances, for urgent payments, the Finance department will prepare manual cheques or make a one-off faster payment from the College's bank account. These invoices should not exceed £2,000 nor be in relation to a repeat supplier which must be set up on P2P. Approval for payments in excess of this limit must be sought from the Director of Finance.

Suppliers should be instructed by the budget holder to submit invoices, quoting a valid purchase order number, for goods or services directly to the Finance department. Invoices received directly by other areas must be passed to the Finance department immediately.

Payments will only be made by the Finance department against invoices that have been certified for payment in line with approved payment procedures.

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

- Expenditure is incurred within the legal powers of the College
- The goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- Where appropriate, it is matched to the order
- Invoice details (quantity, price discount) are correct
- The invoice is arithmetically correct
- The invoice has not previously been passed for payment

When a budget holder approves an invoice on P2P for payment, or when an administrator confirms an invoice on P2P with a previously approved matching PO, this is their confirmation that the service has been provided or the goods received. **It is the responsibility of the staff member to ensure this is the case before confirming on P2P.**

13.13 Staff Reimbursement

Staff may incur expenses in relation to Forth Valley College business for which they are entitled to reimbursement. These expenses normally relate to travel and subsistence.

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

13.14 College Credit Cards

Where appropriate, the Vice Principal of Finance & Corporate Affairs may approve the issuing of college credit cards to staff. Such credit cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. Cards must not be loaned to another person, and it is the responsibility of the card holder to ensure procurement rules are followed.

In unusual circumstances the limit on an individual card can be temporarily increased by the card scheme administrator (Finance Manager), within the global limits set by RBS. Credit card statements must be signed by the credit user to verify expenditure transactions.

13.15 Petty Cash

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

Items totalling less than £500 may be paid from petty cash. Receipts or vouchers must support all petty cash expenditure, and requests must be approved in line with section 13.2 above.

The Vice Principal of Finance & Corporate Affairs shall make available to areas such imprests as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

The member of staff granted a float is personally responsible for its safe-keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of Forth Valley College's insurers when not in use and will be subject to periodic checks by the Heads of Department/Service, or the Finance Manager.

13.16 Late Payment Rules

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

- Small businesses can charge interest on overdue invoices
- Interest is chargeable on sales
- The Act also applies to overseas organisations
- Forth Valley College can be sued for non-payment

In view of the penalties in this Act, the budget managers shall ensure prompt certification of invoices and the Vice Principal of Finance & Corporate Affairs shall ensure the resultant payment is processed promptly.

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14 Payroll Control

14.1 Remuneration Policy

Salaries and other benefits for the Principal, the Senior Management Team and all Directors within LMT will be determined by the Remuneration Committee set up by the Board of Management. The Committee shall take cognisance of public sector pay policy and job evaluation outcomes to ensure equal treatment.

The Principal shall have delegated authority to negotiate with College employees changes to conditions not covered by National Bargaining. All other staff will be appointed to the salary scales approved by the Principal and in accordance with appropriate conditions of service, and National Bargaining arrangements.

The Remuneration Policy can be found on the College Documentation SharePoint page.

14.2 Appointment of Staff

All contracts of service shall be concluded in accordance with Forth Valley College's approved HR practices and procedures and all offers of employment with Forth Valley College shall be made in writing on the authority of the Head of Human Resources.

Budget holders shall ensure that the HR department is provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

14.3 Re-grading of Employees

The Vice Principal Finance & Corporate Affairs shall have delegated authority to approve the re-grading of employees, with the exception of the leadership (LMT) & senior (SMT) management teams. If a re-grading would result in a member of staff moving into LMT or SMT, then the Remuneration Committee shall approve the re-grading.

A re-grading shall normally be determined through a job evaluation exercise carried out by the Head of HR in conjunction with the appropriate senior manager. Senior managers shall not knowingly allocate additional responsibilities to a member of staff that are inappropriate to his/her grading

14.4 Restructuring Exercises

The Remuneration Committee will have delegated authority to consider and, if satisfied, approve any proposal to change the senior management structure.

