

Board Meeting

Date of Meeting	Monday 27 February 2017
Paper Title	Financial management arrangements for fully-operational fundable body status
Agenda Item	12
Paper Number	BM4-H
Responsible Officer	Robin Ashton, GCRB Executive Director
Status	Disclosable
Action	For Decision

1. Report Purpose

- 1.1** To update the Board on the development of financial and performance management arrangements for fully-operational fundable body status when this is granted by the Scottish Funding Council (SFC).

2. Recommendations

- 2.1** The Board is invited to:

- **note** that GCRB and the SFC are working to a transition plan which will allow fully-operational fundable body status to be implemented on April 1, 2017
- **note** the work being undertaken for GCRB to develop and implement appropriate financial and performance management arrangements for fully-operational fundable body status, including the development of a Financial Procedures Manual for GCRB taking up fully-operational fundable body status;
- **note** that the project timeframes for the development of grant awarding documentation, the approach to making capital funding allocations, and student activity monitoring arrangements have been adjusted to May 2017 but that fully-operational fundable body status is not contingent on these being finalised in advance of April 2017;
- **note** that it is intended that initially SFC members of staff will administer the GCRB account on GCRB instruction, and that a Service Level Agreement which sets out the responsibilities of SFC and GCRB under this arrangement will be developed by GCRB's lawyers;
- **note** that the draft Financial Procedures Manual has been reviewed by the GCRB Performance and Resources Committee and the GCRB Audit Committee and **is being**

recommended to the Board for approval, subject to any amendment, and on the basis that SFC provide assurance that the SFC managed element of GCRB's banking arrangements will be subject to future joint review and confirmation from the SFC that GCRB instructions cannot be over-ruled by members of the SFC; and

- **agree** to a resolution to maintain a banking relationship with the Royal Bank of Scotland plc (the Bank) in accordance with the stipulations set out in this paper.

3. Progress Report on the development of financial and performance management arrangements for fully-operational fundable body status

- 3.1** Attached as Annex A is a transition plan which sets out tasks and timeframes related to the development of funding, monitoring and financial management arrangements which will allow fully-operational fundable body status to be implemented by the SFC.
- 3.2** In terms of an overall assessment of progress, the majority of areas of work are due to be completed by March 2017 and GCRB remains on track to become fully operational by April 1, 2017.
- 3.3** Most significant progress has been made with regards the development of GCRB financial procedures and further detail on this aspect of work is provided within Section 4 below.
- 3.4** Activity relating to the development of grant awarding documentation, the approach to making capital funding allocations, and student activity monitoring arrangements will require further time to complete and the project timeframes for these have been adjusted to May 2017. However, whilst this work requires to be completed within this academic year, the transition to fully-operational fundable body status is not contingent on these being finalised in advance of April 2017.
- 3.5** In terms specifically of the development of procedures for allocation of capital funding, in line with the recommendation of the Audit Scotland report on the College Sector that the allocation of capital funding should take account of need, GCRB therefore requires to work with the Glasgow colleges to determine the current condition of the regional estate and prepare a plan to ensure that it is fit for purpose. Given the complexity and scale of this task, it may be appropriate to seek support from external consultants in order to complete this within required timescales.

4. GCRB Financial Procedures Manual

- 4.1** When GCRB is granted fully operational status it will be responsible for the administration of circa £100 million in funding and the GCRB Financial Procedures Manual will enable GCRB to achieve sound financial management and exercise effective control over funding received from the SFC and other sources.
- 4.2** Attached as Annex B is an overview of significant amendments made to the existing GCRB procedures to date.

- 4.3** A full draft of GCRB Financial Procedures Manual for fully-operational status is provided at Annex C. (The full manual has been sent electronically only. Members will receive hard copy of the sections of the procedures that have been significantly revised and new sections only).
- 4.4** The draft GCRB Financial Procedures Manual have been developed on a consultancy basis by GCRB's Internal Auditor, Henderson Loggie, from existing GCRB financial procedures, and in liaison with the GCRB Executive Director, the City of Glasgow College Head of Finance and SFC Finance team representatives. In addition, assigned college finance Vice Principals were also asked to provide feedback on the draft arrangements.
- 4.5** In reviewing the draft Financial Procedures Manual, members should note that:
- The procedures are set out on the basis that GCRB will be accountable to SFC for the funds allocated and that in turn, the assigned colleges to GCRB. This means that funding and financial information flows are between the assigned colleges and GCRB, and between GCRB and the SFC.
 - The procedures also operate on the basis that GCRB is a separate entity from the colleges, with funding being drawn down by GCRB from SFC and with GCRB reporting on a regional position, and the individual positions of the four organisations (GCRB and the three assigned colleges).
 - It is proposed that the physical administration of the GCRB bank account will be undertaken by SFC staff working to GCRB instructions. A service level agreement between GCRB and SFC is being developed to formally set out the terms of this relationship. When this aspect was considered by GCRB Committees, members expressed concern over potential issues relating to lines of accountability and requested that the GCRB Executive Director write to the SFC to request clarification on this arrangement, including the rationale for this proposal and confirmation that GCRB instructions cannot be over-ruled by SFC management, and stating that this arrangement should be subject to future joint review. Members should also note that it is intended that a service level agreement is developed by GCRB's lawyers to manage this arrangement with the SFC in line with GCRB's accountabilities as set out in the 2013 Post 16 Education (Scotland) Act.
 - City of Glasgow College finance section will continue to provide services to GCRB and process purchasing payments with GCRB reimbursing City of Glasgow College for net expenditure incurred on GCRB's behalf. A Service Level Agreement is also being developed to formally agree this relationship.
 - Significant revisions across a number of the procedures relate to the enhancement of controls to reduce the potential of financial fraud.
 - A new section on "Financial Reporting and Monitoring of Assigned Colleges Framework" has been developed to set out GCRB's financial reporting and monitoring responsibilities, including compliance with the Scottish Public Finance Manual. This describes in detail the process for the completion, review (by GCRB), submission (both assigned colleges to GCRB and GCRB to SFC, where applicable), and reporting upwards within GCRB (for corporate governance purposes) of the following documents:

- Cash flow returns
 - Resource returns
 - Assigned College management accounts
 - Financial Forecast Return
 - Assigned Colleges' annual report and financial statements
 - Student Support Funds
- A summary of the required returns and dates is also included within this section. Members should note that most of the above reporting and monitoring activity will be overseen by the GCRB Performance

4.6 The draft Manual has been reviewed by the GCRB Performance and Resources Committee and the GCRB Audit Committee and is being recommended to the Board for approval, subject to any amendment, and on the basis that SFC provide assurance that the SFC managed element of GCRB's banking arrangements will be subject to future joint review and that GCRB instructions cannot be overruled by the SFC.

4.7 Members should also note that GCRB's external auditors have indicated that they will review the proposed Financial Procedures Manual which will provide additional assurance to the GCRB Board.

5. GCRB Account Set Up

5.1 The Financial Memorandum requires compliance with the SPFM, which specifies that GCRB must use the Government Banking Service (GBS) framework. The Royal Bank of Scotland (RBS) has been contracted by GBS to provide banking services. The GBS framework agreement ensures that banking arrangements are suitably structured, represent value for money and are subject to regular review.

5.2 In order to set up an account with RBS, the GCRB must pass a resolution at a Board meeting which confirms that it was resolved that a banking relationship will be maintained with The Royal Bank of Scotland plc (the Bank) in accordance with the following stipulations:

- the individuals identified as authorised signatories may, in accordance with the signing rules, sign cheques and give instructions for Standing Orders, Direct Debits, electronic payments, banker's drafts and other payments on the accounts even if it causes an account to be overdrawn or exceed any limit;
- any authorised signatory may give other instructions or requests for information to the Bank in relation to the accounts;
- opening accounts with the same signing rules and authorised signatories; closing accounts; or other banking services or products;
- the Bank may accept instructions that do not have an original written signature provided the Bank is satisfied that the instruction is genuine and subject to any other agreement the Bank may require for those instructions;
- the Customer will provide to the Bank a copy of its constitution and any amendment to the constitution, certified as correct by the Secretary/Member of the governing body; and

- this mandate will continue until GCRB gives the Bank a replacement mandate or the passes a resolution changing the signing rules and/or adding or removing an authorised signatory by completing and returning the Change of Signing Authority form in which case this mandate will continue as amended.

5.3 As stated above, it is intended that initially SFC members of staff will administer the GCRB account on GCRB instruction, and the names of SFC staff will be provided to RBS as the authorised signatories for the GCRB bank account. A Service Level Agreement which sets out the responsibilities of SFC and GCRB under this arrangement will be developed by GCRB's lawyers.

6. Risk Analysis

6.1 The draft Financial Management Procedures will enable GCRB to achieve sound financial management and thereby exercise effective control of risks related to the management by GCRB of funding received from the SFC and other sources.

6.2 When fully-operational status is implemented, GCRB will be held accountable for the funding provided to it by the SFC. As outlined earlier in this report, it is intended that the physical administration of the GCRB bank account will be undertaken by SFC staff working to GCRB instructions. A service level agreement between GCRB and SFC will be developed to formally set out the terms of this relationship and manage risks around the potential for SFC staff to act in a way which undermines the accountability of GCRB as set out in the 2013 Post 16 Education (Scotland) Act.

7. Legal Implications

7.1 The Financial Memorandum requires GCRB to have in place a sound system of internal management and control, including adequate procedures to prevent fraud or bribery.

8. Financial Implications

8.1 The draft procedures are contingent on GCRB employing a Director of Finance and Resources.

9. Regional Outcome Agreement Implications

9.1 Through the conditions of grant associated with the Regional Outcome Agreement, GCRB is required to conduct its affairs in accordance with the expected standards of good governance, which include establishing appropriate arrangements in relation to financial management and internal control, including fraud, losses, and special payments.

Annex A: Action plan for development of GCRB funding/performance monitoring arrangements

1. Funding Decision Arrangements								
Aspect	Action	Dec	Jan	Feb	Mar	Apr	May	Notes
		Agree Teaching Grant Funding Allocation Model	Review funding elements					
	Finalise price bands							
	Finalise assumed fee-levels estimates.							
Develop and agree Capital Grant Allocation Model	Model funding in light of actual regional allocation							Work only at initial stages of collating college estates information.
	Assess regional estates needs within context of national SFC review of estates needs.							
	Identify impacts of any proposed capital allocation approaches							
Agree approach to management of Conflict of Interest	GCRB agreement of approach for 2017/18.							Clarification provided earlier by SFC and Standards Commissioner. Change to GCRB board regulations to be considered at February 27 board meeting.
	Board discussion as to how it wishes to proceed in light of approach taken for previous funding allocations.							

2. Funding Allocation Arrangements								
Aspect	Action	Dec	Jan	Feb	Mar	Apr	May	Notes
		Put in place GCRB banking arrangements and associated GCRB finance procedures	Undertake needs assessment with RBS					
Complete application process								
Develop and agree account management and control arrangements								
Develop a Service Level Agreement which sets out the responsibilities of SFC and GCRB within the proposed banking arrangements.								
Finalise grant awarding procedures	Review draft existing procedures and identify development needs							GCRB lawyer to review GCRB governance documentation and to draft a letter of grant. Financial controls significantly enhanced within new GCRB Financial Procedures Manual.
	Design new procedures and set out control and monitoring arrangements							
Agree with SFC assigned college Financial Memorandum	SFC to notify GCRB of their approval of FM							Awaiting SFC confirmation of approval.
	SFC/GCRB to consider City of Glasgow College concerns regarding FM.							Proposal to develop a regional strategic memorandum has addressed City of Glasgow College concerns.

3. Funding Monitoring Arrangements								
Aspect	Action	Dec	Jan	Feb	Mar	Apr	May	Notes
Develop Financial Monitoring Arrangements	Develop financial monitoring arrangements for:							Financial monitoring framework developed within new GCRB Financial Procedures Manual.
	initial budget information return							
	monthly and annual cash flow returns							
	quarterly and annual resource return							
	in-year Annual Managed Expenditure (AME) return							
	Whole of Government Accounts (WGA) return							
Agree position on accounts consolidation	Financial Forecast returns							Accounts consolidation proposal to be considered by GCRB Board at 27 February meeting.
	Student Support returns							
Agree position on accounts consolidation	Receive feedback from SFC/Audit Scotland							Accounts consolidation proposal to be considered by GCRB Board at 27 February meeting.
	Agree final position for 2016-17							

4. Funding Movement/Recovery Arrangements								
Aspect	Action	Dec	Jan	Feb	Mar	Apr	May	Notes
GCRB procedures for approach to in-year inter-region funding movement and funding recovery	Develop approach and procedures							GCRB lawyer to draft relevant documentation for GCRB board consideration.
	Seek GCRB Board agreement							

4. Student Activity Monitoring Arrangements								
Aspect	Action	Dec	Jan	Feb	Mar	Apr	May	Notes
Procedures for monitoring of college activity in relation to targets	Develop assurance mechanism which provides GCRB access to FES data							Work not yet started – will require data sharing agreement and may require SFC to provide GCRB with FES data returns
	Integrate review of data into GCRB monitoring arrangements							
	Ensure appropriate data sharing agreements in place							

Annex B: Summary of changes made to GCRB Financial Procedures Manual by Internal Audit

Internal audit was asked to provide assistance to GCRB in reviewing existing GCRB procedures (within the GCRB Financial Procedures Manual) and creating procedures for a) making payments from the GCRB bank account (once set up) to assigned colleges and b) a reporting and monitoring framework between the assigned colleges, GCRB and SFC which meets both the requirements of GCRB and SFC.

The following table sets out the sections of the Financial Procedures Manual and summarises the changes made to these.

Financial Procedures Manual section	Summary of key changes
S01 Introduction	Minor changes to clarify/enhance.
S02 Finance system and Coding Structure	<p>Full revision to reflect that City of Glasgow College will receive and bank (non-SFC) receipts from GCRB into their bank account, and will make payments from the City of Glasgow College bank account (except for main payments to assigned colleges which will be made directly from the GCRB bank account). This also sets out the process for GCRB to reimburse City of Glasgow College for net expenditure City of Glasgow College have incurred on GCRB's behalf.</p> <p>A set of appropriate nominal codes needs to be developed through discussion of GCRB and City of Glasgow College finance staff.</p>
S03 Requisitioning of Funds from SFC, Banking and Cash Arrangements	<p>Full revision.</p> <p><u>Cash Flow Returns and Receipts from SFC</u> This now sets out in detail the process for the preparation of monthly cash flow returns by the assigned colleges, the review of these by GCRB before passing on to SFC, and leading on to payment by SFC into GCRB's bank account. It also includes the requirement for reporting to the Performance and Resources Committee any adverse variances noted from GCRB's review of the assigned colleges' cash flow returns.</p> <p><u>GCRB Bank Account and Internet Banking</u> This sets out the SPFM requirements for bank accounts. In addition, the controls over Bankline, the RBS internet banking package, are set out including payment raisers/approvers and administrators and the number of people required to be involved in making payments. Controls to guard against fraudulent requests to change the bank account details of assigned colleges are also included. This also</p>

	highlights that the SFC will administer GCRB's bank account under a service level agreement.
S04 Payments, including payments to Assigned Colleges	<p>Full revision.</p> <p>This procedure sets out the process for making payments from the GCRB bank account on to assigned colleges, including controls to ensure that the amount and bank accounts are correct. This involves SFC (who have been set up to administer the GCRB bank account) making payments from GCRB's bank account to assigned colleges on the instructions of GCRB.</p> <p>The process for making payments to City of Glasgow College for reimbursement of net expenditure incurred on behalf of GCRB is also set out.</p>
S05 Salaries	<p>Partial revision.</p> <p>The procedure has been updated to provide more information about directly recruited and seconded staff and how payments are made to the Chair.</p> <p>In addition, it has been amended to enhance the controls over the authorisation of payroll changes and payroll invoices for seconded staff.</p>
S06 Procurement and Ordering of Goods and Services	<p>Partial revision.</p> <p>The procurement process was updated for the Procurement Reform (Scotland) Act requirements.</p> <p>The requirement for budget holders and their authorisations to be set out on a 'budget holders and appointment of nominee' form was expanded upon.</p> <p>The purchase ordering process was updated to bring this in line with the CoGC purchasing procedure. Additional requirements were included to improve GCRB controls over purchase ordering.</p>
S07 Financial Accounting	<p>Partial revision.</p> <p>This was updated to reflect changes in SFC Accounts Direction requirements and to reflect the actual controls in place.</p>

S08 Income and Debtors	<p>Partial revision.</p> <p>This was updated to provide more information on the processes and controls over invoicing, cash receipts and debt management.</p>
S9 Travel and Subsistence	<p>Partial revision.</p> <p>This was updated to ensure that the Executive Director was not authorising their own travel and subsistence, and to provide a threshold for which prior authorisation was required to be received before incurring travel and subsistence costs.</p>
S10 Fraud, Losses, Special Payments and Gifts	<p>Minor amendments.</p> <p>Changed to make the process more robust (particularly to ensure the procedure would never require someone to report fraud to the person who they considered was involved in the fraud), and included the requirement of all fraud risks and associated controls to be formally recorded.</p>
S11 Audit Arrangements	<p>This was reviewed and considered reasonable so was not updated.</p>
S12 Budgetary Control Procedures for Running Costs	<p>Partial revision.</p> <p>Amended to more clearly set out: the requirements for 'budget holders & appointment of nominees' forms; the budget setting timetable; budget monitoring process; and budget forecasting process (bringing into line with current practice).</p>
S13 Fixed Assets	<p>Minor revision</p> <p>Updated to reflect the size of GCRB.</p>
S14 Financial Reporting and Monitoring of Assigned Colleges Framework	<p>New section.</p> <p>This document sets out GCRB's financial reporting and monitoring responsibilities, including compliance with the SPFM. The detailed process for the completion, review (by GCRB), submission (both assigned colleges to GCRB and GCRB to SFC (where applicable)), and reporting upwards within GCRB (for corporate governance purposes) of the following documents are set out:</p> <ul style="list-style-type: none"> • Cash flow returns • Resource returns • Assigned College management accounts • Financial Forecast Return

	<ul style="list-style-type: none">• Assigned Colleges' annual report and financial statements• Student Support Funds <p>A summary of the required returns and dates is also included.</p>
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FINANCIAL PROCEDURES MANUAL

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SECTION 1

INTRODUCTION

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SECTION 1

INTRODUCTION

Background

1. Glasgow Colleges' Regional Board ('GCRB') is responsible for the administration of funds provided by the Scottish Funding Council ('SFC') for the purpose of providing financial support for education, research and associated activities in GCRB's assigned colleges. Funding provided by the SFC is for the assigned colleges' recurrent and capital expenditure, and to meet the GCRB's own running costs.
2. The financial relationships between the GCRB and the SFC are governed by a Financial Memorandum which sets out the terms and conditions attached to SFC's funding of GCRB.
3. These procedures have been devised to enable the GCRB to achieve sound financial management and thereby exercise effective control over funding received from the SFC and other sources.

