

**NORTH EAST
SCOTLAND
COLLEGE**



**Board of Management
FINANCE AND GENERAL PURPOSES COMMITTEE
Meeting of 21 January 2014**



NOTICE OF MEETING

There will be a meeting of the Finance and General Purposes Committee on Tuesday 21 January 2014, 0900-1000 hours in Room G25, Aberdeen City Campus.

MEMBERS OF THE BOARD OF MANAGEMENT

Mr. D Cobban
Mr. B Dunn
Mr. I Gossip (Chair)
Prof. J Harper
Mr. J McKendrick
Ms. D Michie
Mr. K Milroy
Mr. A Smith
Mr. R Wallen

OTHER INVITED PARTICIPANTS

Mr. B Cruickshank
Ms. K Hilton

IN ATTENDANCE

Mr. R Scott, Vice Principal Finance
Ms. P May, Secretary to the Board of Management
Ms. P Kesson, Minute Secretary

Meeting of 21 January 2014

AGENDA

1. Apologies for Absence

2. Minute of Previous Meeting

2.1. Meeting of 26 November 2013 (paper enclosed)

3. Matters arising from Minute of Previous Meeting

3.1. To be raised at meeting

4. Report by the Principal (paper enclosed)

5. Matters for Decision

5.1. Financial Regulations (paper enclosed)

5.2. Course Fees – AY 2014-15 (Except for Overseas Students) (paper enclosed)

5.3. Course Fees – AY 2014-15 (Overseas Students) (paper enclosed)

6. Matters for Discussion

6.1. Reclassification of Colleges as Central Government Bodies (paper enclosed)

6.2. Financial Systems (paper enclosed)

6.3. Electric Vehicles (paper enclosed)

7. Summation of Business and Date and Time of Next Meeting

Reserved Item of Business

8. Matters for Discussion

8.1. Financial Monitoring

9. Summation of Business

Draft Minute of Meeting of 26 November 2013

The meeting commenced at 1120 hours.

MEMBERS PRESENT: I Gossip (Chair), J Harper, J McKendrick, K Milroy, R Wallen

IN ATTENDANCE: R Scott, P May, P Kesson

1. Apologies for Absence

Apologies were received from:

Board Members – B Dunn, D Michie, A Smith

Invited Participants – B Cruickshank, K Hilton

2. Report to the Committee by the Principal

The Committee noted a report providing information on: External Audit 2012-13; capital works; financial forecasting; and IT connectivity between the Aberdeen and Fraserburgh Campuses.

Mr Scott reported that informal feedback from Scott Moncrieff had indicated no problems in the audit work on the correctness of the year-end statistical and financial returns submitted to central authorities by Banff & Buchan College.

Mr Scott confirmed that the reforecast of the cash flow profile for the capital works project to over-clad and re-roof the Tower and East Blocks at Aberdeen City Campus has changed but the overall cost will remain the same.

3. Matters for Decision

3.1 Financial Regulations

The Committee considered the Board's Financial Regulations together with the Borrowing Policy.

It was noted that the Financial Regulations required to be revised to reflect changed Senior Management Team responsibilities; transition to the introduction of a single financial system prior to April 2014; and changed limits of financial authority.

The Committee noted that experience has shown that the current Borrowing Policy has been effective and has presented no strategic or operational problems, and therefore no change is proposed.

The Committee reviewed and adopted the Financial Regulations, subject to the inclusion of a reference to the process of creating and approving the budget for the College. The Committee also reviewed and adopted the Borrowing Policy, and set 31 March 2014 as the date by which the Financial Regulations and Borrowing Policy will next be reviewed.

3.2 College Banking Arrangements

The Committee considered an amendment to banking arrangements to reflect changes relating to Board membership and management structures.

Information was provided on the operation of established bank accounts; and the implementation of Financial Regulations.

After some discussion the Committee approved the amendment of the list of authorised signatories on College bank accounts in compliance with the College's Financial Regulations, and authorised the Chair of the Board and the Principal to sign any new or amended bank mandates which are put in place as banks might require.

3.3 Site of the Former Balgownie Centre

The Committee considered matters relating to the disposal of the site of the former Balgownie Centre.

Information was provided on the Estates Development Strategy of the Board of Management of Aberdeen College; the planning application for the development of the Balgownie site; approval conditions set by the Scottish Funding Council (SFC) in granting permission for the College to sell the site and retain the sale proceeds to fund the Board's Estates Development Strategy; potential impacts of the reclassification of colleges as 'central government bodies'; and established arrangements for marketing the site.

The Committee noted the approval given by the SFC to sell the site; noted the clarification provided by the SFC on the Board's authority to retain and utilise the proceeds of sale; and requested the Principal to progress the marketing of the site of the former Balgownie Centre.

3.4 Boardroom Project

The Committee considered a proposed capital project to create a new Boardroom at Aberdeen City Campus.

Information was provided on the need for additional facilities for Board meetings and for other meetings involving colleagues and stakeholders; the area identified as being suitable to create the necessary facilities; timing of the project; and estimated costs.

The Committee approved the capital project to create a new Boardroom at Aberdeen City Campus.

4. Matters for Discussion

4.1 Reclassification of Colleges as Central Government Bodies

The Committee noted a report providing information on the implications of the reclassification of colleges as central government bodies and actions taken to mitigate those impacts.

Information was provided on the impacts of reclassification; and ways in which the Scottish Government will work with colleges to mitigate the implications of the decision.

Mr Scott provided further contextual information and said it was clear that the College needed its resources to fulfil reporting requirements. He said a number of consultants are working to support the projects.

4.2 Financial Systems

The Committee noted work that is being undertaken to implement a single financial system to meet the needs of North East Scotland College.

Information was provided on the project implementation contract; project team; and the Financial Programme Definition Document.

It was agreed that the Committee would receive progress updates on the Finance Improvement and Consolidation Programme, including any difficulties encountered.

Professor Harper commended Mr Scott and his team for the work undertaken in this project.

5. Summation of Business

The Secretary gave a summation of the business conducted.

6. Date of next Meeting

The next meeting of the Finance and General Purposes Committee is scheduled to take place on 21 January 2014.

Reserved Item of Business

7. Matters for Discussion

7.1 Financial Monitoring

The meeting concluded at 1150 hours.

Report by the Principal

1. Introduction

- 1.1. The purpose of this report is to provide information to the Committee.

2. External Audit – 2012-13

- 2.1. The Board of Management approved the financial statements of Aberdeen and Banff & Buchan Colleges for the year to 31 July 2013 at its meeting on 09 December 2013. The statements have also been signed by Audit Scotland and the audit opinions on the statements are, as expected, unqualified.
- 2.2. The external audit of the financial statements of Banff & Buchan College for the 3 months to 31 October 2013 shall take place in the coming weeks and the outcome shall be reported to the Board together with the financial statements for the period.

3. Internal Audit

- 3.1. The Audit Committee, at its meeting later today, shall set the internal audit programme to be undertaken in respect of the financial reporting period of 8 months to 31 March 2014. Later this month, Wylie and Bisset, the internal audit service provider, will undertake the first of 3 visits to the College to carry out stage 1 of the programme of internal audit reviews.
- 3.2. Reports on the reviews undertaken during the visit will be presented to the Audit Committee at its meeting in March 2014.

