

1. INTRODUCTION

These regulations set out the responsibilities for financial management within the College and are to be followed by all staff and governors who are involved with College finances. The regulations and procedures apply to all income and expenditure administered by the College from all sources. They help to provide assurance that there is a permanent record of accountability for money and monies worth, and to assist the College in fulfilling its responsibilities for sound financial control as required in The SHEFC Financial Memorandum operative from 1 August 1993, and subsequent revisions.

The major financial policies and operating procedures are set out in **Sections 1-31 supported by the appendices**. These Regulations relate equally to all areas of financial responsibility within the College and include Schools, and Departments. The intention is to present the important financial policies and procedures which concern staff responsible for financial and budgetary functions throughout the College.

Every possible situation cannot be included and, if in doubt, it is important that advice is sought from an appropriate senior officer. Approved amendments will be incorporated from time to time.

A major element of the College's income is paid by way of an annual grant from the Scottish Higher Education Funding Council. The firm indication of grant for each year is usually given about before the start of March of each year prior to the following financial year. The growth in tuition fees and other income and the diversity of the sources from which all income is derived underline the need for these regulations to ensure as far as possible that standard systems are in operation throughout the College and that every opportunity is taken to optimise such income, for example through overhead recovery and expanding income raising activities.

The Inland Revenue has accepted the College as a charitable body and tax relief is granted under section 505 of the Income and Corporation Tax Act 1988: this relief extends only to the main educational activities of the College. **Appendix A** provides some details and benefits of charitable status.

Copies of these regulations are available on the Finance web page and circulated to responsible officers and designated budget holders, defined in **Appendix B**, who should ensure that all staff within their area of responsibility are aware of the existence and provisions of these regulations. Any changes will be advised to the responsible officers. Please contact the Director of Finance for additional copies and advice.

2. RESPONSIBILITY FOR FINANCE IN THE COLLEGE

In accordance with the College's Order in Council, the Board of Governors is responsible for the administration and management of the affairs of the College and is required to present audited accounts for each financial year.

The Board of Governors has a responsibility to ensure that proper accounting records are kept which disclose the financial position of the College with reasonable accuracy at any time; and which enable the Board to ensure that the accounts are prepared in accordance with the College's Order in Council, the Statement of Recommended Practice on Accounting in Higher Education Institutions and other relevant accounting standards. Within the terms and conditions of a Financial Memorandum agreed between the Scottish Higher Education Funding Council and the College, the Board of Governors, through the Principal, its designated office holder, is required to have prepared accounts for each financial year, which give a true and fair view of the state of affairs of the College and of the surplus or deficit and cash flows for that year.

In causing the accounts to be prepared, the Board of Governors has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- accounts are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Board of Governors has to take reasonable steps to:

- ensure that funds from the Scottish Higher Education Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum of the Council and any other conditions which may be prescribed;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud;
- secure the economical, efficient and effective management of the College's resources and expenditure.

To perform these duties effectively the Board of Governors delegates detailed management to committees and officers. **Appendix C** summarises the terms of reference of the Board of Governors and the principal committees concerned with finance, and the financial responsibilities of senior officers.

The Board of Governors and its major committees may delegate to any group of three or more members of the Board of Governors any powers or functions which the Board of Governors or the committee is itself competent to perform. The Principal, the Chairman of the Board of Governors and the Convenor of the Finance Committee may exercise on behalf of the Board of Governors or any of its committees such of the financial functions of the Board of Governors or the committee as they deem necessary in order to execute urgent and necessary business. Any action taken under this provision shall be reported to the next meeting of the Board of Governors or relevant committee.

3. PROPER CONDUCT OF PUBLIC BUSINESS

Members of the Board of Governors, its committees and all members of staff are required to disclose any personal financial or other beneficial interest in any transaction between the College and third parties. Such disclosure should be made to the Director of Finance and to the staff member's Head of School or Department; a Head of School or Department or unit would make disclosure to the Principal, Governors would make disclosure to the Secretary of the Board of Governors and/or the Principal.

Members of the Board of Governors, its committees and College staff are required to undertake:

- (a) not to mis-use the opportunities arising in the course of their duties or work for personal gain.
- (b) not to abuse the trust placed in them by virtue of their position
- (c) to maintain an unimpeachable standard of integrity in College related matters
- (d) to reject improper business practices.

in any dealings or transactions with external bodies.

4. INTERNAL FINANCIAL MANAGEMENT

4.1 Statutory & Other Financial Accounts

The Director of Finance has responsibility for the preparation of the statutory and other accounts. The financial year ends on 31 July and the annual statutory accounts are to be certified by auditors appointed by the Board of Governors. As soon as practicable after the end of the financial year the Director of Finance shall report on the annual accounts to the Finance Committee. The audited annual accounts shall be presented to the Board of Governors before 31 December for approval and adoption which will be evidenced on behalf of the Board of Governors, the Chairman of the Board of Governors and the Principal as the Designated Officer of the College.

The form of presentation of the statutory accounts will comply with the principles laid down in the Statement of Recommended Practice: Accounting in Higher Education Institutions, and be influenced by the reporting requirements of the Scottish Higher Education Funding Council, Higher Education Statistics Agency and the accountancy profession's Statements of Standard Accounting Practice where applicable.

4.2 Financial Policy

The Finance Committee has responsibility for keeping under review the principal academic and financial objectives, and for allocating resources within the Strategic Plan and other financial and academic plans and forecasts for submission to the Board of Governors.

The Finance Committee is also responsible to the Board of Governors for:

- a) reviewing financial policy and recommending any policy changes,
- b) ensuring that proper procedures exist for monitoring and controlling income and expenditure against approved budgets
- c) approving the detailed financial estimates for the coming year

Expenditure shall not be incurred unless it is provided for in the approved annual budgets or in any supplementary spending request approved by the Finance Committee.

4.3 Financial Management

4.3.1 Accounting Systems and Financial Records

The Director of Finance has responsibility for the implementation and operation of the principal accounting systems, procedures and records, for supplying responsible officers and designated budget holders and their nominees with such budget and actual financial information as they need for the control of operations, and for the production of management accounts and regular reports for the various managing committees.

4.3.2 Budgets & Resource Allocation

- 1) The Director of Finance is responsible for creating an income budget for the following year from information in the Strategic Plan, from the Internal Model (which helps allocate income and resources over Schools and Departments and units) and from the current year's information to date. The income budget determines the total amount available to fund the expenditure budget.
- 2) Budget submissions and business plans are prepared annually by the designated budget holders and submitted through the relevant responsible officer to the Director of Finance. The latter will examine each budget submission and business plan, and being satisfied as to the validity of the contents shall consolidate all requests into an overall, detailed income and expenditure budget analysed by cost centre which results in an anticipated surplus for the year.
- 3) The Director of Finance will present the detailed income and expenditure budgets to the Management Group who will consider and approve them for all Schools or Departments and other areas involved with teaching and research in accordance with approved plans. The Finance Committee considers this overall budget. The detailed budgets are then issued to each designated holder. Similarly a total budget is determined for support services covering all non-academic areas, the Executive allocates this total.
- 4) The detailed budgets are in the form of cash limits and may or may not include virement between sub-headings: designated budget holders must discuss this point with their responsible officers. Advice on proposed virements can be sought from the Director of Finance. Budgets represent an authority to spend and designated budget holders are required to inform their responsible officer if it appears that an overspending is likely to arise. Authority to overspend can be sanctioned only by the Management Group, which will inform the Finance Committee of such decisions. Where the amounts are material sanction must be obtained from the Finance Committee.

Appendix D shows the annual budget planning round process.

4.4 Control Of Revenue Expenditure and Income

Designated budget holders may incur expenditure within their approved budgets in any reasonable way but in doing so must take cognisance of the constraints imposed by:-

- (a) The Financial Memorandum with the Scottish Higher Education Funding Council
- (b) The College's Financial Regulations & Procedures
- (c) The College's terms and conditions of service
- (d) Any restrictions on the use of the funds imposed by the Management Group
- (e) Research expenditure compliance with regulations and conditions of appropriate sponsoring bodies.
- (f) All legal requirements including relevant E.U. Regulations

The College wishes to encourage all budget holders to manage the finances allocated to them. Only academic Schools or Departments are permitted to carry forward surpluses into the new

financial year underspending in the budget allocation: conversely any deficit incurred without authorisation is adjusted in future budgets.

In addition to the core funding for teaching and research, all Schools or Departments of the College are encouraged to earn additional funds from areas such as contract research, consultancy, sponsorship etc. Surpluses arising from such activities after meeting all direct costs and contributions to College overheads will normally accrue to the School or Department.

Once the expenditure is incurred an acceptable voucher must be produced to support approval for payment and all claims must be signed by an authorised signatory. A voucher can take the form of correspondence, receipts, invoices, conference registration forms etc. A College cheque request form is not a voucher and requests for payment should be supported by evidence. This requirement applies universally to all funds administered by the College.

All sales made by Schools or Departments must be processed through the Finance Department for recording in the Sales Ledger.

5. CAPITAL EXPENDITURE

5.1 Building Projects, Major Works, Alterations, Repairs and Maintenance

5.1.1 Responsible Officer

In all cases, the planning, designing, preparation and execution of projects affecting the land and premises either owned or in the charge of the College, are the responsibility of the Buildings Officer to whom all proposals must be referred. See **Appendix F**.

5.1.2 SHEFC Procedures

The general rules governing these projects are laid down in the "SHEFC Procedure Notes for Capital Projects and Equipment" mentioned in **Appendix F**. These rules must be applied whenever such projects are either funded by SHEFC, or from the proceeds of sale of Exchequer-funded assets. However, they do represent good practice, and therefore, the principle of these rules should also be adopted whenever possible, on all such projects, no matter how the project is to be funded. In addition to these general rules, all projects where external contractors are to be used involving new work up to £25,000 in value (excl VAT), or alteration, maintenance and repair work up to £50,000 in value (excl VAT), are to be subject to competition and approval by the Buildings Officer. Whenever possible, competition should be carried out by way of a formal tendering procedure with a minimum of two tenders being obtained. In all cases, however, a minimum of two quotations are to be obtained.

The Buildings Officer, or nominee, will have discretion to purchase the services of external contractors to augment the in-house labour force as and when this is deemed necessary and within agreed budgets.

5.1.3. Tenders

All formal tenders are to be opened as soon as possible after the closing date/time. This process must be undertaken in the presence of the Buildings Officer or nominee, together with at least one other independent member of staff as referee. All those in attendance must record their presence on the tender return form by appending their signature.

5.1.3 Exceptional Approvals

In exceptional circumstances, the Buildings Officer (or nominee) and one other Senior Officer of the College (written agreement required) shall together be permitted to appoint contractors direct without subjecting them to competition. This procedure shall apply only in emergencies when only the minimum work is required to render areas safe and/or usable will be so instructed.

5.2 Contractors' Accounts for Buildings & Related Works

Payment to contractors on account of contracts shall be made only on an authorised certificate signed by the Buildings Officer or nominee. Each certificate will show the total amount of the contract, the value of work executed to date, the level of retention money, the amount paid to date, the amount now certified, and a note of any deduction for liquidated and ascertained damages.

Any variation which necessitates an alteration in the amount of an accepted tender or estimate shall be certified by the supervising officer (e.g. Architect) or the Buildings Officer, or nominee, as appropriate.

All final account figures for capital building and constructional works carried out under contract or accepted estimate shall be reported either to the Estate Sub-Committee or appropriate sub-committee.

The Buildings Officer or nominee shall indicate on all certificates for payment the finance code to which the payment is to be charged.

The Buildings Officer, or nominee, shall provide regular reports to the Estate Sub-Committee and Finance Committee on expenditure and anticipated final account figures for all projects.

Where SHEFC funding is involved, the procedures to be followed are those referred to in **Appendix F** and shown in SHEFC Procedure Notes for Capital Projects and Equipment.

5.3 Capital Equipment

The general annual grants made by SHEFC to the College are intended to provide for both the equipping of new teaching buildings (whether grant aided or not) and the renewal or augmentation of equipment in existing buildings for teaching and research, audio-visual aids, and furnishings.

Expenditure on such grants is subject to the same conditions as apply to the approval and control of general expenditure. **Appendices F, G & H** provide details of procedures.

6. PURCHASING POLICY, ORDERING AND AUTHORISATION, STOCKS

6.1 Purchasing Policy

The purchasing policy of the College is:

To obtain optimum value for money in respect of all goods, facilities and services purchased, irrespective of the source of funds, by maximising the College's corporate purchasing power. In general, all purchases should be based on quotation or tendering procedures and, normally, advantage will be taken of that offer deemed to be most economically advantageous. This embraces considerations of price, delivery date, running costs, cost effectiveness, quality, technical merit, after sales service and technical assistance. **Appendix G** gives purchasing procedures including details of quotations and tendering.

Business transactions are to be conducted at arm's length. When purchasing goods, facilities and services, care must be taken to disclose ANY business interest in any intended and actual transaction with related parties such as family, relatives, close business colleagues and organisations with which the designated budget holder, his/her deputy, or any authoriser of purchase orders and invoices for payment could be considered to hold a financial interest.

In the event of a dispute the judgement of the Director of Finance, whom failing the Finance Committee will be final.

6.2 Purchase Authorisation & Procedures

Budget holders and staff involved in purchasing are responsible for ensuring that all financial regulations relating to purchasing are observed in their areas of responsibility. In particular;

- a) procedures relating to the tendering and quotation processes must be observed; attention is drawn to **Appendix G, Section 8 - Quotations & Tenders for Goods, Facilities & Services**. Quotations and tendering limits are shown in **8.3**: items over £20,000 excluding VAT must go out to tender. **Section 8.4** states that all tenders must be organised by or in liaison with the Director of Finance or nominee. **Section 8.5** details the procedures where there is only one known supplier. In such cases, a declaration is required from the ordering School or Department and the Director of Finance or nominee must be informed before an order is placed;
- b) only budgeted expenditure can be incurred and budget holders and purchasing staff are responsible for ensuring the adequacy of funds before entering into any expenditure or commitment;
- c) all purchases for goods, facilities and services must be initiated by a Departmental Purchase Order;
- d) official purchase order forms must not be used for the purchase of goods, facilities and services for private or personal use;
- f) college nominated or approved suppliers must be used where these exist;
- g) all vehicle users should note that the Director of Finance must agree with and arrange all purchases and disposals of College vehicles;
- h) the Buildings Officer or nominee must approve and arrange all purchases of furniture, flooring, and fittings.

6.3 Supplier's Invoice Authorisation

All designated budget holders and their nominees will follow effective purchase order, goods-received and invoice payment procedures for goods, facilities and services ordered and supplied. The procedures for purchase order invoice authorisation and approval are detailed in **Appendix G**. There may be some variation in the procedure to reflect individual School or Department needs but the essential internal control points to be followed by staff concerned are;

- a) persons who order the goods, facilities and services must never approve these invoices, claims etc for payment,
- b) persons who receive the goods, facilities and services should not approve the related invoices, claims etc for payment unless there are exceptional circumstances,
- c) there must be a clear 'audit trail' demonstrated from the issue of purchase order, goods, facilities and services with related invoices received and checked, to the approval of invoice for payment. There must be evidence that these checks have been performed.

The Director of Finance shall maintain a list of specimen signatures of those responsible for authorising College expenditure. It shall be the duty of designated budget holders to supply these signatures. Only signatures currently in the file shall be accepted as authority to pass invoices for payment processing.

6.4 Consumable Stocks and Stores

Each Head of School or Department etc having custody of and responsibility for consumable stocks and stores shall take all reasonable precautions to safeguard them and shall keep store records as required by the Director of Finance. The Head of School or Department shall also supply appropriate information required for the accounting, costing and financial records of the College. Any losses of stocks, stores etc. shall be reported in writing to the Director of Finance as soon as possible after discovery.

Any surpluses or deficiencies in quantity and value shall, where significant, be reported to the Director of Finance to obtain authority to bring surpluses into charge and to write off any deficiencies. The College Secretary and Director of Finance may require such spot checks of stocks and stores, after informing the Head of School or Department, as they may deem fit. Heads of Schools or Departments responsible for stores shall sign the annual stock taking record in respect of stores under his/her control, certify that particulars are correct and, when requested, forward a certificate to the Director of Finance.

6.5 Purchasing Consultants' & Other External Services: monitoring and reappointment of continuing services

It is recognised that designated budget holders and their nominees may be required to purchase services from outwith the College. Normal rules of purchasing shall apply as appropriate with competitive quotations and tenders being obtained where applicable. Such expenditure shall only be undertaken where these services are not available within the College's own resources. Where these services are obtained from a named individual outwith the College there are contractual and taxation obligations which must be complied with. Designated budget holders shall consult the Guidelines on Self-Employment which are issued by the Finance Department. Named individuals are required to complete payment declaration prior to employment in order to determine their taxation status. External services include the provision of maintenance, legal, banking, auditing, taxation and other financial services. The procedures for obtaining quotations or tenders must be followed. All continuing external services must be subject to monitoring and evaluation. Appointment of service providers must be reconsidered every three to five years.

6.6 Asset Register

The College is required to maintain an up to date inventory or record of its assets. Such assets comprise land and buildings, equipment and furniture, investments and cash and bank balances. Responsibility for recording details of all land and buildings, equipment, investments, cash and bank accounts lies with the Director of Finance. The levels of materiality for the definition of an asset shall be reviewed periodically and published by the Director of Finance.

The type of record will include a description of the asset, the date of purchase, supplier, cost price, expected life of the asset and its location. Those responsible are required to ensure that the records are accurate completed and up to date, that all disposals and proceeds are recorded, and that procedures for disposals follow in **Appendix G**, section 12.

7. REIMBURSEMENT OF EXPENSES

7.1 Staff: Procedures & Authorisation

These rules and procedures cover all expenses claimed by staff including expenses funded by research grants and from other external sources. Reimbursement of reasonable amounts listed on the claim forms submitted will only be considered if these claims are supported by sufficient detailed receipted accounts (hotel and restaurant bills etc.), and vouchers, and are authorised by a designated budget holder or nominee included in the Finance Department's list of authorised signatories. The Heads of School or Departments bear the responsibility for organising the approval structure for expenses claims within their School or Departments. The authoriser shall be responsible for the validity of travelling and subsistence claims, the accuracy of mileage charged, other stated facts and for ensuring that supporting vouchers are obtained for all but the most trivial expenditure. The authoriser must always be in a position to be able to challenge any expense claimed.

The following procedure will be used to approve expenses incurred by members of the senior management:

The Vice-Principal, College Secretary and Director of Finance's expense claims will be approved and signed by the Principal.

The Principal's expenses are to be approved by the Director of Finance and by the Convenor of the Audit Committee.

Expenses claimed by members of the Board of Governors must be authorised and countersigned by the College Secretary.

Heads of Schools or Academic School or Departments expense claims are to be approved by the Vice-Principal.

All claims must be for expenditure actually incurred. Proof of payment is not in itself evidence that the expenditure is a valid business expense: **explanations and details are required.** Photocopied vouchers are not allowed except in exceptional circumstances, and must be marked 'copies' and bear signed explanations. Credit card slips are not acceptable vouchers. Individual School or Departments and units should have supporting systems to assist in compliance with these regulations and ensure that staff are aware and adhere to them.

Travel and subsistence costs in respect of staff undertaking journeys etc on College business will be reimbursed in accordance with the current procedures and standards and any applicable scales approved from time to time by the Management Group. Note that first class travel expenses in excess of the normal rates require prior approval by the Management Group – see **Appendix I.**

The College has reviewed its dispensation with the Inland Revenue regarding the requirement to give the Revenue details of certain expenses and benefits-in-kind paid to staff earning over £8,500 p.a. (including all expenses and benefits). Dispensation is only awarded if adequate internal controls and records are maintained for expenses and benefits-in-kind. This Regulation and **Appendix I** for the reimbursement of expenses follows the Inland Revenue requirements on granting dispensation: it is essential that staff comply with these conditions. The College, through the Finance Department, reserves the right to disallow reimbursement through the payroll where the expense is assessed to tax and national insurance contributions on the claimant.

VAT accounting procedures must be followed and detailed notes have been prepared by the Finance Department on accounting for and coding of expenses and sales invoices. With the exception of the concessionary claim for purchases, ALL VAT entries must be supported by VAT invoices etc, show date, goods/services provided, amount, VAT registration number and show the College's name with the exception of small-value expenses vouchers.

Appendix I gives detailed procedures incorporating the rules and limits which are to be observed if expenses are to be reimbursed. Example expenses' claim forms are included.

7.2 Non-Staff: Consultants, External Examiners, Candidates, Etc.

Claims for reimbursement of expenses incurred on College business are also presented by persons who are not members of staff such as students, external examiners, candidates for interview and others. Such claims will be expected to comply with regulation 7.1 and **Appendix I** for reimbursement of staff expenses.

Consultants may have their own terms and conditions for payment of expenses and these **MUST** be clearly established at the commencement of the engagement to avoid misunderstanding. Some consultants may quote a fee for their specific services which includes expenses and will not have expenses claims.

Interviewees must be informed of eligible travel expenses claimable **prior** to attending for interview. See **Appendix 1 .5** for travel and subsistence claims.

8. IMPREST ACCOUNTS AND PETTY CASH ADVANCES

Payment from the petty cash account shall normally be limited to individual items of expenditure under £50. Petty cash accounts must not be used to purchase items which should be ordered through the normal purchasing procedures.

9. INCOME COLLECTION AND BANKING

The collection of all monies due to the College shall be under the responsibility of the Director of Finance, who shall ensure that appropriate procedures are in operation to enable the College to receive all income to which it is entitled and shall be responsible for the prompt collection, security and banking of all funds.