The Principal shall have delegated authority to restructure below the level of the senior management team. The Principal shall not approve a restructuring exercise if the financial consequences cannot be contained within the approved College budget. If this situation arises, then the matter shall be referred to the Finance Committee for consideration.

14.5 Salaries and Wages

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

The Head of Human Resources will be responsible for keeping the Vice Principal of Finance & Corporate Affairs informed of all matters relating to staff for payroll purposes. In particular these include:

- Appointments, resignations, dismissals, secondments and transfers
- Absences from duty for sickness or other reason, apart from approved paid leave
- Changes in remuneration including salary increments and pay awards
- Information necessary to maintain records for pension, income tax and NIC

The Vice Principal of Finance & Corporate Affairs is responsible for payments to non-employees (e.g. agency staff).

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

14.6 Payroll Advances

The Finance Manager can approve payment of salary in advance when there is a legitimate reason for the request, usually as a consequence of an administrative oversight. Reasons could include, for example, where the staff member was underpaid in the previous month due to a change in their employment contract or additional hours being missed. Any advance made will be accounted for to HMRC in the following payroll month in line with legislation.

14.7 Pension Schemes

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

The Vice Principal of Finance & Corporate Affairs is responsible for:

- Paying contributions to various authorised pension schemes
- Preparing the annual returns to various pension schemes

The Head of Human Resources is responsible for administering eligibility to pension arrangements and for informing the Payroll & Pensions Coordinator when deductions should begin or cease for staff.

14.8 Travel, Subsistence and other Allowances

Staff may incur expenses in relation to Forth Valley College business for which they are entitled to reimbursement. All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Vice Principal of Finance & Corporate Affairs and in line with the college's Travel and Expenses Policy, which can be found on the Finance SharePoint page.

Claims shall be authorised as follows:

Expenses of:	Authorised by:
Chair of Board of Management	Board Secretary
Board members	Board Secretary
Principal	Board Secretary
Vice Principals	Principal
Leadership Management Team	Vice Principals
All other members of staff	Appropriate Senior Manager

The certification shall be taken to mean that:

- The journeys were authorised
- The expenses were properly and necessarily incurred
- Appropriate receipted documentation is included with the claim
- The correct budget is being charged
- The allowances are properly payable by Forth Valley College
- Consideration has been given to value for money in choosing the mode of transport.

The Finance department will spot check expense claims, but it is the responsibility of the line manager approving the claim to ensure that all of the above is in order.

14.9 Cash Advances

The Director of Finance and the relevant Manager may jointly approve cash advances for business activity carried out away from Forth Valley College where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or a Forth Valley College credit/purchasing card.

Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the business activity to which the advance relates and within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to a project or individual is outstanding.

14.10 Overseas Travel

The following table sets out the authorisation levels for overseas travel.

Overseas Travel	Authorised by:
Chair of Board of Management	Chair of Audit or Finance Committee
Board members	Board Secretary
Principal	Board Secretary
Vice Principals	Principal
Leadership Management Team	Vice Principals
All other members of staff	Leadership Management Team

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

14.11 Severance Payments

The Vice Principal of Finance & Corporate Affairs shall be responsible for developing the College's Redeployment and Redundancy Policy which can be found on the HR SharePoint page. This policy will be subject to the approval of the HR Committee. The Remuneration Committee shall determine the severance arrangements for the Leadership Management Team.

The College's proposed scheme should be set by reference to the arrangements in place within the Scottish Government and set out in the Civil Service Compensation Scheme. If the College's proposed scheme is an enhancement to the core Scottish Government scheme, then the proposal must be cleared in advance by the Scottish Funding Council.

The Head of HR and Director of Finance shall work jointly on verifying the cost of severance packages particularly those that impact on the College's pension provision. All such payments shall be authorised by the Principal.

If an approved severance scheme is not in place and it is proposed to make a special severance payment, then payments up to £1,000 must be approved by a member of the Senior Management Team. Proposed payments in excess of £1,000 must be cleared by the Scottish Funding Council.