4. Procurement

- 4.1. A competitive tender process is underway to appoint a provider of agency staffing services from 01 August 2014. The contract with the current provider, Protocol National, ends on 31 July 2014. It is anticipated that processes will be concluded in March 2014 when the Contracts Committee will be asked to consider the selection of a preferred contractor or contractors.
- 4.2. A competitive tender process is underway to appoint a provider of catering services from 01 August 2014. The contracts with the current providers, Aramark at campuses in Aberdeen and Sodexo at the Fraserburgh Campus, end on 31 July 2014. It is anticipated that processes will be concluded in April 2014 when the Contracts Committee will be asked to consider the selection of a preferred contractor or contractors.
- 4.3. At the time of writing, arrangements are being established with Mitie Technical Facilities Management to provide facilities management services at Fraserburgh and its satellite campuses.

5. Capital Works

- 5.1. Over-clad and re-roof, Aberdeen City Campus - The project to over-clad and re-roof the Tower and East Blocks is proceeding well. The contract programme is on schedule to achieve completion in October 2014, as planned originally. The project is on schedule and is forecast to remain within budget.
- 5.2. New Training Facility (M Block), Aberdeen Altens Campus – The remaining defects in the construction of the M Block, which opened in October 2010, have been completed. The project architect has issued the final certificates for the construction work and the remaining retention monies have been released. The project is now closed.

6. Site of the Former Balgownie Centre

- 6.1. Arrangements are in hand to commence marketing of the site in late-January/early-February 2014. Shepherd, the Board's appointed selling agent, is, at the time of writing, finalising its marketing plan. Burness Paull, the Board's appointed legal advisors, shall undertake the legal aspects of the sale.

7. Recommendation

- 7.1. It is recommended that the Committee note the content of this report.

Rob Wallen
Principal

Financial Regulations

1. Introduction

- 1.1. The purpose of this report is to assist the Committee to consider the Board's Financial Regulations.

2. Background

- 2.1. The Board of Management undertakes regular reviews of policies established by the Board and its Standing Committees.
- 2.2. At its last meeting the Committee adopted the Financial Regulations that had been proposed, subject to amendment of section 3 of the Regulations. Members requested that the section be redrafted to make more explicit requirements relating to the preparation of and monitoring of budgets.

3. Financial Regulations

- 3.1. An amended version of the Regulations is now presented to the Committee for consideration.

4. Next Review

- 4.1. The reclassification of Scottish colleges as public bodies (on 01 April 2014) and the commencement of the provisions of the Post 16 Education (Scotland) Act 2013 will change significantly the financial authority of the Board of Management. A single financial system will operate for the College from 01 April 2014.
- 4.2. The next review of these regulations is scheduled to take place in March 2014, with the intention of ensuring that they are fit for purpose in the new operating environment. A review shall be undertaken earlier if circumstances make that necessary.

5. Recommendation

- 5.1. It is recommended that the Committee review and, if so minded, adopt the amendments to the Financial Regulations and Borrowing Policy following review.

Rob Wallen
Principal

Roddy Scott
Vice Principal Finance

North East Scotland College Financial Regulations

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Borrowing Policy

1.0 Introduction and Background

- 1.1 The Further and Higher Education (Scotland) Act ("the Act") 1992 created a framework for further education colleges offering full time and part time education to act as free standing corporate bodies with powers to employ staff and own land and buildings.
- 1.2 These financial regulations do not in themselves set standards or provide control information, but they do set up a financial control system within which management can delegate authority whilst informing staff of correct financial procedures.
- 1.3 The financial regulations should be read in conjunction with Government Accounting, Government Internal Audit Manual, relevant circulars and guidance issued by the former Scottish Office, the former Scottish Further Education Funding Council (SFEFC), the Scottish Funding Council (SFC) and the College's financial procedures guides.
- 1.4 The regulations are subject to annual review to reflect the College's operational and management structures and the Financial Memorandum and Accounts Direction issued by the former SFEFC and SFC.

2.0 Management Responsibility

2.1 Responsibility of the Board of Management

- 2.1.1 The Board of Management has a duty to manage the College and ensure that it provides suitable and efficient further education to its students having regard to the provision in the area it serves and the likely needs of potential students. Their general responsibilities include:
 - administering and managing the College, its property rights, liabilities and obligations with the funds available from all sources;
 - ensuring the provision of suitable and efficient further education;
 - setting and charging fees for further education and deciding on which individual courses should be offered;
 - to approve development plans for all College activities (including business plans for commercial activities);
 - allocation of finance and other resources to these planned activities;
 - to monitor, review and report the general performance of the College and ensure that its plans are being achieved;
 - the Chair of the Board shall sign the annual accounts

2.2 Responsibility of the College Principal

- 2.2.1 The College Principal is responsible for the detailed management and administration of the College. The Principal will act as Chief Executive of the College.
- 2.2.2 The Principal is ultimately responsible to the Board for the control of resources, for seeking economy, efficiency and effectiveness in the case of the College's resources and for ensuring that financial considerations are taken into account at all stages of decision making.
- 2.2.3 In particular, the Principal shall:

- sign the annual accounts and ensure records are retained relating to them whilst ensuring they are presented in a form acceptable to the SFC;
- advise the Board of Management on the proper discharge of their financial duties;
- be authorised to write-off losses and instruct special payments (subject to limitations made by the SFC);
- be personally associated with the SFC Accountable Officer on matters relating to public funding which arise before the Audit Committee of the Scottish Parliament.

2.3 Responsibility of Depute Principal, Vice Principals and other Managers.

- 2.3.1 The Depute Principal, Vice Principals and other Managers shall ensure that they seek economy, efficiency and effectiveness at all times and that they endeavour to secure the best value for expenditure incurred by them with the objective of achieving the policies of the College at least cost.

3.0 Financial Planning (Capital and Revenue Estimates)

3.1 General Statement

- 3.1.1 Under the Further and Higher Education (Scotland) Act 1992 boards of management have substantial freedom in deciding college spending practices.

3.2 Responsibility of the Principal

- 3.2.1 The College Principal is responsible directly to the SFC and the Board of Management for ensuring that funding is spent on the purpose for which it was provided, and for the effective and efficient management of the College, including proper management controls.

3.3 Outcome Agreements and Strategic Plans

- 3.3.1 The Board of Management has responsibility for the overall direction of the College, including its financial health. The SFC expects the Board of Management to approve each year an Outcome Agreement and Strategic Plan which shall cover at least the next year which shall include a broader forward look beyond that period.
- 3.3.2 Fundamental requirements for outcome agreements and strategic plans, which must be met:
- the college's plans for its various activities and the key resources (staff, finance and estates) needed to deliver them must be inter-related and coherent;
 - the plans must take account of Scottish Government and SFC aims, objectives, priorities and targets as set out in ministerial guidance and the SFC's Corporate Plan, and include targets for key national policies;
 - planning documents must include the Board of Management's evaluation of progress on the existing or previous Strategic Plan;
 - all significant quantitative assumptions underpinning plans should be clearly set out; and
 - the plans must, where appropriate, reflect work to deliver colleges' legal responsibilities.

3.3.3 The College Principal shall generally be responsible for the preparation of draft Outcome Agreements and Strategic Plans for consideration by the Board of Management, which, in turn, has responsibility for approval of these planning documents and for reviewing performance retrospectively.

3.4 Budget setting and monitoring

3.4.1 The Vice Principal Finance will establish a draft budget in liaison with the remainder of the Senior Management Team for each financial year. This will normally be done no later than 11 months before the beginning of the financial reporting period to which the budget applies.

3.4.2 The draft budget will be presented to the Board of Management for consideration and if so minded approval. This will normally be done no later than 10 months before the beginning of the financial reporting period to which the budget applies.