All monies received on behalf of the College shall without delay be paid into the Finance Department for which a receipt will be given or, by prior arrangement with the Cashier in the Finance Department, be banked promptly in the College's bank account.

On completion of chargeable work a designated budget holder or nominee shall, through systems notified from time to time, provide the Director of Finance with details or copies of invoices or charges for the work done, goods supplied or services rendered on behalf of the College and the account code to which the income is to be allocated. Fees and levels of charges for services rendered, goods supplied and rents shall be those scales currently approved by the Finance Committee.

Cancellation or reduction of any material debt due to the College shall require the authorisation of the Director of Finance. Credit notes (for any amount) can only be issued by the Finance Department on receipt of an acceptable written explanation signed by an authorised signatory for the area concerned.

All receipt forms, receipt books, tickets and other documents of a similar nature shall be ordered, controlled and issued by the Finance Department under the responsibility of the Director of Finance. Every issue of any document shall be acknowledged by the signature or initials of the recipient.

10. TUITION FEES

Undergraduate and postgraduate fees are approved annually by the Board of Governors on the recommendation of the Finance Committee which takes cognisance of the relevant ordinances. Rules and Procedures for amounts and conditions of payment by students are regularly reviewed. Failure to pay may entail the imposition of sanctions which can include termination of registration and/or postponement of graduation.

Requests for information on applications and the level of fees should be addressed to the Registry Office. The Finance Department should be consulted regarding payment of fees.

11. BANKING ARRANGEMENTS: RECEIPTS AND PAYMENTS

The Director of Finance will be responsible for ensuring that there are proper arrangements and procedures for banking all receipts and for payment of authorised expenditure. The cheque and automated payment signatories for the College and its subsidiaries are given in **Appendix B**.

All cheques drawn on behalf of the College shall be signed in the manner approved by the Finance Committee. Use of bank automated services and other systems used for cash disbursements are to be similarly controlled at all times.

Bank accounts may be opened only with the authority of the Board of Governors. Personal cheques shall not be cashed out of money held on behalf of the College.

12. PAYMENTS TO STAFF

12.1. Salaries and Wages

The College Secretary shall be responsible for ensuring that an up to date, approved, record is maintained of the establishment of all College employees

All staff must be paid through the central payroll system and all letters of appointment of staff appointed by the College shall be signed by the College Secretary, or by such persons as may be designated by him/her in writing, normally the Head of HR.

The payment of all salaries, wages, pensions or other emoluments to employees or former employees shall be under the control of the Director of Finance and shall be paid through the College payroll according to approved pay scales.

Heads of Schools or Departments, units and sections or their nominees shall be responsible for notifying the HR Department of all staff absences immediately they occur and when employees return to work.

The maintenance of national insurance records, employee personal tax records and other statutory records shall be the responsibility of the Payroll section reporting to Director of Finance.

Heads of Schools or Departments, sections and units may be requested from time to time to provide a staff list to the College Secretary and Director of Finance of all staff, including casuals, in their School or Department as at a specific date.

Heads of School or Departments, sections and units must follow the procedures laid down by the College Secretary for the recording and authorising of hourly paid work and overtime and for any weekly or monthly paid work where a time sheet is required. Such original input documents for hourly paid or piece work staff must be properly authorised and retained (usually for 6 years).

12.2 Other Payments

In certain instances College staff may receive payment in addition to their contracted salary. The principal example is academic staff whose contracts allow them to carry out consultancy work with the approval of their Head of School or Department or, in the case of Heads of School or Department, by the Principal or his nominee. Other examples of additional payments can arise from authorised overtime, special assignments, courses etc.

Any payments in addition to basic salary must comply with the current policy as approved by the Finance Committee and with Inland Revenue requirements. Only designated budget holders (as defined in **Regulation 3: Financial Management**) can authorise additional payments to staff. All such payments must be authorised by a more senior member of staff than the recipient. **Under no circumstances is a member of staff allowed to approve additional payments which apply to himself or herself.**

Source of Additional Payment

- a) Approved Consultancy - Current policy and on the authority of the Vice Principal.

Occasionally in a few areas annual fee payments can be high. The following authorisation is required:

In Financial Year

Fee earnings to £5,000
 Fee earnings from £5,001 to £10,000
 Fee earnings above £10,000

Authorisation

Vice Principal
 AND Director of Finance
 AND endorsement by the Management Group

- b) Research Contracts - In certain circumstances payments may be made to staff from a research contract. These must be authorised by the Head of School or Department and the Director of Research or the Vice Principal.
- c) Continuing Education Courses - Current policy and on the authority of the Vice Principal.
- d) Overtime Payments -
- casual, irregular and call-out overtime for manual staff can be authorised by the Head of School or Department.
 - casual and irregular overtime, to any member of academic related, secretarial, technical and computer staff must be authorised by a Head of School or Department.
 - regular overtime must be agreed with the College Secretary.
- e) Special Assignments - additional remuneration can arise from "one-off" situations such as the need to carry out work arising from a School or Departmental move, the exercise of skills not normally required of a member of staff, assistance given in the organisation of conferences and exhibitions, management fees in respect of research contracts etc. Any such payment requires the authority of the Principal's Group.

The Principal's Group may delegate its powers of approval to a Head of School or Department. It may also require to have forward notice of any cases which necessitate its approval and may request financial statements as back-up in appropriate cases.

Attention of staff concerned is drawn to point c) in **Appendix E** - School or Departmental Discretionary Funds - where fees are to be paid into a discretionary fund instead of directly to the staff member concerned who must sign a mandate to the fee source to waive the personal right to the remuneration before it is earned.

Appendices K and L include details of the financial procedures for recovery of indirect costs on such outside additional income.

13. TAXATION STATUS: NON STAFF INDIVIDUALS

No payments may be made to staff, students, or to any casual workers and individuals who are not members of staff without observing the Financial Regulations and Inland Revenue requirements. Guidelines exist on tax and NIC requirements on payments to such individuals and on the definition and procedures to be followed to identify whether payments can be made gross or under deduction of tax. Human Resources and Finance Department can advise. Staff cannot engage the services of, instruct payments to casual helpers and external individuals providing services, without full compliance with the above procedures, obtaining names, addresses, national insurance numbers and completion of the requisite Inland Revenue Forms. In the rare instances when any individuals are paid small amounts in cash receipts MUST be obtained otherwise any refund may be withheld.

14. LOANS TO STAFF

Advances of salary may be allowed in exceptional circumstances for short periods at the discretion of the Director of Finance.

15. PREMATURE RETIREMENT

All early retirements are subject to availability of appropriate funding. Arrangements for early retirement are 'ad hoinem' and are also at the discretion of the College.

16. SHORT COURSES, CONSULTANCIES AND OUTSIDE WORK

Contracts of members of the academic staff permit and encourage the undertaking of short courses, consultancy and similar work. Guidance and instructions on the procedures are shown in **Appendices K and L**.

In accordance with terms and conditions of service the Principal's permission is required for certain categories of outside work.

All short courses, consultancies and other outside work must be carried out in accordance with the College's current rules and the financial regulations governing such activities.

**17. RESEARCH GRANTS AND CONTRACTS FOR SERVICES
(Academic / School or Department / Institute)**

No formal application for funding under a grant or contract shall be made unless endorsed by signature of the Principal, Vice Principal, College Secretary, Director of Finance or Finance Department, or the Directors of Research ("the appropriate officers").

The Vice Principal has delegated authority to approve most applications, from time to time other staff may be given authority by the Principal's Group to sign in specific areas.

Approval for use of accommodation, the provision of services, including computing services, library facilities, and any additional running costs, must be obtained before any commitment is made or accepted.

Where the provision of College plant, equipment, furniture or accommodation is involved, the appropriate officer shall be consulted in order that a contribution to indirect costs can be included in the costing.

The appropriate officer shall sign a Research Grant or Contract on behalf of the College after it has been confirmed that:

- a) the financial position is adequate and clearly shown;
- b) there are satisfactory provisions for the payment of claims;
- c) no unduly onerous conditions exist in the offer;

- d) where appropriate, adequate provision has been made for the recovery of College indirect costs;
- e) there are satisfactory provisions governing the ownership and exploitation of intellectual property;
- f) the law applicable to the contract is acceptable;
- g) the legal liability requirements are acceptable.

18. SCHOOL OR DEPARTMENTAL DISCRETIONARY FUNDS AND ENDOWMENTS

18.1 Discretionary Funds

Many Schools or Departments receive funds in the form of bequests, gifts, payments for services, direct payments in support of research, fees voluntarily surrendered by members of staff, 'free' proceeds from sales of equipment etc.

The College may agree to School or Departments and units setting up discretionary funds for particular purposes. The written permission of the Director of Finance is required to initiate a new discretionary fund.

Maintenance of the College's charitable status, and protection of members of staff against VAT and income tax demands, require (a) all receipts and payments to be fully documented, (b) the funds to be held by the Finance Department on behalf of School or Departments and (c) all disbursements to be accepted by the tax authorities and public accounts auditors as legitimate School or Departmental and College expenditure.

Appendix E covers further details of discretionary funds.

18.2 Endowments for School or Departmental Purposes

Substantial donations or bequests to the College for the benefit of a School or Department will be notified to the Board of Governors, which will normally direct that the money be invested as part of the College's endowments held for specific purposes. Interest on the balance will accrue to the endowments fund.

Withdrawals from such an endowment fund, for use in accordance with the terms of the gift, will be made at the request of the member of staff authorised so to do. As a general guide, an endowment fund in the School or Department's name would be the appropriate means of holding a sum of not less than £5,000, which is likely to be used over at least a 5 year period, withdrawals being made at fairly long intervals, e.g. annually.

19. TRANSFERS BETWEEN ACCOUNTS

Schools or Departments, sections and units may require to transfer items between accounts in their own areas. These transfers will only be actioned by the Finance Department on receipt of written instruction, approved by an authorising signatory for that area and containing an explanation.

For some services, such as supplies, printing and stationery and telephones, the providing section may authorise Finance Department to charge users without the latter's formal authorisation. All Schools or Departments are responsible for reviewing their monthly responsibility reports which, inter alia, should ensure such recharges are appropriate.

Other transfers between Schools or Departments, sections and units may only be made by the Finance Department following receipt of written request supported by the authorised signatures of both cost centres concerned. Such transfers cover irregular or occasional items, as well as catering and non-telephone computer services.

20. COLLEGE PROPERTY

This is deemed to be **all the assets to which the College has title** including land, buildings, works of art, antiques, plant and machinery, other equipment, fixtures, fittings and furniture, stocks and materials, vehicles, books, all intellectual property rights and any other form of tangible or intangible assets.

20.1 Internal Control

Each Head of School or Department shall be responsible for the safe custody of all plant and equipment, stores etc under his/her control and ensure that a detailed inventory is maintained. This shall be subject to an annual physical check against records maintained by the School or Department.

The College Secretary, Director of Finance and any nominee shall, at all reasonable times, have access to all property of the College.

20.2 Disposal

The Head of School or Department must approve the disposal of items with an original cost or higher estimated current value of £1000 and be informed of the amount realised.

Disposals of items costing or valued over £1000 require the approval of the Director of Finance in addition to the Head of School or Department and the Finance Department must be informed of the proceeds.

Disposals of items costing or valued over £5,000, with a note of proceeds achieved, must be reported retrospectively to the Finance Committee.

Whenever appropriate, property for disposal should be offered to other Schools or Departments etc. prior to external disposal.

Purchases and disposal of furniture and vehicles must be carried out by the Estates Office.

Disposal of stocks and materials is covered in **Appendix G section 12**.

21. SALE AND PURCHASE OF LAND AND HERITABLE PROPERTY

No alterations to the status of land and/or heritable property are permitted without the express authority of the Board of Governors. In all cases, the sale, lease, disposal or purchase of any interest in land or heritable property held or owned by the College is the responsibility of the Buildings Officer, to whom all proposals must be referred. There are certain SHEFC requirements for permission and reporting on these transactions.

22. CHARGES ON ASSETS

No charge shall be made on any heritable property or other assets of the College without prior approval of the Board of Governors.

23. FINANCIAL SERVICES ACTS

Staff are not permitted to give any financial advice either to other members of staff or to outside agencies.

24. INVESTMENTS

The Finance Committee may authorise or vary the investment of the funds of the College and shall report thereon to the Board of Governors.

The Director of Finance shall be authorised to make best use of any cash surpluses, (however they may have arisen), by making short term cash investments in accordance with rules laid down by Finance Committee provided that the sums so invested shall be reported on regularly to the Finance Committee.

25. COMMERCIAL VENTURES

All ventures must be formally approved and before embarking on any commercial venture the School or Department concerned must produce a business plan which is acceptable to the Finance Committee. The business plan should contain a detailed description of the activity, proposed corporate structure, initial capital requirements, details of income and expenditure and a cash flow analysis - all over a period of at least three years and in a form acceptable to the Director of Finance. Assistance and advice in preparing such business plans may be requested from the Finance Department.

Any use of College facilities should be identified in the plan and appropriate provision made for recovery of such indirect costs.

26. COLLEGE COMPANIES

The College may from time to time set up subsidiary companies or invest in associated companies to deal with particular projects. Approval from the Finance Committee must be obtained before any company can be set-up. **Appendix M** covers some of the arrangements for controlling such companies.

27. VALUE ADDED TAX

VAT has widespread implications throughout the College and is a complicated area within higher education institutions. **Appendix N** gives a brief overview. Any requests for guidance should be made to the Head of Finance who is responsible for the College's VAT returns. **DO NOT** go directly to Customs & Excise. Where a School or Department fails to account correctly for output tax on income, it may be charged for any assessments, penalties and interest levied by Customs and Excise for such output tax. Correct VAT accounting must be applied to all purchases and sales. Recoverable input tax must be identified and coded as such on all such purchases of goods, facilities and services which can be attributable to the College's VAT taxable commercial sales. All sales invoices raised by the College must be correctly, VAT coded: generally output VAT is charged on all sales with the exception of direct supplies of education which enjoy VAT exemption.

28. INSURANCE

The Director of Finance must effect all insurance cover and negotiate all claims as directed by the Finance Committee and shall maintain the necessary records. Competitive quotations for insurance premiums should be obtained from time to time.

The Heads of Schools or Departments must give prompt notification in writing to the College Secretary of the extent and nature of all new risks and additional property and equipment which require to be insured and the amount of cover requested, and of any alteration affecting risks in their area. The Director of Finance must maintain a register of all insurances effected by the College and the property and risks covered thereby.

The Director of Finance must be informed of all building projects and alteration works likely to cost in excess of £250,000 in order that appropriate insurance cover can be negotiated.

The Heads of Schools or Departments must immediately notify the Director of Finance in writing of any loss, liability, accident or damage in connection with his/her School or Department which may give rise to an insurance claim. All claims must be prepared by the Director of Finance in conjunction with the Head of School or Department where appropriate.

The College will **not be responsible for the insurance of personal equipment, private libraries and belongings held in the College** and staff will therefore require to undertake their own insurance on items as they think fit. The College will similarly not be responsible for damage to cars of members of staff while they are parked in the grounds of the College, or at any other time unless appropriate authority has been granted. **The College has no responsibility for personal motor insurance coverage**, and members of **staff using private cars on College business are reminded that they must ensure that their current insurance policy allows for such business use** for themselves and any passengers and complies with any insurance requirement issued by the College.

Many moveable items of equipment are not covered by external insurance policies. The College does however hold an "All-Risks" policy under which specified items can be insured; such items are included in the policy at the discretion of the College Secretary.

The Director of Finance will issue, from time to time, updated procedures and information on insurance matters.

29. VALUE FOR MONEY

The Board of Governors is required to secure the economical, efficient and effective use of the College's resources and all members of the College are expected to apply these concepts at all times. These concepts may be defined as follows:-

ECONOMY is concerned with minimising the cost of resources used for an activity, having regard to appropriate quality.

EFFICIENCY is the relationship between output, in terms of goods, services or other results, and resources consumed.

EFFECTIVENESS is the extent to which objectives are achieved and the relationship between the intended results and the actual results.

These three elements are closely interrelated. They can be judged in isolation but should normally be considered together, as one element may be traded against another.

Particular reference is made to value for money matters throughout these regulations and procedures.

30. INTERNAL AUDIT AND FRAUD POLICY

30.1 Internal Audit Service

As required by the Scottish Higher Education Funding Council's "Code of Audit Practice" the College has an internal audit service under the jurisdiction of the College Secretary. The function of Internal Audit is to carry out the tasks required by the Audit Committee in accordance with the approved SHEFC Code of Audit Practice. This service is now provided by an external firm of accountants, currently Scott Moncrieff.

The internal audit service has authority to visit all areas of the College and its subsidiary Companies. It has access to all records appertaining to the finances of the College, and shall be entitled to require such explanations as are considered necessary to satisfy the internal auditors of the correctness of any matter under the scope of their audit. Normally the audit report produced on the factual findings is discussed with the Head of School or Department being audited prior to issuance. In addition, the Director of Finance and the internal audit service are empowered to perform value for money audits on any agreed aspect within the College's activities.

30.2 Fraud and Irregularity: Policy

Budget holders have a responsibility to ensure sound systems of financial and other management controls; to safeguard assets, financial information and systems from losses of all kinds, including those arising from fraud and irregularity. Any member of staff who has either with some evidence of, or a concern about a possible financial fraud or irregularity should refer to the Fraud Policy.

31. EXTERNAL AUDIT

The Board of Governors appoints external auditors to report formally and annually on the accounts. The external auditors have the right of access to any minute, books, documents or any information kept by the College. Detailed comments made each year by the external auditor will be submitted to the Audit Committee and to the Finance Committee.

S.H.E.F.C. REQUIREMENTS**1. Financial Memorandum with Scottish Higher Education Funding Council**

The original Memorandum applicable from 1 August 1993 set out the terms and conditions under which SHEFC made payments to the College out of funds made available by the Secretary of State for Scotland. The most recent Financial Memorandum is effective from 1 August 1996 with minor amendments in 1998. It has sections on accountability, allocation and payment of funds, financial management, estate and equipment management, capital finance, financial statements, research contracts and other services, etc. There are major changes in criteria for capital finance which have been simplified and the thresholds have been changed.

A copy can be obtained from the Director of Finance.

2. Code of Audit Practice with Scottish Higher Education Funding Council

This Code was originally issued in April 1993 to promote accountability throughout the sector, clarifying responsibilities of governing bodies, executive management and auditors. In the foreword the Chairman of the Council stresses issues of governance and of accountability, the importance of securing effective use of limited resources and the need to achieve transparent accountability of effective management. The Code embodies SHEFC.'s requirements in relation to the audit function, provides guidance on good practice for audit committees, external and internal audit, and sets out the framework within which each should operate. **In the Code as with these regulations "must" and "will" denote mandatory requirements and "should" denotes good practice.** SHEFC has its own audit unit who visit the funded institutions, assess compliance with the mandatory requirements and consider the overall audit arrangements in place and the extent to which detailed guidance provided in this Code is followed.

A full copy can be obtained from the Director of Finance.

A draft revision of the Code of Audit Practice was issued in April 1998 in which the responsibilities and duties of the Audit Committee and Internal Audit were expanded.

3. Procedure Notes for Capital Projects & Equipment and Disposals of Exchequer Funded Assets and the Retention of Proceeds

These are given in **Appendix F** and mentioned in **regulation 5** - Capital Expenditure and are available from the Buildings Officer.

CHARITABLE STATUS

The charity reference number issued by the Inland Revenue Claims Scotland is SC0009201 and this number should be quoted to prospective benefactors etc.

The benefits of charitable status include the ability to recover tax paid on certain donations which are 'covenanted' for a minimum period of four years, and the ability to recover tax on single donations made under deduction of tax "deposited covenants" which comply with the requirements of s29 of the Finance Act 1986. Schools should encourage donors to consider payments by these methods and if interested ask them to contact the College Secretary. In addition, the College can benefit under the provisions of Gift Aid which was introduced in October 1990 and enables one-off gifts of £250 or more (after 15.3.93) to be paid net of tax with the College being able to recover the tax. This scheme avoids the need for deposited covenants on net amounts over the current Gift Aid minimum and may be more attractive to sponsors who are unwilling to commit themselves to a 4 year contract. Further details can be obtained from the Director of Finance.

RESPONSIBLE OFFICERS AND DESIGNATED BUDGET HOLDERS

For the purposes of the Financial Regulations the following designations are to be used:-

Senior Officers

Principal
Vice-Principal
Director of Finance
College Secretary

Responsible Officers

College Secretary	-	Support Services
Vice-Principal	-	Academic Departments and Services.

Designated Budget Holders

Head of School or Department or authorised nominee

Cheque Signatories - College and its subsidiary companies

See Appendix Z

Invoice etc Authorisation Signatory - College and its subsidiary companies

Head of School or Department or authorised nominee

Authorised to Raise Purchase Requisitions/Cheque Requests etc

Head of School or Department or authorised nominee

Authorised to Issue Purchase Orders

Head of School or Department or authorised nominee

BOARD OF GOVERNORS & SENIOR OFFICERS' RESPONSIBILITIES FOR FINANCE

1. BOARD OF GOVERNORS

The Board of Governors of the College is the executive governing body of the College. It has its powers and duties conferred upon it by the Order in Council and Statutes, and is responsible for the control and supervision of the management and administration of the revenue and property of the College. Subject to the statutory delegation of responsibilities to Academic Council, it has general control over the conduct of the affairs of the College. It is therefore, empowered to:-

- a) appoint bankers or other agents, and to cause proper books of account to be kept for recording money received and expended by the College, and for recording the assets and liabilities of the College.
- b) invest any monies belonging to or held by the College.
- c) acquire and dispose of real and personal property on behalf of the College, freehold or leasehold.
- d) enter into, vary, carry out and cancel contracts on behalf of the College.
- e) determine all College fees and charges
- f) borrow and grant security for such borrowings as required.