Definition

4. These procedures include reference to 'GCRB staff'. 'GCRB staff' is defined as any individual, or group of individuals, who has / have a) responsibilities to GCRB, including financial responsibilities b) can be instructed to carry out tasks by GCRB c) can be sanctioned by GCRB for misconduct, breach confidentiality and failure to comply with GCRB procedures and d) has no split responsibilities or conflicts of interest that may lead to GCRB not having control over their actions when undertaking GCRB business.

Financial responsibilities

5. The Executive Director is responsible for:
 - safeguarding the public funds for which he or she has charge
 - ensuring propriety and regularity in the handling of those public funds
 - securing Best Value, which includes the concepts of good corporate governance, performance management and continuous improvement
 - providing timely forecasts and monitoring information on performance and finance.

6. The GCRB Executive Director is also ultimately responsible for ensuring the maintenance of the GCRB's system of internal financial controls.
7. GCRB is required to have an Audit Committee, which is charged with monitoring and reporting to the Board on audit related matters. Among other things, the Audit Committee's terms of reference include reviewing the scope and effectiveness of internal audit and examining audit findings and management's response thereto to ensure that adequate standards of financial control and propriety are maintained.
8. Internal audit is responsible for independently reviewing and reporting on the adequacy and effectiveness of GCRB's system of internal control. The financial systems are subject to audit from time to time and formal reports are submitted to the Audit Committee. In addition to internal audit, GCRB's finances are also subject to independent scrutiny by its external auditors who are responsible for certifying GCRB's annual financial statements.
9. All staff have a responsibility to ensure that they observe the highest standards of financial propriety in all aspects of their work, and staff (including those staff in City of Glasgow College and any other bodies processing transactions on behalf of GCRB) are therefore required to comply with the procedures prescribed in this manual.
10. Particular attention is drawn to the need to ensure that the controls set out in this manual are effected in practice. At the end of each section, a list of management checks has been supplied which indicate the checks that should be undertaken. The checks are not prescriptive nor are they exhaustive, and the Executive Director will use his or her discretion as to the nature, frequency, number of checks that should be undertaken.

Approval of changes to the financial procedures manual

11. The Financial Procedures Manual ('FPM') and any subsequent revisions are approved by the Executive Director, with a summary of changes being advised to the Performance and Resources Committee.
12. All proposed revisions to the FPM are approved by the GCRB Executive Director in the 'Document control and review' section at the end of the relevant chapter.
13. Upon approval:
 - the existing chapter will be replaced with the Word version of the new revised chapter in the 'Current live version' folder on the S:/ drive;

- the previous version will be moved to the 'Archive of old chapter versions' folder on the S:/ drive;

Additional reference material

14. This manual cannot provide comprehensive advice on every aspect of GCRB's finances. There is, in addition, a range of reference material that supplements the manual, which GCRB is required to observe and that staff are required to be aware of, such as the Scottish Public Finance Manual and Financial Memorandum. References to additional material are supplied throughout the manual.

Document control and review

Approval Status	Draft		
Approved by	GCRB Executive Director		
Signature			
Date Approved			
EQAI Status	Initial Screening Conducted?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
	Full EQIA Conducted?	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
Proposed Review Date	January 2017		
Lead Officer(s)	GCRB Executive Director		
Board Committee	Not applicable		

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SECTION 2

FINANCE SYSTEM

Background

1. City of Glasgow College provides GCRB with all its financial processing and reporting requirements as set out in a formal Service Level Agreement. As part of the Service Level Agreement City of Glasgow College must comply with the requirements of this Financial Procedures Manual.

Finance System Used

2. All income and expenditure (other than amounts received from SFC which are then paid on to Assigned Colleges) are processed into the City of Glasgow College's finance system. This includes sales invoices and the processing of purchase invoices. A separate spreadsheet will be maintained to record all amounts received from the SFC, and all the related amounts paid out to Assigned Colleges.
3. All receipts (other than SFC receipts) will be paid into the City of Glasgow College bank account, either by direct bank transfer or through banking of cash and cheques by City of Glasgow College finance section staff. Any receipts received for GCRB into the GCRB or a City of Glasgow College bank account that did not have any invoice raised will have a journal processed to record this income in the City of Glasgow College finance system. Any SFC receipts will be paid directly into the GCRB bank account. A monthly bank reconciliation of the GCRB and City of Glasgow College bank account/s will be undertaken, and reviewed by someone independent of the preparer. (Also refer to S03)
4. All payments (other than amounts received from SFC which are then paid on to Assigned Colleges) will be paid from the City of Glasgow College bank account as part of their normal payment runs. Payments for amounts received from SFC which are then paid on to Assigned Colleges will be made by CHAPS from the GCRB bank account to the Assigned Colleges. (Also refer to S04)
5. Every month GCRB will submit a cash flow return requesting funding for GCRB running costs from the SFC. This income, once received into the GCRB bank account, will be transferred to the City of Glasgow College bank account to cover the net running expenses of GCRB. At the end of the financial year the City of

Glasgow College finance section will total the net running expenses of GCRB that has paid/received in the year on behalf of GCRB, and compare this with the funds it has received from GCRB to cover these net costs during the year, and where GCRB has overpaid then City of Glasgow College will pay GCRB the excess, and where GCRB has underpaid then GCRB will pay City of Glasgow College the outstanding amount.

6. The annual financial statements are prepared by City of Glasgow College finance section using the information in the GCRB cost centre and relevant balance sheet codes in their finance system, along with the amounts received from SFC and paid on to Assigned Colleges as noted in the spreadsheet recording these amounts (refer para 2. above). (Also refer S07)
7. Financial transactions must be processed in line with the requirements of the Finance Procedures Manual by City of Glasgow College staff. City of Glasgow College also have their own financial procedures which are required to be followed, however where there is any contradiction with the requirements of the Finance Procedures Manual with City of Glasgow College procedures then the GCRB Finance Procedures Manual requirements will take precedence.

Coding

Each transaction must have two codes:

- Cost Centre – this is GCRB1
- Subjective Code – the type of expense or income

Running Cost Codes

8. Each transaction must contain two codes:

- Account code (depict the type of income/expenditure)
- Group code (used to assess compare to budget allocations)

An example of a full account code is – 4115 131

Codes are in the format of: aaaa bbb

a – Account code

b – Group code (T0/M0 code)

9. To enable analysis to be performed in the Ledger and the Purchase Order Module, the system uses Ledger Analysis (LA) codes.

LA Codes	Description
LA1	Grant
LA2	Project
LA3	Version
LA4	Status
LA5	Spend type
LA6	Staff
LA7	Budget Group
LA8	Supplier/Customer
LA9	Paid

10. Only income and expenditure utilise the four-section account code, balance sheet items only require the account code.

Account Code

11. Every entry requires an account code in order to record income or expenditure. Account codes depict the type of income/expenditure i.e. 4810 = travel & subsistence, 4218 = accommodation maintenance. A Chart of Accounts is attached at Annex A this describes the various types of income and expenditure. GCRB uses two types of account codes:

- Income & Expenditure codes (numeric, 4 digits)
- Balance Sheet Codes (1 letter, 4 numbers e.g. B3150)
(D codes are debtors, C codes are creditors and B codes are all other).

Group Code

12. Transactions can be analysed by Group to assess the level of expenditure and compare it to budget allocations. A copy of the group codes is attached at Annex B.

Activity Code

13. Activity codes record the 'purpose' of the expenditure (i.e. D= day subsistence). This enables analysis of expenditure on different activities. These codes are referred to as LA5 codes and a copy is attached at Annex C.

Budget Holder Code

14. In Symmetry, the LA7 code corresponds to the Budget Holder. Again, this is required for analysis purposes, refer Annex D.

Grant Codes

15. Grants need to be analysed under various headings also (such as GIA, Student Support Funds) and therefore must contain three codes for reporting purposes:

- Account code
- Grant line code (LA1 code)
- Project code (LA2 code).

An example of a full account code is – 2020 123106 H13047

Codes are in the format of: aaaa bbbbbb cccccc

Document control and review

Approval Status	Draft		
Approved by	GCRB Executive Director		
Signature			
Date Approved			
EQAI Status	Initial Screening Conducted?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
	Full EQIA Conducted?	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
Proposed Review Date	January 2017		
Lead Officer(s)	GCRB Executive Director		
Board Committee	Not applicable		

SECTION 2

ANNEX A: RUNNING COST ACCOUNT DESCRIPTION/CODE

Budget Description	Account Code
Committee members' fees	3171
Agency costs	3180
Staff training courses	4110
T & S staff train: general	4115
Staff training – conferences	4120
T & S staff conf: general	4125
Staff recruitment costs	4130
Staff welfare	4150
Staff personal subscriptions	4160
Building: lease rental charges	4210
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Stationery costs	4331
Photocopier charges	4332
Telephone costs	4341
Postages - Royal Mail	4351
Postages - Courier services	4353

Office sundries	4371
Fixtures & Fittings <£5000	4381
Office Equipment <£5000	4382
Fixtures & Fittings >£5000	4385
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SECTION 2

ANNEX B: RUNNING COST GROUP CODE

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[o/s]	[o/s]

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ANNEX C: RUNNING COST ACTIVITY CODES

Code	Description
A	B & B and Meal Allowance
B	Staying with Friends
C	Overnight Boat/Train Allowance
D	Day Subsistence
F	Personal Incidental Expenses
G	Car Allowance Rates
H	Taxi/Rail/Air Expenses (NOT travel agency)
I	Taxi/Rail/Air- travel agency

SECTION 2

ANNEX D: RUNNING COST BUDGET HOLDER CODES

Budget Holder Code	Budget Holder
[o/s]	[o/s]

SECTION 3

REQUISITIONING OF FUNDS FROM SFC, BANKING AND CASH ARRANGEMENTS

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SECTION 3

REQUISITIONING OF FUNDS FROM SFC, BANKING AND CASH ARRANGEMENTS

Requisition of funds - general background

1. Funding is provided by the SFC to the GCRB, both for payment of GCRB running costs and funding of Assigned Colleges (grant in aid, student support funds, capital funding and any other amounts).
2. To ensure that GCRB and the Assigned Colleges do not build up unacceptably large balances funding provided is based on expected cash flow requirements as reported to SFC in monthly cash flow returns.

Claiming funding from the SFC

3. Total funds available for distribution and to cover running costs are announced to GCRB by SFC before the commencement of the financial year to which they relate. Also prior to the financial year, the allocation of core grant to the individual assigned colleges is agreed by GCRB. There may be additional funds that are made available in the year by SFC, which GCRB will determine how these will be allocated. GCRB will inform SFC what the allocations to assigned colleges for each of the funds that have been awarded to GCRB are.
4. Each month the GCRB Director of Finance prepares a cash flow return template for that month, including populating actual figures from prior months' returns, budget figures from agreed budget amounts, and including any figures with a set payment profile. They will protect these cells, and any other relevant cells in the template, so that assigned colleges cannot change these figures/cells and then send the template out relevant staff in the assigned colleges by email for them to fill in.
5. Responsible staff in assigned colleges will fill in the cash flow return (all figures are expected cash spend – accruals, prepayments and creditor balances are excluded), provide comments where required, and return this to the GCRB Director of Finance (and any other specified individuals) by email by the agreed date.
6. The GCRB Director of Finance will review the submitted cash flow returns as follows:
 - for reasonableness (including considering any funding streams that have yet to be agreed upon);
 - tie in relevant figures to resource returns. While it is not feasible to fully reconcile the cash flow returns to the resource returns figure should be tied in where possible (such as key income and expenditure headings, donations to arms-length foundations, and capital expenditure)

Inconsistencies should be followed up and would clearly raise concerns about the quality of financial management at an assigned college;

- check that the amounts being claimed are not greater than the funding which has been allocated; and
- there will be greater monitoring/review of the cash flow returns at March, given that this is the end of the Scottish Government financial year end.

A checklist of all checks to be undertaken must be completed by the Director of Finance to ensure consistency of checking. The GCRB Director of Finance will follow up any queries with relevant staff in the assigned colleges by email, phone or in person. Assigned college staff should respond to all queries within one working day of these being provided by the GCRB Director of Finance in order not to delay payment of funds to assigned colleges.

7. Once the GCRB Director of Finance has finished their review and is satisfied with the responses to any queries they had, they will create a consolidated cash flow return spreadsheet which includes:
 - The three cash flow returns from the assigned colleges (each as a separate worksheet)
 - A cash flow return for GCRB running costs (to be prepared by the GCRB Director of Finance in line with the GCRB budget or updated budget) (on a separate worksheet)
 - A consolidated cash flow return for the whole of GCRB (the four worksheets mentioned above)

The spreadsheet will have a check totals sum within it to ensure that the consolidated worksheet total agrees to the sum of the totals on the individual worksheets'.

8. The GCRB Director of Finance will prepare a short summary outlining the review they undertook on the cash flow returns submitted from the assigned colleges, and setting out the reasons for any unusual or unexpected variances or any other matters noted from their review.
9. The GCRB Director of Finance will forward the consolidated cash flow return spreadsheet and their short summary outlining the review they undertook on the cash flow returns to the SFC and copy in all authorised bank account signatories by the required date.
10. SFC will review the cash flow returns and accompanying short summary and where they have any queries they will contact the GCRB Director of Finance for explanations, who may in turn have to contact staff in assigned colleges to obtain reasons. The GCRB Director of Finance will then feed this and any other information back to SFC in order that SFC are satisfied with the response.

11. SFC will then make payments of the requested funds to the GCRB bank account (up to four payments will be made by SFC, one for each assigned college and one for GCRB running costs). SFC will then email the GCRB Director of Finance, Executive Director and all authorised bank account signatories with the breakdown of the amounts remitted.
12. The GCRB Director of Finance will prepare a paper for each meeting of the Performance and Resources Committee highlighting any issues noted from their review of the cash flow returns, including matters relating to financial stability and governance of the assigned colleges.
13. The GCRB Performance and Resources Committee will review the paper the GCRB Director of Finance has prepared based on their review of the cash flow returns, considers any adverse variances and planned mitigating actions, and agree on what future reporting on such variances will be undertaken (such as a monthly email update in addition to the papers provided to the Committee).
14. SFC set the format and content of the cash flow return spreadsheet, and GCRB will make changes to the cash flow return spreadsheet were required to ensure that it is in line with the SFC's required format.
15. A timetable for the cash flow return spreadsheet templates to be sent to the assigned colleges, and the dates that completed cash flow returns are required to be returned to the GCRB Director of Finance will be set out prior to the start of each year.
16. A spreadsheet is maintained which records all amounts received into GCRB's bank account from SFC, classified into which assigned college they relate to or for GCRB running costs. At the year end this spreadsheet is totalled and used to support the receipts from SFC figure included in the financial statements.

Banking arrangements - general background

17. The Financial Memorandum requires compliance with the SPFM, which specifies that GCRB must use the Government Banking Service (GBS) framework. RBS has been contracted by GBS to provide banking services and therefore RBS are GCRB's bankers. The GBS framework agreement ensures that banking arrangements are suitably structured, represent value for money and are subject to regular review. Detailed advice on banking arrangements is contained in the Scottish Public Finance Manual (SPFM) available on the Scottish Government Website.
18. According to the SPFM, GCRB should ensure that a suitable framework of controls exists to enable funds to be properly managed, safeguarded, accounted for and protected against the risk of fraud and misappropriation. Division or segregation of

duties is an essential element in achieving this control. Details of payment controls are set out in S04.

19. GCRB operates one bank account which is with RBS. This has an internet banking facility, Bankline, which allows bank statements to be reviewed, and allows payments to be made.
20. The SFC will administer the GCRB bank account on behalf of GCRB. A Service Level Agreement sets out the responsibilities of SFC and GCRB under this arrangement.

Bankline

21. The initial Bankline administrators and users for the GCRB bank account at the time of implementing the Bankline facility have been selected and approved by SFC. Bankline is to be set up by RBS staff with at least two of the Bankline administrators approved by SFC to ensure that user authorisations and payment templates (including bank account details of the assigned colleges) are correctly set up.
22. The GCRB Bankline facility will be set up so that in order to process any payment two appropriate individuals are required to be electronically involved in raising and authorising the payment. The list of those staff who can raise and authorise payments on Bankline is listed in Annex A. All payment approvers are required to have a RBS smartcard and smartcard reader which generates a code that must be input into Bankline before payments can be made, which adds an additional level of payment control.
23. The Bankline system has controls within it so that when new users are added or existing users have their access rights amended two of the existing authorised Bankline administrators (from SFC) must be involved in electronically requesting and authorising the change. All new Bankline users and administrators must be selected and approved by the SFC and advised to the GCRB Executive Director. The list of Bankline administrators is set out in Annex A.
24. Direct debits are not allowed to be set up to come from the GCRB bank account in accordance with the SPFM.

Changes in Bank Accounts of Assigned Colleges

25. Where an assigned college changes their bank account then the two Bankline administrators (from SFC) that are to make the change to the Bankline bank payment template should be informed of the change by letter from the assigned college, which should be signed as approved by two members of the assigned college's executive management team. One of the administrators should then phone the finance section of the assigned college to confirm that the change and new bank account and sort number are correct and record who they spoke to and

when they spoke to them and this should be signed by that Bankline administrator and filed along with the bank account change request letters by SFC and a copy of this sent to the GCRB Executive Director. The two administrators will then amend the Bankline bank payment template on Bankline and then advise all Bankline raisers, authorisers and administrators of the new bank account details.

Payments

26. There is a Service Level Agreement with City of Glasgow College covering the processing of running cost payments and financial administration, and this Service Level Agreement requires compliance with this Financial Procedures Manual. All GCRB running costs will be paid out of City of Glasgow College's bank account by the City of Glasgow College finance section, and GCRB will reimburse City of Glasgow College for this periodically (refer to S02).

27. The GCRB RBS bank account will be used to make payments to assigned colleges and to make payments to City of Glasgow College to reimburse them for running costs paid on GCRB's behalf (refer to S02).

Reconciliations

28. The City of Glasgow College finance section is responsible for keeping the GCRB RBS bank account and their own bank accounts reconciled with its accounting system. All of these bank reconciliations are also required to be independently reviewed on a timely basis, with evidence of who prepared and reviewed the bank reconciliations retained for at least two years.