3.4.3 Regular reports on actual and forecast financial outcomes against budget will be presented to the Board of Management and shall be considered by the Finance and General Purposes Committee.

3.4.4 The audited financial statements of the Board of Management shall be presented to the Audit Committee and the Board of Management for approval.

3.5 Involvement of Depute Principal, Vice Principals and other Managers

3.5.1 The Depute Principal, Vice Principals and other Managers must be closely involved in the development of their budgets. This will facilitate the preparation of meaningful and achievable estimates.

4.0 Authorisation and Control of Capital Expenditure

4.1 General Statement

4.1.1 Attention is drawn to the Procedure Notes for the Disposal of Exchequer Funded Assets and the Retention of Proceeds issued by the SFC and detailed procedures and related guidance on Estates Management issued by SFC.

4.2 Need for SFC Consent

4.2.1 The Board of Management shall not acquire land/buildings for which grant aid is sought or carry out building works on land or to buildings that have been acquired with the assistance of grant aid (with the exception of minor modifications/routine maintenance) without obtaining the prior written approval of the SFC where this necessary to comply with the provisions of the Financial Memorandum or other regulations set by the SFC.

4.3 Need for Committee Consent

4.3.1 No expenditure shall be incurred without the prior approval of the Finance and General Purposes Committee except:

- as authorised by direct instructions from the Board of Management and the Standing Orders relating to contracts.
- preliminary expenditure on projects approved within the College's Estates Development Strategy.

4.4 Variation during the life of a capital project

4.4.1 Once a design has been drawn up and cost limits have been approved by SFC there must be no departure from approved costs without authorisation. If it becomes apparent that a project will be under/over spent, or if the phased expenditure is likely to vary, it shall be the duty of the Principal to report immediately, formally and in writing, to the SFC and the Finance and General Purposes Committee so that appropriate action may be taken.

4.5 Budgetary control

4.5.1 The Principal shall nominate a Project Director (normally the College's Vice Principal Finance) for each capital project. It shall be the duty of the Vice Principal Finance to furnish the Board of Management or the relevant Standing Committee and the Principal and the Project Director, regularly and timeously, with budgetary control statements comparing actual financial performance with the relevant capital estimates.

4.5.2 It shall be the duty of the Project Director to ensure that capital expenditure does not exceed any allocations and that all expenditure conforms to these regulations and the "Procedure Notes for Capital Projects" and related guidance on Estates Management issued by the SFC.

5.0 Authorisation and Control of Revenue Expenditure

5.1 General Statement

5.5.1 Attention is drawn to HM Treasury Guidelines on procurement of goods and services, together with the College's financial procedures guide.

5.2 Approval

5.2.1 No expenditure shall be incurred without the approval of the appropriate authorised officer of the College. Approval limits are given in subsequent sections.

5.3 Reserves

5.3.1 The Board of Management shall maintain a policy on reserves. The use of reserves must be in accordance with that policy.

5.4 Monitoring

- 5.4.1 The Vice Principal Finance will issue budget holders with monitoring statements on a regular basis. Statements shall include information on actual expenditure, committed expenditure and budgeted expenditure. Budget holders are required to monitor delegated resources on a day-to-day basis by reference to College Management Information Systems.

6.0 Virement

6.1 General Statement

- 6.1.1 The Depute Principal, Vice Principals and other Managers will be allocated an approved budget by the Vice Principal (Finance). The transfer of resources between budget headings can only be authorised by the College Principal.
- 6.1.2 Any proposed virement of resources within budget headings, excluding equipment purchases, is at the discretion of the budget holder, subject to guidelines issued by the Vice Principal (Finance).

7.0 Control and Legality of Expenditure

7.1 Legality

- 7.1.1 It shall be the duty of the Vice Principal (Finance) and budget holders to ensure that no expenditure is incurred unless it is within the legal powers of the College. In cases of doubt, they must consult College legal advisors before incurring expenditure.
- 7.1.2 Expenditure on new services, contributions to outside entities and responses to emergency situations that require expenditure must be clarified as to legality prior to being incurred.

7.2 Control

- 7.2.1 Depute Principals, Vice Principals and other Managers, are responsible for the control of all expenditure within their jurisdictions. They must ensure that all resources are properly used and that expenditure both committed and incurred is fully contained within their approved budgets. Serious and/or recurrent breaches of this control will result in disciplinary procedures.

8.0 Authorised Signatories

8.1 General Statement

- 8.1.1 It is imperative for good financial control that a list of authorised signatories is established. The Vice Principal (Finance) will maintain the list. Best practice dictates that these should be based on the College management structure and offer low-level authorisation for insignificant transactions whilst all significant transactions require senior authorisation, by more than one individual.

8.2 Authorisation Levels

- 8.2.1 Authorisation levels, by staff grade, are detailed in the relevant sections on these regulations and in the records held by the College Purchasing Manager.

9.0 Financial Reporting

9.1 Internal Reporting

- 9.1.1 The Board of Management shall devise a scheme of their own internal reporting requirements containing summary financial reports at periods as they see fit.
- 9.1.2 The Vice Principal (Finance) shall be responsible for the control of all financial reports submitted to the Principal and the Board of Management and for ensuring that the requirements are satisfied timeously.

9.2 External Reporting

- 9.2.1 External reporting requirements are embodied in issued legislation and guidance circulars issued by the SFC.
- 9.2.2 The Vice Principal (Finance) shall be responsible for ensuring that all financial instructions issued by the SFC and/or embodied within issued legislation are complied with in as far as they are applicable to the College.

9.3 Year end reporting

- 9.3.1 The Vice Principal (Finance) shall be responsible for completing all Statutory and other year-end reporting requirements timeously. The format of year-end statutory reporting is embodied within circulars issued by the SFC.

9.4 College Outcome Agreements and Strategic Development Plans

- 9.4.1 The Act stipulates that the Board of Management shall submit a strategic development plan to the SFC in respect of the College. (Attention is drawn to section 22 of the Act and SFC guidance notes on outcome agreements and strategic development plans).

9.5 External Audit

- 9.5.1 The year-end accounts will be subject to external audit by a an auditor appointed by the Auditor General for Scotland who will report to the Auditor General for Scotland and to the Board of Management. The Board shall follow the mandatory requirements relating to audit set by the SFC in the Financial Memorandum with the College as issued from time to time.

9.6 Authority of Audit

- 9.6.1 The auditor engaged to carry out the external audit function shall have authority, on production of identification to:
- enter at all reasonable times any College premises or land;

- have access to all records, documents and correspondence relating to any financial and other transaction of the College;
- require and receive such explanations as are necessary concerning any matter under examination;
- require any employee of the College to produce cash, stores or other College property under the employee's control.

9.7 Audit standards

9.7.1 The operation and conduct of the external audit function should conform to the recognised auditing standards.

9.8 Irregularities and fraud

9.8.1 Whenever any matter arises which involves, or is thought to involve irregularities concerning cash, stores or other property of the College or any suspected irregularity, it will be notified immediately to the Principal and the Vice Principal (Finance). Such irregularities shall be dealt with in accordance with the procedures determined by the Board of Management.

10.0 Control of Income

10.1 General Statement

10.1.1 All College employees have a general responsibility for ensuring that resources are properly used and contained within budget limitations whilst ensuring that all income due to the College is properly recovered.