The Board of Governors organises the discharge of its financial responsibilities by allocating duties and delegating authority to Committees, particularly Finance Committee, and to Senior Officers & Designated Budget Holders and by maintaining an overview of general financial policy with adequate reporting structures to ensure that the agreed policies are being implemented.

2. FINANCE COMMITTEE

The Finance Committee is responsible to the Board of Governors for the financial management of the College.

The Finance Committee has been constituted to perform the function of financial control, as opposed to planning, and has the following remit: **(see ref A2 of 13.7.98)**

Remit of Finance Committee

- Review the financial implications of the College's rolling strategic plan (which is prepared annually by the management of the College) and advise the Board of Governors of any issues/concerns
- Review the annual budgets (which are prepared by the management of the College) and present the budgets to Board of Governors
- Monitor actual financial outturn (income/expenditure/cash flow) against budget and ensure that management takes appropriate actions to address variances and report progress.
- Authorise, if appropriate, proposed material expenditure which is not included in the annual budget
- Ensure the College complies with the Financial Memorandum agreed with SHEFC.
- Ensure the College applies "best practice" to all aspects of the Finance function

- Advise Board of Governors on appropriate financial performance measures and benchmarking comparisons
- Oversee the treasury activities of the College (e.g. investment of funds, borrowing commitments).
- Oversee the financial affairs of the College's trading/commercial activities.
- Present the College's Annual Financial Report to Board of Governors.
- Be informed (by the management of the College) of developments in the Higher Education sector and elsewhere which have financial implications for the College.
- Act and report to Board of Governors on matters which are delegated to it by Board of Governors.

In addition, to being responsible for all other aspects of financial management the Committee must ensure that sufficient information is given to the Board of Governors so that it may be satisfied that it is discharging its financial responsibilities.

3. MANAGEMENT GROUP

This Group is advisory to the Principal (see MGN B14, March 1999) who exercises executive authority on behalf of Board of Governors. Any action of the Group that requires the approval of the Board of Governors must be reported to the next meeting. This Group receives detailed monthly financial management reports and may, subject to the conditions above, give approval to alterations in budgets and approval of additional expenditure.

4. AUDIT COMMITTEE

The Audit Committee is responsible directly to the Board of Governors for maintaining an overview of all audit functions affecting the College including both internal and external audit, (see Regulation A.5).

The Audit Committee has the right of access to any minutes, books, documents or any information kept by the College. The Committee may require officers or staff to supply information either written or oral on any matter relating to its duties.

5. ESTATES SUB COMMITTEE

The Estates Sub Committee (Regulation A5.1) is responsible to the Policy & Resources Committee for ensuring the regular, proper and long term maintenance of College grounds, and building stock, for overseeing any building developments or alterations, and ensuring that proper tendering procedures are followed for contract work.

6. OTHER COMMITTEES

In exceptional circumstances a Board of Governors Committee may be allocated a budget, and in such a case the Committee is responsible to the College Board of Governors through the Finance Committee for all income and expenditure within that budget.

7. STUDENTS ASSOCIATION

The Students Association is responsible to the Board of Governors through the Finance Committee for the proper expenditure of the funds allocated to the Students Association.

8. SENIOR OFFICERS

8.1 PRINCIPAL

The Principal is the senior academic and administrative officer of the College and is responsible to Board of Governors. The Principal is the designated officer under the terms of the SHEFC contract.

8.2 VICE-PRINCIPAL

The Vice-Principal deputises for the Principal in his absence and, on such occasions, acts with the authority of the Principal. Otherwise the Vice-Principal acts on authority delegated to him by the Principal.

8.3 COLLEGE SECRETARY

The College Secretary is responsible to the Principal for all aspects of operational administration. The College Secretary shall keep all administrative procedures under review and shall implement such systems as may be required for efficient operational control.

8.4 DIRECTOR OF FINANCE

The Director of Finance has delegated responsibility for the proper running of all aspects of the College's financial affairs and for interpretation and implementation of these regulations and any others governing College income and expenditure, assets and liabilities.

The Director of Finance is responsible to the Principal for the financial administration of the College and in particular for ensuring that the College has satisfactory systems of financial control and management.

The Director of Finance is responsible for ensuring that all accounting records are retained at least for the periods required under all relevant legislation.

DISCRETIONARY FUNDS

These arise from School or School or Departmental research and casual earnings, and other receipts. The Finance Department on behalf of Schools/School or Departments holds these sums, without administrative charges, on current account. These funds do not earn interest, and withdrawals can be made at any time at the request of the Head of School or Department. Funds must be in the School or Department's name not in the name of an individual; subsidiary accounts may be given additional identification, e.g. "School of Landscape Architecture-Research Fund". Where a School or Department has two or more such funds, they require to have the same administrator.

To avoid potential tax liability money held in this way must not belong to, or be controlled by, an individual. To help avoid such problems, the following procedures must be followed -

- a) If a member of staff wishes fees otherwise payable to him to be paid instead into the College, he/she must provide a signed mandate to whoever will be paying the fee. **THE RIGHT TO REMUNERATION MUST BE WAIVED, BEFORE IT IS EARNED**, otherwise tax will be paid by the individual, whatever may be done with the money subsequently. (The wording to be used in mandating fees is set out at the end of the **Appendix**).
- b) Within the framework of what is likely to be acceptable to auditors and the tax authorities, and is not in conflict with the College's general interests and financial regulations, heads of School/School or Department (or their named deputies), acting *ex officio* as fund administrators, are free to use discretionary funds for the promotion of School or Departmental teaching, research, training and welfare. They must of course take account of the sources of the funds and of any conditions attached to their use. If, for example, money has been given in support of a particular type of research, then it must be used for this purpose unless impossible to do so. Use of money must, however, be "at arm's length"; a member of staff waiving his right to fees in favour of the College, for example, cannot be the arbiter of how that money is to be used.
- c) Examples of the kinds of payments likely to be regarded as "acceptable" or "unacceptable" are given later.
- d) Requests for payment supported by invoices should be notified to the Finance Department, preferably monthly; payments to suppliers or individuals may then be made through the College's payments system. **DISCRETIONARY FUNDS MUST NOT BE OVERDRAWN**. Notification forms for requesting payments into and out of discretionary funds can be obtained from the Finance Department.

The Head of School or Department (or nominee) may not spend more than £10,000 per item or project without written approval from the Principal's Group.

- e) Statements of discretionary fund transactions will be sent monthly to each fund's administrator, who should prepare an annual report to be published for the information of all staff in his/her School or School or Department.

EXAMPLES OF PAYMENTS FROM DISCRETIONARY FUNDS
WHICH ARE LIKELY TO BE REGARDED AS ACCEPTABLE

1. Purchase, hire or maintenance costs of equipment, and purchase of materials for School or Departmental teaching and research;
2. Payments to staff and students of travelling and subsistence expenses in connection with teaching, research or training appropriate to the School or Department's activities provided the customary College rates are not exceeded;
Advance payments against such expenditure may be made;
3. Conference fees not covered by College regulations;
4. Purchase of books and journals for School or Departmental use;
5. Meeting the salaries of temporary staff or postgraduate students, the College being the employer and payment being at normal College rates;
6. Meeting the cost of hiring agency staff;
7. Hire of vehicles for School or Departmental purposes;
8. Contributions, not exceeding College scales, towards removal expenses to Edinburgh of members of staff not eligible for such payments from general funds;
9. Meeting reasonable travel and accommodation expenses of guest lecturers and academic visitors, including reasonable entertainment on such occasions;
10. Reasonable subsidies towards (but not the full cost of organised School or Departmental social functions);

PAYMENTS FROM DISCRETIONARY FUNDS LIKELY TO BE REGARDED
AS "UNACCEPTABLE"

1. Additional remuneration, gifts, gratuities or benefits in kind paid to members of staff, unless agreed to in advance by the appropriate College Committee and subject to tax and national insurance deductions where appropriate;
2. Topping up of removal, travelling or other expenses and allowances to a level higher that is permitted by current College scales;
3. Transfer of funds, or of goods purchased out of discretionary funds, out of College control;
4. Making loans to any person, whether a member of staff or not, and whether or not interest is charged;
5. Purchase, hire or maintenance of goods or equipment likely to be regarded as personal, for example, books, vehicles, office machines, etc., for the exclusive use of an individual or retention by an individual;
6. Professional subscriptions, membership fees, union dues, or any similar payments such as are normally met from an individual's own resources;
7. Insurance premiums of a personal nature;
8. Sports Club, Social Club, and similar subscriptions, whether individual or collective;

THE ABOVE LISTS ARE NOT COMPREHENSIVE; WHEN IN DOUBT THE ADVICE OF THE DIRECTOR OF FINANCE SHOULD BE SOUGHT.

Recommended Form of Mandate for Use in connection with
Transfers of Private Fees, etc. into Discretionary Funds

EDINBURGH COLLEGE OF ART

FROM

TO

ALLOCATION OF INCOME

This is to advise you that fees or other earnings may be payable to me as a result of
(details of project) -

I waive any entitlement to earnings in respect of the above project.

Signed

Date

Copy to Director of Finance, Edinburgh College of Art

PROCEDURES TO BE FOLLOWED FOR CAPITAL PROJECTS AND EQUIPMENT

Under the terms of the 1996 Financial Memorandum between the Scottish Higher Education Funding Council and the College conditions are laid down to regulate capital expenditure on capital projects and equipment (paras 18 and 28 to 40).

Within the College, responsibility for the construction of new buildings, alterations to existing buildings and maintenance of all buildings is vested in the Buildings Officer. All requests for construction, alteration or maintenance of any College property must be referred to the Buildings Officer. In the first instance the Buildings Officer will ensure that "Procedure Notes for Capital Projects and Equipment" are adhered to. **Designated budget holders are required to discharge any responsibilities concerning capital building works in accordance with the College guidance note A1-Capital Building Work, in-house building work, adaptation and day to day maintenance.**

Responsibility for planning, procurement and maintenance of equipment rests with Heads of Schools/School or Departments. **These responsibilities are required to be discharged in accordance with the College guidance note A2 – Capital Equipment – Planning, Procurement and Provision.**

Budget holders should also take note of **Appendices G and H** of these Regulations regarding compliance with purchasing policy and procedures.

PROCEDURE FOR REQUESTING CAPITAL BUILDING WORKS- GUIDANCE A1

1. Definitions

Different procedures apply when making a request for capital or for maintenance works which are defined as follows:

Capital works are all new works, or major refurbishment works, which involve addition to or alteration of the buildings, plant or grounds.

Maintenance and small works are works carried out to maintain existing buildings, plant or grounds, and small works that do not involve alteration to the fabric of the buildings or alteration to plant or services. They include works in connection with furniture and exhibitions.

2. Capital Works

Proposals for capital works should be made by Heads of Department to the Buildings Officer.

These should be in writing and should include;

A Statement of Need. This will describe the particular problem or needs to be addressed by the proposal and set broad objectives all within the overall aims set out in the Strategic Plan and Estate Strategy.

An Economic Appraisal. This will examine options in value for money terms. It will quantify in monetary terms the costs and benefits of an option as far as possible, then, weight and score the non-quantifiable costs and benefits of the option in the form of a benefit ranking analysis.

The most appropriate form and the level of detail of this appraisal will be determined by the complexity of the proposal. However, it must be conducted in accordance with the principles outlined in H.M. Treasury, Economic Appraisal in Central Government: A Technical Guide for Government Departments.

The purpose of these procedures is to ensure that capital works lead to a real and lasting benefit to the College. Departments may be required to make an ongoing financial commitment, equivalent to the opportunity cost of the loss of interest income on College funds utilised for capital investment in the project.

Details of the preferred option, drawn up in the light of the Economic Appraisal.

The Buildings Officer will then submit the proposal to the Building Management Committee, who will consider it in the context of the framework set by the Buildings and Estate Sub-Committee and along with proposals from other departments. The result of their decision will be forwarded to the Head of Department by the Secretary to the Sub-Committee.

It should be noted that applications for work proposed to go ahead during the summer vacation, should be submitted in time to be considered at the meeting of the Building Management Committee meeting in April at the latest.

Departments should not commit themselves to offering courses of study etc. which are dependent on building works, including the installation of equipment, until these works have been sanctioned by the Building Management Committee and an acceptable programme agreed.

3. Maintenance and Small Works

Requests for maintenance works should be made as indicated below;

Emergencies; Telephone or page the Maintenance Supervisor. If he is not available, telephone the Maintenance Workshop, or the Buildings Officer.

Emergencies out of hours; Contact the Janitor at the Main Door of the Main Building, who will contact The Maintenance Supervisor, or the Buildings Officer.

(Emergencies are events where there is ongoing danger to persons or of damage to the fabric of the buildings or plant)

Failure of services; (electric lights, power, heating, choked drains etc.); Telephone the Maintenance Supervisor, or the Maintenance Workshop.

Other maintenance items and small works; Complete a Maintenance Request Form and submit it to the Maintenance Supervisor, who will progress the request on the following basis;

- | | | |
|--------------|---|--|
| 1st priority | - | works which are necessary to secure health and safety |
| 2nd priority | - | works which are necessary to make the buildings wind and weather-tight |
| 3rd priority | - | other building maintenance works |
| 4th priority | - | small works and exhibition work |

The Maintenance Supervisor will maintain a prioritised list of these projects that will be reviewed by the Buildings Officer on a regular basis, and made available to the Building Management Committee.

The Maintenance Supervisor will keep Heads of Department informed as to the progress of items that they have requested.

PROCEDURE FOR EQUIPMENT MANAGEMENT – Guidance A2

1. Introduction

Access to appropriate equipment by Schools and Departments is an indispensable element in the maintenance and improvement of standards in teaching and research activities, the development of new initiatives and in the maintenance of administrative operating capabilities. Capital Equipment management is a factor in departmental operating plans, along with student numbers, staffing levels, non staff costs and support service levels which has to be considered in setting realistic objectives within the overall departmental strategic plan. However, by its nature, capital equipment management lends itself to planning over a longer time frame since the procurement and provision of equipment can last on average for five years and in the case of some assets longer. Equipment planning plays a crucial role in relating equipment procurement to other operating factors. It ensures that objectives are consistent and contributes to the achievement of strategic planning.

In ensuring efficiency and effectiveness in the use of resources the key will be the equipment plans which reflect wider operating objectives.

This guidance note concentrates on equipment planning and then moves on to plan implementation which involves procedures on procurement and provision of equipment.

2. Definitions

In this guidance:-

- 2.1 **Capital Equipment** purchased from any source refers to items of equipment costing more than £1,000 (£500 for IT equipment) with a useful life in excess of 12 months.
- 2.2 **Equipment** includes all Plant and Machinery, Fixtures, Fittings and Moveable Furnishings, Computers and other Information Technology equipment and all equipment of various types used in teaching, learning and research.
- 2.3 **Items** of Equipment refer to individual pieces of equipment with a purchase value in excess of £1,000 or which if taken together have a group value in excess of £1,000. Examples of group items are purchases of tables, chairs and other related furniture where individual items often costs less than £1,000 but taken together exceeds £1,000. Other common examples include Computers, Monitors and Software where group value exceeds £1,000 but individual pieces cost less than £1,000.
- 2.4 **Interpretation.** The Finance Department will advise on interpretation in case of uncertainty.
- 2.5 **Useful Life** refers to the period of time the item of equipment is expected to remain in use.

3. Equipment Planning

- 3.1 **Basis of Equipment Plans.** Current operational equipment requirements should be maintained. New initiatives must either follow from decisions to forego replacement of an existing item of equipment or form part of a clear improvement or expansion plan.
- 3.2 **Basic Planning Requirements.**

Responsibility. The Head of School or Department will be responsible for the submission of the Equipment Operating Plan and the Capital Expenditure Plan. Submission dates and detailed requirements will be notified by the Budget Review Group.

Equipment Operating Plan. Each Department has the responsibility of developing an equipment operating plan for a five year period. This will be updated annually.

The plan will specify equipment used and required and give details of expected operational use. Considerations of operational use should cover student numbers and requirements, equipment sharing between staff and collaboration with other departments.

The plan should recognise the cost of attendant building works, commissioning costs and other capital costs as well as recurrent costs such as ongoing maintenance costs, repair and hire costs. All attendant costs should be clearly identified and included as part of the operating plan unless wholly covered by the recurrent budget.

Capital Expenditure Plan. Each Department is required to develop a capital expenditure plan by translating the above mentioned operating equipment plan into monetary values. The monetary amounts should be based on quotes and other relevant replacement cost information.

This Capital Expenditure Plan should refer to the College Strategic Plan and include the department priorities and objectives. The plan may be revised by the Budget Review Group. so far as it is unrealistic or fails to reflect agreed allocations.

4.0 Equipment Procurement

4.1 Procurement Approval

The use of collaboration or bulk purchasing may save money and enable other aspects of purchasing such as after sales service, warranties and upgrading/replacement options to be included as part of the procurement exercise.

Procurement will be the responsibility of departments.

4.2 Procurement Procedure

Procurement will be required to be effected by raising a Capital Expenditure Purchase Order ("CEPO"), essentially a Purchase Order identified as being for Capital Expenditure and cross referenced to the Capital Expenditure Plan. The CEPO must be sent to the Finance Department for review and approval supported by required quotes where applicable, on approval the CEPO will be sent on to the approved supplier and a copy returned to responsible department awaiting confirmation of delivery.

On delivery the purchaser must confirm delivery to Finance Department who will raise a Fixed Asset Additions Form ("FAAF") and place the order on the system for processing. The Finance Department will then supply a FAAF to the Security Officer with the instruction that the asset is available for tagging and confirmation of the FAAF details. The Security Officer or appointed representative will ensure that the delivery conforms with the FAAF and tag the new asset. The tagging details will then be returned to the Finance Department along with the FAAF signed off by the purchaser, the Finance Department will then update these details to the Fixed Asset Register and send a confirmation to the Department for its records.

The FAAF will include details of cost, delivery and installation charges, intended use and expected life span, location, asset identity number, responsible employee, warranty and maintenance details. These details will be subject to checks on a test basis every 6 months.

5.0 Provision – Monitoring & Evaluation

- 5.1 **Monitoring.** The Finance Department will maintain spot checks on the procurement and use of equipment and will select items on a random basis for review against approved equipment operating plans and capital expenditure plans.

Equally departments will be required to monitor and control assets throughout use and identify potential disposals or retirements of assets as part of their operating plans.

In situations where capital expenditure plans have received approval subject to conditions the Finance Department will check that all conditions have been complied with and will report discrepancies to the Management Group.

- 5.2 **Disposal of Assets.** Where a department wishes to dispose of an asset a Fixed Asset Disposal Request ("FADR") must be completed and submitted to the Finance Department.

The Finance Department will be responsible for checking that the asset disposal is related to the equipment operating plan, and also that the reasons for disposal and the transaction details, whether a sale, transfer or retirement of the asset, are satisfactory.

Where the realisable value of the asset being disposed of exceeds £1,000 the Finance Department will confirm directly to the department that the asset has received approval for disposal.

The Finance Department will then process the necessary entries in the Fixed Asset Register and in the Finance Ledgers. The Security Officer will receive instructions of the disposal and arrange the necessary physical arrangements including the untagging of the asset and removal from the security list.

- 5.3 **Maintenance and Warranties.** At the time of purchase all warranty and service agreements will require to be copied to the Finance Department for inclusion on a central register, cross referenced with the Fixed Asset Register. Departments will be allowed to retain the original agreements for operational purposes should engineers and service personnel need to be called out in emergency cases.

Departments will be responsible for detailing maintenance and warranty arrangements and informing the Finance Department of amendments and changes. Departments will also be responsible for budgeting for annual recurrent costs relating to maintenance and warranties.

- 5.4 **Asset Ownership and Fixed Asset Register.** The Fixed Asset Register although controlled centrally by the Finance Department will be maintained by department and regular reports and updates will be issued to Departments.

Depreciation will be charged on equipment contained in the Fixed Asset Register and will be allocated to departments on the basis of owned assets.

Each Department will be required to nominate a member of staff who shall be responsible for the accuracy and completeness of the departmental asset database and also for ensuring that security arrangements are maintained.

PURCHASING POLICY AND PROCEDURES

1. Purchasing Policy

The purchasing policy of the College is;

to obtain optimum value for money in respect of all goods, facilities and services purchased, irrespective of the source of funds, by maximising the College's corporate purchasing power. In general, all purchases should be based on tendering procedures and, normally, advantage will be taken of the tender deemed to be the most economically advantageous. In selecting the tender for award consideration should also be given to delivery date, running costs, cost effectiveness, quality, aesthetic and functional characteristics, technical merit, after sales service and technical assistance.

2. Financial Regulations

The financial regulations must be observed at all times when making arrangements for the purchase of goods, facilities and services.

3. The Finance Committee

The remit of this Committee includes; formulating, implementing and overseeing a purchasing policy, strategies and procedures; examining expenditure on goods, facilities and services; reviewing purchasing initiatives, targets and performance; and considering procurement legislation as part of its responsibilities for ensuring appropriate financial control.