Management checks

Requisitioning of Funds

- Review of assigned college cash flow returns for reasonableness by the GCRB Director of Finance and ensuring that GCRB running costs cash flow return is in line with GCRB running costs budget.
- Review by SFC of consolidated cash flow return
- Payment directly by SFC into GCRB bank account

Banking

- Use of RBS bank account, with internet banking (Bankline) set up to ensure a) secure payments require two appropriate individuals from SFC to be involved b) changes to existing users’ Bankline user rights and addition of new users requires two Bankline administrators from SFC to make these changes

Document control and review

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Approved by	GCRB Executive Director		
Signature			
Date Approved			
EQAI Status	Initial Screening Conducted?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
	Full EQIA Conducted?	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
Proposed Review Date	January 2017		
Lead Officer(s)	Executive Director		
Board Committee	Not applicable		

SECTION 3

ANNEX A:

AUTHORISED BANK ACCOUNT SIGNATORIES/BANK ACCOUNT USERS (FOR BANKLINE USE)

Name	Organisation	Job Title	Approved Bankline role
Mary Boyle	SFC	Budgeting & Reporting Officer	Administrator
Nicholas Dixon	SFC	Budgeting & Reporting Officer	Administrator
Catherine Atkinson	SFC	Senior Budgeting & Reporting Officer	Administrator
Mark Naylor	SFC	Assistant Payment & Procurement Officer	Key All Payments
Evelyn Whitelaw	SFC	Assistant Finance Officer	Key All Payments
Paula Haynes	SFC	Senior Budgeting & Reporting Officer	Authorise All Payments
Fiona O'Neil	SFC	Assistant Director Finance	Authorise All Payments
Graeme Scotland	SFC	Budgeting & Reporting Officer	Authorise All Payments
Lorna MacDonald	SFC	Director of Finance	Authorise All Payments
Kevin Nicholls	SFC	Payment & Procurement Officer	Authorise all Payments
Robin Ashton	GCRB	Executive Director	Account operator – View only access
XX	GCRB	Director of Finance	Account operator – View only access

NB: There may be more than one approved role on Bankline. The possible roles are:

- Account operator – view only access
- Raiser – can raise payments
- Approver – can approve payments
- Administrator – can add users, make changes to users' access rights, can reset users' PIN numbers and undertake other Bankline administrative tasks

SECTION 4

PAYMENTS, INCLUDING PAYMENTS TO ASSIGNED COLLEGES

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SECTION 4

Payment of Grants to Assigned Colleges

General background

1. S03 sets out the procedure for the requisition of funds from SFC. Following receipt of SFC funds all amounts due to be paid to the assigned colleges should be paid out to them on the same day. As SFC are administering the GCRB bank account SFC will undertake the payments to the assigned colleges from the GCRB bank account and inform GCRB of this.

Payment process for SFC funds to be paid on to assigned colleges

2. Payments received from SFC for passing on to assigned colleges should be paid from the GCRB bank account to assigned colleges by CHAPS (same day bank transfer) on the same day as the SFC funds are received into the GCRB bank account.
3. Where SFC has received a request to make payments to assigned colleges which has originated from GCRB through existing payment request channels (such as through monthly cash flow returns) SFC will not require any further instruction from GCRB before paying these amounts out to assigned colleges.
4. In the event of a payment not originated from GCRB through existing payment request channels, such as an (annual) payment to City of Glasgow College to reimburse them for net GCRB costs paid by them, an instruction by emails (one from each GCRB staff member involved) or in writing (with signatures) is required to be received by SFC from two GCRB staff (which would normally be the GCRB Executive Director and Director of Finance) or one GCRB staff member and one GCRB Board member.
5. Once SFC have remitted funds to the GCRB bank account they will confirm these funds have been received by reviewing Bankline.
6. Once funds have been received by GCRB SFC will arrange for an authorised Bankline user to log onto the RBS Bankline internet banking for the GCRB bank account and raise payments to the assigned colleges. They will do this by selecting the relevant assigned college (which is already set up as a payee with their bank account details on a payment template on Bankline) and will input the amount to be paid (as per the cash flow return and SFC remittance advice – these should be the same amount). They will then

advise the designated authoriser for that payment that they have raised the payment.

7. Once the payments have been raised the designated authoriser will use their RBS smartcard to log on to Bankline and they will check the following:
 - The bank accounts and sort codes agree to the known bank accounts and sort codes of the assigned colleges
 - The amounts being paid agree to the monthly cash flow return and to the emailed SFC remittance advice

They will then approve the payments. Following this, the authoriser will email the GCRB Director of Finance to advise them that the funds have been remitted to the assigned colleges and the amounts remitted. The GCRB Director of Finance will then email the relevant staff at the assigned colleges to advise them that funds have been paid into their bank accounts. A copy of the Bankline screen or report showing the successful transmission will be printed off and filed by SFC and retained as evidence of who raised and authorised the payment.

8. The GCRB Director of Finance will add the amounts paid to the spreadsheet which records all SFC amounts received and paid on to assigned colleges.
9. Where ad-hoc payments (not based on a cash flow return being completed) are being made the same principles and processes apply, with the CHAPS raiser and authoriser having to be sent the source information (rather than cash flow return) from GCRB in advance of making the payment.
10. S03 sets out the controls over the RBS Bankline internet banking package.

Payment process for GCRB running costs

11. City of Glasgow College finance staff will process GCRB expenses through their finance system and pay these from the City of Glasgow College bank account.
12. Every month GCRB will submit a cash flow return requesting funding for GCRB running costs from the SFC. This income, once received into the GCRB bank account, will be transferred to the City of Glasgow College bank account to cover the net running expenses of GCRB, either by standing order, CHAPS or FASTER payment (same day payment less than £100,000).
13. There will be a year-end process to determine whether GCRB has paid more or less to City of Glasgow College than City of Glasgow College has incurred on their behalf. More details about this are set out in S02.

14. All GCRB running costs must be from existing approved budgets. Any new budget or change to the annual budget for a grant or project must be approved by the appropriate person under GCRB's scheme of delegated authority and evidenced on a budget amendment form (Annex A).

Other

15. No cheque books shall be used by GCRB, with all payments to be made electronically through Bankline.

Management checks

- Those involved in raising and authorising payments check that amounts being raised and authorised agree with appropriate documentation (e.g. Cash Flow returns).
- Electronic controls within Bankline require that two individuals are required to be involved in making CHAPS payments and two Bankline administrators for adding new Bankline users or changing Bankline user rights which ensures appropriate segregation of duties.
- The payment authorisers check that the bank accounts the funds are to be paid out to are in line with the known bank account details of the assigned colleges

Document control and review

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Signature			
Date Approved			
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Lead Officer(s)	Executive Director		
Board Committee	Not applicable		

ANNEX A: LIST OF FORMS

[Annex A: Budget Amendment Form](#)

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PAYMENT OF SALARIES

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SECTION 5

PAYMENT OF SALARIES

GENERAL BACKGROUND

1. GCRB must comply with any directions given by SFC in relation to its staffing establishment, employee terms and conditions, and pension arrangements (paragraph 10 of Schedule 2B of the Further & Higher Education (Scotland) Act 2005).
2. Glasgow Clyde College supports GCRB for all its HR and payroll requirements. A Service Level Agreement is in place with Glasgow Clyde College setting out their and GCRB's responsibilities relating to processing staffing changes and making staffing payments.
3. In cases where GCRB employees staff on a secondment basis, the primary employer of the secondee will support GCRB in the HR and payroll requirements relating to them.
4. The remuneration of the GCRB's Chair is paid through the Glasgow Clyde College payroll system but he or she is not an 'employee' of GCRB in the normal sense as they are appointed directly by the Scottish Government.
5. The City of Glasgow College finance section supports GCRB in relation to financial processing and payment of payroll related invoices. There is a Service Level Agreement in place with City of Glasgow College covering the support they provide.

RESPONSIBILITIES OF THE GCRB EXECUTIVE DIRECTOR

6. Within the parameters approved by the Board and subject to directions made by the SFC, the GCRB Executive Director is responsible for the following duties:
 - Establishing secondment agreements and service level agreements with the assigned colleges and other partner organisations.

- Creation of new posts and associated job descriptions
- Reviewing forecast outturn salary costs against budget with the GCRB Director of Finance

PAYMENT TO GCRB STAFF

7. Payment to staff for services to the GCRB falls under four broad headings:

Directly Recruited Staff

8. . When there is a new staff member a copy of the employment contract (including remuneration level) and other required information must be provided to the Glasgow Clyde College payroll section for adding the new staff member to their payroll system and ensuring appropriate payroll payments are made (until advised by GCRB to end or amend such payments). Glasgow Clyde College payroll section must ensure that the post has been authorised in line with the GCRB scheme of delegation.
9. All GCRB directly recruited staff payments are paid through the payroll systems of Glasgow Clyde College. Periodically invoices are received from Glasgow Clyde College to reimburse them for the cost of GCRB staff they have incurred. The GCRB Executive Director must review and approve the invoice for all GCRB staff except himself. The Chair must approve invoices for payroll costs related to the GCRB Executive Director. Invoices are then passed to the City of Glasgow College finance section for processing and paying. A service level agreement is in place with Glasgow Clyde College setting out their and GCRB's responsibilities relating to staffing payments.

Seconded Staff

10. Staff who are on secondment to GCRB still retain the terms and conditions of their original employment. These staff continue to be paid by their original employer who invoice GCRB for the full salary cost plus VAT (if applicable). A formal secondment agreement must be in place. Invoices received should be authorised by at least two people (from the group comprising the GCRB Chair and GCRB staff).
11. Pay awards for staff seconded from outside bodies are the responsibility of the primary employer. The contracts of these seconded staff are to be drafted so as to allow for such increases in contract conditions.

Chair of the Board of GCRB

12. The Chair is treated as an employee of GCRB for payroll purposes but he or she is paid through Glasgow Clyde College's payroll system on behalf of GCRB. The amount payable (day rate) is set by the Scottish Government. The Chair is required to submit a claim (on a GCRB expense claim form – see Annex A) to the GCRB Executive Assistant. The Executive Assistant will check that the days claimed is in line with their knowledge of when the Chair worked and that the correct day rate has been claimed and sign this and send to the Chair of the Nomination and Remuneration Committee for them to review, sign and give back to her. A scanned copy of the authorised expense claim form is then emailed by the GCRB Executive Assistant to payroll@glasgowclyde.ac.uk.

Agency Staff

13. The employment of temporary staff should be avoided where possible due to the additional costs involved. However, where there is a strong case in management's interest to employ temporary staff, this may be permissible. Payment for these staff is made to the relevant agency against invoices which have been authorised by at least two people (from the group comprising the GCRB Chair and GCRB staff).

PAYROLL PROCESSING

14. GCRB payroll processing is performed for GCRB by Glasgow Clyde College. Glasgow Clyde College are responsible for ensuring that they have robust payroll processing procedures and controls in place to ensure that all new starts, leavers and payroll amendments are appropriately authorised and timeously and accurately processed.

Additions / Amendments to the Payroll

15. It is the responsibility of GCRB to ensure that payroll related changes for staff are informed to Glasgow Clyde College on a timely basis. It is the responsibility of Glasgow Clyde College to ensure that such changes are made to payroll records and transactions are processed on a timely basis for all GCRB new staff, leavers, and amendments to existing staff pay (including changes in grade, spinal point, post, overtime, backpay and other payments). Authorisation of any payroll changes should be made by the GCRB Executive Director in writing to the Glasgow Clyde College payroll section, except where changes relate to the GCRB Executive Director in which case the changes

should be approved by the Chair in writing and forwarded directly to the Glasgow Clyde College payroll section, with a copy of any supporting Board authorisation appended where appropriate.

STATUTORY RETURNS

16. Glasgow Clyde College calculates and transmit all funds and returns required by HMRC, including Employer's Annual Returns, forms P35 and P14 related to GCRB staff.

ALLOWANCES AND DEDUCTIONS

Overtime

17. As a general rule, overtime will not be paid. In exceptional circumstances, where planned overtime is unavoidable the GCRB Executive Director will authorise overtime payments in advance, or where the payments relate to the GCRB Executive Director the Chair will authorise maximum overtime hours to be worked in advance. Staff working overtime are required to complete an overtime claim form showing actual overtime hours worked which once authorised (by the same authorisers as in previous sentence) will be passed to the Glasgow Clyde College Payroll Team for processing, or for seconded or agency staff this should be passed to their substantive employer for including on their invoice to GCRB.

LEAVE

Sick Leave

18. Staff are required to adhere to the absence notification requirements of their substantive employer. They should also notify the GCRB Executive Director (or the Chair, in the case of the GCRB Executive Director).

Annual and other Leave

19. All members of staff are required to maintain a record of leave in accordance with the requirements of their substantive employer. All leave requests should be authorised by the GCRB Executive Director. The GCRB Executive Director's leave requests should be authorised by the Chair.

PROCESSING PAYROLL INVOICES TO THE GENERAL LEDGER

20. City of Glasgow College finance section processes the invoices related to payroll into GCRB's finance system and accounts.

PAYMENT OF INVOICES FOR DIRECTLY RECRUITED STAFF AND STAFF ON SECONDMENT

21. On receipt of an invoice the Executive Assistant will check:
 - That the period covered by the bill is correct and that the member of staff was working for GCRB for that period
 - That the rate of pay is correct and in line with budget
 - That only reasonable levels of reimbursement for travel and subsistence have been claimed and that VAT has not been applied to these expenses.
22. Where the invoice is in respect of the Executive Assistant, these checks will be performed by the GCRB Executive Director. Where the invoice is for the GCRB Executive Director the invoice will be reviewed by both the GCRB Executive Assistant and Chair of the GCRB Board.
23. When satisfied that the invoice is in order, the Executive Assistant is required to sign and date it and then forward it to the GCRB Executive Director (or Chair where applicable) for authorisation. (Where the invoice is in respect of the GCRB Executive Director, the invoice should be authorised by the Chair.)
24. Once authorised the invoice will be processed in the same way as for any other purchase invoice.

PAYMENT OF INVOICES FROM EMPLOYMENT AGENCIES

25. At the end of each week of employment, or at the end of the period of employment if this is shorter, the agency temp should present a slip to their line-manager detailing the hours they have worked that week. The line-manager is required to:
 - Ensure that the hours detailed on the slip correspond to those actually worked by the temp. If there is any disagreement this should be settled between the line-manager and the temp
 - When satisfied - sign the slip

26. Invoices are to be checked by the GCRB Executive Assistant who will:
- Ensure that the hourly rate corresponds to the contracted rate
 - Ensure the invoice agrees to the figures on the time slip that has been agreed previously (and that the time slip is attached as evidence of the time worked)
27. When the GCRB Executive Assistant is satisfied that the invoice is in order he or she is required to authorise and code the invoice and pass it GCRB Executive Director for authorisation. Once authorised the invoice will be processed in the same way as for any other purchase invoice.

MANAGEMENT CHECKS

- New posts are authorised in line with the Scheme of Delegation, including the remuneration package, and Glasgow Clyde College are provided with a copy of the signed contract and other specified documentation (as per the SLA) to ensure the amounts they input into their payroll system are correct and authorised.
- GCRB staff notify Glasgow Clyde College and secondee's primary employers of changes to payroll (including leavers and changes to payroll payment amounts) and all such changes are required to be properly authorised in line with the requirements of the SLA, which requires these to be authorised by someone other than the person for which the payroll change/s is/are being made to.
- The Chair's remuneration is checked against Scottish Government allowed rates, and the days worked are reviewed and authorised by the Executive Assistant before being sent to Glasgow Clyde College payroll section for processing
- All payroll related invoices have their invoices reviewed by one member of staff and approved by another person, before being processed into the GCRB finance system.
- Payroll procedures are in place at Glasgow Clyde College and secondee's primary employers to ensure the prompt and accurate processing of payroll transactions. These systems are periodically reviewed by internal auditors.
- There is an Service Level Agreement in place with Glasgow Clyde College to ensure that payroll processing (including which authorisations are can be

accepted in order to process payroll changes and transactions), reporting and invoicing responsibilities are clear for all parties involved.

Document control and review

Approval Status	Draft		
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Signature			
Date Approved			
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Lead Officer(s)	GCRB Executive Director		
Board Committee	Not applicable		

SECTION: 5

ANNEX A: TRAVEL AND SUBSISTENCE FORM

[Annex A: GCRB blank expenses form](#)

SECTION 6

PROCUREMENT AND ORDERING OF GOODS & SERVICES

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BOOKMARK NOT DEFINED.

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SECTION 7

PROCUREMENT OF GOODS & SERVICES

Background

1. Procurement covers the process of buying goods and services from third parties. The procurement process begins when a need to buy something is identified and will end after the purchase is made or contract is awarded.
2. It is good practice for more significant contracts to have contract performance management arrangements in place, to ensure that the supplier is providing the contracted goods and services in line with the agreed contract.
3. GCRB takes its lead from Procurement Reform (Scotland) Act and the comprehensive Scottish Procurement Policy Handbook available on the Scottish Government website
<http://www.scotland.gov.uk/Topics/Government/Procurement/policy>
4. GCRB follows the code of conduct laid out in the Scottish Government's Suppliers Charter which aims to make the process easier and fairer on both sides.
<http://www.scotland.gov.uk/Topics/Government/Procurement/Selling/Supplierscharter2>
5. All GCRB staff with a purchasing responsibility should refer to this policy before committing GCRB to any expenditure.
6. City of Glasgow College provides GCRB with financial processing services, including procurement support. There is a Service Level Agreement in place which sets out the services to be provided and requires compliance with this Financial Procedures Manual.

General principles

Value for Money

7. Purchasers should base all procurement of goods and services on value for money i.e. quality (or fitness for purpose) and delivery against price. Value for money should be judged on whole life costs (i.e. cost in use, recurring costs, cost of disposal etc.), not simply initial costs. Ineffective and inefficient procurement methods can be very costly and have serious consequences on cost budgets. On the other hand, effective and professional procurement can have major benefits.

Accountability also places high importance on the need for due propriety in all purchasing work.

Legal Public Procurement Responsibilities

8. GCRB is covered by the Procurement Reform (Scotland) Act and must also comply with the EU procurement directives in the contracting of goods or services.

Responsibility and Authority

9. Purchase commitments (approval of purchase orders) should only be made by staff who have the authority to do so as defined by GCRB's Scheme of Delegation (<http://www.gcrb.ac.uk/content/interim-scheme-delegation>). Budget holders and their authorised budget lines are appointed by the completion of a 'Budget holders & appointment of nominee' form (see S12 Budgetary Control Procedures for Running Costs) which must be signed by the Executive Director (or the Chair if this relates to the Executive Director as a budget holder). This form also identifies where a budget holder appoints a nominee to sign in their absence. The completed 'Budget holders & appointment of nominee' forms must be provided to the City of Glasgow College finance section in advance of any orders being authorised by a budget holder. A summary of all GCRB budget holders and their authorisations (as noted on the 'Budget holders & appointment of nominee' forms) must be summarised on an Authorised Budget holder Schedule. (See S12 Budgetary Control Procedures for Running Costs for further information).
10. Purchasers must ensure that they have sufficient budget provision to cover the cost of purchases. Under no circumstances should an order be placed where there are insufficient funds in the relevant budget head, except with the explicit approval of the Executive Director (see Section 12 on Budgetary Control Procedures).
11. Purchases should be made with segregation of duty, with one person requesting and another person authorising these. This is even in the event of expenditure being made under an existing contract or SLA, as this segregation of duties mitigates against goods or services being purchased which are not for GCRB or which do not best meet the requirements of GCRB.
12. Staff are required to declare any 'conflict of interest' they have when dealing with individual suppliers, or the letting of contracts.
13. All staff should be mindful of their public duty and that acceptance of gifts and hospitality may impair objective consideration of selection of a supplier. For this reason, unless the gift is of low value, it should not be accepted (any gifts that are accepted must be reported - see section 10 of the Financial Procedures Manual).