10.2 Charges

10.2.1 Each budget holder shall review, at least annually, the charges made for services provided by that Team/function (in as far as these are not externally set other than by market forces). Any resultant revision should be submitted to the Principal for consideration. In performing these revisions regard should be given to the current rate of inflation as a guide to the minimum increase required to preserve the real value of income.

10.3 Accounting arrangements

10.3.1 It is the duty of the Vice Principal (Finance) to make adequate financial and accounting arrangements to ensure the proper recording of all monies due to the College and the proper collection, custody, control, disposal and lodging of all funds.

10.4 Invoicing

10.4.1 It is essential to ensure accurate invoicing and checking of such, that particulars of all charges made for work done or services provided by the College shall be notified to the Vice Principal (Finance) promptly in a form approved by the Vice Principal (Finance), and all accounts for income due to the College shall be rendered by or under arrangements approved in advance by the Vice Principal (Finance).

10.5 Write-Offs

10.5.1 Sums individually below a limit of £1,300 may be written off by the College Principal and Vice Principal (Finance). Sums above this level shall not be written off except with the approval of the Principal and the Board of Management. The limit is subject to annual review. The procedure for writing-off monies must comply with instructions issued, from time to time, by the SFC. Attention is drawn to the requirement that the SFC is notified of the circumstances of individual cases that give rise to losses or special payments above £5,000.

10.6 Recording of funds received

10.6.1 All monies received on behalf of the College shall be recorded and deposited immediately with the Business Office or the College bankers in accordance with arrangements made by the Vice Principal (Finance). No deduction whatsoever may be made from such money to meet expenditure of any kind. Cash discount shall not be offered to any debtor.

10.6.2 All cheques and postal orders received shall be stamped on receipt with the restriction "Account Payee only - A/C North East Scotland College".

10.7 Fees Collection

10.7.1 Academic managers must ensure that only properly registered students whose fees have been accounted for are admitted to and allowed to continue classes.

10.8 Consultancies

10.8.1 Staff who enter into agreements for the provision of consultancies must ensure that the charges made are consistent with College policies. Consultancies must not be undertaken without the prior permission of the Principal and the Vice Principal (Finance).

11.0 Borrowing and Leasing

11.1 Board of Management

11.1.1 The Board shall comply with the mandatory requirements referred to in the Financial Memorandum issued by the SFC and effective from 1 January 2006. Attention is drawn to sections 35 to 40 of the Financial Memorandum issued by the former SFEFC, which continue to apply under the new Financial Memorandum and to requirements relating to obtaining written consent from SFC before undertaking borrowings that exceed financial thresholds set by the SFEFC. Borrowings shall be considered in the context of the Board's Borrowings Policy (appendix A to these regulations).

11.2 Borrowing arrangements

11.2.1 If approval for borrowing is received (as above), the arrangements shall be undertaken by the Vice Principal (Finance) who will report regularly on all borrowing to the College Principal and Board of Management.

11.3 Borrowing to be in the name of "The Board of Management of North East Scotland College"

- 11.3.1 Subject to subsections 11.1 and 11.2 above, all borrowing on behalf of the College shall be effected in the above name. Only the Principal, as Chief Executive, or his appointed deputy, is authorised to sign all loan documents unless:
- Statute or other legal requirements provide that other signatures are required;
 - The Board of Management has approved other arrangements.

11.4 Leasing

- 11.4.1 No leasing of equipment or capital assets will be undertaken on behalf of the College without the prior approval of the Vice Principal (Finance).

12.0 Banking Arrangements

12.1 General Statement

- 12.1.1 North East Scotland College will operate at least two business bank current accounts. At least one account will be used to deposit funds and at least one to make payments. In addition, a "Hardship Fund" account will be established. The Hardship Fund account will be operated in accordance with procedures prescribed by the SFC and the Student Awards Agency Scotland. It is imperative that the use of such bank accounts is strictly controlled. The College will also operate at least one interest earning account into which surplus and uncommitted funds will be invested from time to time.

12.2 Arrangements with Bankers

- 12.2.1 All arrangements with bankers concerning the operation of College accounts, the issuance of cheques and the operation of credit and debit cards shall be made by the Vice Principal (Finance). Bank statements of account are to be addressed to the Principal alone.

12.3 Opening and Closing of bank accounts

- 12.3.1 All official bank accounts shall bear the name of "North East Scotland College" and shall only be opened or closed by the Vice Principal (Finance), with the prior formal approval of the Principal and Chair or Vice Chair (if deputising for the Chair) of the Board of Management or the Convenor of the Finance and General Purposes Committee.

12.4 Payment into the Bank

- 12.4.1 All monies received shall be paid into the College's bank accounts daily or at such other intervals as may be approved by the Vice Principal (Finance). Funds must be lodged "gross" with no deductions whatsoever.

12.5 Control of cheques

12.5.1 All arrangements for the ordering, safekeeping, control and signing of cheques on behalf of the College shall be made by the Vice Principal (Finance).

12.6 Authorised Signatories

12.6.1 All cheques or money transfers will be signed by any 2 of the undernoted authorised signatories:

- Chair of the Board of Management
- Vice Chair of the Board of Management
- Chair of the Finance and General Purposes Committee
- Principal
- Depute Principal
- Vice Principals

12.7 Borrowing limits

12.7.1 The Board of Management shall comply with the requirements of these regulations and the Financial Memorandum when entering into borrowing arrangements.

12.8 Reconciliation of bank accounts

12.8.1 All official bank accounts shall be regularly reconciled, at least monthly, to the College's cash records and the results of these reconciliations reviewed by the Vice Principal (Finance). The results of these investigations shall be reported to the College Principal, where any significant problems arise.

12.9 Bank Automated Clearing System (BACS)

12.9.1 The limits of authority that apply to cheque payments shall also apply to payments made via BACS. The transmission of money through the BACS system may only be authorised by the Principal or the Vice Principal (Finance) or in their absence by an authorised deputy.

12.10 Purchasing Cards

12.10.1 The limits of authority that apply to cheque payments shall also apply to payments made via purchasing cards. The transmission of money through the purchasing card system may only be authorised by the Principal or the Vice Principal (Finance) or in their absence by an authorised deputy acting together with the College Purchasing Officer.

13.0 Cash Imprests

13.1 Provision of Imprests

13.1.1 The College shall operate a petty cash imprest. The Vice Principal (Finance) shall provide such advances as he considers appropriate for such employees of the College as he considers may be required by them for purposes of defraying petty

and other minor expenses. Such advances are to be recoverable in full from the employee's salary.

13.2 Bank accounts for imprest holders

13.2.1 Imprest holders shall not open accounts for College funds without the express permission of the Board of Management. The Vice Principal (Finance) shall open accounts, on behalf of imprest holders, where it is considered appropriate and in no circumstances shall the imprest holder overdraw the account. It shall be a standing instruction to the College's bankers that an imprest holder's account shall not be overdrawn. Bank accounts will not be opened by any officer other than the Principal by way of the Vice Principal (Finance).

13.3 Exclusion of Payments

13.3.1 No payments to the College shall be paid into an imprest account but shall be lodged in the main College bank account. Any bank interest earned on imprest accounts will be remitted separately and immediately to the Business Office and will not be left in the imprest bank balance.

13.4 Limit on Expenditure

13.4.1 Payments from imprest accounts shall be limited to minor items of expenditure and only to such amounts as the Vice Principal (Finance) may approve. Payments shall be supported by a voucher. Imprests must not be used to pay major expense claims or any supplier's invoices. The upper limit for individual items of expenditure to be met out of the centrally held imprest fund will be £20. The upper limit for individual items of expenditure to be met out of other imprest funds will be £20. Separate arrangements exist for the operation of College Discretionary Funds.