4. Purchasing Procedures - General

4.1. The objective of these procedures is to source and supply the College with all goods, facilities and services of optimum quality and quantity at the lowest delivered price to meet its needs at the time they are required.

4.2 Advice and Assistance

When a purchase is being considered, the Director of Finance or nominee should be consulted at an early stage by designated budget holders or their nominees for advice and assistance to ensure that full advantage is taken of existing relevant purchase agreements or contracts.

Standardisation of commonly used products is to be encouraged.

4.3 Fair Competition and Monopoly Suppliers

Fair competition is to be used and encouraged at all times. Where goods, facilities and services are available only from a limited number of suppliers or from appointed agents where a manufacturer controls the price structure, competition should be encouraged by actively inviting potential suppliers to enter the arena, adjusting specifications where possible to assist in this objective.

4.4 Major User Purchasing

Following the outcome of negotiations with suppliers, goods, facilities and services used by more than one School or Department may be purchased and distributed by the major user. Details of such arrangements will feature in the Purchasing Information & Buyer's Guide.

4.5 Health and Safety Regulations

Purchasers should ensure that the requirements of the Health and Safety at Work Act 1974, Regulations issued by the Health and Safety Executive and other relevant safety legislation e.g. the Food Act, are fully complied with. Where necessary advice should be sought from the College Health & Safety Officer.

4.6 European Union Procurement Directives and Regulations

The College, as a designated Contracting Authority, must comply with the various E.U. Procurement Directives and Regulations now in force. An overview of these Directives is contained within this document. It is the responsibility of the Director of Finance to inform and advise the School or Departments of the regulations and administer the official documentation on behalf of the College. Advice must be sought from the Director of Finance immediately a purchase is being considered which possibly could exceed the relevant expenditure threshold even if there is only a 50% chance of the purchase actually taking place. This procedure will ensure that the maximum time possible is available to comply with the regulations and fully evaluate the purchase.

5. Authority to Purchase

5.1 Authority rests explicitly with the School/Department designated budget holder for the disbursement of all funds for which the College is responsible however those funds are generated. Authority to raise requisitions can be delegated to other named responsible staff by the Head of School or Department. Delegation is to be formally given in writing including any limitations the designated budget holder wishes to apply. The Director of Finance is to be notified of all delegated persons and restrictions imposed.

5.2 Leases and Hire Purchase & Other Agreements

All contracts, agreements etc for the lease, credit sale, hire purchase or for on-going supply of goods, facilities and services which incur implied future liabilities must be examined, approved and signed by the Director of Finance or such other nominated person.

Regulations on purchasing procedures, quotations and tenders apply to all such agreements.

6. Responsibilities

6.1 Anyone committing College funds for the provision of goods or services has an obligation to conform to Financial Regulations and purchasing procedures.

- 6.2 **The Finance Committee** is responsible for ensuring that the following documents are produced, approved and circulated to all designated budget holders.
- 6.2.1 Financial regulations for purchasing.
 - 6.2.2 Purchasing policy strategies and procedures.
 - 6.2.3 Purchase order forms.
 - 6.2.4 Standard conditions of contract.
 - 6.2.5 Tender documentation.
 - 6.2.6 The College's Purchasing Information & Buyer's Guide which will include a catalogue of central stockholding.
- 6.3 **The Director of Finance** is responsible for ensuring that best purchasing and materials management practices are applied to the procurement of goods under central control and all centrally organised arrangements including the administration of documentation relating to the E.U. Public Procurement Regulations.
- 6.4 **The Director of Finance** is responsible for reviewing continuously the documentation set out in Section 6.2. above, advising the Finance Committee of any changes necessary and advising designated budget holders of any amendments made to the documentation by the Finance Committee.
- 6.5 **Purchasing groups** are responsible for providing information on purchases of goods, facilities and services, analysing and evaluating the information and agreeing on selected suppliers with whom the Director of Finance on behalf of the College, will enter into commitment purchasing agreements or contracts.
- Details of these agreements or contracts will be reported to the Finance Committee and published in the College Purchasing Information and Buyer's Guide.
- 6.6 **Budget holders** are responsible to the Principal for ensuring that they and their staff observe all financial regulations relating to purchasing and operate within the purchasing procedures.
- Budget holders must ensure that funds are available **before** entering into commitments for goods, facilities and services.
- 6.7 **The Director of Finance and the Internal Auditor** have a responsibility for monitoring designated budget holders and their nominees to ensure compliance with financial regulations and purchasing procedures.

7. Catalogue of Centrally Held Stock

- 7.1 The Director of Finance, following consultation with the Purchasing groups, is responsible for producing and updating, for use by designated budget holders and their staff, a College Purchasing Information and Buyer's ' Guide and catalogue of central stockholding. The buyers' guide will summarise the best terms and prices negotiated for the College for goods, facilities and services, contracts and agreements negotiated by regional purchasing consortium and information relating to Government Agency contracts.
- 7.2 The College Purchasing Information & Buyer's Guide shows all approved or nominated suppliers and should be consulted for all external purchases of goods, facilities and services. Nominated suppliers **must** be used where specified for applicable goods, facilities and services.

- 7.3 Goods, facilities and services detailed in the Purchasing Information & Buyer's Guide have already been subjected to the tendering process therefore there is no need for further negotiation or tendering.

8. Quotations and Tenders for Goods, facilities and services: Purchasing Procedures

8.1 Policy

To assist in achieving the objective of value for money procurement and to demonstrate probity, quotations or tenders must be sought from the widest practical number of sources. Compliance with E.U. Procurement Directives is mandatory.

8.2 Procedures - General

Budget holders **must** comply with these requirements and a purchaser finding a better 'value for money' source for goods, facilities and services than that listed should inform the Director of Finance or nominee before accepting offers from alternative sources. It is important to ensure that no commitment or implied commitment is made to any potential supplier prior to the completion of the quotation / tendering process as this will not only weaken the negotiating position but also may lead to legal proceedings against the College. Written confirmation of verbal quotations should be obtained: most suppliers willingly fax confirmation on request.

Any dispute should be taken to the Director of Finance, and failing resolution then to the College Secretary.

Staff are not authorised to alter ongoing works / contracts, and should consult the Buildings Officer or Director of Finance if they believe that alterations are appropriate.

Supplier approval **must** be organised by or in liaison with the Director of Finance. It is appreciated that there are 'purchasing groups' through which certain School or Departments obtain specialist supplies. The Director of Finance co-ordinates these groups and organises their place within College procurement.

Points for consideration over potential suppliers include:

financial	assessed by credit rating or analysis of trends of financial ratios;
technical	including quality, capacity, consistency;
commercial	reputation for price, value for money, delivery, commitment etc.

Recognised supplier agreements may be negotiated by the Director of Finance and commodity groups after consultation and exist where the College enters into an arrangement that the supplier will supply a range of goods or services at agreed terms. The reasons for such an arrangement may be to achieve bulk buying discounts, guaranteed quality or delivery, or improved control, or ease of administration. The terms may include an undertaking that the College will deal exclusively with that particular supplier or a limited range of suppliers.

8.2.1 Procedures – Credit Card Purchases

For purchases not exceeding an aggregate total of £500 per month, an authorised signatory holding a College Credit Card may use the card as an alternative mode of purchase. This mode of purchasing is governed by a set of detailed terms and conditions of use (**these are set out at Appendix Y**) and are intended to compliment the general purchasing procedures. Purchases should be made by credit card where the good are unavailable from registered suppliers, purchases are infrequent or one off, and the value of the purchase is low (less than £100). In such circumstances the credit card is cheap to administer, provides insurance for goods purchased and enables payment to be made in advance where this is required. Credit cards are especially suited to purchases from overseas or from internet providers since currency can be handled without significant overhead.

8.3 Obtaining Quotations

These procedures are the **minimum standard expected** and **must** be followed for all external expenditure, including equipment leased hired and rented, unless covered by a recognised supplier agreement. Written detailed specifications and quotations should always be used for complex requirements to minimise the risk of misunderstanding. Authority to reduce the number of quotations obtained or to introduce reduced controls **must** be given in writing by the Head of School or School or Department showing the reason. Amounts quoted all exclude VAT.

- 1) **Items up to £2,500**
Purchasers should seek to obtain optimum value for money for all purchases, irrespective of the source of funds, as required by the purchasing policy of the College, and authorisers should monitor the value obtained on all expenditure.
- 2) **Items over £2,500 and up to £12,500**
At least **2** quotations **must** be obtained on the basis of a written specification. The quotations may be verbal but details about each enquiry, who made it, to whom, when, and the price, **must** be recorded. These details must be attached to the requisition **before** submission for authorisation.
- 3) **Items over £12,500 and up to £20,000**
At least **3** written quotations based on written specifications **must** be obtained from potential suppliers, the purchase requisition **must** be countersigned by the Head of School or Department, and a written record kept as above.

- 4) **Items over £20,000 and up to £160,670 (206,022 ecu)**
Use of College approved tender documentation and procedures including terms and conditions are mandatory.
- 5) **Items over £160,670 (206,022 ecu)** are subject to the EU Procurement Regulations and Procedures and must be referred to the Director of Finance or nominee.

PLEASE USE THE COLLEGE PURCHASING GUIDE TO ASSIST YOU IN COMPLYING WITH THESE RULES. THE GUIDE IS SET OUT IN A QUESTION AND ANSWER FORMAT AND DEALS WITH FREQUENTLY ASKED QUESTIONS. IF STILL IN DOUBT CONTACT THE DIRECTOR OF FINANCE OR NOMINEE.

8.4 **Tendering Procedures**

It is important to demonstrate to S.H.E.F.C. auditors, and to potential suppliers of goods, facilities and services that the College operates a fair procedure for the awarding of tenders. Tendering procedures **must** be followed for all external expenditure on goods, facilities and services over £20,000, (except for IT hardware purchases), unless such purchases are covered by a recognised supplier agreement listed in the Summary of Registered Suppliers.

Capital expenditure is regulated by S.H.E.F.C. Procedures Notes For Capital Projects and Equipment (PNCPE) and 'institutions **are required** to follow them wherever Council funds are used for this purpose'. **Appendix F** refers. S.H.E.F.C. **must** be notified of projects estimated to be in excess of £250,000. For those over £1 million S.H.E.F.C. agreement **must** be obtained and various S.H.E.F.C. forms **must** be submitted. Institutions are 'encouraged to follow their principles at all times regardless of the source of funding'.

'Claims for capital grant will be considered by the Council only in respect of projects which have been formally approved. and for which an individual project number has been allocated by the Council at Stage 4 (Tender Acceptance)'.

Tendering with fewer than 4 potential suppliers, for example in an emergency or where there are less than four potential suppliers for specialist items **must** be authorised by the **Director of Finance or nominee**. All tenders **must** be organised by or in liaison with the Director of Finance or nominee, which will issue a tender reference number.

The following topics and procedures should be considered:

1) Planning the procurement of goods/services/works requirements

Large commitments of time and money can be wasted by poor planning of major projects. Planning detail should include:

- needs assessment** - identify the deficiency or requirement and set objectives
- consider options** - determine what options are available
- feasibility study** - 'guestimate' timetable, quantities, costings, risk areas
- prioritisation** - rank project with other budget commitments / wants
- outcome measures** - set performance criteria and timetable for assessing results

The above is a summary of the detailed economic appraisal checklist for capital expenditure in the PNCPE.

2) Setting tender specifications / Timetable for tendering & deliverables

Tender specifications should provide sufficient detail of function and performance, quantified where possible, to enable accurate assessment of the requirements both by potential suppliers and those who award the tender. As a minimum breakdown show material and labour, and further detail where reasonable. Where possible use generic terms and allow the supplier to suggest a solution that has not been thought of internally so that better options do not go by default.

Any special conditions or constraints must be clearly stated, e.g. timing, compatibility, quality, technical, installation, servicing, training, legal, health or safety. Specifications should be checked for clarity and accuracy before despatch. The timetable for compliance with EU directives must be adhered to for relevant purchases.

3) Advertising / Negotiations / Invitations to tender

Existing arrangements should be reviewed to ensure that invitations to tender are limited to eligible suppliers under registered supplier agreements and the approved list of registered suppliers. Where the College does not already have registered suppliers then tender enquiries should be obtained by open advertising or investigation, which may include presentations and / or visits to potential suppliers if appropriate.

Negotiation allows clarification of requirements, opportunity to discuss alternative solutions and assess whether all conditions set are relevant. No favouritism must be shown to particular suppliers and no such meetings must be held once bids have been submitted.

If the contract falls within European Union regulations then these must be followed, including the lengthy timescale imposed.

This explains the need to plan significant commitments well in advance.

4) Preparation and despatch of tenders documents

A complete set of documents for each tender must be kept and filed with the Director of Finance while tendering is in progress. These must include:-

letter of invitation, including instructions and closing date.

ECA standard contract terms **and College authorised signature**

tender return form, including sections for amendments, non-compliance with enquiry, form of agreement creating the offer to supply and supplier authorisation of offer;

label, **with tender reference**, addressed to the **Director of Finance** for return of tender;

specification documentation.

The College standard terms and conditions of purchase must be used and included with the documents. These may only be varied by the written agreement of the Director of Finance. Where options are available, such as delivery schedules then the acceptable range should be shown. The closing time and date must be stated and all tender documents must be referenced for identification purposes. Your letter of invitation must state that tenders must be returned in a sealed, referenced envelope.

All invitations to tender, and tender specifications despatched, must be listed on a tender summary showing the addressee and date of despatch.

Amendments to specifications or conditions, or any extension to the closing date must be sent **to all** potential bidders. All tender documents should be sent by first class mail or better. Enquiries should be made by telephone if tenders are not received to ensure that the potential tenderers at least received the documents.

5) Receipt and opening of tenders

The date and time of receipt of tenders, or modifications, must be recorded on the tender summary list. All tender documents must be kept secure and not opened until after the official closing time.

The Director of Finance shall appoint persons authorised to open tenders. At least 2 authorised persons must attend the opening: as a minimum one person from a School or Department and one representing Finance. Late tenders should not normally be considered and any tender received after the opening **must not** be considered.

The tender openers should comprise at least one each from:

Purchasing

Director of Finance or nominee

Finance

Any Member of Finance Staff

The Return of Tender forms must be signed by each witness of the opening, with use of any correction fluid or other amendments initialled by the witnesses. The tender

summary list should show the time, date and place of opening, value of each tender, any non submissions and the name and signature of the witnesses. The date-stamped envelopes in which tenders were received should be retained as proof of receipt before opening.

Internal audit service has an open invitation to attend tender openings, and on request, be notified of openings in advance in order to review compliance with procedures.

6) Awarding tenders and contracts, and notification of unsuccessful bidders

Tenders for supplies shall normally be awarded to the lowest bidder satisfying the specified terms. Post tendering negotiation is discouraged, if it is considered necessary it must be authorised by the Director of Finance, not disadvantage other tenderers, and comply with CVCP Guidance notes. These notes state that 'competition must not be distorted by allowing a competitor, not clearly in the lead, a chance to improve its offer without giving the same opportunity to all other competitors'.

The tender results with reason(s) should be recorded and referenced to the tender summary list which was compiled at opening and an explanation **must** be included if the tender is not awarded to the lowest bidder. The explanation should be signed and dated by the decision maker(s).

Acceptance procedures will include the issue of a purchase order, which will show the tender reference number shown on the tender summary list. Contracts must be signed in the name of the College by the appropriately authorised signatory as soon as possible. Works, maintenance and furnishing contracts may require 'third party liability' and 'permit to work' agreements.

All unsuccessful bidders should be notified as soon as the contract has been signed. If requested, debriefing may be given in liaison with the Director of Finance or nominee and confidential information **must not** be disclosed.

All tender documents must be retained by the budget holder for 3 years after completion of the tendering exercise.

7) Contract monitoring, performance indicators and updating list of potential suppliers

All contracts should be monitored for quality, including during any production stage, as well as for compliance with delivery and invoice procedures, including performance indicators determined at the planning stage. The results should be recorded to help in the future reviews of recognised official suppliers.

8.5 Items over £20,000 where there is only one known supplier

Occasions do arise when School or Departments require items/supplies costing more than £20,000 where, according to the budget holder responsible for the purchase, there is only one supplier. In order to confirm this situation and to liaise with other School or Departments, other institutions and suppliers:

- 1) the ordering budget holder must ensure that a request or order for such items is prepared giving details and budget cost declaring the reasons why tendering procedures are not possible,
- 2) a copy of such requests or orders **must** be sent to the Director of Finance BEFORE the order is placed to allow any appropriate liaison and advice by Purchasing before the commitment to purchase is made.

8.6 Value Thresholds

	Revenue		Capital	
	£	ECUs	New £	Current £
The standard College tendering procedures apply to all purchases exceeding to a maximum of	20,000		25,000	50,000
The E.U. Procurement procedures apply to single or aggregated contracts for supplies and services exceeding	160,670	206,022		
and for Building Works exceeding	4,016,744	5,150,548		

Advice should be sought from the Director of Finance immediately a purchase is being considered which might exceed the E.U. Supplies Directive expenditure threshold even if there is only a 50% chance of the purchase taking place. This procedure is necessary to ensure that the maximum time possible is available to fully evaluate the purchase, and to ensure conformity with the current regulations and threshold value.

9. Official Purchase Orders and Internal Requisitions

9.1 Purchase Orders

9.1.1 Budget holders are reminded that the College's commitment to expenditure commences with the issue of an official purchase order or verbal acceptance of an offer; both constitute a contract in law. It is therefore essential to ensure the accuracy of description, code numbers, dimensions, price etc. when compiling a purchase order.

- 9.1.3 Before issuing purchase requisitions for approval by the Finance Department, budget holders must check:
- (a) the buyers' guide and stock catalogues to ensure that the items are not already available from stock through either major user or central purchasing arrangements, and
 - (b) that the regulations relating to the various E.U. Procurement Directives have been complied with.
- 9.1.4 The following range of goods, facilities and services **must** be purchased through the following College representatives:-
- (a) Photocopiers and related equipment - Reprographics.
 - (b) Stationery and computer consumables – College Shop.
 - (c) Cleaning materials and equipment – Janitorial Dept.
 - (d) Protective clothing – Health & Safety
 - (e) Vehicles - purchase and rental – Janitorial Dept.
 - (f) Furniture and furnishings – Estates Officer
 - (g) Computing and IT equipment – Computing Services
 - (h) Insurance – College Secretary
- 9.1.5 When, as a matter of urgency, goods or services are ordered verbally, an official purchase order marked "confirmation" must be prepared and issued at once to confirm the verbal order.**
- 9.1.6 Every effort should be made when negotiating with suppliers to ensure that no payment is made at the time of order and not until the College is satisfied that the goods or services have been supplied in accordance with its requirements. In the event of advanced payment having to be made, prior authority must be sought from the Director of Finance or his nominee.
- 9.1.7 Any contractors or individuals carrying out work on College premises must carry third party liability insurance cover and provide evidence of same to the Estate Office as a pre-condition of obtaining a permit to work.

When a purchase order is issued for work to be carried out within the College's premises, details of **third party liability and a "permit to work"** must be issued along with the order or prior to the commencement of work. Copies of these documents are available from the Estate Office.

9.2 Requisitions for Internal Transfers

Purchases from other College Departments it must be evidenced by the completion of the appropriate Departmental invoice by the purchaser and vendor. It is the responsibility of the vendor to send the invoices to Finance for the automatic transfer of funds between budgets. The vendor is also required to send copies of sales to the purchasers.

9.3 Goods Received and Invoice Certification Procedure.

Budget holders must be able to demonstrate to the internal and external auditors that adequate systems are in place to corroborate orders, deliveries and payments. Advice on systems can be obtained from the Director of Finance.

10. Standard Terms and Conditions of Purchase

- 10.1 The College's standard terms and conditions of purchase are sent to registered suppliers who are required to confirm receipt and acceptance. Official College orders refer to the inclusion of these terms within each order. These terms and conditions of purchase are included within the tendering procedures documentation. Individual copies are available from the Director of Finance or nominee.
- 10.2 Where a proposed contract does not conform to the standard terms and conditions of purchase the advice of the Director of Finance must be sought before any additions or deletions are agreed to or issued.
- 10.3 Terms and conditions for builder work and associated trades should be those issued by or approved by the Buildings Officer.
- 10.4 Terms and conditions of sale issued by suppliers should be examined and considered before acceptance. Advice should be sought from the Director of Finance if in doubt.

11. Stockholding and Stores Procedures

11.1 Stockholding Policy

11.1.1 Where stocks are held in the central Departmental stores or by individual School or Departmental stores then these stores will be the sole source of supply for such items.

11.1.2 Centrally held and major user stock will be catalogued within the Departmental buyers guide and issued by means of the requisitioning procedure (Para.9.2). Similar catalogues should be available for School or Departmentally-held stock to maximise use of stock.

11.2 Stockholding Criteria

Centralised and School or Departmental stores are only to hold stock complying with the following criteria:

11.2.1 Essential Goods

Those items whose immediate availability is considered essential to maintain a College service.

11.2.2 Bulk Purchased Goods

Items of sufficient demand in common use which offer a reduction in cost over direct supply, taking account of all stockholding costs.

11.3 **Stores Procedures - Central and School or Departmental Stores**

11.3.1 The following procedures are to be operated for the regulation of stock movements and levels, to provide adequate management and accounting information for the Director of Finance to include the correct stock valuation in the College's financial accounts.

11.3.2 **Stock Record**

A record of stock purchases will be maintained by designated budget holders, detailing the source, description, quantity in/out/balance, unit price and total value. For ease of identification each item should be allocated a unique code.