14. Suppliers are advised that they must not do anything that gives or offers any kind of inducement or reward to GCRB employees in relation to any contract. It may be a criminal offence to do any of these things and staff should be aware of the Bribery Act 2010.
15. GCRB should provide opportunities for Small and Medium Sized Enterprises (SME) to compete for business. An SME employs fewer than 250 people. GCRB procurement has a strong role to play in Corporate and Social Responsibility, especially in relation to the way in which GCRB treats its suppliers and the way suppliers treat their sub-contractors labour conditions along the supply chain support for SMEs and local production fair trade and selection of environmentally friendly products and services. This is generally done by placing procurements for larger values available on the Public Contracts Scotland (PCS) portal.

Sustainable Procurement

16. GCRB will procure goods, services and works in a way that minimises the impact on the environment where it is practical and economically viable. In line with Scottish Government policy of increasing sustainable economic growth, we will seek savings in energy, reduce waste, recycle and promote a sustainable approach to the way we conduct our business.

PROCUREMENT ROUTES

Procurement Route

17. There are a number of arrangements for procurement including:
- Use of existing public sector framework agreements
 - Through selection from any supplier (between £5,001 and £50,000 (exclusive of VAT))
 - Quick quotes and tenders (through Public Contracts Scotland and through Public Contacts Scotland – Tender, the Scottish Public Sector eTendering Tool)
18. Framework Agreements available to GCRB, if suitable, should be used rather than conducting a new competition. The City of Glasgow College procurement section can advise on framework agreements in place. The Framework Agreements have undergone a full tender exercise in terms of quality, cost, environmental and management information by APUC (or a related procurement service) and should be used at all times except where there is appropriate justification for not using these (such as where there is clear evidence that framework prices would be significantly higher than prices likely to be received through a specific competitive procurement process). City of Glasgow College procurement section will provide guidance on how these Frameworks should be used.

19. For goods or services not covered by any framework arrangements, there are the following categories of purchasing values:

- Items with a value less than £5,001 (exclusive of VAT)
- Items with a value between £5,001 and £50,000 (exclusive of VAT)
- Items with a value of £50,001 (exclusive of VAT) to OJEU limit
- Items with a value above OJEU limit. (The current limit for supplies/services is £164,176.00 (total cost of a one-off purchase or for recurring requirements the total contract value over 4 years) and £4,104,394 for Works.)

20. Items with a value less than £5,001 (exclusive of VAT): - these items can be purchased from any supplier and there is no need to perform any tendering procedure. However, staff are required to keep in mind the principles of best practice and value for money when determining which supplier to procure items from.

21. Items with a value between £5,001 and £50,000 (exclusive of VAT): - in order to procure an item with a value falling within this category three written quotations must be obtained by the ordering officer. The quotation offering the best value for money based on tendering guidelines must be accepted, the reasons for acceptance must be formally documented. The budget holder must retain all documentation including quotations and the documented outcome. These competitive quotes can be arranged using the Quick Quote facility on the Public Contracts Scotland website <http://www.publiccontractsscotland.gov.uk> Three suppliers registered on Public Contracts Scotland will receive requests to quote. Please contact City of Glasgow College for further information. Staff are encouraged to use the Quick Quote facility as this provides easy access to suppliers including SMEs.

22. Items with a value of £50,001 to OJEU limit (exclusive of VAT): These goods or services must be subject to formal competitive tendering procedures and have a business case setting out the rationale for the expenditure. Competition avoids any suggestion of favouritism or the encouragement of monopolies it also helps to promote efficiency and economy. Tendering procedures are detailed later in this procedure.

European Communities (EC) Procedures

23. GCRB must comply with the EC Procurement Directives. The Directives are a set of rules that were introduced to promote competition and fairness. They require member states to open up public purchasing by removing restrictive practices. Failure to comply with the legislation carries severe penalties for which the GCRB would be held accountable.

24. Purchases made by GCRB fall under one of two categories specified by the EC Directives:

- Supplies contracts
- Service contracts.

25. Service contracts include computer and related services accounting, auditing and book-keeping management consultancy certain R & D services and advertising.

26. It is the responsibility of staff who are considering commissioning consultants to determine whether the EC procurement directives apply to the contract. City of Glasgow College can provide advice. If you are buying consultancy advice and the value of the contract or a series of contracts is likely to exceed the thresholds provided in the table below then they will apply.

27. It should be noted that if EC procurement directives do apply the most common procedure will take a minimum of about three months from the advertisement to choice of supplier, and this can easily extend to eight months in more complex cases allowing for clarification of specifications, supplier set-up time etc.

28. The International Obligations section of the Scottish Government Procurement Policy includes detailed guidance on complying with the EC procedures.

Non-competitive action (NCA)

29. There will be very few occasions where this can be justified and it should only be granted in exceptional circumstances as, without competition, it is difficult to achieve value for money and difficult to demonstrate that the procurement process is robust. The following situations may allow for NCA:

- For work of exceptional urgency caused by unforeseeable circumstances e.g. emergency situations (Acts of God) where competitive tendering would cause unacceptable delay
- The supplier possesses unique or specialised capacity that is not available from another source
- Intellectual property rights restrict supply
- A recent best value supplier is likely to remain so in another competition (i.e. evidence of recent market testing).

30. Failure to appreciate the timescales required for competition is not an acceptable reason for NCA.

31. All cases of non-competitive action greater than £5,000 must be approved by the Executive Director, on the appropriate form (see Annex B). All cases in excess of £25,000 must be approved in advance by the Scottish Funding Council.

Tendering Procedure

32. When tendering the City of Glasgow College tendering procedures must be followed.

Main steps of the tendering process

33. All tender opportunities with an estimated value of £50,000 or more will be advertised on www.publiccontractsscotland.gov.uk

34. A business case should be prepared and approved by the Executive Director for all contracts exceeding £50,000. The value must cover the total aggregated spend estimated for the life of the contract, including any possible extensions. The full contract duration should not exceed 4 years without justification and prior approval, as part of the business case. There is a business case form in the City of Glasgow College Procurement Procedure.

Commitment of a contract

35. A contract is a legally binding agreement between GCRB and one or more suppliers for the supply of specified goods, services or works. The contract sets out the details of what the GCRB is buying from whom and the rights and obligations of the parties.

36. All GCRB contracts must be in writing using a relevant City of Glasgow College template document or other document reviewed by a lawyer, although legally binding contracts can be made by word of mouth, or implied by the action of the parties. Therefore, in discussion with suppliers it is essential that staff take care to ensure that a contract is not unintentionally created.

37. Contracts can only be entered into in accordance with the authorisation limits set out in the Scheme of Delegation.

38. The Executive Assistant will maintain a central file of contract awards, including the award date, start and end dates, any extension period, contractor, subject matter, estimated value. This is used to identify any contracts coming up for completion to determine whether a formal extension should be provided or whether a Quick Quote or tender exercise is required, and ensure that such processes are started sufficiently prior to the end of the existing contract so that the new contracts will be in place by the time the existing contracts end. Under

the Procurement Reform (Scotland) Act any contracts over £50,000 must be made publicly available on the GCRB website.

39. Scottish Funding Council consent is required for external consultancy contracts greater than £100,000 (per contract) (see paragraphs 51 to 54).

40. Other steps in the tendering process will be as per City of Glasgow College's procedures.

Contract Management

41. Following award of a contract it should be agreed by how it will then be managed going forward. This will depend on the value of the contract and/or the strategic importance or potential risk to the business. In all cases an effective communication system should be agreed with the supplier. It is important to monitor the contract delivery and ensure it is meeting the requirements of GCRB in terms of delivery, compliance and quality.

42. Contract management, document/record keeping are the responsibilities of the budget holder.

43. If Management Information (MI) is required by GCRB and was not detailed in the tender the content should be agreed with the supplier. It should also be agreed when the MI should be produced, the frequency of delivery, the format of the MI and who this should be sent to.

Key Performance Indicators (KPI's)/ Service Level Agreements (SLA)

44. To assist in the above several key points can be considered as KPI's:

- Quality of goods or service provided
- Delivery timescales
- MI delivered in correct format and on time
- Accurate invoicing
- Compliance to standards or legislation
- Continuous improvement initiatives
- CSR initiatives

45. For service contracts a SLA can be used to monitor the agreed KPIs and regular review meetings should be conducted with the supplier. A record should be maintained of review meetings and any resulting action points, which should be shared with the supplier.

Unsatisfactory Supplier Performance

46. If a supplier fails to meet their contractual obligations or have not addressed action points from a contract management review meeting, GCRB may decide to terminate the contract. It is important that any supplier performance issues are fully documented to support this decision.

Contract Documentation

47. Original signed contracts should be retained centrally by the Executive Assistant and an electronic copy filed on the S:\ drive.

Register of Interests/Conflict of Interest

48. City of Glasgow College's standard terms and conditions request prospective tenderers to notify it of any other contracts they currently have with the College or of any actual or potential conflicts of interest in carrying out the proposed work. A request for this information should be included in the ITT. Where a register of interest, or conflict of interest is noted by a supplier, the Executive Director should be advised.

49. Where a specified list of suppliers are being invited to tender and this list includes either the internal or external auditor, the tender should be discussed with the Executive Director and the Chair of GCRB's Audit Committee prior to the ITT being sent out.

50. Where contractors are required to handle GCRB data relating to individuals (either personal GCRB staff, secondees or relating to students or assigned college staff or Board members), details of the Tenderer's security plan arrangements in accordance with the Data Protection Act 1998 and the provisions of BS 7799 (or any replacement standard relating to data security) must be requested.

Consultants

51. All budget holders involved in commissioning and managing consultants should refer to the Scottish Government Procurement Policy.

<http://www.gov.scot/Topics/Government/Procurement/buyer-information/standardformsanddocs/ConsultProc>

52. Where ever possible, contracts should state that GCRB will arrange and pay for travel and accommodation for consultants. This avoids GCRB having to pay VAT on the VAT already incurred by the consultants if they pay for their own travel and accommodation.

53. The responsible officer should ensure that the proposed staged payments are appropriately timed and should ensure that final payment is not made until the output fully meets the pre-agreed specification and contract terms and has been delivered.

54. Consultants should not be given approval to commence work (i.e. fees should not start to accrue) until written contracts have been signed by both parties.

ORDERING PROCEDURE

55. All purchases by GCRB are subject to audit. GCRB must demonstrate that it has been meticulous in its procurement methods and that they stand up to scrutiny of both internal and public enquiry.

56. All goods and services must be covered by an approved purchase order. Where there are a large number of purchases made for a small value, such as for refreshments, it may be appropriate for there to be a bulk purchase order for a set amount covering a set period e.g. £100 for a supplier for each month.

57. GCRB uses three-part (white, blue & yellow) purchase order stationery. A record is kept of all issued orders for reference and audit purposes.

58. The following information should be e-mailed by the GCRB requesting officer to the City of Glasgow finance section who will complete the Purchase Order Request:

- Name of Supplier
- Address of Supplier
- Description of Goods/Services being ordered
- Quantity to be ordered
- Price inclusive of VAT, if known, or an estimated cost based on best information available
- Account codes
- Reference to any existing contract, if relevant.

59. Once the order is printed, City of Glasgow College finance section forwards the order to the GCRB requesting officer. The requesting officer must get the order approved and signed by the relevant signatory (or signatories).

60. The approver must be a budget holder with the authorisation to spend from the budget line the expenditure is coming from, and must ensure that there is remaining budget in that budget line. Details of appointment of budget holders and their authorisation is set out in S12 Budgetary Control Procedures for Running Costs.

61. Where the requesting officer is asked by an approver/budget holder to raise a purchase order (which that approver/budget holder will then authorise) the requesting officer must be certain that the purchase is a valid GCRB purchase (i.e. relates to GCRB and is an appropriate purchase for GCRB activities and is in line with the requirements of the Financial Procedures Manual), and where they are unsure of this they should discuss with other GCRB staff until they are certain that the purchase is valid. If they are not certain of the validity of the purchase then they should refrain from raising the purchase order and advise the approver that someone else should raise the purchase order.

62. Once authorised the order is distributed as follows:

- The GCRB requesting officer is to send the top copy (white) to the supplier.
- The blue copy should be sent to City of Glasgow College finance section with the authorised signatory's approval (signature and their name).
- The GCRB Administrative Assistant should retain the second copy (yellow) until the goods/services have been received. On receipt of the good/services, the 'date of receipt' section should be completed and initialled and this part of the form should then be passed to City of Glasgow College finance section. This authorises the release of funds. The yellow portion of the purchase order form should only be completed when the order has been received in full.
- When only a part of the order has been received, the GCRB Administrative Assistant should send a photocopy of the yellow copy to City of Glasgow College finance section. The copy is to have the words "Part Order" written on it and the items received are to be highlighted. The copy is to be signed and dated by the person receipting the goods, with the date that the goods were received.

63. When signing for the receipt of goods/services, it is important to ensure that the goods/services received conform to the description given on the order form and that the goods/services are fit for their intended purpose. Remember that return of this form authorises the release of funds.

64. All invoices should be received directly by the City of Glasgow Finance section who will log the invoice in their finance system and they will forward the invoice to GCRB for approval, before passing back to the City of Glasgow Finance section for matching to the purchase order. If an invoice is received directly by GCRB this should be authorised (signed and name of authoriser given) and then forwarded to the City of Glasgow Finance section. A number of checks are done on the invoice

prior to authorising the invoice on the finance system ready for payment (as set out in 'checks on items being paid' below).

Payment procedure

65. In the case of goods and services, the timing of payments should be stipulated in the contract or in general conditions governing terms of business. These conditions should then be observed. Where there is no contractual provision or other understanding or accepted practice governing the timing of payments, payment should be made within 30 days of receipt of goods and services or the presentation of a valid invoice.

66. City of Glasgow College finance department will process payments of items which have undergone the required checks (as set out in 'checks on items being paid' below) into their finance system and these will be paid from their bank account. Periodically GCRB will reimburse City of Glasgow College for such amounts. City of Glasgow College finance procedures are in place over making such payments.

67. Where a supplier advises GCRB or City of Glasgow College finance department that their bank account has changed then the City of Glasgow College finance department will phone that supplier (using contact details from their finance system or prior approved invoice) to confirm that the request is genuine. Details of this check (which City of Glasgow College staff member did the check, which supplier staff member they spoke to, the date done and confirmation of whether the change was genuine) should be recorded and retained by City of Glasgow College finance department. Only once this has been undertaken will the supplier bank account details be amended on the finance system.

68. Payment of items directly from the GCRB bank account will be made using CHAPS or internet transfer. The controls over the payment system are set out in Procedure S04 'Payment of Grants to Assigned Colleges'.

Capital purchases

69. For the purpose of the GCRB's running costs, capital expenditure is defined as expenditure on:

- Land, new construction and extensions of and alterations to existing buildings
- The purchase of other assets having an expected useful life of more than one year and costing in excess of £5,000. Concurrent expenditure on a group of assets, which in total cost more than £5,000 will be, deemed to satisfy the latter criterion.

70. Funding provided by SFC intended to meet capital expenditure by GCRB shall not be used for recurrent expenditure by GCRB without the prior written approval of the SFC. GCRB may, however, vire recurrent grant-in-aid to capital expenditure at its discretion.

71. Where expenditure is made on capital purchases an update will be made to GCRB's Fixed Asset Register to record the purchase of the assets.

Checks on items being paid

- The following checks are undertaken by City of Glasgow College finance section on invoices
 - Checking that invoices have an appropriately approved purchase order, yellow purchase order form (confirming receipt of goods or services) and authorised invoice
 - Review of financial code, VAT status, and invoice arithmetic
 - Batch checking controls over payment batches, including identifying any posting failures

Management checks

- A contracts register sets out all contracts in place
- Oversight of expenditure transactions for items over £5001 to ensure they have gone through the appropriate procurement process.
- Bank account reconciliation by GCRB to ensure that all amounts that have been processed in the finance system have been paid, and to also ensure that any payments made but not in the finance system are processed into the finance system and checked for appropriate approval and documentation.

Document control and review

Approval Status	Draft		
Approved by	GCRB Executive Director		
Signature			
Date Approved			
EQAI Status	Initial Screening Conducted?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
	Full EQIA Conducted?	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
Proposed Review Date	January 2017		
Lead Officer(s)	Executive Director		
Board Committee	Not applicable		

Section 6

ANNEX A: Non-competitive action pro-forma

Please note: There will be very few cases where this can be justified and it should only be granted in exceptional cases as, without competition, it is difficult to achieve value for money and to demonstrate that the procurement procedure is robust. Once completed, this form must be sent to the Executive Director for approval

Proposed Contact Details	
Supplier Name:	
Type of Contract:	
Duration (Months):	
Value:	
Scope of contract:	

Is the request to amend or change an existing contract?	Y/N
If so, was the contract competitively tendered?	Y/N
If so, has the contract been amended previously?	Y/N
Is there a request for consultancy services?	Y/N
If so, do SFC consultancy services rules to apply? (ie greater than £100,000?)	Y/N
I confirm that the proposed contract cannot be delivered from a current contract/framework agreement.	Y/N

Justification for Non-competitive action	Please give details
Work of exceptional urgency caused by unforeseen circumstances e.g. emergency situations where competitive tendering would cause unacceptable delay	
The supplier possess unique or specialised capacity that is not available from another source	
Intellectual property rights restrict supply	

Justification for Non-competitive action	Please give details
A recent best value supplier is likely to remain so in another competition	
Other	

Authorised by
GCRB Executive
Director
(signature): _____

Date: _____

SECTION 7

FINANCIAL ACCOUNTING

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SECTION 7

FINANCIAL ACCOUNTING

GENERAL BACKGROUND

1. GCRB is required to prepare an annual report and accounts on an accruals basis.
2. The format and content of the accounts are set out in an Accounts Direction issued by SFC.
3. The Auditor General for Scotland is responsible for the audit of the annual report and accounts. A firm of external auditors or Audit Scotland is appointed by the Auditor General for this purpose.
4. GCRB's accounting system (which is provided and operated by City of Glasgow College) must be capable of producing the information necessary to secure full internal control and value-for-money. Information is also necessary to monitor performance and to inform the corporate planning and budgetary process
5. A Corporate Governance Report, which is part of the GCRB Accountability Report, is a required element in the annual report and accounts which is signed by the Chair and Executive Director. The Corporate Governance Statement includes an assessment of corporate governance and the system of internal controls employed. The Internal Auditors provide an opinion on the adequacy and effectiveness of risk management, control and governance as part of their Annual Report.
6. The accounting records must be sufficient to show and explain transactions and as such should:
 - Disclose with a reasonable accuracy, at any time, the financial position of the entity
 - Enable the preparation of financial accounts for GCRB, showing a true and fair view
 - Contain a day-to-day record of monies received and expended
 - Provide evidence that ring-fenced funds have been spent for the purposes they are received for and
 - Record the assets and liabilities of GCRB.