13.4.2 An imprest of £4,000 shall be established for use by Hardship Funds. The limit on any one payment from this imprest shall be £50. Payments from this imprest shall be made in accordance with the rules of Discretionary Funds.

13.5 Statement of Account

13.5.1 The Vice Principal (Finance) may at any time request a certificate of the balance from any employee charged with the holding of an imprest. In addition imprest accounts may be examined and counted without prior notice but only at the discretion of the Vice Principal (Finance). All findings shall be reported directly to the Principal.

13.6 Termination of Imprest Holder

13.6.1 An employee leaving the employment of the College or otherwise ceasing to be entitled to hold an imprest advance shall account to the Vice Principal (Finance) for the amount advanced to the employee. A formal record of this accounting shall be prepared and retained for inspection.

14.0 Control of Investments and Trusts

14.1 General Statement

14.1.1 The College Principal has operational responsibility for the control of investments and trusts.

14.2 Investments

14.2.1 College funds shall be invested in accordance with the policy of the Board of Management and shall be held in the name of "Aberdeen College".

14.2.2 All trust funds shall, wherever possible, be held in the name of the College.

14.2.3 The purchase/sale of investments, unless otherwise provided for in a trust deed or other document, shall be within the policy determined by the Finance and General Purposes Committee.

14.3 Deposit of Trust Securities

14.3.1 All officers acting as trustees by virtue of their official position shall deposit all securities, bank books and documents and articles of value relating to any trust with the Vice Principal (Finance), unless the relevant trust deed otherwise provides. It is the responsibility of the Vice Principal (Finance) to ensure that adequate controls exist for the safekeeping and security of such documents.

14.4 Reporting

14.4.1 An annual report must be presented by the Vice Principal (Finance) to the Board of Management and Trustees (where different), detailing the balance of funds and source and application of funds during the course of the financial year.

15.0 Control of Inventories and Fixed Assets

15.1 General Statement

15.1.1 In order to minimise the risk of misappropriation of the College's assets a register has been compiled listing the details of all fixed assets owned by the Board of Management.

15.1.2 A fixed asset is defined, for this purpose, as an item of equipment with an original cost of over £200 which would be expected to have a productive life of over twelve months.

15.1.3 The Depute Principal, Vice Principals and other Managers have overall responsibility for the management and control of stocks in their charge, although the Vice Principal (Finance) shall be responsible for agreeing the quantification of such stocks and for any adjustments to stock levels as a result of shrinkage etc. (attention is drawn to the Treasury Guidelines in the Procurement of Goods and Services). Adjustments are subject to the regulations controlling "write-offs" authorised by the College Principal.

15.2 Custody of Inventories

15.2.1 The safe custody and storage of stocks will be the responsibility of Managers as appropriate.

15.3 Stores Records

15.3.1 The Vice Principal (Finance) shall specify the form of stores records to be used, together with the control systems to be put into place. Stocktaking will be performed at regular intervals, as agreed by the Vice Principal (Finance).

15.4 Movements of Stock

15.4.1 Attention is drawn to the financial procedure manual in relation to purchase and sale of goods and services.

15.5 Valuation of Stocks

15.5.1 Stocks must be valued at the lower of cost and net realisable value.

15.6 Write-off or surpluses of stores

15.6.1 Each Manager shall report annually to the Vice Principal (Finance) the total suggested value of write-offs and surpluses of stock, the net effects of these adjustments on the book value of stores under his/her control and provide explanations for these differences. The Vice Principal (Finance) shall report and explain the College's global position to the College Principal and Board of Management annually.

16.0 Order Book and Payments of Accounts

16.1 Official Orders and Exemptions

16.1.1 With the exception of petty cash purchases, supplies of public utility services and periodic payments such as rent and rates and subject to the provisions relating to contractual terms all goods (materials or services) supplied to, or work executed, for the College shall be ordered or confirmed, taking account of value for money, in writing by means of an official order or by written acceptance of a tender or offer and acceptances shall be signed only by employees authorised by the Vice Principal (Finance) as budget holders. A current list of authorised employees, together with specimen signatures, shall be maintained by each Sector Manager and Team Leader or budget holder and provided to the Vice Principal (Finance).

16.1.2 The appropriate expenditure and cost centre code number are to be entered on the purchase request document.

16.1.3 Depute Principal, Vice Principals and other Managers shall arrange for certification, by an authorised employee, that all purchase requisitions for expenditure on matters within the purchasing powers of the College.

16.2 Method of payment

- 16.2.1 With the exception of petty cash purchases (including imprest) the normal methods of payment of money due from the College shall be:
- by "payee" restricted cheque;
 - by BACS; or,
 - by purchasing card.
- 16.2.2 Payment may be made by other instrument drawn on the College's bank account by the Vice Principal (Finance), or a person authorised as an approved cheque signatory.

16.3 Checking of goods, materials and services received

- 16.3.1 It is the duty of the budget holder, through the Purchasing Officer, to ensure that all goods, materials and services invoiced are received as ordered in respect of price, quantity and quality. Budget holders will ensure that appropriate entries are made in inventories/stores records as required.

16.4 Central purchasing and standardisation

- 16.4.1 All orders shall conform with the direction of the College (financial procedures manual) with respect to central purchasing (if appropriate) and the standardisation of goods, materials and services. Attention is drawn to the list of approved suppliers and HM Treasury guidelines for the procurement of goods and services.

16.5 Certification

- 16.5.1 The Business Office shall ensure that:
- the goods/services for which the payment is to be made have been received;
 - examined and approved and in accordance with those ordered;
 - the price, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
 - the relevant expenditure has been properly incurred and is within the relevant estimate provision (if appropriate).

16.6 Cash discount

- 16.6.1 It is important that the budget holder or his/her authorised representative provides the certification (above) timeously thus allowing the Vice Principal (Finance) to maximise cost savings through meeting cash discount conditions whilst maintaining creditor goodwill as appropriate to the circumstances.

16.7 Invoices

- 16.7.1 All purchase invoices shall be stamped "paid" after payment and filed. For this reason all duplicate copy invoices will require full certification by the budget holder confirming that the previous invoice has not been passed for payment.

16.8 Amendments to payments/vouchers

- 16.8.1 All amendments to payment/vouchers shall be made in ink (pencil and correcting fluid must never be used) and signed by the employee authorised to make them, stating briefly the reasoning for the corrections. Tax invoices must be returned to source for alteration to ensure that the full VAT can be reclaimed (if appropriate).

17.0 Contracts and Tendering

17.1 Record of contracts

- 17.1.1 The Vice Principal (Finance) shall maintain a record of all relevant contracts and payments made on contracts by the College. The Vice Principal may delegate this responsibility to the Purchasing Officer responsible for the day to day control of contracts and tendering.

17.2 Variations to contracts

- 17.2.1 All instructions to contractors on capital works and major revenue projects shall be issued by the responsible individual (see above) using the appropriate official variation order procedure. The financial effect of such variation must be reported to the Vice Principal (Finance).

17.3 Claims from contractors

- 17.3.1 Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Vice Principal (Finance) and where necessary the solicitor to the Board of Management for consideration of the College's liability before a settlement is reached.

17.4 Delay of contract

- 17.4.1 Where completion of a contract is delayed it shall be the duty of the responsible officer to consult the Vice Principal (Finance) prior to taking any action in respect of claims for damages.