11.3.3 **Stocktaking**

The counting and checking of stock items is to be carried out in accordance with good practice and recognising any requirements from the internal and external auditors.

All stock items will be checked at least once during a financial year, the result recorded. A detailed list of items, quantities, unit prices and total valuation, based on the lower of cost or realisable value, is to be prepared at least annually, usually at the last day of the College's financial year, and submitted to the Director of Finance.

The Director of Finance or nominee will prepare an annual report on central stockholding, values, turnover ratios etc with recommendation for submission to the Finance Committee.

Note: To establish the total stockholding position, similar reports would be required from all School or Departments/sections - holding stocks.

11.3.4 **Stock Review**

Sources, prices and quality of goods purchased for stock should be reviewed regularly and at least once a year by means of the competitive tendering procedures. Shelf life, stock levels, rate of consumption should be reviewed regularly to reduce wastage, stockholding, capital invested and space. A record of disposals and write downs should be kept as a history and for auditors.

11.3.5 Advice and Assistance

Advice on stock systems, item coding and materials management practices is available by contacting the Director of Finance.

12. Disposal of Surplus or Obsolete Materials and Equipment

- 12.1 When a piece of equipment or a vehicle has reached the end of its useful life or if materials held in stock become obsolete then such items should be disposed of in accordance with the following procedures. Where the original cost or higher estimated actual value (whichever is higher) of the equipment, vehicle or materials is more than £1000 then the proposed disposal should be referred to the Director of Finance.
- 12.2 If such item could be of use to another School or Department then it should be offered and a transfer value agreed.
- 12.3 If such item might be of use to another College then it should be advertised in the inter-College For Sales/Wanted Bulletin by forwarding details to the Director of Finance or nominees.
- 12.4 If an item has any residual value it should be disposed of using the official documentation for disposal: copies are obtainable from the Finance Department.
- 12.5 If an item cannot be re-used, is obsolete or is beyond economical repair, it should be scrapped and such action recorded in a disposal register maintained by the School or Department and the Finance Department informed.
- 12.6 For any surplus or obsolete furnishings, contact the Estates Officer to make arrangements for refurbishment or disposal in accordance with the above procedures.

13. Code of Ethics - Guidance for Staff Involved in Purchasing Activities

- 13.1 All purchasers of goods, facilities and services shall be required to abide by the ethical code adopted by the Chartered Institute of Purchasing & Supply.

13.2 Declaration of Interest

Any person involved in purchasing should declare any personal interest in relation to their purchasing duties to the relevant budget holder (in the case of a designated budget holder to the Director of Finance and to the staff member's Head of School or Department, or in the case of Head of School or Department to the Principal and in the case of members of Board of Governors to the Chairman of Board of Governors and/or the Principal) before transacting any business. All such declarations to be recorded and a copy sent to the College Secretary and Director of Finance.

13.3 Business Gifts

Gifts, other than items of small intrinsic value, should not be accepted. Items for personal use should be declined.

13.4 Inducements

No member of staff may accept any personal inducement from a supplier or potential supplier or their agent.

13.5 Hospitality

Modest hospitality is an accepted element of business relationships. However, the recipient should not allow a position to be reached 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 should not be greater than the College would be likely to provide in return.

13.6 Confidentiality and Accuracy of Information

The confidentiality of information received in the course of duty should be respected and specific details of suppliers' offers must not be divulged to competitors. Information given in the course of duty should be true and fair and never designed to mislead and should never be used for personal gain.

13.7 Competition

While bearing in mind the advantages to the College of maintaining a continuing relationship with a supplier, avoid any arrangement, which might in the long term prevent the effective operation of fair competition.

14. Management Information - Coding and Classification of Goods, facilities and services

14.1 Policy

The College recognises and encourages the development of information systems which are compatible in structure and coding with those being developed through the Universities of Scotland Joint Consultative and Advisory Committee on Purchasing.

14.2 Conformity with a standard coding and classification system in conjunction with stock control systems and as part of the purchase ledger and payment procedures, will enable the compilation of accurate purchasing information for use in the negotiation of improved terms with suppliers.

PURCHASE ORDER INVOICE AUTHORISATION : PROCEDURES

Designated budget holders and delegated members of staff responsible for authorising expenditure must ensure that an effective system is operated for ordering, receiving goods, facilities and services, and passing the relevant invoices for payment. Purchase order forms and order raising procedures must be strictly controlled to ensure that only orders supported by a requisition from budget holders are issued, bear estimated/actual costs, the charge code allocation, and are all used sequentially. Defaced or cancelled orders must be retained.

All invoices for payment shall be checked and annotated as such prior to presentation for authorisation for payment. The systems procedures must include checks to verify that:

- a) services and goods have been received, examined and approved as to quality and quantity and, where appropriate, the work has been done satisfactorily and according to specification.
- b) proper entries have been made in the inventories or stores records where appropriate,
- c) each invoice has been checked against fulfilled official orders or other document confirming satisfactory receipt,
- d) unit prices on the invoices are correct, within estimates or firm quotations, appropriate discounts given, and that the arithmetic is correct,
- e) any recoverable input Value Added Tax is identified,
- f) that an invoice for the goods or services in question has not previously been passed for payment.

Invoices for payment must be certified by the Finance Department on the basis of supporting purchase orders and goods received notes bearing signed confirmation that the specified goods, facilities and services have been received. Rubber stamp signatures will not be accepted.

Each invoice, or authorisation slip attached thereto, must show the finance code, to which the account is to be charged.

Designated budget holders shall ensure that all goods received notes shall be authorised and sent to the Finance Department in time to obtain any discounts.

The Director of Finance shall examine as far as he considers necessary, certified invoices presented for payment, and shall be entitled to receive such information, explanations or documentary support as may be required.

The Buildings Officer shall be responsible for keeping records of the consumption of electricity, gas and water within the College where agreed.

REIMBURSEMENT OF EXPENSES : STAFF & OTHERS

1. TRAVEL

An expense claim form fulfils more than the simple function of recovering the money spent, it is also an explanation to management, internal and external auditors, tax inspectors and other authorities that expenditure has been recovered in accordance with the College's regulations.

Adherence to College regulations minimises the risks of unexpected charges and confirms the availability of cost saving and time saving dispensations from the above authorities. Accordingly all claims for legitimate business activities must be prepared in compliance with the College regulations.

A member of staff may only claim for their own legitimate business expenditure incurred on College business. Each member of staff must make a separate claim, each claim must be signed by the member of staff to evidence its accuracy and authenticity.

It is fraudulent to submit any expense claim that contains items, which are not incurred for legitimate business reasons. Fraudulent claims may give rise to disciplinary proceedings and in cases of serious mis-statement will be regarded as being criminal in nature and may be reported to the Police.

The College requires that suitable vouchers support all claims and in their absence explanation must be given. Any donations or contributions towards costs by an employee must be identified and receipts provided, this will allow the contribution to be recognised as a tax deduction. **Please retain all receipts that may be the subject of an expense claim from the College to ensure compliance with these regulations.**

1.1 General Principles

Before incurring business travel expenses, staff should have due regard at all times for the need for economy in the mode of travel. Permission must be obtained from the Head of School or Department or other senior members of staff prior to travel expense being incurred. Staff are expected to obtain all travel tickets and car hire through the College's appointed suppliers and to obtain discounts, Apex and special offers etc wherever possible. As the annual spend on travel services is above the EU Directive on procurement of services the College must use nominated supplier(s) as official travel agents: **the current nominated suppliers are detailed at the end of this Appendix.** Only in exceptional circumstances should staff in the course of travel purchase tickets, for example during a lengthy trip abroad: explanations must be stated on the claim.

Travel tickets are to be obtained before the journey from the nominated travel agents and the cost invoiced through the Finance Department and charged to the travellers' School or Department. Where possible, accommodation should be booked and paid for in the same way. On occasions where it is necessary to use a non authorised College supplier, the College credit card should be used to effect payment. A full explanation must be given setting out the inappropriateness of existing College suppliers.

The cheapest alternatives shall be selected unless otherwise approved by the Head of School/Department. Wherever possible bills shall be submitted in support of the claim and the budget signatory should indicate on the expenses claim that this is accepted as the cheapest of the alternatives available.

The College's Travel Insurance Policy covers staff members travelling in the U.K. and abroad in normal circumstances. There should be no need to obtain additional insurance cover. Queries concerning travel insurance cover should be addressed to the College Secretary.

1.2 Travel Reimbursement

Applications to travel require a declaration of any reimbursement from an outside source; say from a Unilink or external sponsor. Where Schools or Departments order and pay for such reimbursable travel then the School or Department must keep an appropriate record and summary of these recoverable amounts.

1.3 Mode of Travel

The budget holder in accordance with the following guide must determine the mode of authorised travel for any journey: **Use of private cars on College business is covered in section 1.7.**

1.3.1 Air

Economy class (or equivalent) but the budget holder may, for particularly long journeys (e.g. to the Far East, Australia or the West Coast of USA) or in other exceptional circumstances, authorise business class.

The Principal can authorise senior executives of the College to travel business class by air if justified. The Chairman of Board of Governors can authorise for the Principal. Any other member of staff must receive permission for business class travel prior to departure from the Principal or Vice-Principal.

1.3.2 Train

Standard class but a responsible officer or designated budget holder may authorise first class in special circumstances. Please note APEX or Supersaver fares etc should be sought as the cheapest available alternative.

1.3.3. Sleeper

First Class sleeping berths.

1.3.4 Bus or Coach

Public service or private hire.

1.3.5 Taxi

As with all modes of travel, members of staff wishing to use a taxi for official College business should obtain the budget holder's authorisation in advance. The current nominated local taxi firms should be used quoting the College's reference number, **the current listing is set out at the end of this Appendix.** Only the journey cost itself will be paid, not any additional amount for gratuities. Exceptionally, local taxi fares may be claimed through personal expense claims stating the date, reason, destination of journey and justification for failure to use nominated suppliers.

1.4 Vehicle Hire

Authorised drivers are insured to drive College vehicles. These vehicles are under the responsibility of the janitorial superintendents to whom the vehicles are allocated and who administer the authorisation procedures. Such vehicles should be considered for use before alternative modes of transport are used by these authorised drivers.

Hired vehicles should be used wherever the distance and the number of days involved make the cost equal or favourable to the College when compared to other forms of travel. As an approximate guide a hired car and fuel expenses would be cheaper than mileage claimed for daily mileage over 150 miles. The College will only pay hire charges for cars up to engine size 1600 c.c.

1.4.1 General Rules on Vehicle Hire Acceptance

Should there be any damage sustained by vehicles whilst on hire to members of staff a signed receipt, with full details of such damage, must be obtained at the completion of the hire. Unattended drop-offs should be avoided on all hires, particularly if there is any damage. It is recommended to return the vehicle first thing next day providing this falls within the same 24 hour hire period.

Similarly, all drivers must ensure that all vehicles are checked at commencement of the hire before the delivery driver departs and all damage is itemised on the vehicle checklist. Further details on costs, comparisons and hiring procedures are available from the College Secretary or nominee.

1.4.2 External Vehicle Hire

The College does not insure vehicles for private use by staff or students and the vehicles are not available for private hire.

All drivers of hired vehicles must ensure that they are covered for such hires from their own personal insurance or arrange adequate insurance with the hire company at the time of hire.

1.4.3 Hire of College Vehicles

The College currently owns a Minibus and a Van, the procedures for hiring these vehicles are set out below:

Charges

There will be a standing charge of £20 per day or part of a day for the hire of any College vehicle, running costs will be charged at a rate of 10 pence per kilometre travelled. These charges will be subject to periodic review by the Management Group.

Driver Qualification

All drivers must be aged 25 or over and must produce a clean current driving licence free from endorsement in the previous 12 months together with a photocopy of the licence to be retained with the form.

Driver Responsibilities

Drivers are responsible for securing the following:

- (a) that the vehicle is in a roadworthy condition before the commencement of any journey;
- (b) that the vehicle is returned at or before the agreed time and is therefore available for any subsequent booking;
- (c) that the vehicle is returned in a clean and tidy state;
- (d) that any damage is reported immediately on return.

Failure to observe any one of these responsibilities will result in a charge being made against the School/Department concerned and may result in the driver concerned being denied future use of vehicles loaned by the College.

Procedures for Booking College Vehicles

Schools may make advance bookings. The Superintendents will not accept vehicle booking applications (**Form F2**) without authorisation by the appropriate Budget Signatory. **Form F2**, available from the Superintendents, must be used. A copy of this form can be found at the end of this **Appendix**.

Applicants will be advised if a booking cannot be accepted. Please note that drivers must be 25 years or older. Unless there are over-riding priorities, bookings will be made on a first come, first served basis. If a priority claim for use is made, the College Secretary will be asked to confirm that it overrides any prior booking. There is no guarantee that a vehicle will be available even when a booking has been accepted although every effort will be made to honour bookings.

When the vehicle is returned after use, a copy of the form F2 will be passed to the Finance Department who will advise the Budget Signatory of the amount due on a monthly basis. Finance will credit the charge to the Transport budget and debit the School or Department. Where the hire is for students and not from School funds, payment should be deposited with the Finance Department prior to taking the vehicle.

Applications booked and accepted but not used will be charged at day rates.

Vehicles User Code of Conduct

Vehicles must be returned at the latest by 08.00 am on the day following the booking. Failure will result in an additional day charge.

The Janitorial Department will check oil, water, battery and tyres twice weekly, and will be responsible for cleaning the vehicles interior weekly.

Users are expected to leave the interiors of vehicles in an acceptable condition for the next users to take over.

The Superintendents will maintain a Booking Diary and record the distance travelled in kilometres.

On the day the vehicle is to be used its keys should be collected from the Superintendents and must be returned to them immediately the vehicle is returned to the College and emptied. The distance covered will be recorded on the form F2 and countersigned by the driver.

Fuel may be purchased by means of a credit card provided by the College. A receipt for the purchase must be returned to the Superintendents with the copy form F2 and the credit card.

Vehicle Acceptance and Return Procedures

Before departure users should inspect the vehicle and assess, as far as possible, that the vehicle is in roadworthy condition. A note of any prior damage should be recorded on the form; otherwise they may be held responsible for any damage to the vehicle noted on its return.

If there is any doubt as to the vehicle's roadworthiness it should not be used. Drivers should be aware that they carry responsibility.

When returning vehicle keys to the Janitors, users must indicate on the form:

- (a) whether they are satisfied with the condition of the vehicle;
- (b) any fault in the vehicle which requires attention;
- (c) any accident or damage which may have been sustained (accident report forms are available from the Janitors);
- (d) the clock kilometres at start and completion of their journey;
- (e) a note, with attached receipt, of any petrol purchased.

Copies of forms relating to the above follow this section.

Form F2

APPLICATION AND AUTHORISATION FOR USE OF COLLEGE BUS/VAN

This form is to be used to book a College Bus and must be authorised by a Budget Signatory. All drivers must consult the guidance above.

TO BE COMPLETED BY APPLICANT

Name of Applicant Department

Name of Driver Destination

Depart Return

Date Time Date Time

I authorise this booking, payment will be made from Budget No

Signed Budget Signatory Date

TO BE COMPLETED BY DRIVER BEFORE DEPARTURE (Delete between brackets where appropriate).

I have read the College Financial Regulation and Procedures:
 I have examined the vehicle and note (no) (the following) previous damage:

.....

In the event of there being previous damage, it should be drawn to the attention of the Janitor, who should acknowledge it by signing here:

.....

If there is any doubt as to the roadworthiness of the vehicle, it should not be used. Drivers should be aware that they carry ultimate responsibility.

TO BE COMPLETED BY DRIVER UPON RETURN

(I am satisfied that the vehicle is in a roadworthy condition at the time of returning it to the College and have no defects, incidents or accidental damage to report).

(I report the following incidents, defects or accidents).

.....

..... Signed Driver

In the event of accident, the Accident Report Form must be completed in full at the scene of the accident.

Form F2-Janitor

TO BE COMPLETED BY JANITOR

Registration No.

Depart Date	Depart Time	Return Date	Return Time
No of days or part days	@	=
Return tachometer reading		
Depart tachometer reading		
Journey distance	@	=
Additional charge		
Sub total		
Cost of fuel purchased		
Grand total to be charged to Department		

Form F3

**EDINBURGH COLLEGE OF ART
DECLARATION BY DRIVER OF COLLEGE VEHICLE**

It is necessary to complete the following declaration to the College's Insurers in full before being considered to drive college vehicles.

If the answer to any question is "yes" please give full details overleaf.

Name

Occupation

Age Years

Do you have 1. Defective vision or hearing _____

2. Now, or within the last 5 years suffered from diabetes, fits or any complaint of the heart _____

3. Any other physical or mental infirmity _____

Have you been driving cars in the U.K. for less than 2 years _____

Driving licence number _____

Driving licence groups covered _____

Is the licence provisional _____

Have you been convicted of any motoring offence in the last 11 years or had licence suspended or is any prosecution pending (please submit photocopy of licence) _____

Have you had any accidents and/or claims during the last 3 years _____

Have insurers ever refused, cancelled or declined to renew your motor insurance or imposed special terms _____

I declare that the answers given above are true and correct to the best of my knowledge and belief and I undertake to inform the College Superintendent of any future change of circumstances _____

Signature _____ Date _____

Note: Drivers of College vehicles must be at least 25 years old.

A separate form should be attached in the case of a driver who has been convicted of a motoring offence.

This form should be returned to the College Superintendent.

Completion of this form does not automatically mean that you are authorised to drive College vehicles - authorisation is made by the Insurers in the light of the above declaration.

Form F4

MOTOR DRIVING OFFENCE/CONVICTION

- 1. Date and time of offence
- 2. Act and Section on which charged
- 3. Date of conviction
- 4. Fine
- 5. Period of disqualification
- If driving conviction alcohol related:**
- 6. Actual blood/alcohol mm/m litres reading
- 7. Number of drinks consumed prior to offence
- 8. Were drinks consumed in social or business circumstances?
Brief details
.....
.....
- 9. What circumstances caused involvement of Police? Brief details (eg accident routine check, etc)
.....
.....
.....
- If conviction is speeding related:
- 10. How many mph in excess of the speed limit were you at the time of the offence?

DATE SIGNATURE

1.5 Interview Expenses

Expenses will be reimbursed in accordance with the following rules:

Travel	Rail fare, normally standard class, or bus fare incurred. "Saver" tickets should be purchased where possible. Air fares will only be reimbursed if prior approval has been obtained from the College Secretary and such a claim is restricted to the cheapest available air fare. If a private car is used, expenses payable will be limited to rail and/or bus fares, or alternatively, in approved cases, to the actual cost of petrol and oil used. Mileage allowance cannot be claimed unless prior approval is obtained from the College Secretary.
Subsistence	All reasonable meal and overnight accommodation expenses will be paid subject to receipts being obtained wherever practicable.
All Expenses	All expenses claimed must be itemised and supporting vouchers or receipts provided wherever possible.

1.6 Relocation Expenses

Removal expenses may be reimbursed to any newly appointed staff, academic or non-academic, for whom it is necessary to move principal residence in order to take up an appointment at the College.

The College normally requires three estimates to be obtained.

These expenses are borne by the appropriate Schools or Departments. It will be for the School or Department Budget-holder to decide the level of reimbursement that should be offered, subject to the following:

1. The lowest of three estimates for removal costs up to a maximum of 5 per cent of the salary.
2. At the discretion of the budget holder, the applicant may be paid up to 5 per cent of his/her salary in total to cover other relocation expenses, as appropriately agreed and invoiced.
3. It should be made clear in the particulars of the post issued to interviewees that relocation expenses will normally be paid but will be negotiable.

1.7 Use of Employees' Cars on College Business

Use of private vehicles on College business is subject to strict rules and is not an automatic right to claim mileage on use of own vehicle on business. **College insurance does NOT cover use of private vehicles.**

Motor Insurance

The College is responsible for insuring risks at the workplace. All staff should ensure that their own policies cover insurance for travel to and from their place of work and for occasional business use.

Bear in mind that such cover will apply to you, but not to a colleague driving your vehicle.

If you are claiming mileage allowance, your claim should include a statement confirming that "my personal motor insurance covers my business use".

Staff who wish to use their own private vehicles on College business must ensure that they are licensed and sufficiently insured to permit such business use of their vehicle for themselves and any passengers. Heads of School or Department and budget holders may only authorise travel in private vehicles where appropriate licences and insurance cover are held. They should monitor this by using a system equivalent to the authorised driver procedures used for College vehicles.

Mileage will be reimbursed at the current rate approved by the Finance Committee. When substantial journeys are incurred over a short period of time a hired car will be more cost effective where the average daily mileage is in excess of a break-even limit - around 150 miles per day.

From 1.11.97 until further notice the approved mileage rates are 27 pence per mile for the first 100 miles per round trip and 18 pence per mile for any subsequent miles. The decision to use a private car must be read in conjunction with section 1.4.

Reimbursements of mileage claims are subject to the following restrictions:

- a) **No home to College journeys will be accepted.**
- b) Where the journey starts from the employee's home the amount claimable is restricted to the lesser of home to destination or College campus to destination. These mileages must be disclosed on any claim.
- c) **No claims for petrol used in private cars will be paid.** The car mileage claim form must always be fully completed and authorised, including home address and destination details, before mileage allowance is paid.
- d) Employees are reminded that they are responsible for ensuring that their motor vehicle insurance cover includes business use.

1.8 Spouses/Partners

If a supporting case can be made and approved in advance the Principal may authorise spouses/partners to accompany senior management at College expense. Such cases must be reported to the Chairman of Board of Governors, Convenor of the Audit Committee, and to the Director of Finance to ensure that any benefit in kind is recorded for taxation under PAYE.