ACCOUNTING RECORDS

7. GCRB is required to keep proper accounts and proper accounting records in relation to those accounts. The City of Glasgow College finance section maintains GCRB's financial system to account for all income and expenditure relating to programme funds, capital and running costs. The process used to obtain the information for the financial statements is set out in S02.
8. The requirements of the HMRC and the Financial Memorandum (between SFC and GCRB) mean that the following documentation should be held on file for a minimum of six years:-
 - The nominal ledgers
 - The cashbooks
 - Copies of official order forms
 - All supplier invoices and receipts
 - All travel & subsistence claim forms
 - Copies of Bank Statements (or access to this online)
 - Journal entries
 - Copies of all GCRB income invoices raised
 - Fixed asset registers.
9. City of Glasgow College finance section is required to keep all the above documentation, except for expense claims paid by Glasgow Clyde College in which case these will be retained by Glasgow Clyde College.

CONTROL OF INPUT

10. The accounting records should represent a complete and accurate record of the transactions undertaken. To ensure this City of Glasgow College finance section operates a suite of financial controls that are subject to review by Internal Audit.
11. The controls used include the following (the list is not exhaustive):
 - Password access controls required for the City of Glasgow College network and accounting and internet banking software
 - Different access levels for different City of Glasgow staff within the accounting and internet banking software
 - Segregation of duties within the City of Glasgow College purchasing and payments process, including approval of payments.
 - Regular detailed listings of transactions processed by City of Glasgow College provided to GCRB staff for review

- Segregation of duties within the GCRB Bankline internet banking software, which requires at least two individuals to approve a payment.
- Monthly bank account reconciliations of GCRB and City of Glasgow College which are independently reviewed on a timely basis
- Supervisor review of all journal entries and clearing account reconciliations

ANNUAL REPORT AND ACCOUNTS

12. The City of Glasgow College finance section, on behalf of GCRB, is required to prepare, in respect of each financial year, a statement of accounts in such form as SFC may direct through the accounts direction issued and amended from time to time by the SFC. The financial year runs from 1 August to 31 July.
13. GCRB is required to close its books of account as soon as possible after the end of the financial year and produce draft statements of account as soon as possible thereafter and no later than 30 September. The draft accounts have to be audited by the external auditors.
14. The draft and final Accounts will be subject to checking by the GCRB Director of Finance and Executive Director prior to providing to external audit
15. The final accounts have to be:
- reviewed by the Audit Committee in the context of its consideration of internal control and the external audit, with a recommendation made for whether the Board should approve these;
 - reviewed by the Performance & Resources Committee, in the context of its financial oversight responsibilities, with a recommendation made for whether the Board should approve these;
 - approved by the board of GCRB before they are formally signed on their behalf by the Chair and Executive Director.
16. Meetings of the two committees and a short meeting of the Board will normally be arranged on the same day for the above purposes.
17. Any amendments requested by the committees or the Board will be processed by the City of Glasgow College finance section and agreed by External Audit before the accounts are signed.
18. GCRB is required to provide the SFC with a copy of its signed accounts for the financial year ended 31 July by 31 December each year.

19. City of Glasgow College finance section will draw up a timetable of the key events and target dates associated with the production of the Accounts and inform relevant individuals of any year end procedures, particularly with regard to the accounting treatment of accruals and prepayments, and ensuring that all outstanding invoices are received.

SUBMISSION OF ANNUAL REPORT AND ACCOUNTS TO THE SCOTTISH PARLIAMENT

20. It is a requirement that GCRB's accounts are laid before Parliament each year. This requirement forms part of the accountability controls over the expenditure of public funds by government. SFC arranges for this to be undertaken.

PUBLICATION OF THE ACCOUNTS

21. GCRB's accounts are published annually by GCRB on its website. However, they cannot be published or made public until they are laid before the Scottish Parliament.

MANAGEMENT CHECKS

- Network password security.
- Access and authorisation controls within the City of Glasgow College finance system and City of Glasgow College and banking and payment software
- bank account, debtor and creditor reconciliations

OTHER CHECKS

- Review of financial statements by GCRB Staff, Committees, Board, and External Auditors
- Annual internal audit opinion for assurance over internal controls framework (in Corporate Governance Report)

DOCUMENT CONTROL AND REVIEW

Approval Status	Draft		
Approved by	GCRB Executive Director		
Signature			
Date Approved			
EQAI Status	Initial Screening Conducted?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
	Full EQIA Conducted?	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
Proposed Review Date	January 2017		
Lead Officer(s)	Executive Director		
Board Committee	Not applicable		

SECTION 8

INCOME & DEBTORS

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SECTION 8

INCOME & DEBTORS

General background

1. It is unlikely that GCRB will develop significant other streams of funding of its own in addition to the core funding provided by SFC. Proposals for new sources of income or methods of fundraising should be approved by the board of GCRB if the anticipated value is greater than £10,000.
2. There is a Service Level Agreement with City of Glasgow College which requires City of Glasgow College to process transactions in compliance with this Financial Procedures Manual.

Types of income

3. The level of income generated by GCRB is relatively insignificant, when compared to total income, but it is nevertheless important that we ascertain, prior to the start of each financial year, a budget for each source income for example, sale of surplus office equipment.
4. In determining fees and charges, income from activities should at least cover all the relevant costs i.e. printing, postage, etc. All proposed fees and charges must be approved by the Executive Director (and the Board of GCRB in relation to the approval required at paragraph 1 above).
5. In most cases, income due to GCRB will be recovered through the raising of an invoice and debtor control procedures, although some income may be received directly into the GCRB bank account and then be coded into the GCRB finance system afterwards. Where an invoice is to be raised this requires the originator to notify the City of Glasgow College finance section via email of the following information:
 - Description of debt (and any narrative for including on the invoice)
 - Name of debtor/s
 - Amount due
 - Date for invoice to be raised (if to be raised after a specific future date)
 - Email address or physical address for invoice to be sent to

6. City of Glasgow College finance section is responsible for raising an invoice on behalf of GCRB and confirming to the originator that this has been sent out.
7. All debtor invoices are recorded in GCRB's accounts by the City of Glasgow College finance section. On receipt of the income, the bank account is debited and the individual debtor account is credited. Receipt of cash, cheques and inward bank transfers is covered under paragraph 9 below and within procedure S03 'Requisitioning of SFC Funds, Banking and Cash Arrangements'.
8. Debt control is managed by City of Glasgow College finance section in accordance with City of Glasgow College's normal debt management practices.

Deductions from salary

9. GCRB may receive certain types of income via deductions made from the salaries of GCRB staff, if they are direct employees of GCRB (e.g. recovery of travel loans). If so, when payroll invoices are received from Glasgow Clyde College or Glasgow Kelvin College the amounts will be processed by City of Glasgow College finance section to the appropriate codes in GCRB's accounts.

Sundry income

10. GCRB will not generally receive cheques and cash. All parties likely to forward cash or cheques to GCRB must be instructed to forward it to the City of Glasgow College finance section directly while also informing the GCRB Director of Finance of the amount. If GCRB receives any cash or cheques directly then the Administrative Assistant should inform the GCRB Director of Finance, take the cash or cheques to the City of Glasgow College finance section for banking, obtain a receipt for this and give the receipt to the GCRB Director of Finance for filing. The GCRB Director of Finance should periodically check that amounts received and recorded in the finance system agree to the amounts they have been informed of, and follow up any differences. City of Glasgow College finance section will handle, process and record cash and cheque receipts in accordance with normal procedures.

Debt write offs

11. The Financial Memorandum between SFC and GCRB requires any debt write-off over £3,000 to be referred to SFC for further investigation and approval prior to being written off. The Executive Director has the authority to write off amounts of £3,000 or less, depending on the circumstances.

Management checks

- All fees, charges and other income have adequate supporting documentation provided for processing, with all invoices raised being confirmed to the originator once raised.
- Debt management of outstanding debtors.
- Cash and cheque receipts are unlikely to be significant or frequent,. Cash receipts should be informed to the Director of Finance and banked by the City of Glasgow finance section, and cash and cheques income included in the finance system periodically reviewed for completeness by the Director of Finance
- Bank reconciliations ensure that all cash, cheques and inward bank transfers have been banked and processed in the finance system.

Document control and review

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SECTION 9

TRAVEL & SUBSISTENCE

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Section 9

TRAVEL AND SUBSISTENCE

Introduction

1. All journeys on official business should be organised in such a way as to minimise the cost to the public purse and enhance carbon reduction, commensurate with the efficient and effective execution of official business. Care should be taken in organising trips to ensure that this basic principle is observed. In observing this principle it may be more cost effective to use video conferencing facilities instead of travel. Where this is the case, members/staff are to make use of these facilities instead of incurring additional expenditure.
2. Travel and subsistence (T&S) expenses are reimbursed where additional expenses are necessarily incurred in carrying out official duties. Travelling must be planned so as to reduce the total expense to a minimum, consistent with efficiency, taking account not only of the cost of travel, but also the subsistence costs and savings on time.

Staff

3. For staff who are seconded to GCRB from other organisations, the travel and subsistence arrangements of their substantive employer will normally apply. Significant travel and subsistence expenditure (over £150 per week) must be approved by the Executive Director in advance, and all travel and subsistence claims must be reviewed and approved by the Executive Director before being provided to their substantive employer for paying to the individual, and then claiming back from GCRB by invoice.
4. In relation to staff that GCRB employ directly, it has decided to align its arrangements with those of Glasgow Clyde College.
5. Significant travel and subsistence expenditure (over £150 per week) must be approved by the Executive Director in advance (or by the Chair if relating to the Executive Director), and all travel and subsistence claims must be reviewed and approved by the Executive Director (or Chair if this relates to the Executive Director). Approved expense claims will be passed to the City of Glasgow College finance section for processing and making payment.
6. The GCRB Scheme of Delegation allows the GCRB Chair to authorise the Executive Director to make visits outwith the UK on GCRB or GCRB-related business, subject to GCRB's approved policies on business travel and expenses.

Members of the board of GCRB

7. GCRB's policy on Board member expenses is available here:

- <S:\GRCB Governance\Governance Docs\FINAL\GCRB Expenses Procedures.pdf>

Management checks

- travel and subsistence claims are subject to an appropriate level of review and authorisation, including prior authorisation for higher levels of expenditure.
- claims for reimbursement of expenditure on hospitality are governed by the Glasgow Clyde College policy in this regard to ensure amounts are reasonable.

Document control and review

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SECTION 10

FRAUD, LOSSES, SPECIAL PAYMENTS & GIFTS

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SECTION 10

FRAUD, LOSSES, SPECIAL PAYMENTS & GIFTS

FRAUD – GENERAL

1. It is a basic principle that public sector employees must be scrupulously impartial and honest, that they must be seen to be so, and that they must be above suspicion. However, if as a result, staff are unduly complacent or unthinking about the risks to public resources, the scope for fraud, and other forms of theft is present. There are ever-present threats, whenever public funds and assets are involved. The scope for corruption, in particular, poses a threat where contracts are awarded for the supply of goods or services, buildings or works, or where the body is making available some concession, such as a grant, a statutory or other permission or waiver of some provision in regulations.
2. Fraud (and other types of theft) can be perpetrated by individual members of staff, contractors, persons obtaining grants or services and combinations of these parties acting in collusion. Fraud can take different forms: through the misappropriation of money or other assets the diversion of receipts the misuse of goods and services for an unauthorised purpose. Techniques involved in perpetrating fraud include making false statements, falsifying records, setting up special bank accounts and diverting funds to them, and tampering with computer systems. The higher the stakes, the more elaborate can be the operations or perpetrators.
3. Some of the main considerations in relation to fraud are set out below. Further guidance is available in the Scottish Public Finance Manual (SPFM).

HIGH RISK AREAS AND DANGER SIGNS

4. The main areas of risk are:
 - Where cash is being handled,
 - Payment and related systems: payroll system, finance system (which can be used to upload information into a payment system) and internet banking/payment systems,
 - Stores (e.g. stationery or equipment)
 - Staff that are dealing directly with manufacturers, suppliers and contractors and where there could be bribery or fraud, such as ordering items on GCRB account which are not for GCRB use but for personal gain.

5. For example, a person who is responsible for both authorising the payment of a claim and signing and issuing the cheques, is in a position to generate and pay false claims without a risk of detection. Similar risks exist outside the cash environment: a person who is responsible for ordering, receiving and authorising payments for goods or services, is in a position to misappropriate such items for personal gain, again without the risk of detection.
6. The possibility of fraud exists throughout the office, e.g. payroll frauds (e.g. where 'Ghost Employees' are added to the payroll, fraudulent award of allowances and performance pay awards) and where staff claim expenses in relation to travel and subsistence or overtime.
7. Managers and staff must always be alert to the risk of fraud, other forms of theft and corruption. Danger signs include evidence of excessive personal spending by staff engaged in cash/contract work, reluctance of staff to take leave, requests for unusual patterns of overtime and where there seems undue possessiveness of records. Reluctance to take leave and over-possessiveness of records could suggest there is something to hide, and abnormal patterns of overtime could be used to achieve unauthorised access to records and systems. Line managers must be alert to these dangers.

ESSENTIAL CONTROL MECHANISMS

8. The prime responsibility for designing, operating and reviewing control systems rests with the managers involved. Overall responsibility for ensuring that such systems and procedures are in place rests with the Executive Director, who must take prime responsibility for setting up proper systems of control and for ensuring that there is strict compliance.
9. The Director of Finance and Executive Director must identify areas of fraud risk for GCRB (including frauds that could be perpetrated by GCRB staff, related organisations and external parties) and record these in a matrix which also sets out what anti-fraud controls are in place, and what independent assurance will be obtained that the anti-fraud controls are working effectively.
10. Both internal and external auditors have a role in carrying out independent reviews of systems and assessing the adequacy of controls in place. In addition, internal audit is available to give advice and to undertake investigations of suspected irregularities if appropriate.
11. The controls and checks in any system need to reflect a reasonable balance between efficiency and practicality on the one hand, and the responsibilities and costs of safeguarding public assets on the other. The degree of control within a

system should be based on an assessment of the risks involved, the consequences of failure and the resource costs of eliminating or reducing these factors.

12. One of the most important controls that is employed is separation of duties. In any accounting system, the separation of key functions amongst staff, forms an integral part of a system of controls and is essential in order to minimise the potential scope for irregularity. For example: procurement procedures where, ideally, different members of staff should be responsible for requisitioning, ordering and receiving goods and authorising payment.
13. In addition, supervisory checks by management, both routine and surprise, form an essential part of internal control procedures, and good management practice entails formally maintaining a register of such checks, and the results in all cases. Without adequate separation of duties, the effectiveness of other control measures is undermined. Where resources are limited and separation of duties is not possible, alternative management controls must be employed.
14. Systems with adequate controls partially reduce the opportunity for fraud. Managers with the responsibility for awarding contracts (including minor contracts), making payments, authorising grants and the like, must ensure that they are aware of the procedures for authorising contracts and granting their approval. It is important that:-
 - Staff dealing with procedures are familiar with them
 - Payment procedures include a check that the purchase, grant or other expenditure has been properly authorised
 - There is adequate separation of duties and
 - Accounting and other records, such as cash balances and bank balances, are reconciled with the actual position, and reviewed by a senior officer
15. The procedures set up to prevent and detect fraud must be carefully followed. It is often the case that while there are well established procedures which provide appropriate levels of internal control, weaknesses often occur as a result of failure to comply with fundamentally sound procedures, policies and regulations, and the failure to implement audit recommendations.

ACTION ON DISCOVERY OF FRAUD AND OTHER FORMS OF FINANCIAL MALPRACTICE

16. All instances of actual or suspected financial malpractice, where the involvement of staff is suspected, must be reported immediately to the GCRB Executive Director and the Board Secretary to the GCRB. Annex A sets out GCRB's Fraud Response Guidance. The guidance sets out the arrangements to ensure that when fraud is suspected, effective action is taken to:

- Investigate the circumstances
- Minimise the risk of subsequent loss
- Ensure that appropriate recovery action is taken or, failing recovery, to initiate action to write off and losses
- Remedy any weaknesses in internal control procedures
- Initiate disciplinary and legal procedures, where appropriate, and
- Demonstrate that GCRB is not a soft target for attempted fraud.

LOSSES AND SPECIAL PAYMENTS

17. Losses and special payments (including extra-contractual payments, compensation payments, extra-statutory and extra-regulatory payments, special severance payments, and ex gratia payments) by their nature, are not transactions carried out in the course of GCRB's operating activities. They are therefore subject to special control procedures and a greater degree of control than the generality of payments. Full details of the definitions of the different types of special payments are set out in the SPFM.
18. It is the duty of the Executive Director to ensure that funds are applied only for their intended purpose and to safeguard public funds and property. Detailed advice on handling losses and special payments is set out in the Financial Memorandum between the SFC and GCRB and in the SPFM, and should be rigorously followed.
19. The Financial Memorandum between SFC and GCRB requires any special losses over £3,000 to be referred to SFC for further investigation and approval prior to being written off. The Executive Director has the authority to write off amounts of £3,000 or less, depending on the circumstances. Before providing approval to write off losses, the GCRB Executive Director will wish to be reassured on the circumstances surrounding the loss and, in particular, what action has been taken to avoid recurrence.
20. Losses are only to be written off or special payments authorised after a most careful appraisal of the facts. The Executive Director has to satisfy himself or herself that there is no feasible alternative; for example, that in the case of losses, all reasonable action has been taken to effect recovery. In dealing with individual cases, it is also necessary to consider the soundness of control systems and the efficiency with which they have been operated and take any necessary steps to rectify control weaknesses.

GIFTS AND HOSPITALITY

21. Staff must exercise careful judgement in deciding whether or not to accept hospitality. With the exception of modest hospitality associated with a working lunch or dinner, the presumption is not to accept offers of hospitality. For

avoidance of doubt, all cases out with the above should be referred to the Secretary to the Board.

MANAGEMENT CHECKS

- All fraud risks have been formally identified, along with mitigating controls and what assurance mechanisms are used to determine whether anti-fraud controls are working effectively
- Executive Director is required to authorise the write off of all losses and special payments, with further SFC approval required for all losses and special payments over £3,000.