17.5 Interim payments

- 17.5.1 Interim payments to contractors shall be certified by the responsible officer for the control and supervision of the work. The Vice Principal (Finance) shall be provided with specimen signatures of those authorised officers.

17.6 Tendering procedures

- 17.6.1 Tendering procedures need only be applied on contracts or groups of contracts with an individual or collective value greater than £20,000. They need not be required where, in the opinion of the Vice Principal (Finance), damage to life or property would ensue from their application. The Board of Management may at their discretion exempt from tendering procedures any contract where they are satisfied that special circumstances justify exemption from the College's financial procedures manual.

17.6.2 Tender requirements arising from European Union regulations must be followed. In addition to normal tendering procedures, tenders must be sought by advertisement in the Official Journal of the European Union where appropriate.

17.6.3 Three quotations must be sought from different (and unassociated) suppliers in respect of contracts where the anticipated value is in the range of £2,000 to £20,000.

18.0 Accounting

18.1 General Statement

18.1.1 The Principal is responsible for the propriety and regularity of public finances for which he is answerable; for the keeping of proper accounts; for the prudent and economical administration of the College; for the avoidance of waste and extravagance and for the efficient and effective use of all resources in his charge. He should ensure that effective management systems appropriate for the achievement of the College's objectives, including financial monitoring and control systems, have been put in place.

18.2 Accounting procedures and records

18.2.1 All accounting procedures and records of the College shall be determined by the Principal, having regard to the advice of the College auditors, who shall compile or direct the compilation of all accounts and accounting records.

18.3 Segregation of duties

18.3.1 The Principal shall ensure that the following principles are observed in the allocation of duties (subject to any constraints placed upon him by the Board of Management):

- procedures to be followed regarding the calculation, checking and recording of sums due by or to the College should be arranged in such a way that the work of any individual is proved independently or is complementary to the work of another and these operations should be separated from the duty of collecting or disbursing funds.
- employees charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

19.0 Internal Audit

19.1 General Statement

19.1.1 The Board of Management shall make arrangements for the internal audit of the College to ensure, inter alia, that internal control systems are effective and that value for money is being secured in delivering the College's service.

19.2 Responsibility for Internal audit

19.2.1 The Board of Management shall appoint an Audit Committee.

- 19.2.2 The Board shall follow the mandatory requirements relating to audit set by the SFC in the Financial Memorandum with the College as issued from time to time.
- 19.2.2 The College Principal and the Vice Principal (Finance) will be responsible for ensuring that an effective internal audit function is in place for the purpose of carrying out an examination of the College's internal control systems. This responsibility will be discharged through the appointment, by the Board, of an external firm of accountants.

19.3 Membership of the Audit Committee

- 19.3.1 Members of the Finance and General Purposes Committee shall not serve on the Audit Committee. The Chair and Vice Chair of the Board and the Convenor of the Finance and General Purposes Committee may attend meetings of the Audit Committee as observers. The Principal shall not be a member of the Audit Committee but may be asked to attend as required to offer advice and to answer questions. The Principal is entitled to attend meetings of the Audit Committee should he wish to do so.

19.4 Reporting

- 19.4.1 Those engaged in internal audit shall report directly to the Audit Committee or the College Principal as is appropriate in the circumstances. The Board of Management and the Principal shall have the right to order spot checks to be carried out by the College's internal auditors at any time.
- 19.4.2 As a minimum an annual report should be produced by the Audit Committee including an assessment of the College's internal control systems and the effectiveness of the internal audit function in meeting the planned scope of work.

19.5 Authority of Audit

- 19.5.1 The external firm of accountants engaged to carry out the internal audit function shall have authority, on production of identification to:
- enter at all reasonable times any College premises or land;
 - have access to all records, documents and correspondence relating to any financial and other transaction of the College;
 - require and receive such explanations as are necessary concerning any matter under examination; and,
 - require any employee of the College to produce cash, stores or other College property under his control.

19.6 Internal audit standards

- 19.6.1 The operation and conduct of the internal audit function shall conform to the standards by H.M. Treasury having regard to the Government promulgated internal audit manual and best professional practice.

19.7 Irregularities and fraud

19.7.1 Whenever any matter arises which involves, or is thought to involve irregularities concerning cash, stores or other property of the College or any suspected irregularity, it will be notified immediately to the Principal and the Vice Principal (Finance). Such irregularities shall be dealt with in accordance with the procedures determined by the Board of Management.

20.0 Salaries, Wages and Pensions

20.1 Information regarding appointments

20.1.1 The College Principal or the Vice Principal (Human Resources) shall notify the Vice Principal (Finance) timeously of all matters affecting the payment of emoluments including:

- appointments
- resignations
- dismissals
- suspensions
- secondment
- transfers
- changes in remuneration
- absences from duty for sickness or other reason apart from approved leave
- all information necessary to maintain records of service for superannuation, income tax and social security purposes

20.2 Arrangements for payments

20.2.1 The payment of all salaries/ wages/ pensions/ compensation/ other emoluments to all employees (current or past) shall be made by the Vice Principal (Finance) or under arrangements made by him.

20.3 Form and certification of records

20.3.1 All pay documents shall be in a form prescribed or approved by the Vice Principal (Finance) and shall be certified by the appropriate Manager. A register detailing the names of employees from time to time authorised to certify such documents shall be maintained in College records by the Vice Principal (Finance), together with specimen signatures and names shall be updated on the occasion of any change.

21.0 Insurance

21.1 Responsibility for insurance

21.1.1 Subject to any further instruction from the SFC the Vice Principal (Finance) shall, under the direction of the College Principal and Board of Management make all appropriate insurance arrangements for all aspects of the College's activities. He shall also arrange the negotiation of all insurance claims by the College in consultation with senior managers concerned.

21.2 Notification of risks

21.2.1 The Depute Principal, Vice Principals and other Managers shall notify the Vice Principal (Finance), promptly of all new or increased risks regarding properties, vehicles, equipment or activities which should be covered, or any deletions affecting their areas of responsibility.

21.3 Notification of claims

21.3.1 The Depute Principal, Vice Principals and other Managers shall notify the Vice Principal (Finance) immediately in writing of any loss, liability or damage or any event likely to lead to a claim. Thereafter, the Vice Principal (Finance) shall be responsible, where applicable, for advising the insurance company concerned.

21.4 Review of cover

21.4 The Vice Principal (Finance) shall review periodically all insurance in consultation with the Principal, Depute and Vice Principals.

22.0 Security

22.1 General Statement

22.1.1 All staff, irrespective of their post, have a general responsibility for the security of all College property, although senior staff have more specifically defined responsibilities.

22.2 Responsibility for security

22.2.1 The Depute Principal, Vice Principals and other Managers shall be responsible for maintaining proper security, custody and control at all times, of the plant, buildings, materials, stores, furniture, equipment, cash, etc., under their control. They shall consult with the Vice Principal (Finance) in any case where security is felt to be defective.

22.3 Limit of cash holdings

22.3.1 The Vice Principal (Finance) shall determine the maximum amount of cash to be held on the College premises at any point in time. He shall notify the Depute Principal, Vice Principals and other Managers of the maximum amount to be held under their control and this agreed amount shall not be exceeded without the prior written agreement of the Vice Principal (Finance).

22.4 Safe Keys

22.4.1 Keys to safes and similar receptacles containing cash or valuable documents or articles shall be carried on the person of those responsible. The loss of any such keys shall be reported immediately to the Vice Principal (Finance). A register of all such key holders will be kept centrally.