The Principal requires the Chairman of Board of Governors to authorise such travel and expenses for his/her spouse/partner.

1.9 Fines

Road offence fines, parking tickets **etc will not be paid by the College** on any vehicles.

1.10 Personal Travel

The College does not pay for personal travel tickets. The only exception will be for a partner of a member of senior management on a College business trip where a partner might be deemed to be socially necessary. Permission will have to be obtained from the Finance Committee prior to travel. There are taxation implications in the fares and subsistence of such a partner's travel that must be recognised by the travellers. The Finance Department should be contacted for further details.

1.11 Credit Cards

Costs incurred during travel and not previously invoiced may be paid by a personal credit card such as Visa, Access, American Express etc and supported by detailed bills. If these expenses are claimed promptly on return, the reimbursement will normally be made before the credit card company requires payment. Credit card interest and charges are not refundable by the College.

1.12 Nominated College Taxi Services

City Cabs, 2 Atholl Place, Edinburgh

2. ACCOMMODATION & SUBSISTENCE: SUNDRY

An expense claim form fulfils more than the simple function of recovering the money spent, it is also an explanation to management, internal and external auditors, tax inspectors and other authorities that expenditure has been recovered in accordance with the College's regulations. Adherence to College regulations minimises the risks of unexpected charges and confirms the availability of cost saving and time saving dispensations from the above authorities. Accordingly all claims for legitimate business activities must be prepared in compliance with the College regulations.

A member of staff may only claim for their own legitimate business expenditure incurred on College business. Each member of staff must make a separate claim, each claim must be signed by the member of staff to evidence its accuracy and authenticity.

It is fraudulent to submit any expense claim that contains items, which are not incurred for legitimate business reasons. Fraudulent claims may give rise to disciplinary proceedings and in cases of serious mis-statement will be regarded as being criminal in nature and may be reported to the Police.

The College requires that suitable vouchers support all claims and in their absence explanation must be given. Any donations or contributions towards costs by an employee must be identified and receipts provided, this will allow the contribution to be recognised as a tax deduction. **Please retain all receipts that may be the subject of an expense claim from the College to ensure compliance with these regulations.**

2.1 Meals claimable: 5 hours 5 miles restriction

Where the duties of a business journey or the distance involved make it necessary for an employee to stay at that place, a claim for accommodation and subsistence can be made. **The refund will be no more than the costs incurred and receipts must be produced.** There is a restriction on meals where no overnight stay is involved: the claimant must be out of the office for more than 5 hours and at a distance of more than 5 miles before a claim for a meal can be made. The payment of expenses to the employee must do no more than cover the costs incurred and receipts should be produced.

2.2 Gratuities

Unless a service charge is included within the service provider's bill **all gratuities are deemed to be personal choice and will not be refunded.**

2.3 Incidental Personal Expenses

In general personal expenses such as laundry, newspapers, mini bar, video hire etc **are not allowable.**

Other personal expenses including personal telephone use will be refunded up to a limit of £5 per overnight stay in the U.K. and £10 per overnight stay abroad. Receipts should be produced and if the limit is exceeded the amount refunded will be restricted to the £5 or £10 limit.

These limits apply to the overall total of all personal expenditure included in the hotel and other refunded bills.

Note: It is accepted that some small expenses such as car parking, bridge tolls and tube fares may not have receipts.

2.4 Round Sum Claims

All claims for re-imbusement of expenses must be for actual expenses incurred supported by the appropriate receipts. **No round sum claims will be paid** (for example meals - £25 per day or lunch at £2.50 per day).

Please note that there are no day subsistence rates as a result, receipts are required for all expenditure.

2.4.1. Exceptions - Staying with Friends/Relatives

Where a member of staff elects to stay with friends or family, the claim should be described accordingly and will be treated by the College as a round sum allowance, which will be paid at the published College day rate after deduction of tax.

The College day rate includes evening meal, overnight accommodation and breakfast. No additional claims should be made for any of these items where a member of staff has elected to stay with friends or relatives, they are covered in full by the round sum allowance.

The Finance Committee may vary the College day rate from time to time. **The current day rate is £30 per overnight stay.**

2.5 Telephone – Reimbursement

Only the cost of business calls, substantiated by a log or itemised phone bill, will be accepted. No proportion of rental will be re-imbursed. Where telephone charges appear on hotel bills these must be identified as business calls where appropriate. Personal phone calls are to be included within the £5 (£10 overseas) incidental expenses allowance per night for all personal expenses.

2.6 Mobile Phones

Calls on privately owned mobile phones are claimable within the terms set out in section 2.5 above. Where the College provides mobile phones any personal use must be re-imbursed at actual cost of calls plus a contribution for service rental. Currently service rental should be provided for at a mark up of 15% on call cost.

2.7 Personal Professional Subscriptions

The College does not reimburse staff for their personal subscriptions to professional bodies in connection with their duties. Exception is made where either the claimant's School or Department has received external sponsorship to fund such expenditure, OR the claimant's contract of employment with the College specifies that membership of an appropriate professional body is required for his/her current position.

Payment of a professional subscription is liable to be reported to the Inland Revenue as a benefit under the PAYE scheme and should be notified to HR and confirmed on each annual renewal.

2.8 Relocation Expenses

Prospective employees whose relocation expenses are to be paid for by the College must comply with the College regulations, set out in section 1.6 of **Appendix I - 1**.

3. HOSPITALITY & ENTERTAINING

The College will reimburse reasonable hospitality and **entertaining only where it is within the approved budget or where the Principal has given specific prior approval**. The College may reduce claims or exclude items regarded as unreasonable. Reimbursement of business hospitality and staff entertaining can only be claimed if the individual is required for genuine business reasons to entertain visitors, suppliers or other business connections in the course of performing his or her duties.

3.1 Business Hospitality/Entertaining

Employees will be re-imbursed for genuine business entertainment where receipts are produced and all the names and organisations of the attendees are provided on suitable forms. Hospitality provided to non employees including spouses and relatives will not be reimbursed, on rare occasions the Finance Committee may approve such expenditure for senior managers and members of the Governing Body, who are required to have a spouse or relative to accompany them on official business. A reasonable ratio of staff to business clients must be maintained (usually one member of staff to three business clients).

3.2 Reimbursement of Staff Hospitality using College Catering

Staff using the College catering facilities, charged internally, must comply with the requirements and always record details of all persons attending and the organisations which they represent on an internal Catering Hospitality form. These forms are used to charge the School or Departments concerned.

3.3 Staff Entertaining

Only a designated budget holder can authorise internal and external hospitality. Expenses incurred entertaining other members of staff are not an allowable tax-free reimbursement.

Any tax and employers' National Insurance contributions are to be borne by the recipient employee unless the School or Department has provided an annual statement to the payroll department undertaking to pay these costs. All budget holders should ensure that the College is able to comply with the Inland Revenue and Contribution Agency requirements by retaining detailed staff entertainment records.

Entertainment/hospitality may be provided to staff from SHEFC and Government Funded sources of income where such expenditure is incidental to the conduct of proper staff meetings, seminars and College business meetings. Where such hospitality is provided it will be subject to Inland Revenue and Contributions Agency taxation requirements. Hospitality provided to staff that is not co-incidental to proper meetings, etc cannot be reimbursed through SHEFC funded accounts.

It is likely that a tax liability will arise in respect of staff entertainment which will be treated as a benefit in kind. Detailed records must be retained by the College to enable the completion of year-end P11D returns on behalf of employees. These returns are a statutory requirement.

The liability to tax is either actual cost (where outside facilities are used) or marginal cost (see Finance Department for calculation details), when using College facilities. In theory the tax liability is on the individuals receiving the benefit: however as a privilege from the Inland Revenue the College can elect to settle where Schools or Departments have indicated the intention to pay for employees costs.

The Finance Department can provide further advice.

4. ADVANCES FOR EXPENSES

A request for an advance can only be considered when the member of staff is travelling on College business and only when costs are expected to be particularly high e.g. for a lengthy foreign trip. As a guide costs in excess of £1,000 would be suitable for an advance, however staff who have been issued with a corporate credit card would be expected to use this.

Advances should be kept to a minimum, certainly no more than any policy limit or such revised amount as notified.

Advances, properly authorised, should be requested on a special form no later than fourteen working days prior to the date of travel stating the date of departure and return.

Expense claims substantiating the advance should be submitted not later than ten working days after return. Any under/over expenditure will be settled either by repaying the unspent loan or by reimbursement for the additional expenditure. In either case full details of expenditure shall be provided on the expenses claim forms with complete, original, supporting documentation.

Advances for travel abroad will be made by sterling cheque or BACS transfer payable to the traveller's bank account. Each traveller is expected to make their own arrangements for foreign currency. Any cost involved in the purchase of currencies, travellers cheques etc. should be included in the expense claim.

All advances are treated as loans. The College reserves the right to recover any outstanding amount from an employee's salary if there is any undue delay in reimbursing an advance or if an employee has not taken all reasonable steps to comply with these procedures.

If advances are not settled within a reasonable period they would be regarded as remuneration by the Inland Revenue and therefore subject to tax under PAYE. A reasonable period is normally considered to be one month.

1. STOCKTAKING

In stores, where there is continuous checking of a programmed selection of items, all items of stock should be covered in a 12 month period. In the case of fast moving or high value items it is expected that these will be covered more than once a year by programmed selection processes.

1.1. Stock Certificates

The practice of preparing stock certificates as an aid to effective stock control is now mandatory and the signing of such stock certificates rests clearly on the shoulders of management. The Director of Finance will provide Stock Certificates.

- 1.2 The stocktaking and stock valuation should be planned and implemented in a systematic manner, to ensure total coverage and correct valuation of all stock items. Printed instructions must be given to all staff involved in the stocktaking prior to the stocktaking. Such instructions must be accompanied by a verbal briefing from the Head of Department, which will take into account local circumstances. The Stores should be prepared for Stocktaking ensuring that identical items are located continuously. All products should be shelf labelled showing the description and the unit of issue. Where products are ordered in quantities greater than the unit of issue and are stored in that way, staff should be briefed to recognise these items.
- 1.3 All stock sheets will be pre-numbered and controlled to carry out such control accurately. The Director of Finance will arrange for distribution and maintenance of a log of completed and returned stock sheets.
- 1.4 All goods inward and outward paperwork should be cleared before the stocktake and arrangements should be made to minimise and control the movement of stock items during the stocktake.
- 1.5 There should be a clear delegation of responsibility to named officers for controlling and carrying out the stocktake, including definition of areas to be covered and procedures to be followed. At least one officer not normally involved in the counting of stock, should be present to ensure a satisfactory stocktake.

2. ACTION REQUIRED DURING STOCK COUNT

- 2.1 The date and time of stocktaking will be recorded on the stocktaking sheets, together with the signature of the two officers undertaking the count and the supervisor.
- 2.2 The actual stock count will be recorded on the stocktaking sheets as well as on any appropriate store records in ink. These should be cross-referenced to each other.

- 2.3 Any variance will be the subject of a recount and if confirmed, will be noted for subsequent investigation. If there are different counters it must be ensured that the two resulting figures agree with any variances identified and further all recount sheets must be signed. Any damaged obsolete or sub-standard stock will be identified as such on a separate stock sheet for subsequent investigation and reporting.
- 2.4 It is necessary that some form of marking will be utilised to identify stock items as having been counted. Self-adhesive discs are an acceptable method.
- 2.5 Methods of weighing and measuring should be noted.
- 2.6 All stocks must be counted and valued at invoice price to the College.
- 2.7 Where exceptionally, issues are made during the stock count, the following procedures should apply:
 - a) All issue documents during count should be noted to show whether the count has already been taken.
 - b) If the stock has already been counted at the time of the required issue, then the issue document should be timed and noted as after the count, thus requiring no adjustment to the stock records before comparison

3. **Procedures to be followed in Dealing with Slow Moving Stocks and Obsolete Stocks**

General

- 3.1 Slow moving stocks and obsolete stocks must receive particular attention when counting and valuing at stocktake.
- 3.2 The principal objective is to ascertain whether there are any such stocks in existence. Attention should therefore initially be given to the methods and procedures for identifying and reviewing slow moving stocks and obsolete stocks, in order to ensure that procedures are adequate to pinpoint and correctly deal with such items.

The necessary procedural steps to be taken are as follows:-
- 3.3 The relevant stock record cards or bincards should be examined for items, which have shown no movement or very little movement for a period of over six months.
- 3.4 The state and condition of such stock should then be discussed with the storekeepers, as this will indicate whether stocks are kept properly and efficiently and whether there appears to be quantities of old or slow moving stock in existence.
- 3.5 The Department Head or Deputy should make a tour of the relevant stores and where possible, a circuit of the whole of the Department with a view to exposing any apparently slow moving stock.
- 3.6 Where stocks are held in excess of reasonable requirements, they must be considered in the light of the current usage and such stocks should be highlighted on stock sheets, preferably marked "SM" (Slow Moving).
- 3.7 A general review should be made by the Department Head of the quantities of stocks held in the light of current requirements, in order to see that the stocks are balanced and that they are expected to be used within a reasonable period.

- 3.8 For stocks that are considered obsolete, it is preferable to enter these on a separate sheet marked "OBSOLETE STOCKS FOR WHICH THERE IS NO FURTHER USE". This will enable them to be brought clearly to the attention of the Management Team so that any necessary action such as transfer, sale disposal or write-off be taken.
- 3.9 If any obsolete stocks have been given Management Authority for write-off during the financial year and such stocks are still being held at the time of stocktake, they must not be entered on the stock sheets. Where such write-off authority has been given, steps must be taken for transfer, sale or disposal as appropriate.
- 3.10 If such steps are taken in consistent and logical manner, it will aid the whole process of the management of stocks by bringing to the attention of Management, on a regular basis, details of such important matters.

4. Action to be taken after Stock Count

- 4.1 No alteration must be made on the stock sheets. If it is discovered that a mistake has been made, then a separate addendum must be prepared, setting out clearly the correct position and reference made to the original stock sheet, signed by the officer in charge of the stocktake, and countersigned and dated by the Head of Department.
- 4.2 The officer in charge of the stocktake should:-
 - i. Ensure that all stocktaking sheets have been returned to Director of Finance duly completed and signed.
 - ii. Separately confirm and list any discrepancies, damages and obsolete or sub-standard stock identified in the course of the stock count.
- 4.3 The Head of Department will arrange for the proper pricing and extension of all stock items at the invoice price to the College.
- 4.4 **Perpetual Inventory**
 - a) No full physical stocktake is necessary.
 - b) Adequate documentation must be retained on perpetual inventories, and it is necessary to cover all stocks at least once during the year and be able to demonstrate this by documentation and monitoring results.
 - c) On perpetual inventories it is necessary to institute write-offs on a timely basis.

4.5 **Generic Set Off**

- a) All losses and gains are not netted for write-off in the financial accounts of the College. Losses are only offset by gains insofar as the items are generic.
- b) Generic items are “items which are so alike that they might reasonably be mistaken or substituted for one another”.
- c) Other gains are not reported in the financial accounts although they will be adjusted in the stock records.
- d) The concept to use on generic “set off” should always be on a monetary basis, not on a unitary basis.

SHORT COURSES & CONFERENCES

1. – PROCEDURES FOR ADMINISTERING SHORT COURSES

- 1.1 Short training courses undertaken by academic staff for external participants are regarded as continuing education and are within the normal School or Departmental duties prescribed by the Head of School or Department. Such academic activity may be taken into account by review boards in assessing candidates for probation, promotion and discretionary awards.
- 1.2. A register of all courses, open and closed, consultancy and conference activity must be maintained by the School or Department involved with presenting the course. The register would show details, staff involved, turnover and numbers attending for information, internal control and disclosure purposes.
- 1.3. Additional payments may be made to the participating academic staff for continuing education activity under the following criteria:
- 1.3.1 All continuing education courses instigated by School or Departments shall be offered through, or approved by, the Centre for Continuing Studies irrespective of the involvement of CCS staff for the purposes of collecting information for SHEFC returns, HESA statistics, quality control etc.
- 1.3.2 **Fees shall be based on the principle of what the market will bear.**
- 1.3.3 The distribution of **net fee income, after deduction of all direct costs (defined below)**, for short courses (whether 'open' or 'in-house') shall normally be in accordance with the Centre for Continuing Studies guidelines.

	%	
Payments to staff and outside lecturers	45	an alternative scale for remuneration to staff presenting 'closed' courses is available: see 3.6
College (incl. C.C.S.)	35	to include a contribution to central facilities and services which indirectly support the activity, and to meet the cost of employers N.I. contributions arising from payments to staff.
School or Department	20	covers indirect costs attributable to use of School or Departmental facilities

- 1.3.4 Direct costs shall include the following
- . advertising
 - . catering and accommodation
 - . photocopying
 - . other expenses agreed by the Vice Principal or nominee
- 1.3.5 Vice Principal or nominee and the Head of School or Department are obliged to ensure that all relevant charges are set against the course income.

- 1.3.6 A short course given to personnel from a single company can be regarded as a 'closed' course. For the purposes of fee distribution only 'closed' courses may enable additional payments to be made to staff above the level of 45% of net income.
- 1.3.7 All other short courses will continue to fall within Centre for Continuing Studies scale rate in 1.3.3 above.
- 1.3.8 It should be noted that the provision of a short course is VAT exempt. However the provision of consultancy service is a taxable supply and VAT must be added.
- 1.4. Subject to the agreement of the Advisory Board and Director of Centre for Continuing Studies the distribution of net fee income (1.3.3) among the main parties - staff, College (including C.C.S.) and School or Department - may be varied. Any variation must be equitable and should not go forward on the basis that the contribution to the College will be first to be reduced.

2. PROCEDURES FOR ADMINISTERING CONFERENCES

- 2.1 Schools or Departments can be responsible for organising and running conferences in their particular disciplines at, or outside the College, for academic, prestigious and financial reasons. Considerable planning and work goes into preparing and running such conferences: programmes are prepared and published, speakers and contributors obtained, venue and accommodation arranged etc. School or Departmental, academic and administrative time and resources will be used in preparation for such conferences, sometimes a year ahead for a major conference. Therefore there are certain requirements to approve, monitor and account for conferences as there are separate regulations and procedures for consultancy and continuing education.
- 2.2 A summary conference proposal should be prepared by the organising School or Department, signed by Head of School or Department, and submitted to the Management Group or delegated person for approval, stating the purpose of the proposed conference and why it should be organised by the College. The proposal must be supported by a summary of the budgeted income and expenditure, including an estimate of academic and administration time, with a statement of the responsibility for organisation, accountancy, bookings, venue, and the expected division of surplus or loss. Conferences should not be budgeted to make a loss unless it is clearly understood that a particular conference is a 'loss leader' and the entire loss is to be borne by the School or Department. The Management Group would consider the proposed conference, and if approved, give permission to use College resources up to a budget limit. A unique conference number would be awarded for identification. Should the conference not appear to be viable, say through lack of delegates, then a decision to cancel must be made in time by the conference organiser.
- 3. The above conferences should be subject to confirmation of satisfactory administration (including invoicing etc) by the Vice-Principal or nominee. Questionnaires will be offered to delegates at the conclusion to help to maintain quality control.
- 4. The VAT consequences on invoices and accounting must be considered, as the College is partially exempt for VAT. The original 'Conference Proposal' form obtainable from the

Vice Principal will include a section on VAT which will ask questions to determine at the outset whether the conference is to be exempt, zero or standard rated. By following the questions correctly the School or Department should be able to determine the liability and this should be stated on the form. These could then be checked by the Finance Department in total or by sample depending on numbers.

5. If School or Departments are preparing for and administering conferences then all direct and indirect income and expenditure will be recorded within the particular conference account number. All monies received must be sent to the Finance Department; all payments will be processed through the normal payment systems and charged to the particular conference account.

The net income will be calculated and distributed according to an agreed formula: say 70% to the School or Department: 30% to the College.

Any additional payments to staff involved in organising conferences will be funded from the School or Departmental share, and will be subject to the conditions laid down in section 12.2 of these Regulations.

PROCEDURES FOR COSTING & PRICING

1. RECOVERY OF INDIRECT COSTS

Where the College, a School or Department or an individual member of staff undertakes work for bodies etc outwith the College the project must be fully costed. Instructions on the calculation of the relevant direct and indirect costs are shown below.

The CVCP consultative paper (July 1987) on the costing of research and projects recommends that the pricing of all projects etc. sponsored by outside bodies should take account of the full economic costs of the work to be undertaken. This recommendation extends to the provision of short courses and other services provided.

The College endorses this recommendation and requires all School or Departments to calculate costs in accordance with the guidelines issued on this subject. Any departure from these should be made only with prior approval of the Director of Finance.

A summary of these guidelines is given below:

Costs for all projects, research contracts, commercial activities, short courses etc. can be conveniently divided into 3 categories -

Direct Payroll Costs - staff working directly for the activity whose time and effort can be wholly or substantially attributed to that activity.

Other Direct Costs - special equipment, specific travel, printing and other directly attributable consumables.

Indirect Costs - Costs incurred centrally by the College and School or Department that cannot be directly attributed. Examples include use of premises, computer unit, general administration, finance and library.

Indirect costs are always incurred to some extent and must be calculated when costing any particular project etc. The only exceptions are grants from Research Councils and certain recognised charitable bodies that are eligible for the "DR" research income element in the S.H.E.F.C. block grant formula.