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Board Committee	Audit Committee		

Section 10

ANNEX A: FRAUD RESPONSE GUIDANCE

INTERNAL FRAUD

Immediate actions

1. All instances of actual or suspected financial malpractice, where the involvement of staff is suspected, must be reported immediately to the Executive Director and Secretary to the Board, unless any of these officers are suspected of involvement (in which case the Chair of the Board should be informed). The Executive Director will advise the Chair and the Chair of the Audit Committee. Where the matter relates to a Board member then the Executive Director and Chair of the Board should be informed, (or if it relates to the Chair of the Board the Chair of the Audit Committee should be informed).
2. **Senior staff must not conduct their own investigations.** Should the initial examination of the facts point to a theft, fraud or other irregularity on the part of a member of staff, this suspicion must immediately be reported to the Executive Director (unless it relates to the Executive Director, in which case the Chair of the Board should be informed).
3. The Executive Director has sole responsibility for referring the instance to the Police/Procurator Fiscal (unless it relates to the Executive Director, in which case the Chair of the Board has this responsibility). **Under no circumstances should any other member of staff refer the case to either of these agencies.** The Executive Director (or Chair if the fraud relates to the Executive Director) will also notify the Scottish Funding Council and Internal and External Auditors.

Investigation

4. The Executive Director (or Chair if the fraud relates to the Executive Director) will decide whether any allegations warrant further action or investigation, taking advice from the relevant specialists (e.g. HR, Finance, etc) if required.
5. If further action or investigation is agreed, the Executive Director (or Chair if the fraud relates to the Executive Director) should initiate the following action, insofar as it is appropriate to the particular case:
 - Decide the level at which line management should be involved and bring the allegations to the notice of line management if it is not already aware of them,

at the same time confirming the investigative arrangements and reporting lines

- Secure records and assets, including restrictions on access to office and computer systems
- Based on advice from HR, taking legal advice as required, consider the prima facie case for suspension (under the disciplinary Procedures set out in the Staff Handbook) of any members of staff who are the subject of allegations
- Agree the scope and nature of any preliminary investigative work required to establish the facts of a particular case and, if further action is warranted, the scope and nature of the full investigation, and who will carry out the investigative work

6. Notify

- a) The Chair of the Board,
- b) The Chair of the Audit Committee,
- c) The Scottish Funding Council (who may be able to advise on other sources of advice on the handling of the case, eg the Scottish Government's Counter Fraud Group), and
- d) The Internal and External Auditors

- Decide whether the appropriate Police/Procurator Fiscal Service contacts should be informed and
- Agree a timetable for completion of any agreed actions.

7. Fraud investigations may be undertaken by a suitably qualified independent Investigating Officer or Internal Audit, depending on the circumstances, involving any relevant specialists as required.

8. Preliminary investigation findings must be reported to the Executive Director (or Chair if the fraud relates to the Executive Director) who, together with the Secretary to the Board, will determine the terms of reference for any investigative work.

9. Fraud and theft are potential examples of gross misconduct. However, investigations should not be restricted solely to allegations against an individual that may lead to a charge of gross misconduct. If there is a possibility that instances of misconduct other than fraud may also have occurred, these should be investigated, under the relevant disciplinary procedures, at the same time as the fraud allegations.

Selection of Investigating Officer

10. The Executive Director (or Chair if the fraud relates to the Executive Director) will appoint, where necessary, an independent Investigating Officer. The Investigating Officer should have the appropriate skills to undertake an investigation and, if necessary, knowledge of the area of work under investigation. The Investigating Officer should be a person who has not had close personal or work related ties with the person under investigation. The Investigating Officer need not be an employee of GCRB.

Action on Investigation Findings

11. As soon as possible after investigations have been completed and the Executive Director is satisfied that no further investigations are required, he or she must ensure:

- That disciplinary action, if any, is being taken (in line with the relevant disciplinary procedure)
- That disciplinary action, if any, is being taken if the initial allegation appears to be malicious
- That the form and content of any report to the Audit Committee of GCRB or the Scottish Funding Council is appropriate and
- That the Police/Procurator Fiscal is notified if required.

Case Closure, Follow Up and Review

12. Where evidence of fraud or serious misconduct has been identified, the Executive Director should consider whether any action needs to be taken to prevent a recurrence. In such cases, an action plan should be drawn up setting out recommendations. In practice, much of the required action is likely to relate directly to action plans drawn up by the Investigating Officer, Internal Audit or HR.

13. Action plans will include the required steps to take in response to an investigation's findings. An occurrence of fraud may hold lessons to be learned for the GCRB. The Audit Committee has a lead role in ensuring that all appropriate action is taken forward effectively.

14. The Audit Committee should be informed of the outcome of cases where a charge of gross misconduct relating to fraud has been made. Where such a charge has been brought but a disciplinary hearing does not uphold the charge, or an appeal panel overturns the panel's decision, the Committee should be informed of the reasons for the Panel's decisions. The Committee must consider whether, in light of this information, there are lessons to be learned in terms of the handling of cases and whether this Fraud Response Guidance is operating effectively.

15. The Executive Director should consider recommendations for any changes to procedures considered necessary in light of the outcome of individual cases. If appropriate, where individuals have been dismissed or subject to other disciplinary action for matters other than fraud (e.g. abuse of IT systems), there should be consideration as to whether a further review should be undertaken to establish whether or not there has been possible misuse of other systems by the same individual(s).

Confidentiality

16. Members of the investigating team will receive the appropriate information relating to individual cases. They must treat all information relating to individual members of staff on a confidential basis and should ensure that it is only passed on to others on a strictly need to know basis.

Reporting Cases of Fraud

17. Losses or special payments (including write-offs) outside the delegated limits set out in the Financial Memorandum between SFC and GCRB must have the prior approval of the Scottish Funding Council.

External Fraud

18. External frauds are frauds perpetrated by third parties against GCRB (e.g. contract fraud or fraudulent applications for grants or subsidies or expenses). Procedures for responding to suspected external fraud, insofar as they are appropriate to the particular case, may include the following:

- A report by operational management on the circumstances
- A formal assessment of whether the evidence tends to substantiate fraud. Any invalid claims or invoices that could reasonably be argued were submitted in good faith should not normally be regarded as fraud
- Notification of the Police / Procurator Fiscal, where appropriate
- Recovery action and
- Consideration of control procedures and lessons learned.

19. If fraud by a supplier is suspected, APUC should be kept informed of developments. Cases of straightforward theft (which does not qualify as fraud) should be notified to the Executive Director.

20. If there is any suspicion of fraud at an assigned college, either in relation to the claiming of funds from GCRB or otherwise, then the matter should be referred to the Executive Director to ensure that the reasons for the fraud are understood and that assurances have been received from the assigned college that internal

controls have been improved over the area where the fraud was perpetrated or attempted to be perpetrated.

21. If there is any suspicion of collusion on the part of GCRB members of staff in a suspected or discovered external fraud, the procedures relating to internal fraud should apply as appropriate.

SECTION 11

AUDIT ARRANGEMENTS

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AUDIT ARRANGEMENTS

BACKGROUND

1. The [Financial Memorandum](#) between the SFC and GCRB sets out SFC's requirements of GCRB in relation to the establishment of an Audit Committee, internal control, external audit and internal audit.
2. The Audit Committee's full terms of reference will be subject to annual review and approval by the Board. The Committee's current terms of reference are available here: <S:\GRCB Governance\Committee TORs\Audit Committee TOR final.pdf>.

INTERNAL AUDIT

3. The Executive Director is responsible for making suitable arrangements for the provision of internal audit in a manner which best represents value for money, and is also responsible for the operation of GCRB's internal audit function.
4. The Executive Director shall carry out a continuous review of the financial and related systems and operations of GCRB to ensure that the financial policies and procedures are being complied with. The Executive Director should ensure that the objectives of Internal Audit are in accord with those set out by HM Treasury.
5. Internal Audit is responsible for evaluating the control arrangements, financial and otherwise, of GCRB and giving assurance to the Executive Director and Audit Committee on those control arrangements. They have no executive role, nor do they have any responsibility for the development, implementation or operation of systems.
6. The prime responsibility for ensuring that a sound system of control is in place rests with the Executive Director. The Executive Director delegates this responsibility to line management. Internal audit will, formally and informally, assist groups by making recommendations for improvements in financial management, work organisation and in working practices.
7. The role of Internal Audit is performed by an externally contracted firm, who are utilised to complete the Annual Internal Audit Plan, with monitoring and liaising by the Executive Director.
8. Internal Audit's function, and the work it performs, is reviewed annually by the External Auditors, as part of the external audit of GCRB.

9. The operation of the internal audit function is conducted under the Government Internal Audit Standards and governed by the contracted firm's own audit manual.
10. Internal Audit will be entitled, without necessarily giving prior notice, to require and receive:
 - Access to all records, documents and correspondence relating to any financial or other related transactions, including those of a confidential nature
 - Access at all reasonable times to the premises of GCRB
 - The production or identification by a member of staff of any GCRB asset under the control of the member of staff and
 - Explanations concerning any matter under investigation.
11. GCRB's Executive Director is required to provide a statement on the system of internal control, for inclusion in the annual report and accounts.

EXTERNAL AUDIT

12. Under the Further and Higher Education (Scotland) Act 2005, the Auditor General is presently required to examine, certify and report on GCRBs' statements of account.
13. The External Auditors, as appointed by the Auditor General to undertake the audit of the financial statements, will liaise with City of Glasgow College finance section over the timing of their visits to GCRB.
14. Under the Service Level Agreement with City of Glasgow College the City of Glasgow College finance section will ensure that:
 - The external auditors receive full co-operation in the conduct of the audit
 - The Annual Report to Board Members together with the audited Accounts are presented timeously to GCRB to recommend their approval; and
 - Action is taken in respect of all recommendations contained in the external auditor's reports and letters in accordance with the timetable agreed with the external auditor.
15. The Executive Director will ensure that a copy of the External Auditors year-end Management Reports and GCRB's response thereto are forwarded to SFC each year.

16. All documents, vouchers, computer files, etc., necessary for the proper execution of their audit is to be made open to inspection by the External Auditors.

17. In undertaking their work, the External Auditors will liaise with the internal auditors to ensure that duplication of effort is avoided, in regards to work performed in the course of internal audit, and to ensure that GCRB is spared unnecessary audit scrutiny.

EFFICIENCY STUDIES

18. Section 15 of the Further & Higher Education (Scotland) Act 2005 requires GCRB, as a fundable body, to comply with the following:

(1) The Council may secure the promotion or carrying out of studies designed to improve economy, efficiency and effectiveness in the management or operations of any fundable body.

(2) The governing body of a fundable body must–

(a) provide any person promoting or carrying out studies by virtue of subsection (1) with such information; and

(b) make available to the person for inspection such accounts and other documents,

as the person may reasonably require for the purposes of the studies.

FURTHER INFORMATION

Further information on audit related matters can be found in the following documents:

- Government Internal Audit Manual
- Government Information Systems Audit Manual
- The Financial Memorandum between SFC and GCRB
- Scottish Public Finance Manual (SPFM).
- Financial Reporting Manual (FReM)

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SECTION 12

BUDGETARY CONTROL PROCEDURES FOR RUNNING COSTS

INTRODUCTION

1. The business planning procedures employed by GCRB are designed to ensure integration between GCRB's strategic and operational objectives and the running-cost finances required to fund those objectives.
2. GCRB will prepare an annual operating plan which describes key work programmes for the year and any milestones or activities and an estimation of both the running cost and staff requirements to deliver the work. The operating plan informs the development of staff forward job plans.
3. In formulating the plans and associated budgets, it is important that GCRB has regard to the following key principles of good budgeting. These are:
 - All managers are involved in: setting their budgets based on operational plans; reviewing actual expenditure against budget during the year; and highlighting any need for changes in budgets during the year to the Director of Finance on a timely basis
 - managers must organise their work and that of their staff so as to make clear the responsibility for setting operational plans and budget targets, managing resources and reviewing performance against target.
4. GCRB is required, through its Financial Memorandum with the SFC, to maintain an effective financial monitoring regime. GCRB is also required to prepare its annual report and accounts on the accruals basis: which simply means that they must relate income and expenditure with the accounting period in which it was due or incurred. This has an important bearing on GCRB's budgetary control procedures and the ability to both remain within cash limits and balance the income and expenditure.
5. It is essential that there is a regular exchange of financial information between City of Glasgow college finance section and budget holders if budgetary control is to be effective. The procedures outlined below are designed to facilitate that exchange. However, budget holders should not feel limited by the formal procedures and should feel free to approach City of Glasgow college finance

section at the earliest opportunity for more information or guidance. The provision of services with City of Glasgow College is governed by a Service Level Agreement.

GENERAL BUDGETING CONCEPTS

Delegation of Budgets

6. GCRB operates a system of delegated budgeting (approved by the Executive Director). Budget holders are allocated budgets for those costs specific to their area of responsibility and budgets for T & S, Misc. Costs and Catering, where relevant. In many cases these latter budgets will be low value.

7. Under the GCRB Scheme of Delegation the Executive Director has

- Authority to commit funds, within agreed budgets, as follows:

Money	Decided by
Up to £20,000	Executive Director
£20,001 to £50,000	Executive Director and the Chair
Above £50,000	Board

- Authority to vary budgets or initiate expenditure within limits specifically established by Board; and
- Revision of individual budgets for any one year up to a limit of £10,000 or 5%, whichever is the higher (subject to the limits in the first two bullets above).

8. Budget holders can authorise expenditure up to the value of the approved annual budget (or approved revised budget figure).

9. Budget holders and their authorised budget lines are appointed by the completion of a 'Budget holders & appointment of nominee' form (see Annex C) which must be signed by the Executive Director (or the Chair if this relates to the Executive Director as a budget holder). This form also identifies where a budget holder appoints a nominee to sign in their absence. The completed 'Budget holders & appointment of nominee' forms must be provided to the City of Glasgow College finance section in advance of any orders being authorised by a budget holder.

10. Where a GCRB budget holder wishes to use a nominee they should email the City of Glasgow College finance section in advance to advise them that they wish to assign their authorisation to their nominee and also stating the period that this assignation will last for.

11. A summary of all GCRB budget holders and their authorisations (as noted on the 'Budget holders & appointment of nominee' forms) must be summarised on an

Authorised Budget Holder Schedule. This Schedule, and any revisions to it, should be signed by the Executive Director and Chair as evidence that this is authentic and then provided to City of Glasgow Finance section so that they can refer to this and ensure that the correct authorisations have been received when processing purchase orders and purchase invoices. This Schedule should also include the name and title of staff who are not budget holders but may be raising purchase orders.

Flexible Budgeting

12. GCRB operates flexible budgeting: a system of budgetary control where budgets are amended at fixed points throughout the financial year to reflect changing circumstances and priorities.
13. The budget is revised prior to each standard Performance and Resources Committee meeting by the Director of Finance in conjunction with the Executive Director, and any changes to the budget must be justified in a paper to the Performance and Resources Committee and approved by that Committee.

THE ANNUAL BUDGET SETTING TIMETABLE AND PROCESS

14. The timetable for determining budgets is linked to GCRB's business planning process. The timetable for annual budget-setting is as follows:

March	GCRB annual operating plan is set
April	The Director of Finance, Executive Director and other relevant GCRB staff meet to set the annual budget based on the operating plan, with input from the City of Glasgow College finance section as necessary. The Director of Finance collates a first draft of the indicative budget requirements and amends as necessary.
April	Final draft of income and expenditure budget showing detailed analysis by expenditure sub-headings prepared by the Director of Finance, and approved by the Executive Director. Paper prepared for the Performance and Resources Committee setting out the rationale for the budget and any changes from the prior year.
May	Budget is presented to the Performance and Resources Committee for review and challenge and recommendation for the Board to approve

May

Board reviews and approves the GCRB budget

USE OF PROGRAMME FUNDS AND RUNNING COSTS TO EMPLOY EXTERNAL CONSULTANTS

15. The Financial Memorandum between GCRB and SFC states that “Any external consultancy contracts with a value of more than £100,000 must be approved in advance by the SFC”.

16. Where a member of staff considers an activity to be “External Consultancy” and, the amount is expected to be more than £100,000 (including VAT) then the Director of Finance will approach the SFC for approval.

USE OF PROGRAMME FUNDS FOR EXPENDITURE OF A RUNNING COST NATURE

17. In preparing their budgets for running costs, budget holders should consider whether or not the use of programme funds might be appropriate to meet the costs of a business plan objective. However they should start from the presumption that in most cases the use of programme funds will not be appropriate.

18. In preparing their running cost budget bids, budget holders must consult with the Executive Director before assuming that planned expenditure for the following year can be charged to programme funds.

CONTINGENCY PLANNING

19. The initial budget agreed at the start of each financial year is a best estimate of the expenditure required by GCRB to meet its stated operational plan objectives for that year. As the year progresses actual expenditure is monitored against budget and variances are noted. The monitoring process includes forecasts that may indicate that GCRB is likely to spend more or less than the cash allocated for the year.

20. A necessary element of the budget setting process is therefore the establishment of contingency plans setting out the actions management will take in the event that the forecast outturn for the year is a material under or over spend against the cash allocation. The Executive Director, working with City of Glasgow College finance section, is responsible for preparing a contingency plan prior to the beginning of each financial year. The plan will be updated during the year to take into account changing circumstances.

21. The contingency plan for an under spend will include proposals for expenditure not included in the original budget and/or the possibility of re-allocation to programme funds and/or the possibility of the surrender of funds to assigned colleges. The objective is to ensure that GCRB does not hold 'unacceptably large' cash balances at the year end.
22. The Executive Director is responsible for prioritising the additional expenditure proposals. In doing so he or she must consider the importance of each project to the work of GCRB, the value added and the likelihood that the projects can be completed and the expenditure made in the financial year.

STAFF BUDGET

23. This is the largest single item of expenditure in GCRB's running cost budget. The salary budget is under the control of the Executive Director who also authorises all overtime requests, (except those of the Executive Director which the Chair authorises).

BUDGET MONITORING PROCESS

Management Reports

24. City of Glasgow College finance section prepare management reports each month that form the core of the budget monitoring process. These set out actual expenditure at a summary and transaction level basis. These are sent out to all staff who are budget holders, including the Director of Finance.

Monitoring of Actual Expenditure against Budget

25. Individual budget holders are responsible for the management of those budgets for which they have been delegated responsibility.
26. Each month budget holders will review expenditure (in the management reports provided) against their budget, including considering any outstanding expenditure that has been incurred but is yet to be processed through the finance system, and will:
 - Consider whether any expenditure has been incorrectly or inaccurately charged to their budget lines, and follow this up with the City of Glasgow College finance section
 - Consider if any budgets will be exceeded by the end of the year and immediately highlight these to the Director of Finance

27. Budget holders are required to review their management reports within five working days of the receipt of these, and confirm they have done this to the Director of Finance. Where the Director of Finance has not received a response within five working days they will follow this up with the relevant staff member and ensure that they review their management reports.