14.12 Private Consultancies and Other Paid Work

The Head of HR shall be responsible for developing procedures for regulating members of staff taking up other paid employment including private consultancies whilst in the employment of the College. The Vice Principal Finance & Corporate Affairs shall consider and approve, in advance, all requests for secondary paid employment.

14.13 Other Compensation Payments

A **compensation payment** is one made in respect to, for example; unfair dismissal, personal injuries or damage to property. Any proposed compensation payments must be discussed with the Board Secretary and, thereafter, authorised by a member of the Senior Management Team. Any proposed compensation payments in excess of £5,000 must be cleared by the Scottish Funding Council.

An **ex-gratia payment** is a payment made where there is no legal obligation to make such a payment. These payments are sometimes used to settle a complaint or claim against the College on a no fault basis. Any proposal to make an ex-gratia payment must be approved by the Vice Principal Finance & Corporate Affairs. A proposed payment in excess of £1,000 must be cleared by the Scottish Funding Council.

A payment is regarded as an **extra-contractual payment** where although not legally due under the original contract there exists the possibility that a court might uphold a claim for payment. Any proposed extra-contractual payment must be approved by the Vice Principal Finance & Corporate Affairs. Any proposed extra-contractual payment in excess of £5,000 must be cleared by the Scottish Funding Council.

Waiver or abandonment of a claim occurs if it is decided not to pursue a financial or legal claim on behalf of the College. A decision on whether or not to pursue or abandon a claim must be discussed with the Vice Principal Finance & Corporate Affairs and be authorised by a member of the Senior Management Team. Any proposed waiver or abandonment of a claim in excess of £3,000 must be cleared by the Scottish Funding Council.

The Audit Committee must be provided with a regular report covering compensation payments, ex-gratia payments, extra-contractual payments made by the College as well as the waiver or abandonment of claims.

Special severance payments, ex-gratia payments, compensation payments and extra contractual payments should be reported to SFC on an annual basis (31 March). This report should include the number of special severance, ex-gratia payments, compensation payments and extra contractual payments which have been made and the attendant cost for each category. The SFC has delegated to colleges a £1,000 special severance payment limit.

15 Assets

15.1 Land, Buildings, Fixed Plant and Machinery

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Board of Management, and with reference to SFC requirements where government-funded assets or government funds are involved.

15.2 Fixed Asset Register

The Vice Principal of Finance & Corporate Affairs is responsible for maintaining Forth Valley College's register of land, buildings, fixed plant and machinery. Inventories

Heads of Departments are responsible for maintaining a record of assets within their area of responsibility.

15.3 Stocks and Stores

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

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

Those Heads of departments whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Vice Principal of Finance & Corporate Affairs.

15.4 Safeguarding Assets

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

Heads of departments are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They shall consult the Vice Principal of Infrastructure & Communications in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Assets owned by Forth Valley College shall, so far as is practical, be effectively marked to identify them as College property. Assets owned or leased by Forth Valley College shall not be subject to personal use without proper authorisation.

15.5 Asset Disposal

Disposal of land and buildings must only take place with the authorisation of the Board of Management. SFC consent may also be required in advance of any planned sale, if government funds were involved in the acquisition of the asset.

The general criteria for the disposal of government-funded assets are as follows:

- Where the asset is to be sold and the proceeds of the sale are likely to be at or above the £500,000 threshold, prior Scottish Funding Council approval of the sale is required
- Where the asset is to be sold and the proceeds of the sale are likely to be less than the £500,000 threshold (whichever is the lower figure), the College has delegated authority to process the sale.

The required level of authorisation for the disposal of asset are noted in the following table:

Anticipated Proceeds of the Sale or Value of the Asset	Authority
In excess of £500,000	Board of Management plus Scottish Funding Council
£100,000 to £500,000	Finance Committee
£10,000 to £100,000	Principal, Vice Principal of Finance & Corporate Affairs
Less than £10,000	Manager from LMT plus Director of Finance

15.6 Lease/Rent of College Assets

The general criteria for the leasing of an asset is as follows:

- Where the asset is to be leased for a period of 5 years duration or more, prior Scottish Funding Council approval is required; and
- Where the asset is to be leased for a period of less than 5 years duration, the College has delegated authority to process the lease.