Footnote: SHEFC Financial Memorandum (**Appendix M**) requires Universities to have regard to CVCP guidelines regarding overhead recovery and the Finance Committee has asked the Director of Finance to ensure a maximum recovery compatible with the market rates on overhead recoveries are reported to Finance Committee and Board of Governors at each meeting.

School or Departments should prepare budgets for additional income earning activities and must submit them to the Finance Department who will advise on the methods of calculating the indirect costs as well as ensuring that the direct costs are adequate. The preferred method is to express the indirect cost as a percentage of the direct payroll cost and to give guideline figures; the Finance Department can advise what the average percentage is for each School or Department. Percentages may vary but generally the indirect cost will be at least in the region of 130% of direct payroll costs for fully priced contracts or consultancies.

There may be exceptional circumstances where recovery is less than the full economic cost of an activity or project: where this is the case School or Departments are required to present such explanations as are required to the Director of Finance to support their view.

PROCEDURES FOR COSTING AND PRICING

2. CONTRACTS AND SHORT COURSES

a) General

To comply with CVCP recommendations and the SHEFC Financial Memorandum and in an endeavour to improve our financial position, the College requires increasing prices to recover the full cost of contract research and short courses from customers and commissioning bodies.

It is understandable that this approach may meet with opposition from parts of industry and commerce, and from government departments, each rightly seeking to buy at the cheapest price.

With this pressure to increase income from non-governmental sources one reaction is to increase such income at any cost without due regard to the profitability of the activities entered into. The greater the volume of work accepted which does not cover its full cost, the greater the increase cost and the adverse financial results.

b) Negotiating Contracts

In some areas we can already quote a fixed contract price. In others a price must be quoted which at least covers full costs. Negotiations should attempt to start from this basis but recognising that such a broad approach might be premature an interim strategy is required.

At the moment the starting point for the pricing of contract research is invariably to calculate the marginal cost of performing the work as if a Research Council application was being made. Negotiations with the potential sponsor then concentrate on agreeing the "overhead" rate to be applied. **The strategy is to argue upwards from the marginal cost towards the highest overhead rate achievable.** On this basis the College has been aiming for 40% recovery. This approach often meets with the response from the potential sponsor of, for example, "It is not our policy to pay more than 15% or "it is not our policy to pay overhead on anything other than payroll costs" or in extremes "it is not our policy to pay any overhead".

The impression given in this type of exchange is that overheads, more properly known as indirect costs, are arbitrary and negotiable.

Indirect costs cannot be set arbitrarily. They are accurately calculable, they are real costs, not optional extras.

Returning to the process of negotiation, rather than arguing up from marginal cost as in current practice, it is better to estimate "what the market can bear", compare with full costs and quote a current market price. The College negotiator must ensure that all additional costs incurred are recovered particularly where the work proposed is for example a short course or not of crucial research importance to the College.

Where the full cost of any project is not met by the sponsor, it is important that the percentage of full cost paid by each side be recorded in the contract. Where a project is funded jointly by a company paying (say) 85% and the College 15%, the best way of expressing this is to state that the company is meeting the full indirect costs on 85% of the project, not that the indirect cost rate has been lowered artificially.

If during negotiations, the sponsor queries the size of the indirect cost rate, effort should be expended on explaining the methodology and its application to audited College accounts. Finance Department staff will be more than pleased to assist. The objective must be to convince the sponsor that a professional approach has been adopted in calculating the proper rate.

c) The Indirect Cost Rate - Contracts

The recommended method of costing for contracts is to divide costs into three distinct categories:

- (i) direct payroll costs
- (ii) other direct costs
- (iii) indirect costs

Direct Payroll Costs are the payroll costs (including employers contributions to pensions and national insurance) of staff directly engaged on the contract regardless of whether they were specifically employed for the contract. This will include technicians and clerical staff and supervisory academics or any identifiable proportion of these e.g. 20% of a technician.

Other Direct Costs are those additional and identifiable non-payroll costs incurred specifically for the project. This will include travel, consumable materials, new equipment, the use of existing specialist equipment, space and services, computer time and other expenses which can be properly attributed.

Indirect Costs are the costs of the School or Department and College which can reasonably be attributed to the work but which are not readily identifiable. This will include staff not directly involved, incidental use of School or Departmental facilities (equipment, space, secretarial assistant) administration, recruitment, and all central facilities and services which indirectly support the activity, including libraries.

The full cost of any activity is the sum of these three elements of cost.

The method for calculating indirect cost will be based on a percentage of the direct payroll costs. The College accounts as a whole indicate the following general breakdown of cost:

	£'000
Academic & Related salaries (direct) (a)	4,840
All other costs (indirect) (b)	6.321
Total costs	11,161

The percentage of indirect to direct costs (b) to (a) is say 130% - in other words to recover the **full cost** of any project 130% on average has to be added to the direct academic departmental salary costs. This approach can lead to the creation of a "manpower rate" which can be easily calculated using the above average percentage. For example, if a straightforward project involved only the full time of one academic whose salary cost (including employers costs) was £30,000 a manpower rate for that member of staff may be calculated as £30,000 + (130% of £30,000) = £69,000. This can

be refined further by applying a ratio of 2.3 to the direct salary cost. This rate is constant unless there are major shifts in College expenditure.

The **full cost** of a research project might therefore be as follows:

Direct Payroll Costs	£	£
10% of Academic	4,000	
100% of Research Assistant	20,000	
50% of Technician	12,000	
30% Clerical Officer	<u>5,000</u>	
		41,000
Other Direct Costs		
Equipment	5,000	
Consumables	1,000	
Other Items	<u>2,000</u>	
		8,000
Indirect Costs		
130% of Direct Payroll costs		<u>53,300</u>
Full Cost		<u>102,300</u>
Using the manpower rate the full cost will be 41,000 x 2.3		94,300
plus other direct costs		<u>8,000</u>
Full Cost		<u>102,300</u>

The calculations and ratios arrived at above are necessarily crude in that they represent an average for the whole College and, with the lack of a detailed costing system, regards all academic time as 'direct', nevertheless the methodology is sound and represents a starting point for all future negotiations. A manpower rate for each School or Department and for all categories of staff can be calculated separately, advice on this can be obtained from the Finance Department.

d) **Conferences and Short Courses**

All short courses should be channelled through the Centre for Continuing Studies.

The basic methods of costing as outlined above should be used for short courses also. The additional complication in this area however is that success depends on the number of participants. There will always be a calculable number of participants below which an event can only run at a loss. The College is anxious to encourage as much short-course activity as possible but this must be done within an acceptable financial framework.

In the same process as for research contracts, the first step is to determine the full cost, having done this a **price** for each participant can be calculated.

In the case of courses, direct costs can be divided into two categories, viz

- (i) Fixed - those that will be incurred whether or not the event takes place
- (ii) Variable - those, which will be incurred only if the event takes place

The first category costs will not usually be recoverable if the course is cancelled and therefore represents the risk in undertaking the project. These non-recoverable costs will include for example, advertising, preparation, cost of contracting speakers and cancellation fees.

The second category of costs will include accommodation and catering (other than cancellation fees etc) receptions, excursions, technical staff and hire of equipment and

course materials. Other direct and indirect costs should be calculated as noted previously.

e) Pricing for Courses etc
f)

Unless the event being organised is very prestigious or is being treated as a loss leader, every attempt must be made to recover the full cost. Recovery of full cost simply means what it says with no profit to the College.

In preparing a cost statement (budget) for a course, the costs should be divided into direct payroll costs, other direct costs and indirect costs but in such a way that distinguishes those costs which will be incurred if the course is cancelled, and those costs which will vary according to the number of participants.

Example of a Cost Statement

Direct Costs	£	£
(i) Promotion and set up costs Advertising, brochures, postages Cancellation charges etc. (All of these should be itemised)	750	
(ii) Direct staff costs Technicians, speakers fees etc	850	
(iii) Other direct costs Transport, equipment hire etc	<u>500</u>	
Total direct costs		2,100
Indirect Costs		
Direct staff costs x 130%		<u>1,105</u>
Total Fixed Costs		<u><u>3,205</u></u>

- (i) Above indicates the amount of risk if the conference has to be cancelled. Accommodation and food are not introduced at this stage because these costs are directly related to the number of delegates.

Setting the price can be done at least two ways

- (a) By assuming an appropriate fee for the event or,
 (b) By assuming the likely number of delegates

Both of these methods should be tried.

E.g. Assuming an appropriate fee:

£250 might be the maximum that could be charged for this course. If accommodation, full board and a special course dinner at the conference centre cost say £110, this would leave £140 (£250-110), per delegate to cover the total fixed costs of £3,205. Break-even on a full cost recovery basis will require the attendance of 23 delegates (3205 divided by 140).

e.g. **Assuming a number of delegates**

If there is a limit on the number of delegates for ease of teaching or equipment/space restrictions, and it is thought that this maximum number can be achieved, this method can also be used. If one assumes the limit to be 30, the cost per delegate will be £3,205 divided by 30 = £107 plus the accommodation cost of £110 i.e. a total of £217. This leaves no margin for error if the maximum number is not achieved.

The methods outlined above simply recover costs. If a surplus is being aimed for, the amount of the surplus should simply be added to the fixed costs when determining the break-even number of delegates.

The above procedures if adhered to would ensure full recovery of cost but would probably, in the short term at any rate, reduce dramatically the volume of work performed for outside agencies. The College accepts that in setting prices we are in competition with the outside world and in particular with other universities. At the end of the day therefore there will be many occasions where work is performed for less than full cost - this is acceptable only if a record has been maintained both of the cost met by the College and of the reason for accepting the work.

COLLEGE COMPANIES

The College may, for legal or commercial purposes, set up companies to undertake certain functions. Such companies are established on the following basis:-

- | | | |
|-----|-----------------------------|--|
| a) | Wholly owned subsidiaries - | where the College holds the total share capital other than one share registered in the name of the College Secretary |
| (b) | Majority shareholding - | where the College holds over 50% of the voting rights of the issued share capital. |
| (c) | Associated companies - | 10 to 49% of voting rights of issued share capital. |
| (d) | Minority shareholding - | less than 10% of the voting rights of the issued share capital |

Where a minority shareholding is held this will normally be treated as an investment and it is unlikely that the College would wish to appoint a director.

Where a majority shareholding is held it is expected that the College would wish to appoint a director / directors in sufficient numbers to influence the running of the company.

The regular situation is that of a wholly owned subsidiary where all directors are appointed by the College and these would normally be members of Board of Governors or College employees. Employees are required to mandate their fees to the College.

Directors of wholly-owned subsidiaries and companies in which the College has a majority shareholding are required to submit their statutory and management accounts, business plans and certain management statements to the College Board of Governors via the Finance Committee as required.

The Directors of wholly-owned companies are required to covenant the profits of the company to the College at periods throughout the financial year taking account of cash flow etc.

VALUE ADDED TAX

For VAT purposes the College is classified by H M Customs and Excise as a partially exempt supplier as it provides a mixture of exempt, standard and zero rated supplies of services and goods.

The main “supplies” of the College are education and fundamental research; these are generally regarded as VAT exempt supplies: eg no output VAT is applied to tuition fees. Purchases of goods, facilities and services which are ancillary to these main supplies are also regarded as exempt. If a supply is exempt, then input VAT paid on purchase invoices for such goods, facilities and services is not recoverable and the College's costs increase accordingly.

The College is required to account for output VAT on standard rated supplies: for example on consultancy, research and training courses for a profit and on most sundry income. Input VAT paid to suppliers of goods, facilities and services which is ‘directly attributable’ to the College's taxable supply is recoverable and must be identified by correct coding on the purchase invoice summary slips. The sale, or disposal for value, of equipment is generally taxable.

Some supplies may be regarded as zero rated, for example to EU countries depending on location and the nature of the service, or are outwith the scope of VAT, (e.g. certain services performed outwith the EU). Since 1.1.93 with the European single market new VAT rules for intra-community trade apply to the import/ acquisition and export/ dispatch of goods, facilities and services between EU member states. A detailed guide is available from Finance Department.

Should any problems arise, School or Departments should consult the Director of Finance or Finance Department and NOT contact Customs & Excise directly. The attached flowchart from the CVCP gives an overview in determining liability to VAT output tax.

Appendix N

INCIDENTAL GOODS, FACILITIES AND SERVICES SUPPLIED BY THE INSTITUTIONS TO OTHER EDUCATIONAL PROVIDERS

ELIGIBILITY FOR RELIEF UNDER VAT ACT 1994 NOTE 5 TO ITEM 4, GROUP 6

CHART

Is the recipient, HE Institution NO

Is the recipient an independent school registered or deemed to be registered with the DES?

NO

Is the recipient supplying training or re-training for a trade, profession or employment

NO

Is the recipient an educational provider HE Institution

YES

YES

YES

YES

Is the recipient's supply for main or recreational purposes?

NO

Is the recipient's supply made for profit?

NO

Is the recipient supplying education?

NO

YES

Are your supplies to be used directly by the recipient's students or trainees?

YES

Are your supplies of a kind which you normally make available to your own students

YES

YOUR SUPPLIES ARE EXEMPT UNDER ITEM 4, GROUP 6

NOTE: Certain supplies, e.g. the letting of lecture rooms, may be exempt under other provisions if not under

Item 4 to Group 6. In this case, guidance will be found elsewhere in the Guidelines (e.g. paragraph 18)

STUDENT CREDIT MATERIALS PURCHASES**1. BACKGROUND**

- 1.1 Credit will be available in Academic Departments, but all students may be charged a deposit appropriate to their course.

Each item issued to a student must be signed for by the student, and the complete record must be signed by the member of staff in charge before submission to the student services section of the Finance Department.

Students may be charged the deposit amount determined by the School for their particular course when Class Materials Accounts are issued at the end of the previous term.

- 1.2 Credit is not available from the College Shop.

2. PROCEDURE FOR PAYMENT

- 2.1 Accounts will be prepared and issued termly by the student services section of the Finance Department. Debts incurred in any term must be cleared by the commencement of the following term. The maximum credit limit allowed is £250 unless specifically agreed, in writing, by the Head of School/Department.

- 2.2 Should debts not be cleared by the date of payment, interest will be charged at rates approved by the Finance Committee subject to minor variation of the Management Group.

- 2.3 Final year students will not be advised of their results or permitted to graduate until all outstanding debts to the College have been discharged. A 'commitment to pay' (see 4.1 below) will not be available to final year students in respect of outstanding debt in the third term.

3. MONITORING

- 3.1 The student services section of the Finance Department will identify students with overdue bills for any term, as soon as possible after the start of the following term. The sanctions referred to below will be applied to all these students, except where the School informs the student services section of the Finance Department and Registration - in writing - of valid reasons for not applying them.

- 3.2 The student services section of the Finance Department will circulate to Heads of Schools and Departments lists of students whose debts are overdue to enable them to encourage students to make prompt settlement or to impose sanctions should they deem it to be necessary. Debts not ultimately recovered will be charged back to the issuing Department.

4. SANCTIONS

- 4.1 The following sanctions will be applied by Schools to continuing students. Schools may consider a clear written commitment to pay by specified date(s) acceptable. The student services section of the Finance Department should be advised of any action taken.

- (i) Materials may not be issued to students with overdue accounts.

Appendix O

- (ii) Travel and Bequest Awards will be withheld, and/or be applied to clear the debt.

4.2 The following sanctions will be applied centrally against students with overdue amounts:

- (i) Matriculation Cards will not normally be issued at the start of each Session.
- (ii) Final Degree/Diploma examination results will not be issued by Registration. Consequently, students must be aware that, should they fail their examination(s), they may miss the opportunity to resit.
- (iii) Interim examinations results will not be issued by Registration on the recommendation of the relevant Head of School.
- (iv) Academic transcripts and references will be withheld from students who have left College.

5. BAD DEBTS

The College will not make any central provision for bad debts: it will continue to resort to legal action where necessary. The level of bad debt will be held under review and debts deemed irrecoverable at each year end will be re-charged to the issuing Departments. This procedure will restrict the School's ability to provide the same level of service in future years.

1. BANK ACCOUNTS

1.1 BANK ACCOUNTS

1.1.1 Commercial Banking

The College must tender for banking services every five years.

Tenders must be sought from a minimum of three banks. The tendering exercise should comply with the College Tendering Guidelines.

A Service Level Agreement will be agreed with the Bank.

1.1.2 Bank Accounts

Bank accounts must be held for the following:-

General Income Account

General HOBS

General Expenditure Account

Cheque Payment

BACS

Access Funds

Endowment Funds Current Account

Endowment Funds HOBS Account

1.2. GENERAL ACCOUNTS

1.2.1 This is the main income account of the College and is used for all general income lodged.

1.2.2 General H.O.B.S. Deposit Account

This is the main deposit account in which the College holds funds not immediately required for use.

1.2.3 General Cheque Account

Creditors and staff expenses are made out of this account using cheques. Funds are transferred to this account from HOBS deposit Account as and when required.

1.2.4 General BACS Account

Salaries and wages creditor and statement payments are made out of this account using the BACS and standing orders. Funds are transferred in the same manner as in the General Cheque Account.

1.2.5 Access Funds Current Account

Access Funds Expenditure is made from this account via cheque.

1.2.6 Access Students Funds Account

All Access Funds income is lodged in this account as funds to earn interest for the students.

1.2.7 Endowment Funds Current Account

Endowment Funds payments are made from this account via cheque.

1.2.8 HOBS Endowment Funds Account

All Endowment Funds income is lodged in this account as funds to earn interest.

1.3 CHEQUE SIGNATORIES

1.3.1 Bank Mandates

- a) Addendums to the mandate must be signed by the Chairman and the Principal.
- b) Amendments to the list of signatories on the College's accounts can only be actioned by the Director of Finance. It is his responsibility to ensure that the bank is promptly informed of any additions/deletions to the authorised signatories list.
- c) Stop payment instructions/BACS recalls/cancelled cheques may only be actioned by one of the following:-
 - Director of Finance
 - Finance Department
 - Financial Accountant
 - Cashier
- d) Term Deposits may only be made on the instructions of any of:-
 - Director of Finance
 - Finance Department(see Procedure 7.3 - Cheque Control and Security for further details).

1.3.2 Cheque Signing Note

- a) A rota is drawn up for approximately six months at a time, detailing the dates authorised cheque signatory staff are responsible for signing cheques.
- b) The designated signatory must check the supporting documentation to the cheque payments list and sign and date the list.
- c) It is the designated cheque signatory's responsibility to arrange cover for any of his/her absences on the appointed dates.
- d) Cheques should be returned to the Cashier immediately they are signed. They must not be allowed to lie unattended.

1.4 OVERDRAFT FACILITIES

1.4.1 The College must have the approval of the Board of Governors for a guarantee of an overdraft amount. The request must be signed by the Principal and the Director of Finance.

1.4.2 When the signed guarantee from the College has been received by the Bank, an overdraft agreement is drawn up and signed by the Bank and the Principal.

1.4.3 The guarantee and overdraft facility are usually for a period of 1 year.

See also Procedures:-

2.0	On-Line Banking
3.0	Cheque Control and Security
4.0	Security of Cash and Banking
7.0	Bank Account Reconciliation

2. ON-LINE BANKING

INTRODUCTION

The HOBS Service allows the College to operate its Banking Service on-line via a computer terminal. The system operates via a series of password controls that ensure funds cannot be transferred out of College control without a double authorisation. All officers involved have their own passwords plus a PIN number as the payment system is operated by use of a "Smart Card". Individual officers have a specific level of authorisation which ensure the integrity of the College funds.

2.1 OPERATION OF SYSTEM

2.1.1 The Cashier

It will be the responsibility of the Cashier to ensure that the College accounts do not go into unauthorised overdraft situation and that any short-term balances obtain the optimum interest by the use of HOBS.

The Cashier's level of authorisation will therefore permit entry to all the College's accounts both to view and to transfer funds between accounts. The Cashier will have the authority to transfer to HOBS investment accounts from current accounts, any balances that would obtain interest. This will take place on a daily basis. When transferring funds on a permanent basis to cheque accounts, the Cashier will note on the printed statements the amounts being transferred to cheque accounts. The Cashier will sign the statements. The Cashier's level of authorisation does not allow the movement of funds from any College account outwith the College as a second authorisation level is required. Acting cashiers will have the same authorisation level as the Cashier but will operate with a different password and can also undertake the above tasks.

2.1.2 On-line Baking Payments

The Cashier or acting cashiers, can prepare payments direct from an account but cannot release these payments. The payments can only be released by an officer from the College's signatory panel. This consists of:-

Director of Finance
Principal
Vice-Principal
College Secretary

Each signatory will be provided with a password, PIN number and a card which must be used before the payment can be released. A printed list of payments being made will be provided by the system for examination and authorisation by the releasing officers prior to release.

It should be noted that On-line payments cannot be made from a HOBS account, Funds must first be transferred to a subsidiary account and funds transferred from that account.

2.1.3 Types of Payments

The College will make use of two types of payment:-

- a) pre-mandated - these are pre-set with the Payee details and are a CHAPS type payment. The only pre-mandated Payee would be the Paymaster General and the limit would be £5m. Only the Director of Finance and Finance Department could authorise new Payees the addition of which would then be actioned by the Cashier.
- b) Free-format payments - this allows the payment to any other Bank Account.

2.2 CONFIDENTIALITY

2.1 Password control within the system will only allow the following officers to access and read balances:-

Director of Finance
Finance Department
Financial Accountant
Cashier and Acting Cashiers.

2.3 OTHER

A log is maintained within the system and print outs provided when required prior to deletion giving all entries made and by whom. However at certain times this file has to be cleared. When this is required only the Financial Accountant has the password level to carry out this function and ideally it should be done on a monthly basis.