28. Where budgets are likely to be exceeded the Director of Finance, in conjunction with the Executive Director, will consider what contingency plans are required to be put in place.

The Role of Expenditure Forecasts in the Budget Management Process

29. A crucial element of the budget management process is the preparation of forecasts of expenditure against budget to the year-end. The forecasts allow the Executive Director to bring contingency plans into operation when required and/or to instigate alternative corrective management action.
30. GCRB's procedures require forecasts to be made by the Director of Finance prior to each meeting of the Performance and Resources Committee, which the Executive Director must review. A paper setting out the reasons for any proposed changes to the budget (or a note that there were no such changes) must be prepared for the Performance and Resources Committee to review and approve.
31. Forecasts are prepared on a cash basis. Budget holders must therefore consider not only the cost of the work to be undertaken up to the year-end but also whether or not payment can be made to the supplier before the year-end. Only expenditure that will be paid out before 31 July of the relevant year should be included in the forecasts.

MANAGEMENT CHECKS

- A structured process is in place to prepare the GCRB operating plan, consider operating costs for coming year, prepare and review draft budgets, and have the budget reviewed by the Performance and Resources Committee and approved by the GCRB Board.
- Monthly budget monitoring reports, including detailed transaction listings, are prepared and reviewed to ensure that:
 - Expenditure coded to budget codes is valid expenditure
 - expenditure is in line with budgets and contingency plans are put in place where appropriate
 - forecast outturn expenditure is updated periodically
- Reporting periodically on running costs to the Performance and Resources Committee for them to monitor and consider any required changes to the budget

DOCUMENT CONTROL AND REVIEW

Approval Status	Draft		
Approved by	GCRB Executive Director		
Signature			
Date Approved			
EQAI Status	Initial Screening Conducted?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
	Full EQIA Conducted?	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
Proposed Review Date	January 2017		
Lead Officer(s)	Executive Director		
Board Committee	Not applicable		

SECTION 12

ANNEX A: RESPONSIBILITIES OF INDIVIDUAL BUDGET HOLDERS

THE BUDGET SETTING PROCESS

Budget Setting

1. To identify budget requirements for the forthcoming year for their budgets in order to be able to complete agreed activities within the GCRB operational plan. This should include providing detailed supporting computations where applicable.
2. To be involved with discussions with the Director of Finance explaining the justification for their requested budgets and answering any questions the Director of Finance and / or Executive Director has about these.

Management of Budgets

3. To manage expenditure on the account codes for which they have been allocated responsibility with the aim of keeping expenditure within budget for each financial year. Any forecast budget overspends should be notified to the Director of Finance as soon as they are identified.
4. To provide the Director of Finance with explanations for variances of expenditure against budget as and when requested.
5. To advise the Director of Finance at the earliest opportunity of planned new activities (i.e. activities not included in the original budget and to provide details of the level of funding requested).
6. To follow GCRB's purchasing procedures, including the rules on procurement, and to ensure that funds are used efficiently and effectively.

Forecasting

7. To provide the Director of Finance with expenditure forecasts to the end of the financial year when requested.

SECTION 12

ANNEX B: DIRECTOR OF FINANCE RESPONSIBILITIES

THE BUDGET SETTING PROCESS

Budget Setting

1. To co-ordinate the annual budget setting process.
2. To issue instructions and provide guidance/assistance to budget holders.
3. To prepare the salary budget.
4. To review the individual budgets provided by budget holders for arithmetic accuracy, reasonableness (including adequate justification for the expenditure required and with appropriate linkage to the GCRB operational plan) and completeness. This will include having discussions with individual budget holders to challenge and understand the budgets in more detail.
5. To collate and present a draft budget to the Executive Director for approval.
6. To present the draft budget to the Performance and Resources Committee and the Board, both with an accompanying paper justifying the budget, and answering any queries they have.

Management of Budgets

7. To monitor GCRB's total cash expenditure throughout the financial year against budget and report on financial performance monthly to the Executive Director

Forecasting

8. To co-ordinate the reforecast exercises during the year and to prepare consolidated forecasts for approval by the Executive Director for all adjustments.
9. To re-forecast the salary budget on the basis of current information.
10. To prepare forecast outturns and proposals for additional expenditure or cost saving measures. Where there is a forecast underspend they should advise the assigned colleges of potential further funds available, or if there is a forecast overspend they should undertake mitigating action and / or advise the assigned colleges of the likely overspend

11. To advise the Executive Director whether or not new, unbudgeted activities, can be afforded within the cash allocation for the year and to reallocate budgets as necessary, with approval by the Executive Director.

ANNEX C: APPOINTMENT OF BUDGET HOLDERS AND NOMINEE FORM

Budget holders & appointment of nominee

Budget Holder (Name and Title):	
Signature:	
Approved email address:	
Appointed Nominee* (Name and Title):	
Nominee Signature:	
Nominee Approved email address	

* = When a GCRB budget holder wishes to use a nominee for a period they should email the City of Glasgow College finance section in advance to advise them that they wish to assign their authorisation to their nominee and also stating the period that this assignation will last for.

Authority Restrictions

Invoice/Order Value £:	
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NB: The GCRB Scheme of Delegation sets out that maximum payments must be authorised as follows

- Up to £20,000 Executive Director
- £20,001 to £50,000 Executive Director and the Chair
- Above £50,000 Board

NB: where there are more than one invoice relating to the same activity the total of these invoices should be compared against the given maximum levels above

Account Code(s)

(Please enter the codes which the above nominee is authorised to sign. Where there is no restriction please enter "ALL")

Executive Director's Authorisation (or Chair's Authorisation in the event of this form relating to the Executive Director)

Name: _____

Title: _____

Signature: _____

Received by City of
Glasgow College finance
section:

Date: _____ Signature: _____

ANNEX D: EXAMPLE OF AUTHORISED BUDGET HOLDER SCHEDULE

	Staff member 1	Staff member 2	Staff member 3	Staff member 4
Name				
Title				
Email				
Nominee				
Nominee email				
Max inv./PO value				
Authorised accounts				

Names and titles of staff who are not budget holders but are approved to raise purchase orders and confirm receipt of goods/services

Name	Title

The above list is certified as a correct summary of all approved GCRB 'Budget holders & appointment of nominee' forms

Name: _____

Title: Executive Director

Signature: _____

Name: _____

Title: Chair of GCRB Board

Signature: _____

SECTION 13

FIXED ASSETS

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ACQUISITION OF FIXED ASSETS _____ 3

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ANNEX A: DISPOSAL OF FIXED ASSET _____ ERROR! BOOKMARK NOT DEFINED.

SECTION 13

FIXED ASSETS

GENERAL BACKGROUND

1. Fixed assets are those assets that have been purchased with the expectation that they will be of benefit to the organisation for longer than 1 year and have not been purchased for the intention of resale or conversion into cash. The expenditure incurred to acquire these assets has been capitalised onto the balance sheet.
2. Tangible assets are generally defined as assets having a physical embodiment but may also include legal securities – e.g. Furniture & fittings, motor vehicles, etc.
3. Intangible assets are assets that do not have any physical presence in the organisation – e.g. copyright, goodwill, software licences etc.
4. City of Glasgow College maintain the required fixed asset records of GCRB under a Service Level Agreement between City of Glasgow College and GCRB.

CATEGORIES OF FIXED ASSETS

5. GCRB's fixed assets fall into three categories. Assets are depreciated over the number of years shown below:

Asset Category	Depreciation Period
Furniture and Fittings	5 years
Equipment (Other)	3 years
Equipment(Computer)	3 years

REVENUE VERSUS CAPITAL EXPENDITURE

6. Revenue Expenditure is expenditure spent on the day-to-day running costs of the organisation. Revenue expenditure is charged through the Income & Expenditure

Account in the year in which it incurs. Revenue expenditure is closely monitored against GCRB's running cost budget.

7. Capital Expenditure is expenditure on assets or goods with a useful life greater than one year. The expenditure is capitalised and depreciated over the assets useful life.

ACQUISITION OF FIXED ASSETS

8. Fixed assets are defined as expenditure on:-

- Land, new construction and extensions of or alterations to existing buildings and
- The purchase or acquisition of other assets having an expected useful life of more than one year and costing in excess of £5,000. Concurrent expenditure on a group of assets, which in total cost more than £5,000, will be deemed to satisfy the latter criterion.

9. Therefore, assets can only be capitalised if they cost more than the amount stated in paragraph 8 either individually or collectively if used for the same purpose.

10. Where GCRB staff request the City of Glasgow College finance section to process orders for new assets, the following steps must be completed prior to issue of the order:

- The ordering officer must liaise with the City of Glasgow procurement section to ensure that the asset being requested cannot be provided by City of Glasgow (i.e. already held in stock), and to ensure that the asset is obtained for the best possible price, and from contracted suppliers if applicable. The procedures applying to procurement must be followed (see S06)

11. City of Glasgow College finance section staff will identify asset acquisitions at the year end and will reclassify these as a fixed asset and journal these from operating expenditure into fixed asset codes and add the item to the fixed asset register.

REGISTERS

12. GCRB's Fixed Assets Register is required to detail the following information, as a minimum:

- **Description of Asset**

This is to be a brief one-line entry stating what the asset is. The description is not to include any detail that is shown in another part of the register for that asset e.g. serial number

- **Serial Number of Asset**
This is the manufacturer's product serial number, in an absence of a serial number a model number is to be used.
- **Date of acquisition**
This is the date the asset was acquired, which is the date of the purchase invoice.
- **Quantity held**
This is to be the quantity of items of the particular asset held by GCRB, which must agree to the quantity supplied as per original invoice less any written off as damaged, missing etc.
- **Asset number**
Each asset recorded in GCRB's Fixed Asset Register must have its own unique asset number. Asset numbers must be allocated to assets and must be recorded on both the asset and in the register. No two assets are to have the same asset number – therefore in those cases where the fixed asset register shows a quantity greater than 1, there must be the appropriate number of asset numbers recorded against the entry.
- **Depreciation rate/useful life**
This will be in accordance with GCRB's established useful life table shown in paragraph 5.
- **Original Cost, Accumulated Depreciation, Annual Depreciation and Net Book Value**
This will be the original cost, as per invoice or transfer value, plus/minus any revaluation less accumulated depreciation.
- **Location**
All assets recorded in GCRB's Fixed Asset Register must be able to be verified and located. In order to be able to locate assets the fixed asset register must document the location of each asset. Any changes in asset locations or users must be notified to City of Glasgow finance section in order to update the Fixed Asset Register.

VERIFICATION OF ASSETS

13. The Director of Finance will physically verify all significant fixed assets annually at year end.

14. GCRB are using software provided by City of Glasgow College. It is the responsibility of City of Glasgow College to ensure that it has the required software agreements in place for this.

DISPOSAL OF ASSETS

15. When an asset is to be disposed of, approval for the disposal must be obtained from the Executive Director. In order to receive formal approval for the disposal of an asset a disposal of fixed assets form must be completed. Disposal forms can be obtained from City of Glasgow Finance section. **A disposal form must also be completed where an asset is damaged beyond repair or has become obsolete and is being scrapped.**

16. Once authorised the form is to be sent to City of Glasgow Finance section, who will update the Fixed Asset register.

17. Disposal Forms are to be retained by the City of Glasgow Finance section so that they can support the information presented in the Fixed Asset register and to ensure that an appropriate Audit Trail exists.

18. When an asset is sold, an invoice must be issued to the purchaser in accordance with the procedures established in Chapter 9 of this manual (Income & Debtors).

19. After the Fixed Asset register has been updated for the disposal GCRB's Balance Sheet and I&E must also be updated. In order to update the Ledger a journal will be prepared to transfer the cost and accumulated depreciation from the Balance Sheet to the Income and Expenditure Account. This together with any income received from the sale of the asset will result in a profit or loss on disposal being realised.

DEPRECIATION

20. All Fixed Assets, no matter how well constructed or maintained, wear out gradually over time, until eventually they are only of scrap value. Depreciation is charged in the Income & Expenditure account to recognise the reduction in value of the assets caused by their use.

Causes of depreciation

- Wear and tear or loss of value through use
- Passage of time, as assets get older they become less valuable
- Obsolescence or becoming out of date as a result of technical advancement or new inventions (i.e. computers)
- Inadequacy, when assets are no longer adequate for the purposes for which they were originally bought.

21. Depreciation cannot be accurately calculated until the asset is disposed of. However, an estimate of depreciation must be made each year so that it can be charged against the profits of the year or accounting period. The debit charge goes to the Income and Expenditure account and the credit charge goes to the accumulated depreciation account in the Balance sheet against cost to give Net Book Value.

Calculation of depreciation

22. It is GCRB's accounting policy to use the 'straight-line' method for calculating depreciation, where a fixed percentage of cost is charged to the Income and Expenditure Account each year over the estimated useful life of the asset.

23. Depreciation is to be charged in full in the year of acquisition and no depreciation is to be charged in the year of disposal.

24. The useful lives of each category of asset are shown at paragraph 5. The rate of depreciation applied to each asset is that, which will reduce the asset to nil or to a predetermined residual value at the end of this period.

25. Depreciation is to be calculated and charged annually at the year-end, with the fixed asset register being updated accordingly.

MANAGEMENT CHECKS

- Accurate upkeep of Fixed Asset Registers (additions identified at year end, disposal forms used), with gains/losses on disposals charged to the Income & Expenditure.
 - Checks that depreciation is calculated correctly.
 - Fixed Assets are verified annually.

DOCUMENT CONTROL AND REVIEW

Approval Status	Draft		
Approved by	GCRB Executive Director		
Signature			
Date Approved			
EQAI Status	Initial Screening Conducted?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
	Full EQIA Conducted?	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
Proposed Review Date	January 2017		
Lead Officer(s)	Executive Director		
Board Committee	Not applicable		

SECTION 14

FINANCIAL REPORTING AND MONITORING OF ASSIGNED COLLEGES FRAMEWORK

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**DUTIES TO PROVIDE INFORMATION ON CERTAIN EXPENDITURE AS
REQUIRED BY THE PUBLIC SERVICES REFORM (SCOTLAND) ACT 2010
_____ ERROR! BOOKMARK NOT DEFINED.**

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SECTION 14

Financial Reporting and Monitoring of Assigned Colleges Framework

GENERAL BACKGROUND AND RESPONSIBILITIES

1. SFC's statutory responsibilities are set out in the 2005 Further and Higher Education (Scotland) Act, as amended by the Post-16 Education (Scotland) Act 2013, and include:
 - responsibility for securing coherent provision of fundable further and higher education;
 - review "whenever it considers appropriate" assigned colleges against fundable body criteria; and
 - make provision for assessing/enhancing the performance of RSBs.
2. GCRB's statutory responsibilities as set out in the Post-16 Education (Scotland) Act 2013 include:
 - securing coherent provision of high quality fundable further and higher education in its region;
 - monitoring the performance of its assigned colleges.
3. The SFC Chief Executive has been appointed Accountable Officer under the terms of the Public Finance and Accountability (Scotland) Act 2000 and is responsible and accountable to the Scottish Parliament for ensuring that funds provided to SFC are used for the purposes for which they have been given, and in ways that comply with the conditions attached to them. In order to meet their responsibilities, the SFC seeks financial management and other information from GCRB. The Financial Memorandum between GCRB and SFC sets out this reporting and accountability relationship as a condition of receiving grant funding from SFC.
4. Under the Financial Memorandum with SFC, GCRB must receive regular, timely, accurate and adequate information to monitor performance and account for the use of public funds. It must also have a sound system of internal management and control, including an audit committee, an effective internal audit service, and adequate procedures to prevent fraud or bribery, and plan and manage its activities to remain sustainable and financially viable. This includes ensuring that the assigned colleges remain sustainable and financially viable.
5. If GCRB fails to comply with the requirements of the Financial Memorandum and

any other specific terms and conditions attached to the payment of grant from SFC it may be required to repay to SFC any sums received from it and may be required to pay interest on this.

6. The assigned colleges are accountable to GCRB and GCRB must be able to gain a reasonable level of assurance in order for it to have confidence that the assigned colleges will collectively contribute to the delivery of agreed regional aims and outcomes. Therefore monitoring of the assigned colleges is vital to ensure they have strong governance and financial management processes in place to ensure their financial sustainability.
7. GCRB has put in place a financial memorandum with each of its assigned colleges, which sets out the formal relationship between GCRB and the assigned college, and which contains the terms and conditions for the use of grant to the assigned college.
8. To ensure that GCRB and SFC can carry out their statutory and Financial Memorandum duties, without any unnecessary duplication and in an efficient manner, an appropriate monitoring framework is necessary. This document sets out the monitoring framework for monitoring the financial sustainability of GCRB and its assigned colleges. It includes the information required to be collected throughout the year from individual assigned colleges' and how this information will be reviewed, including follow up action where considered necessary. It also sets out how this information will be reported to GCRB Committees and the GCRB Board.

REQUIREMENT TO COMPLY WITH THE SCOTTISH PUBLIC FINANCE MANUAL

9. Assigned colleges and GCRB must follow the requirements of the Scottish Public Finance Manual (SPFM). These requirements include specific circumstances where GCRB and assigned colleges must obtain prior permission or approval from SFC before taking certain actions.
10. GCRB's (and the assigned colleges') specific delegated financial limits are set out in Appendix A. Each assigned college must inform and obtain authorisation from GCRB (through the GCRB Director of Finance) before entering into any undertaking to incur any expenditure that falls outwith these delegations, and GCRB (through the GCRB Director of Finance) will inform SFC of this and seek authorisation. Once SFC inform GCRB (through the GCRB Director of Finance) of their response then GCRB (through the GCRB Director of Finance) will inform the relevant assigned college/s of SFC's decision.
11. Appendix A also sets out the levels for certain categories of expenditure above which the assigned colleges must report annually to GCRB, which the Director of Finance is responsible for then reporting on to SFC. The information provided should describe the number of instances and total cost, by category of expenditure.
12. Similarly, prior SFC approval must always be obtained by assigned colleges (via

GCRB through the GCRB Director of Finance) and GCRB before incurring expenditure for any purpose that is, or might be considered, novel, contentious or repercussive or which has or could have significant future cost implications. What might be regarded as novel or contentious inevitably involves a degree of judgement. Novel would include proposed expenditure or financial arrangements of a sort not undertaken previously or which is not standard practice. Contentious would include proposed expenditure or financial arrangements where there was any doubt as to its regularity – for example, its compliance with relevant legislation or guidance – or its propriety – for example, compliance with the standards expected of publicly funded bodies or their officials. Proposed expenditure or financial arrangements that might be considered to be sensitive politically would also be regarded as contentious.