The required level of authorisation for the lease/rental of assets is noted in the following table:

Anticipated Lease or Rental Period	Authority
5 years duration or more	Board of Management plus Scottish Funding Council
Annual lease charge > £250,000	Board of Management plus Scottish Funding Council
2 to 5 years duration and < £250,000 annual lease charge	Principal, Senior Management Team
2 to 5 years duration and < £50,000 annual lease charge	Vice Principal Finance & Corporate Affairs

16 Donations and Trust Funds

16.1 Gifts, Benefactions and Donations

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

16.2 Student Support Funds

The Vice Principal of Finance & Corporate Affairs will prescribe the format for recording the use of student support funds. Records of student support funds will be maintained according to SFC and SAAS requirements.

16.3 Trust Funds and Charitable Foundations

The Vice Principal of Finance & Corporate Affairs is responsible for maintaining a record of the requirements for any trust fund and for advising the Finance Committee on the control of the expenditure of such funds donated to the College.

The Finance Committee is responsible for ensuring that trust funds within the control of Forth Valley College are operated within any relevant legislation and the specific requirements for each trust.

All proposed grant requests to the Forth Valley College Foundation must be approved by the Board of Management.

Any proposed grant request to any other external trust fund or charitable foundation must be approved in line with the limits for Major Commercial Activities (section 11 above).

Donations to the Forth Valley College Foundation must be approved by the Board of Management. Donations by the College to other trust funds or charitable foundations must be approved by the Finance Committee.

17 Other

17.1 Insurance

The Scottish Ministers' policy is one of self-insurance. However, in their memorandum, SFC agreed a derogation whereby the College's commercial insurance arrangements can be extended for three years to 31 July 2024.

The Vice Principal of Finance & Corporate Affairs is responsible for Forth Valley College's insurance arrangements, in accordance with the SFC policy guidance, including the provision of advice on the types of cover available.

Commercial insurance must, however, be taken out where there is a legal requirement to do so:

- Motor vehicle insurance.
- Where buildings insurance is a condition of a lease.
- Where private sector contractors and developers take out a joint site insurance policy because it is cheaper than each individual party insuring themselves separately and the client's own risks can be covered for little or no extra cost.
- Where the purchase of insurance is integral to a project and where the cost would make no difference to the choice of contractor.
- Corporate travel insurance for staff travelling abroad on official business where the cost of emergency cover could be justified in terms of the availability of local support should an incident occur and the duty of care that employers have towards their employees.
- Insurance in relation to commercial income generation schemes where the cost of such insurance would be met entirely out of the income generated by those schemes.
- Insurance in respect of boilers and lifts where the cost of the premium covers periodic expert inspection designed to reduce the risk of loss or damage
- Insurance in respect of loaned assets where the lender is not prepared to accept an indemnity or letter of comfort.

The Vice Principal of Finance & Corporate Affairs is responsible for effecting insurance cover as determined by the Finance Committee, including obtaining quotes, negotiating claims and maintaining the necessary records.

Heads of departments must give prompt notification to the Vice Principal of Finance & Corporate Affairs of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks.

Heads of department must advise the Vice Principal of Finance & Corporate Affairs immediately of any event that may give rise to an insurance claim. The Vice Principal of Finance & Corporate Affairs will ensure that Forth Valley College's insurers are notified and, if appropriate, a claim prepared for submission to the insurers.

The Vice Principal of Infrastructure & Communications is responsible for ensuring suitable records of plant are kept which can be inspected by an insurance company and for ensuring that any inspection is carried out in the periods prescribed.

17.2 Companies and Joint Ventures

In certain circumstances it may be advantageous to Forth Valley College to establish a company or a joint venture to undertake services on behalf of Forth Valley College.

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

Having due regard to guidance issued by SFC and the Scottish Government, it is the responsibility of the Board of Management to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by Forth Valley College. These and other arrangements will be set out in appropriate legal documentation.