2.4 CONTROL

It will be the responsibility of the Cashier to examine HOBS bank account statements whilst undertaking monthly bank reconciliation routines.

3. CHEQUE CONTROL AND SECURITY

INTRODUCTION

All cheques used on the College's operating bank accounts will be subject to proper control and security.

3.1 PAYMENT CHEQUES

3.1.1 These cheques are pre printed with two signatories required.

3.1.2 Endowment and Access Funds

It will be the responsibility of the Cashier to bring to the attention of the Director of Finance or the Finance Department, any payments over prescribe limits. These officers will approve payment by signing the documentation (as specified in Operating Procedures 7.1).

3.2 CHEQUE SECURITY

It will be the responsibility of the Finance Department to maintain the security and control of cheques as part of the controlled financial stationery procedures.

3.2.1 Access Funds, Endowment Funds and General Cheques

a) The main supply for Access Funds, Endowments Funds and general accounts will be held as part of the Controlled Financial Stationery and will be kept in a secure and lockfast room or the College safe.

Issue of these cheques will be made in line with approved procedures to the Cashier.

b) The Cashier will retain a working supply of cheques in respect of Access Funds, Endowment Funds and General accounts. The Cashier will keep the working supply of those cheques in a secure and lockfast cupboard or cabinet and maintain a register showing cheques received from the main supply held under Controlled Financial Stationery and cheques used including details of spoilt or cancelled cheques.

3.2.2 **Payment Cheques**

a) The supply of cheques will be ordered by the College's Bankers, the Bank of Scotland.

Issue of those cheques to the Cashier will be on the authority only of the Director of Finance or the Finance Department. The cheques will be recorded as received as part of the Controlled Financial Stationery.

The College Bankers, the Bank of Scotland, will maintain a register of cheques detailing receipt and issue of cheques.

b) All spoilt/cancelled cheques are returned to the College along with a schedule showing cheques which have been issued.

4. SECURITY OF CASH AND BANKING

INTRODUCTION

The security of Cash and Banking within the College can be separated into two distinct functions i.e. Department level and the College Finance Department.

The importance of security measures introduced to protect the integrity of College systems from fraud or abuse are an integral part of this Procedure both in the Departments and Finance Department and any circumvention or avoidance of these measures will be treated as a disciplinary offence.

Where measures noted below cannot be taken, only the Director of Finance can approve alternative methods.

4.1 CASH/CHEQUE COLLECTION

- 4.1.1 The opening of incoming mail shall be undertaken by two persons, one of whom shall have as a function in their job description - responsibility for mail opening.
- 4.1.2 The Director of Finance will provide the responsible mail opener with a log book into which will be recorded the receipt of all cash, cheques and postal orders.
- 4.1.3 The Director of Finance will instruct the responsible person on how to complete the log book and explain the options available for the classification of income:-
- a) General Funds
 - b) Endowment Funds
 - c) Access Funds
- 4.1.4 the log book will show the date, details of the cheque/cash, who opened the envelope (both signatories) and will at least daily on completion, be taken to the Cashier.
- The Cashier will sign the log book acknowledging receipt and after writing the actual income to the Cash Book will receipt number on the log book will note the official receipt number on the log book.
- 4.1.5 The opening of coin operated machines and the counting and recording of takings shall be undertaken by two employees together. A register must be operated showing any meter readings (where appropriate), amount taken and dated and signed by both employees. Where possible it is advisable to rotate persons opening machines.
- 4.1.6 The cash collection procedures for the Shop, Canteen and Reprographics Unit are covered in Procedures 5.6 and 5.7.

4.2 SECURITY OF CASH/CHEQUES

- 4.2.1 All officers whose duty is to collect or hold cash, cheques etc shall be provided with a safe or with a lockable cash box. Where available lockable cash boxes must be kept in a safe.

The staff member responsible shall hold only one safe key and one lockable cash box key. Duplicate safe keys will be held by the College bankers. Duplicate cash box keys will be held where practical in a safe controlled by the College Secretary. Duplicate cash box keys not held in a safe will be held by the Departmental Manager in a sealed envelope with the seal signed over by the key holder and Departmental Manager.

- 4.2.2 The safe key holder shall not accept unofficial funds or goods for depositing in the safe (this included staff collections) unless such deposits are in a sealed container or envelope. The College will not accept responsibility for the loss of such funds and a signed indemnity must be obtained absolving the College from loss (Appendix P1).

- 4.2.3 there shall be a written discharge for the safe/cash box on the transfer of responsibilities (Appendix P1).

- 4.2.4 All income received should be banked intact and lodgements should be made at least weekly for such sums up to £500 regardless of whether it is cash or cheque.

For sums smaller than this amount, banking can take place at less regular intervals, but always at least monthly at the end of the month. Taking account of the sums involved banking several times per week may be appropriate.

- 4.2.5 It is not permissible for staff to cash personal cheques from the College Funds. Should it occur it will be treated as a dismissable offence.

4.3 BANKING OF INCOME

- 4.3.1 Specially printed Bank Giro Pay-In Books will be made available to those persons responsible for lodging income at the bank. Care should be taken to ensure income is lodged in the correct account i.e. Access Funds Account, General Account, Endowment Account.

Details of the account are printed on the book.

- 4.3.2 Bank lodgements must be made wherever possible at a Bank of Scotland Branch (the College bankers).

- 4.3.3 Where large amounts of cash are to be deposited or collected, the College Secretary should ensure that personal security risks should be assessed and steps taken to reduce risk, e.g.

- a) Employ a Security Firm
- b) Provide an escort
- c) Take various routes to the Bank
- d) Provision of personal alarms

- 4.3.4 Where appropriate the College Secretary should arrange with their Bank the facility for deferred bank lodgements. This saves time for staff and reduces Bank charges.
- 4.3.5 The pre-printed Bank Giro Credit Transfer Books have two counterfoils attached to the slip after the Bank has removed the portion with full banking details. One remains in the book and one is returned to the Cashier, together with details of banking.

In the event of a Pay-in being made where no Pay-in book has been used, the Bank must be asked for a second counterfoil which can be forwarded to the Cashier.

4.4 INCOME RECORDS IN DEPARTMENTS

- 4.4.1 It is essential that Cash Books and Income Records are kept at local level, and this is done by maintenance of a Manual Receipt Book.
- 4.4.2 A copy should be taken to support lodgement of cash with Student Services who will then bank the funds in accordance with College Procedures.
- 4.4.3 The Finance Department will be responsible for checking banking on a regular basis and where a banking has been checked the Finance Department will initial the retained Bank Pay-in slip.
- 4.4.4 A receipt book will be in use by Student Services. A receipt will be issued for income received and the total banked will agree with receipts issued since last banking. Again the Pay-in slip must be forwarded to the Cashier with details attached.
- 4.4.5 The receipts issued to Payees will be in official Receipt Forms/Books which will be serially numbered. The issue and ordering of receipt will be the responsibility of the Student Services Supervisor. Receipts will only be issued to authorised personnel.

A register will be maintained recording details of receipt and issue of receipts.
- 4.4.6 A notice will be displayed at all points where receipts are issued stating "an official receipt must be obtained for all payments made" showing a specimen receipt.
- 4.4.7 Income received in respect of Access and Endowment Funds are dealt within Procedure 5.8 and 19 respectively.

5. CASHIER

- 5.1 The Cashier will be responsible for the operation of the Bank Accounts and all intromissions on the Bank Accounts.

The functions sub-divide into four major groups:-

Treasury Management
General Income/Expenditure
Access Funds
Endowments

- 5.2 Treasury Management procedures are covered in Procedure 8.1.
- 5.3 General Income - It will be the responsibility of the Cashier to record all income received by the College in the nominal ledger bank accounts.

The income received in the office will be recorded daily and receipts issued. Receipts for cheques or direct lodgements do not have to be forwarded unless requested. Receipts for cash must always be given or forwarded.

In updating the Nominal Ledger, full details of the payment must be recorded.

Banking will be made daily dependent upon the cash held. The banking must agree with income received.

Any discrepancy must be reported immediately to the Financial Accountant or the Finance Department.

Bank lodgements must be prepared by the Cashier.

In the absence of the Cashier and at regular intervals, the Financial Accountant will check bank lodgements.

Where income has been made direct to the Bank Account by other bodies, details will be provided by the Pay-in source in order that the Cash Book entry will be made.

It is the responsibility of the Cashier in conjunction with Student Services Section to code income. The allocation of VAT to the VAT Code will be calculated by the Cashier. The Financial Accountant will inform the Cashier of any changes in VAT Regulations.

Where it is noticed by the Cashier that notification of income is not being received timeously, this will be brought to the attention of the Financial Accountant. The Financial Accountant will raise the matter at the source of income.

Income notifications must be written to the Income Cash Book on a daily basis.

5.4 **General Expenditure**

General expenditure can be sub-divided into:

a) **Payroll**

The Payroll system provides all cash details and the Payroll Supervisor is responsible for Payroll output.

The Payroll Supervisor will inform the Cashier in advance of any likely variations to the Payroll cash figures.

b) **Creditor Payments**

Creditor payments are covered in Procedure 12.1. The Cashier is responsible for all Cash Book entries in relation to Creditor payments.

In conjunction with the above expenditure, the Cashier will be responsible for ensuring that funds are transferred to the relevant bank accounts to meet expenditure. See Procedure 7.1 - Operation of Bank Accounts.

The Cashier will complete a Journal Entry monthly in respect of Cash Book totals.

5.5 **Access Funds**

The Cashier is responsible for all Cash Book entries in relation to both Income and Expenditure for Access Funds.

Income in respect of Access Funds received at the Finance Department will be receipted by the Cashier and entered in the Funds Cash Book.

A register will be maintained showing full details of the amounts due and the dates of cashing.

Banking arrangements will be similar to those in Para 5.2 of this Procedure.

Access Funds expenditure will be approved by those officers identified in the Access Funds procedures. Request for payments made outwith the Cashier will be forwarded fully authorised. Payments originating in the Cashier's office are authorised by the Financial Accountant or the Finance Department.

Access Funds cheques will be issued on a daily basis and all payments entered to the Access Funds Expenditure Cash Book. Before issue the Cashier will ensure each cheque has two signatories.

Access Funds balancing is the responsibility of the Cashier. The balances must be undertaken at the end of the month and provided to the Cashier within 10 working days of the month end. The Cashier will check the balances and agree to the balances held in the Bank Account.

Problems in balancing must be immediately brought to the attention of the Financial Accountant. The Cashier will certify the balances. The Financial Accountant will check balances at least twice per annum.

General

The Cashier is responsible for ensuring the Access Fund balances agree with Access Funds Bank Account balances. Close liaison is therefore necessary between those responsible for Access Funds and the Cashier.

5.6 **Endowments**

The Cashier is responsible for all Cash Book entries, both Income and Expenditure in relation to Endowment Funds. (For Endowment Procedures see Procedure 19).

Income from Endowment Funds is received from Investments, Gifts, Donations etc mostly direct to the Endowment Fund HOBS Account. The Cashier will therefore examine Bank statements and enter income to the Cash Book at least weekly. Income must be identified and where this is not immediately possible, the Cashier must take steps to locate source of income.

Expenditure will be via Remittance prints provided by the College Secretary which will detail the payee and the total cheque amount.

The Cashier will ensure that before issue the cheques have two signatories.

General

The Cashier has responsibility for the integrity of the Bank Accounts and as such must be informed formally of any adjustments which may be required that have been discovered during Bank Reconciliation exercises.

6. PETTY CASH

- 6.1 Petty Cash imprests made available to responsible persons must be properly accounted for with full records maintained by the holder.
- 6.2 A Petty Cash Book will be provided to the responsible officer to record all expenditure from the Float.
- 6.3 Receipts must be obtained for items purchased.
- 6.4 No Purchases can be made in excess of £20.00.
- 6.5 Payment of wages is not permitted from petty Cash. Where an urgent payment is required this must be discussed with the Financial Accountant.
- 6.6 Claims for reimbursement of expenditure must be sent to the Finance Department at least monthly showing details of expenditure incurred with (where applicable) receipts attached.
- 6.7 The Petty Cash Book is in duplicate. When claiming reimbursement the top copy of the page is sent. The float less expenditure must agree with the balance of stamps and cash.
- 6.8 Discrepancies must be reported to the Head of Department.
- 6.9 Periodically the Head of Department will check the balance on the floats.
- 6.10 Cash must be kept in a lockable cash box in a cupboard or safe and not left on a desk in full view.
- 6.11 A handover document must be completed for annual leave, periods of absence and discharge of responsibilities (Appendix P1) when the responsible officer is going to absent.

Once per annum the Financial Accountant will request from the responsible office a certificate of imprest held, which will agree with a list of balances maintained by the Financial Accountant.

7.0 RECONCILIATIONS

INTRODUCTION

The reconciliation of the Bank Accounts is an essential security measure which must be strictly in accordance with these Procedures.

7.1 BANK ACCOUNTS

7.1.1 The College operates the undernoted Bank Accounts.

- No. 1 General Account
- No.2 General Account
- No.3 Mandate Account
- No.4 BACS Account
- No. 5 Shop Account
- No.6 Account
- Euro Current Account
- Euro Investment Account

7.1.2 It will be the responsibility of the Cashier to ensure that a Bank reconciliation in respect of each account is undertaken monthly. The account must be reconciled by the end of the month following.

7.1.3 Where due to sickness or leave it is not possible to complete reconciliations by the end of the month, steps must be taken to ensure reconciliations are completed and brought-up-to date by the end of the following month.

7.1.4 In cases of prolonged sickness the Financial Accountant will re-allocate duties to ensure bank accounts are reconciled within the prescribed time-scale.

7.1.5 Bank reconciliations once complete will be presented together with the Bank statements to the Financial Accountant for authorisation.

7.2 RECONCILIATION PROCESS

7.2.1 General No.1

The General No.1 Account is the main income of the College. This account is used for all income lodged. At any given time therefore, items may be posted in the Cash Book that have not yet been received in the account or items may be in the account that have not been posted in the Cash Book.

Items of these types must clear by the next reconciliation. If they do not clear, steps must be taken to investigate and clear. Steps taken to be noted on reconciliation.

The balance in the General Account together with HOBS Deposit must agree with the Financial Ledger.

7.2.2. Current Accounts

General Accounts
Endowments
Access Funds

The balance on the current accounts should represent outstanding cheques. On occasions an over or under transfer to these accounts from respective HOBS Accounts may occur which will affect the balance.

This is permissible as this can obtain maximum interest.

Where a cheque remains outstanding for three months a letter must be written asking the payee to present the cheque for payment. Where the amount is for less than £5 no letters need be written.

Where a cheque is still outstanding after six months a final reminder letter must be sent stating that the cheque is now out of date and requesting confirmation that a duplicate be sent.

Where there is no response to correspondence the Cashier must be formally informed to cancel the cheques and credit original expenditure code.

In the case of Access Funds the credit is posted to the unclaimed balances account.

Whilst the timing of letters is prescriptive, staff responsible for bank reconciliations must positively examine the reasons for cheques for companies being outstanding and not wait the three and six month period before making contact.

7.2.3 HOBS Accounts - General Access Funds, Endowments

As with the General Account, HOBS Accounts may have transactions either in the Cash Book not in the Bank or in the Bank not in the Cash Book.

The same principles apply in that if not cleared by the next reconciliation, investigations must be undertaken to resolve. Notes of action taken must be given on reconciliation.

7.2.4 The HOBS Account balance must agree with Cash Book. The Access Funds HOBS account must agree with Access Funds Bank Balance shown in the Cash Book.

The Cashier will present this to the Financial Accountant for authorisation.

7.3 MISLAID/LOST CHEQUES

In either case the cheque must be immediately stopped at the Bank and a check undertaken to ensure it has not been cashed between the date of the last statement and the current date. Where the Payee claims the cheque was not received then a replacement cheque may be issued. Where the claimant states he has received the cheque but mislaid it, a Form of Identity must be completed and returned for a replacement can be issued - see Appendix P2.

7.4 ACCOUNT ADJUSTMENTS

If as a result of the reconciliation process an adjustment to an account is required, this must be done formally either to the Bank or Cashier.

The Cashier must be made aware of any adjustments to be made by the College Bankers.

Appendix P1

General Income

£

Per Income Sheet No:-

From Receipt No

to

Other

Petty Cash

£

Amount of Imprest
Less Expenditure

£

Cash
Stamps

Access Funds - (Details)

Other Valuables - (Details)

- 1) Certified that the above balances and valuable shave been checked and agreed by us on this date.

Handed Over by:-

Taken Over by:-

Date:-

OR

- 2) Certified that the above balances and valuable shave been checked and agreed by us in the absence of who normally has custody of the above.

Signature Designation
.....

Signature Designation
.....

Taken Over by:- Date:-

Appendix P2

Address:-

Dear Sir

in respect that cheque no..... dated For the sum of

..... pounds Pence (£) drawn on
Account

No:..... in my favour by On the
Bank

of Scotland, has been..... (lost, stolen, mislaid or

accidentally destroyed) and in consideration of the issue to me by the College of a replacement
cheque for a like sum, I hereby indemnify the College against any loss arising from encashment
or negotiation of the original cheque. If the original cheque should subsequently come into my
possession, I undertake to return it to the College uncashed.

Signature.....

Designation.....

Date.....

Witnessed (Signature)

Occupation

Address

Date:

Witnessed (Signature)

Occupation

Address

Date:

Appendix P2

Terms and Conditions of Use for College Credit Card

1. ISSUANCE OF THE COLLEGE CREDIT CARD

- 1.1** The College credit card allows a member of staff to purchase goods and services on credit without recourse to College registered suppliers and normal College purchase ordering procedures. Cardholders are regarded as holding a position of trust not accorded to all members of staff. All cardholders have a direct responsibility for ensuring the physical security of the College Credit Card, retaining all sensitive and confidential information concerning the card security and ensuring that the card is used in accordance with College regulations for expenditure which is incurred for reasonable business purposes.
- 1.2** The College reserves the right to withdraw the card on demand from any cardholder where there is evidence that the card has been misused, regulations governing the card have been misapplied, or where the card has been used to deliberately circumvent other College purchasing procedures.

The following guidance sets out in detail a number of matters to assist card holders in complying with the responsibilities encumbered upon them on acceptance of the card.

2. DUTIES AS A CARDHOLDER

2.1 Responsibility and Safeguarding of the Card

Each cardholder is responsible for safeguarding the card and ensuring its use for approved purposes. If the card is lost or stolen the cardholder is responsible for notifying the Bank of Scotland. Failure to notify may incur personal liability for any misuse during the period of unreported loss. The College presumes that every cardholder has read and will comply with the Bank of Scotland instructions.

2.2 Use of College Credit Card

The use of the college credit card is restricted to business purposes, these will include the purchase of goods and services in accordance with current College regulations. Any outright private purchases may not be incurred with the card. On occasions, where a purchase has both a business and private element, the card may be used, but receipts must be retained and clear evidence given as to the business and private element.

- 2.3** You are required to surrender the card to the College on demand. Should you become liable to make a contribution for private expenditure, this should be made within 28 days of purchase.

Appendix P2

3.0 USE FOR BUSINESS PURPOSES

Business purposes include use of the card for expenditure on the following:

3.1.1 Travel and Subsistence including meals, accommodation and other reasonable lay expenses whilst away from the College on business. **All detailed receipts and the signed card counterfoil MUST be retained.**

3.2 Fuel may be purchased but you should remember that the College pays a mileage allowance and that you will be required to reimburse the College for the full value of all fuel used in a private vehicle, with the exception of hire cars. **All detailed receipts and the signed card counterfoil MUST be retained.**

3.2 Hospitality & Entertaining including meals, drinks and other justifiable purchases whilst entertaining guests (who are not staff members). **All detailed receipts and the signed card counterfoil MUST be retained.**

Where additional receipts are not retained the College will regard such expenditure as being for non business purposes until such time as evidence is produced to prove the contrary.

Non business expenditure will be required to be reimbursed to the College on demand.

These restrictive rules on entertaining are designed to satisfy Inland Revenue requirements and College audit procedures.

3.2 Subscriptions, Books and Office Supplies

These may be purchased using the credit card. Although, it is presumed in the first instance, that an attempt has been made to obtain the goods from the College Shop or the Library. The card should be used where the goods can be sourced more cheaply or in case of an emergency more timeously.

3.3 Materials. All purchases of materials must comply with the College purchasing procedures. Specifically, where materials are available from an authorised College supplier, they must be purchased using purchase requisitions in the first instance. **Only in exceptional circumstances should the credit card be used to purchase materials.**

4.0 PRIVATE USE

On occasion where expenditure is both for business and personal use, you may use the card to make payment but will be required to keep all receipts in order that a calculation may be made to determine the amount of reimbursement due from you to the College.

Appendix P2

5.0 CASH WITHDRAWALS

All cards have a cash withdrawal facility whether using ATM's or visiting a bank counter. This facility should not be used by a cardholder without specific express authority from the Treasurer. If you require this facility, application should be made to the Treasurer who will arrange for a pin number to be issued from the Bank of Scotland to enable this facility.

6.0 ACCOUNTING

Cardholders will have to send their receipts with an appropriate summary of items to the Finance Department once per month.

7.0 CREDIT LIMITS

The College Credit Card has a pre-set monthly credit limit of £2000. If you should require to exceed this limit, express authority must be requested from and granted by the College Treasurer.

8.1 DECLARATION

Cardholders are required to sign this regulation prior to acceptance of the card.

I have read and understood the above and agree to its terms and conditions.

.....
Signature

Date.....