KEY FINANCIAL REQUIREMENTS

13. The Scottish Government budgeting and accounting requirements mean that incorporated colleges are expected to balance their books both in cash and resource terms in each financial year to 31 March, and minimise cash balances (in order that cash is not paid out in advance of need). Any overspend is calculated for the Glasgow region as a whole.
14. There is no specific requirement for assigned colleges to balance their books for the academic year. However, it is important that assigned colleges remain financially viable therefore GCRB should monitor any operating deficit in the academic year as, depending on its cause, this may be an indicator that an assigned college is in financial difficulty.
15. The Financial Memorandum between GCRB and assigned colleges states that GCRB will allocate and pay grant to the assigned colleges in accordance with GCRB's current published policies and procedures and the published policies and procedures of the SFC. The Director of Finance is responsible for liaising with SFC to identify what the published grant allocation and grant payment policies and procedures of the SFC are, and ensure that GCRB are complying with these.

KEY FINANCIAL REPORTING AND MONITORING REQUIREMENTS

16. All financial returns are required to go from the assigned colleges to GCRB and then from the GCRB on to SFC. However, because of the very tight time constraints / reporting deadlines for submission and processing of ONS-related returns, in some exceptional cases it may be necessary for assigned colleges to share these returns simultaneously with both SFC and GCRB.
17. The GCRB Director of Finance will undertake reviews and analysis of financial returns and ensure that the GCRB's governance arrangements are able to effectively monitor assigned college and regional financial management. Financial monitoring procedures will be overseen by the GCRB Performance and Resources Committee.

18. The following sections set out:

- the financial returns and range of other documents required to be made and submitted to GCRB by assigned colleges
- how these returns will be passed between assigned colleges, GCRB and SFC
- how these will be reviewed and monitored by the GCRB Director of Finance
- how the GCRB Director of Finance's findings will be reported upwards to the Performance and Resources Committee for their oversight, including how this Committee considers any adverse variances, planned mitigating actions, and what future reporting on such variances will be undertaken.
- Reporting to the GCRB Board and SFC

Cash Flow Returns

19. The cash flow return is prepared on a monthly basis, except that the December return is for both December and January.
20. These returns provide details of assigned colleges' projected grant-in-aid requirements and projected cash flows, allowing GCRB to get an early indication of any over/under spends and ensures that colleges do not receive payments in advance of need.
21. The process for preparing, reviewing and reporting upwards on the cash flow returns is set out in S03 in detail.

Resource Returns

22. The Resource Returns are completed quarterly for the first three quarters and then monthly for the last quarter. These include information about Annual Managed Expenditure (AME).
23. The Resource Returns allow GCRB to monitor the assigned colleges' adherence to resource and capital budgets. Colleges are expected to balance their budgets in cash and resource terms, although the SFC may allow assigned colleges to use their net depreciation to fund any deficits.
24. The AME is reported as part of the Resource Return and consists of impairments, movements on net returns on pension scheme assets liabilities, and creation of / movement on provisions. This is reported by SFC to inform the Scottish Government whether AME spend is expected to rise above budgets set by HM Treasury.
25. Each quarter (or monthly for the last quarter) the GCRB Director of Finance prepares a resource return template for up to that period, including populating budget figures from the agreed budget amounts. They will protect these cells, and any other relevant cells in the template, so that assigned colleges cannot change these figures/cells and then send the template out relevant staff in the assigned

colleges by email for them to fill in.

26. Responsible staff in assigned colleges will fill in the resource return, provide comments where required, and return this to the GCRB Director of Finance (and any other specified individuals) by email by the agreed date.
27. The GCRB Director of Finance will review the submitted resource returns as follows:
 - for reasonableness
 - tie in relevant figures to cash flow returns. While it is not feasible to fully reconcile the resource returns to the cash flow returns figures should be tied in where possible (such as key income and expenditure headings, donations to arms-length foundations, and capital expenditure). Inconsistencies should be followed up and would clearly raise concerns about the quality of financial management at an assigned college
 - consider whether comments provided by assigned colleges regarding variances appear reasonable, and consider the need to further investigate adverse variances to gain an understanding as to what mitigating action is being undertaken to reduce these

Robust monitoring will require to be in place over all returns, however greater analysis and review of the resource returns over the three months to March should be undertaken, given that this is the end of the Scottish Government financial year end

28. A checklist of all checks to be undertaken must be completed by the Director of Finance to ensure consistency of checking. The GCRB Director of Finance will follow up any queries with relevant staff in the assigned colleges by email, phone or in person. Assigned college staff should respond to all queries within 3 days of these being provided by the GCRB Director of Finance.
29. Once the GCRB Director of Finance has finished their review and is satisfied with the responses to any queries they had they will create a consolidated resource return spreadsheet which includes:
 - The three resource returns from the assigned colleges (each as a separate worksheet)
 - A resource return for GCRB running costs (to be prepared by the GCRB Director of Finance) (on a separate worksheet)
 - A consolidated resource return for the whole of GCRB (the four worksheets mentioned above)

The spreadsheet will have a check totals sum within it to ensure that the consolidated worksheet total agrees to the sum of the totals on the individual

worksheets.

30. The GCRB Director of Finance will prepare a paper outlining the results of their review of the resource returns submitted from the assigned colleges, and setting out the reasons for any unusual or unexpected variances or any other matters noted from their review and any mitigating actions being undertaken by assigned colleges. This should also set out if assigned colleges are expecting to use their net depreciation to fund any overspends.
31. The GCRB Director of Finance will forward the consolidated resource return spreadsheet and their paper outlining the review they undertook on the resource returns to the SFC by the required date.
32. SFC will review the resource returns and accompanying paper and where they have any queries they will contact the GCRB Director of Finance for explanations, who may in turn have to contact staff in assigned colleges to obtain reasons. The GCRB Director of Finance will then feed this and any other information back to SFC in order that SFC are satisfied with the response.
33. The Director of Finance will prepare a paper for each meeting of the GCRB Performance and Resources Committee highlighting any issues noted from their review of the resource returns, including matters relating to financial stability and governance of the assigned colleges.
34. The GCRB Performance and Resources Committee will review the paper the Director of Finance has prepared based on their review of the resource returns, consider any adverse variances and planned mitigating actions, and agree on what future reporting on such variances will be undertaken (such as a monthly email update in addition to the papers provided to the Committee). This paper is also presented to the GCRB Board for their information.
35. SFC set the format and content of the resource return spreadsheet, and GCRB will make changes to the resource return spreadsheet were required to ensure that it is in line with the SFC's required format.
36. A timetable for the resource return spreadsheet templates to be sent to the assigned colleges, and the dates that completed resource returns are required to be returned to the GCRB Director of Finance, will be set out prior to the start of each year.

Management Accounts

37. Assigned colleges produce quarterly management accounts throughout the year, which may include forecast outturns.
38. The management accounts allow the management and Boards of assigned colleges to monitor the assigned colleges' financial performance and adherence to resource and capital budgets.

39. Assigned colleges are required to send their quarterly management accounts to the GCRB Director of Finance by email once these have been produced, along with any analysis/paper done on the management accounts for that assigned college's management, Board Committee, or Board (this may be sent at a later date than the management accounts, however at the time of submitting the management accounts the GCRB Director of Finance should be informed of what analysis, if any, will be provided at a later date).
40. In addition to management accounts each assigned college usually produces (or has reports that can be run off by staff themselves) a range of management information for staff, managers and their Board. The Director of Finance will determine, through discussion with staff in each assigned college, what management information (in addition to the management accounts) they wish to receive on a regular basis for analysing. The type of information and frequency of receiving such information should be formally set out.
41. When the management accounts and other management information (if any) is received, the GCRB Director of Finance reviews this as follows:
 - for reasonableness
 - ties in relevant figures to resource or cash flow returns. While it is not feasible to fully reconcile the resource returns / cash flow returns to management accounts figures should be tied in where possible (such as key income and expenditure headings, donations to arms-length foundations, and capital expenditure). Inconsistencies should be followed up and would clearly raise concerns about the quality of financial management at an assigned college
 - consider whether comments provided by assigned colleges regarding variances appear reasonable, and consider the need to further investigate adverse variances to gain an understanding as to what mitigating action is being undertaken to reduce these
42. A checklist of all checks to be undertaken must be completed by the Director of Finance to ensure consistency of checking. The GCRB Director of Finance will follow up any queries with relevant staff in the assigned colleges by email, phone or in person. Assigned college staff should respond to all queries within 3 days of these being provided by the GCRB Director of Finance.
43. Once the GCRB Director of Finance has finished their review they will prepare a paper for the GCRB Performance and Resources Committee outlining the results of their review of the management accounts and summarising the reasons for any unusual or unexpected variances or any other matters noted from their review, including matters relating to financial stability and governance of the assigned colleges, and any mitigating actions being undertaken by assigned colleges. This paper is also presented to the GCRB Board and the GCRB Director of Finance will

forward this to the SFC for their information.

Financial Forecast Return (FFR)

44. The FFR is prepared in June each year.
45. The FFR provides a longer term financial forecasts which can be used to assist in assessing colleges' financial sustainability.
46. When the FFR is completed this should be emailed to GCRB Director of Finance and the SFC at the same time. This should be accompanied with any papers that were provided to the management or Board of the assigned college setting out assumptions and justification for key areas of the forecast budget, and any sensitivity or scenario analysis.
47. When the FFR and supporting information is received the GCRB Director of Finance reviews this as follows:
 - considers comments provided by assigned colleges justifying the figures used in their FFR
 - gains an understanding as to significant movements between years
 - determines what assumptions and estimates have been used, and considers the reasonableness of these
 - considers estimates and assumptions made by all assigned colleges together and whether these are reasonable (for example, there may be a funding stream available for a set amount, however the total of the three assigned colleges' budgeted amounts may be higher than the set funding available)
 - To consider (or undertake) sensitivity and/or scenario analysis
48. The Director of Finance will follow up any queries about the FFR with relevant staff in the assigned colleges by email, phone or in person. Assigned college staff should respond to all queries within 5 days of these being provided by the GCRB Director of Finance.
49. Once the GCRB Director of Finance has finished their review they will prepare a paper for the GCRB Performance and Resources Committee outlining the results of their review of the FFRs and summarising the reasons for any unusual or unexpected movements or any other matters noted from their review, including matters relating to financial stability and governance of the assigned colleges, and summarising key risks and outlining actions that might be able to be undertaken in the event of these risks eventuating. This paper is also presented to the GCRB Board and the GCRB Director of Finance will forward this paper to the SFC for their information.

Annual Report and Financial Statements

50. The assigned colleges produce their Annual Report and Financial Statements by about the end of September each year, and these must be audited and finalised by 31 December.
51. The Annual Report and Financial Statements allow an assessment of the quality of governance and financial management, and of colleges' financial sustainability and include:
 - A Performance Report, providing information on the objectives and strategies of the assigned college, principal risks and assigned college performance
 - An Accountability report, which includes a corporate governance report and a remuneration and staff report. It may also include a parliamentary accountability report
 - Financial Statements and accompanying notes
52. When the assigned colleges have their annual reports and financial statements and accompanying audit reports signed then they should supply four hard copies of these documents (or another quantity as otherwise specified by GCRB) to the GCRB Director of Finance. This should be accompanied with any papers that were provided to the management, Board Committees and Board of the assigned college when these were approved, including the internal auditors' Annual Report and Opinion and the external auditors' Annual Report. These accompanying papers may be sent electronically to GCRB. The GCRB Director of Finance will forward a copy of the signed annual reports and financial statements (including the audit report) to the SFC, forward two copies of the signed annual reports and financial statements (including the audit report) to Audit Scotland, and retain one copy for GCRB records. The number of copies to be sent to the SFC and Audit Scotland may vary as this is set out in the SFC's annual Accounts Direction.
53. The SFC has an Annual Accounts Return which must be completed by each assigned college with a range of information from their annual reports and financial statements. The assigned colleges are required to provide the Annual Accounts Return to GCRB who will in turn forward the Annual Accounts Returns for the assigned colleges on to the SFC.
54. When the Annual Report and Financial Statements, supporting information and SFC Annual Accounts Return is received the GCRB Director of Finance should review these documents as follows:
 - Undertake analytical review on the financial statements and read the annual report and other documents to identify any issues or risks that have not previously been identified. These matters should be followed up with the assigned colleges and reported to the GCRB Performance and Resources

Committee as appropriate

- Gain an understanding for any significant variances between in year management accounts forecast outturns and the final signed financial statements, and consider the quality of assigned college's financial forecasts during the year.
 - Consider the quality of corporate governance within the assigned colleges and any significant items identified within the external audit reports which are of relevance to GCRB.
55. The Director of Finance will follow up any queries on the Annual Report and Financial Statements with relevant staff in the assigned colleges by email, phone or in person. Assigned college staff should respond to all queries within 5 days of these being provided by the GCRB Director of Finance.
56. Once the GCRB Director of Finance has finished their review they will prepare papers for the GCRB Performance and Resources Committee and the GCRB Audit Committee outlining the results of their review of the Annual Reports and Financial Statements and external audit reports, summarising any new issues, risks or any other matters noted from their review, including matters relating to the financial management or governance of the assigned colleges. The GCRB Director of Finance will forward this paper to the SFC for their information. This paper is also presented to the GCRB Board.
57. There is no specific requirement for colleges to balance their books for the academic year. However, it is important that assigned colleges remain financially viable therefore GCRB should monitor any operating deficit in the academic year as, depending on its cause, this may be an indicator that an assigned college is in financial difficulty.

Whole of Government Accounts Return

58. Currently there is no requirement for a Whole of Government Accounts Return to be produced. If this requirement is introduced this document will be updated to include the reporting and monitoring requirements for this.

Student Support Fund Monitoring

59. Student support fund expenditure, and expected student support fund outturns, will be reported to the GCRB Director of Finance on a monthly basis throughout the year by assigned colleges. Where there are forecast under or overspends then the GCRB Director of Finance will work with the Sustainability Sub-Group to determine how to mitigate such under/overspends.

Audit Reports for Credits, EMA and Student Support Funds

60. The annual audit reports for credits, EMA, Student Support Funds and any other ring fenced funds provided through SFC will be provided to GCRB before being sent on to

SFC. All such audit reports will be reviewed by the GCRB Director of Finance to identify any issues noted by the auditors, and will follow these up where considered necessary. Where audit reports have identified significant issues, including issues that could lead to financial clawback, these will be reported to the Performance and Resources Committee through a formal paper. **[NB: At the time of drafting this procedure the SFC required, through its audit guidance, that assigned colleges sent these audit reports directly to the SFC, and not the regional board. However from discussions with SFC on 18 January 2017 SFC intimated that they would amend this guidance to require this to be sent to the regional board for sending on to SFC].**

Certificates of Assurance

61. Each year the SFC requires GCRB to obtain a Certificate of Assurance from each of the assigned colleges, setting out that each college has reviewed the internal control arrangements (over a set of items listed by SFC as requiring assurance) and advising whether these internal control arrangements are working well or identifying any significant matters in the assigned incorporated colleges. When these Certificates of Assurance are completed the assigned colleges are required to send these to the GCRB Director of Finance for them to review, and to follow up any significant matters noted as appropriate.
62. The GCRB Director of Finance is then required to prepare a GCRB Certificate of Assurance, covering GCRB and the assigned colleges. To support this Certificate of Assurance the GCRB Director of Finance must prepare a paper setting out a) general means of obtaining assurance, such as review of financial reports, internal and external audit and b) specific information available to provide assurance over the set of items listed by SFC as requiring assurance. Once the Certificate of Assurance and supporting paper have been produced they should be reviewed before the Certificate of Assurance is signed by the Executive Director and sent on to SFC.

Other SFC Returns / Documents

63. The SFC has a range of other returns that are required to be prepared such as:
 - Headcount bi-annual return (included within the Cash Flow Return)
 - Efficient Government Return

These returns will be submitted to the GCRB for their review before GCRB will forward these on to the SFC.

GCRB FINANCIAL REPORTING SCHEDULE

64. Each year a GCRB Financial Reporting Schedule will be prepared setting out what financial reports and monitoring reports will be provided to the Performance and Resources Committee, Audit Committee, Nominations and Remuneration Committee, and Board. A copy of this will be provided to the Monitoring section of

the SFC by the Director of Finance each year.

65. The minutes of the GCRB Performance and Resources Committee are provided to each meeting of the GCRB Board, and the Chair of the Performance and Resources Committee is required to highlight at the Board meetings any significant matters that they consider require highlighting to the full Board.

OTHER REPORTING REQUIRED TO SFC

66. The Financial Memorandum with the SFC requires GCRB to inform SFC's Accountable Officer (the SFC Chief Executive) without delay of any circumstance that is having, or is likely to have, a significant adverse effect on the ability of the GCRB to deliver its education programmes, research and other related activity, including delivery of its Regional Outcome Agreement with SFC. The Executive Director is responsible for doing this where applicable.
67. The GCRB must notify SFC's Accountable Officer of any serious weakness, such as a significant and immediate threat to the GCRB's financial position, significant fraud or major accounting breakdown or any material non-compliance with any requirement of the Financial Memorandum with the SFC. The Director of Finance is responsible for doing this where applicable.

MONITORING OF GCRB COSTS

68. The Director of Finance will present an updated forecast outturn for GCRB running costs at each of the Performance and Resource Committee meetings, along with an accompanying paper setting out the justification for any changes. The Performance and Resource Committee is required to approve any changes to the GCRB running costs budget.

DOCUMENT CONTROL AND REVIEW

Approval Status	Draft		
Approved by	GCRB Executive Director		
Signature			
Date Approved			
EQAI Status	Initial Screening Conducted?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
	Full EQIA Conducted?	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
Proposed Review Date	January 2017		
Lead Officer(s)	Executive Director		
Board Committee	Not applicable		

Appendix A

Delegated financial limits and annual reporting requirements for Assigned Colleges and GCRB

Delegated financial limits	
External Business and management consultancies	£100,000
Special severance payments	£1,000
Operating leases: non property	£250,000
Procurement non-competitive action	£25,000

Annual reporting requirements	
Extra contractual payments	£5,000
Compensation payments	£5,000
Ex-gratia payments	£1,000
Claims waived or abandoned	£3,000
Write-off of bad debt	£3,000
Losses	£3,000
Overseas student irrecoverable loss	£6,000
Fraud loss	£5,000

Annex B – Summary of SFC required returns

Financial return	Frequency	Date request issued	Date required to be returned
Monthly cash flow	Monthly	19 th -27 th each month	6 working days later
Quarterly / Monthly Resource Return	Quarterly then monthly in quarter 4	Middle of month preceding quarter/month end	Middle of month following quarter/month end
Financial forecast return	Annual	Mid-May	30 June
Annual accounts	Annual	Mid-November	31 December