The directors of companies where Forth Valley College is the majority shareholder must submit, via the Finance Committee, an annual report to the Board of Management. They will also submit business plans or budgets as requested to enable the committee to assess the risk to Forth Valley College. The College will ensure that appropriate external auditors are appointed to such companies.

Where Forth Valley College is the majority shareholder in a company, SFC requires that the company's financial year must be consistent with that of Forth Valley College. In addition, the Vice Principal Finance & Corporate Services shall determine financial procedures to ensure, for example, the company is properly charged for direct costs and a reasonable share of overheads.

17.3 Security

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

The Vice Principal of Infrastructure and Communications shall be responsible for maintaining proper security and privacy of information held on Forth Valley College's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 1998. A Data Controller shall be nominated to ensure compliance with the Act and the safety of documents.

The Principal & Chief Executive is responsible for the safekeeping of official and legal documents relating to Forth Valley College. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Corporate Governance and Planning Officer. All such documents shall be held in an appropriately secure, fireproof location and electronic versions stored in the Cloud.

17.4 Students' Association

The Students' Association is a constituent part of Forth Valley College and, as such, is responsible to the Board of Management. Subject to any constraints imposed by SFC, the Board of Management shall determine the level of grant to be paid annually to the Students' Association and approve their budget for the year, via the Finance Committee.

The Finance department is responsible for maintaining the Students' Association bank account and financial records, on their behalf. In accordance with an agreement between Forth Valley College and the Students' Association, the Association will provide quarterly statements of income and expenditure to the Vice Principal of Finance & Corporate Affairs on a prompt basis to enable them to ensure that financial disciplines are maintained.

At year end the Students' Association accounts will be presented to the Finance Committee for information.

In accordance with an agreement between Forth Valley College and the Students' Association, Forth Valley College's internal auditor shall have access to records, assets and personnel within the Students' Association in the same way as other areas of Forth Valley College.

17.5 Granting of Indemnities

The College is required to seek the Scottish Funding Council's written consent if it intends to lend or give a guarantee, indemnity or letter of comfort.

SFC's written consent is not required for such arrangements if the indemnity is of a standard type contained in contracts and agreements for 'day-to-day' procurement of goods and services in the normal course of business.

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

B Summary of Authorisation Levels

Delegated Authority - Financial Limits		Revenue Expenditure Commitment	Capital Expenditure Commitment	Bad Debt write off	Severance	Leases	Commercial Pricing	Major projects/new activity
SFC	Non Competitive Procurement	>£25,000						
	External Business & Management consultancies	>£100,000						
	Bad Debts			>£3,000				
	Bad Debt - Overseas tuition fees			>£6,000				
	Severance (outwith VS Scheme)				>£1,000			
	Operating Leases - non property					>5 Years		
Subsidiary companies						>£250,000		All
Board of Management		>£500,000				>5 Years		
Board Committee	Finance	£500,000	>£250,000	>£100,000		>£250,000	>£1m	
SMT/Principal		£250,000	£250,000	£100,000		£250,000	£1m	All
VP	Finance	£100,000		£50,000	£50,000	£50,000	£500,000	
	Info systems	£100,000						
	LSE	£100,000						
Director	Curriculum	£50,000						
	Operations	£50,000						
	Commercialisation	£50,000					£250,000	
	Finance	£100,000		£3,000				
Operations Manager		£20,000						
Head of Service	Estates	£50,000						
	HR	£20,000		£1,000*	£1,000			
	Learning & Quality	£20,000						
	IT	£50,000						
	Inclusion & Student Services	£20,000						
	Business Transformation	£20,000						
	Student Administration	£20,000						
	Marketing	£20,000						
	Finance/Governance	£20,000						
Pricing Manager	ASC	£20,000					£50,000	
							£10,000	

C The Seven Principles of Public Life

From the report of the Committee for Standards in Public Life (the Nolan Report)

1 Selflessness

Holders of public office should take decisions solely in terms of the public interest.

2 Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties. They should not act or take decisions in order to gain financial or other material benefits for themselves, their families or their friends.

3 Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4 Accountability

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

5 Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6 Honesty

Holders of public office should be truthful.

7 Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.