22.5 Cheques

22.5.1 The Vice Principal (Finance) shall be responsible for ensuring that secure arrangements exist for the preparation, storage and control of cheques, stock certificates, bonds and other legal/financial documents.

22.6 Data Protection Act

22.6.1 The Vice Principal (Finance) shall be responsible for maintaining proper custody, security and control of all personal data output within the College. Personal data output from the College systems must not be used by any other person, team or organisation without the prior written approval of the Vice Principal (Finance). Any breach of this regulation may result in disciplinary action being taken.

23.0 Observance of Financial Regulations

23.1 General Statement

23.1.1 The Principal is ultimately responsible for communicating the financial regulations to staff and monitoring their ultimate application.

23.2 Responsibility of the Depute Principal, Vice Principals and other Managers.

23.2.1 It shall be the duty of each budget holder and the Vice Principal (Finance) to ensure that these regulations are made known to the appropriate persons within their Sectors/Teams and to ensure that they are adhered to.

23.3 Breach of regulations

23.3.1 Any breach or non-compliance with these regulations must, on discovery, be reported to the Vice Principal (Finance), who will directly discuss the matter with the Principal, and the Board of Management and other appropriate managers as may be appropriate in order to determine the proper action to be taken. Disciplinary procedures will be invoked as a result.

24.0 Review of Financial Regulations

24.1 General Statement

24.1.1 These financial regulations may be carried, varied or revoked by the Board of Management and any motion to vary or revoke them shall, when proposed and seconded, stand adjourned without discussion to the next ordinary meeting of the Board of Management.

25.0 Transitional arrangement applying to Fraserburgh, Peterhead, Ellon and MacDuff Campuses

25.1 General Statement

- 25.1.1 In period to 31 March 2014 the financial systems of the former Aberdeen and Banff and Buchan Colleges are being brought together to create a single system for North East Scotland College.
- 25.1.2 As an interim measure the financial regulations, controls, authorities and approval processes that have been used in the former Banff & Buchan College remain in force until transition to the unified system takes place and the requirements set out in these Financial Regulations are established across all campuses.

THIS POLICY SHOULD BE READ IN CONJUNCTION WITH OTHER RELEVANT COLLEGE POLICIES AND IN PARTICULAR THE COLLEGE PROCUREMENT, VALUE FOR MONEY, FRAUD PREVENTION, RISK MANAGEMENT, INVESTMENT AND RESERVES POLICIES.

Date of version: November 2013
Approved by: Approved by the Finance and General Purposes Committee, subject to further consideration of sect 3
Date of Review: January 2014
Date of Equality Impact Assessment: October 2013
Responsibility for Review of Policy: Finance and General Purposes Committee

Borrowing Policy (appendix A to the Financial Regulations)

1.0 INTRODUCTION

- 1.1 This policy identifies established regulations and procedures to be followed in considering borrowings and sets out the mechanism for consideration.

2.0 POLICY

- 2.1 The Board of Management shall follow financial regulations and College procedures in establishing borrowings.
- 2.2 The Board of Management shall comply with Scottish Funding Council requirements in undertaking borrowings.
- 2.3 All borrowings proposed to the Board of Management shall be supported by a business case.
- 2.4 The business case shall present a range of options for consideration. The case will include, as a minimum, a statement detailing the benefits and costs of the proposed borrowing.
- 2.5 Subsidiary companies of the Board may only enter into borrowing arrangements if the Company's Directors have first obtained approval from the Board of Management in the terms set out in the Memorandum of Understanding between the two bodies. Such borrowings shall be considered in accordance with this policy.

Course Fees – AY2014-15 (Except for Overseas Students)

1. Introduction

- 1.1. The purpose of this paper is to enable the Board to consider course fee rates for the academic year beginning 01 August 2013 (AY2013-14).

2. Background

- 2.1. College fees are set annually by the Finance and General Purposes Committee in accordance with the policy on course fees adopted by the Board of Management.
- 2.2. The Scottish Further and Higher Education Funding Council (SFC) has yet to publish details of the fee rates that the Scottish Government has set for full-time programmes. Colleges are not free to set their own rates for full-time programmes and are required to adopt the fee rates set by central authorities.
- 2.3. Colleges are free to set their own fees for part-time programmes of study.

3. Full-Time Course Fees

- 3.1. Course fees will continue to be charged for full-time courses in AY2014-15. As in the current year, eligible students from Scotland and the European Union (except the rest of the UK) will have their fees paid on their behalf.
- 3.2. Current guidance from the SFC is that tuition provided to students from the rest of the UK will continue to be 'fundable'. In other words, colleges are free to continue to use annual revenue grant to support the tuition costs of students from the rest of the UK, which in turn enables colleges to continue to set fees for such students at the same rates as those from Scotland and other parts of the European Union.
- 3.3. Full-time course fee rates for AY2014-15 are not known at the time of writing this report.

4. Part-Time Course Fees

- 4.1. The Committee makes reference to annual rates of increase in prices when setting fees. The College is free to set its own fee rates for part-time courses.
- 4.2. Members might wish to have regard to recently published data on price inflation. In the year to 31 November 2013, the rate of increase in the Consumer Prices Index (CPI) was 2.1% and in the Retail Prices Index (RPI) was 2.6%.
- 4.3. The Board of Management of Banff and Buchan College set its fee rates for AY2013-14 in January 2013. The rates for the academic year are: advanced courses - £110.00 per credit; non-advanced courses - £86.00 per credit.
- 4.4. The Board of Management of Aberdeen College set its fee rates for AY2013-14 in January 2013. The rates for the academic year are: advanced courses - £106.50 per credit; non-advanced courses - £81.00 per credit.

5. National Fee Waiver Policy

- 5.1. It is understood that the SFC will decide to continue to require colleges to comply with the national fee waiver policy introduced in AY2000-01. The SFC no longer reimburses colleges for fees waived in accordance with the policy.

6. Establishment of Fee Rates for non-Full-time Courses

6.1. The following table may be of assistance to Members in considering the level of fee rates for AY2013-14:

	Advanced (Unit Rate)	Non-Advanced (Unit Rate)
Current rates (AY2013-14):		
Aberdeen College (AC)	£106.50	£81.00
Banff and Buchan College (BBCFE)	£110.00	£86.00
Margin between AC and BBCFE	3.3%	6.1%

6.2. The following table shows the estimated income effects of a number of fee rate scenarios for AY2014-15:

Estimated Income Effect (annualised)	Effect on Fee Income	
Set fee rates at current AC rates	£9,000	decrease
Set fee rates at current BBCFE rates	£36,000	increase
Maintain relative fee rates and increase by 1%	£13,500	increase per 1%

6.3. Data are not available to enable the demand effect of price increases to be estimated.

7. Non-vocational Programmes

7.1. From March 2000, the Board of Management of Aberdeen College maintained a policy that non-vocational courses may be offered at a fee rate that generates an income less than cost, provided the total income from all such non-vocational courses equalled or exceeded cost. The Finance and General Purposes Committee has reaffirmed the policy annually as part of the consideration of fee rates. Banff and Buchan College did not adopt a policy in relation to fee rates for non-vocational programmes.

8. Full cost recovery / Non-fundable Courses

8.1. Aberdeen College has developed a range of courses that are offered in community locations on a 'full cost recovery' basis. The SFC considers these courses to be 'non-fundable', i.e. SFC grant in aid cannot be used to meet the costs of running these courses. Fees for full cost courses are set by reference to cost and levels of demand. Fee income for these courses is, as a minimum, intended to cover cost. This approach has been applied in the current year and has operated successfully, it has also been operated by Banff and Buchan College. The Committee is asked to reaffirm this approach.

9. Recommendation

9.1. It is recommended that, in the forthcoming academic year the Committee:

- 9.1.1. consider part-time course fee rates for AY2014-15;
- 9.1.2. for students from the rest of the UK, set advanced course fees at the same rates as those for students from Scotland and other parts of the European Union; and,
- 9.1.3. reaffirm policy on the establishment of fees for non-vocational programmes and full cost recovery / non-fundable courses.

Rob Wallen
Principal

Roddy Scott
Vice Principal Finance

Course Fees - AY2014-15 (Overseas Students)

1. Introduction

- 1.1. The purpose of this report is to assist the Committee to consider the establishment of fee rates for overseas students for AY2014-15.

2. Background

- 2.1. The Scottish Further and Higher Education Funding Council (SFC) does not advise colleges on fee rates for overseas students. Colleges do not receive SFC grant-in-aid funding for this client group and colleges are free to set their own course fee rates.
- 2.2. Aberdeen College fee rates for AY2013-14 for overseas students are based on full-time course fee rates of:
- Advanced Courses - £10,500
 - Non-advanced Courses - £5,900
- 2.3. For the current academic year, the Board of Management of Banff and Buchan College set its fee rates for both advanced and non-advanced level courses at £5,400. That said, in doing so, the Board recognised that no 'overseas' students would be recruited.
- 2.4. The Committee makes reference to annual rates of increase in prices when setting fees. The College is free to set its own fee rates for part-time courses.
- 2.5. Members might wish to have regard to the most recent published data on price inflation. In the year to 30 November 2013, the rate of increase in the Consumer Prices Index (CPI) was 2.1% and in the Retail Prices Index (RPI) was 2.6%.

3. Establishment of Fee Rates AY2014-15

- 3.1. The following table may be of assistance to Members in considering the level of charges for AY2014-15.

	Advanced Courses	Non-Advanced Courses
Current rates (AY2013-14):		
Aberdeen College (AC)	£10,500	£5,900
Banff and Buchan College (BBCFE)	£5,400	£5,400
Margin between AC and BBCFE	94.4%	-8.5%

- 3.2. The following table shows the estimated income effects of a number of fee rate scenarios for AY2014-15:

Estimated Income Effect (annualised)	Effect on Fee Income	
Set fee rates at current AC rates	£nil	
Set fee rates at current BBCFE rates	£113,000	decrease
Maintain relative fee rates and increase by 1%	£2,200	increase per 1%

- 3.3. Data are not available to enable the demand effect of price increases to be estimated.

4. Recommendation

- 4.1. It is recommended that the Committee establish course fee rates for overseas students for academic year 2014-15.

Rob Wallen
Principal

Roddy Scott
Vice Principal Finance

Reclassification of Colleges as Central Government Bodies

1. Introduction

- 1.1. The purpose of this report is to provide information to the Committee on the implications of the reclassification of colleges as central government bodies and actions taken to mitigate those impacts.

2. Background

- 2.1. In May 2013 the Scottish Government announced that colleges would be reclassified as 'central government bodies' for financial budgeting and reporting purposes. Reclassification relates to a decision taken in 2010 by the Office for National Statistics, part of HM Treasury, to reclassify incorporated colleges in the United Kingdom.
- 2.2. Reclassification takes effect from 01 April 2014.
- 2.3. Information on the consequences of reclassification and on mitigating actions has been provided to the Board, at meetings of the Board, the Audit Committee and the Finance & General Purposes Committee held in 2013. The Board has decided the updates on this matter would be provided to subsequent meetings of the Board and to both Committees.
- 2.4. The reclassification of colleges as 'central government bodies' has farreaching consequences that have the potential to impact negatively on Scotland's colleges. College boards will be left with less power to exercise financial control over institutions' annual expenditures because these will count as part of Government's spending.

3. Current Situation and Progress

- 3.1. The Scottish Funding Council (SFC) has commenced the delivery of a programme of briefings for finance staff in colleges, which are intended to prepare colleges to operate the Scottish Government's financial reporting requirements in addition to established requirements. These events are being held at 4 locations across Scotland in December 2013, January, February and March 2014.
- 3.2. The training event in January 2014 will provide information on the Scottish Government's budget cycle and the changes that will be required to colleges' budgetary cycles.
- 3.3. Since November 2013, when information was provided to the Committee on the implications of reclassification, further implications have been identified. These are:
 - it is likely that boards of management shall be asked to provide budget estimates in July for the subsequent financial year, i.e. the period 9 to 20 months thereafter;
 - additional financial accounting requirements in relation to 'resource accounting' to meet the needs of the Scottish Government; and,
 - VAT accounting reference dates require to be changed from 31 January, 30 April, 31 July and 31 October to 31 March, 30 June, 30 September and 31 December.
- 3.4. The North East Scotland Foundation for Further Education (NES Foundation) is in the process of being established. The Office of the Scottish Charities Regulator (OSCR) is considering the application to establish the NES Foundation. It is anticipated that OSCR will approve the application at the end of January 2014. At the time of writing this report, a meeting of Trustees is being scheduled to progress the Foundation's establishment. The meeting provides the opportunity for Trustees to take advice directly from Burness Paull on the next steps to be taken.

4. Recommendation

4.1. It is recommended that the Committee note the information provided in this report.

Rob Wallen
Principal

Roddy Scott
Vice Principal Finance

Financial Systems

1. Introduction

- 1.1. The purpose of this report is to provide information to the Committee on work to implement a single financial system for the College.

2. Background

- 2.1. At the meetings of the Audit Committee and Finance & General Purposes Committee held in November 2013, information was provided on the progression of the project to create a single financial system to meet the needs of North East Scotland College.
- 2.2. The Committees were provided with the then current version of the Financial Programme Definition Document, which summarises and consolidates the information necessary to achieve effective programme organisation by a combination of: defined roles; clear responsibilities; and a management and reporting structure to deliver the desired outcomes.
- 2.3. It was agreed that updates would be provided to subsequent meetings of both Committees.

3. Current Situation and Progress

- 3.1. More detail has been added to project timelines and the overall programme is maturing generally. We remain on schedule to have the new financial system in operation from 01 April 2014.
- 3.2. Additional projects have been identified and are now part of the programme. These relate to: reporting on benefits realisation; credit control processes; asset register maintenance; and enhancements to accounting arrangements used by Aberdeen Skills and Enterprise Training Ltd.
- 3.3. Restructuring of the finance function is progressing and is expected to be concluded by the end of January 2014.
- 3.4. The project remains on schedule and cost is forecast to remain within budget.

4. Recommendation

- 4.1. It is recommended that the Committee note the information provided in this report.

Rob Wallen
Principal

Roddy Scott
Vice Principal Finance

Electric Vehicles

1. Introduction

- 1.1. The purpose of this paper is to allow the Committee to consider issues relating to electric vehicles.

2. Background

- 2.1. Both Aberdeen College and Banff & Buchan College have retained fleets of College vehicles – saloon cars and mini-buses – in order to provide transport for staff and students when engaged on College activities.
- 2.2. Aberdeen College has leased internal-combustion-engined vehicles. Banff and Buchan has to a large extent done the same, but has had one 'hybrid' vehicle.
- 2.3. Following the merger on 01 November the amount of travel on College business will increase. It is important that the College considers the different options for College vehicles.
- 2.4. One possibility is to acquire (through purchase or lease) one or more electric vehicles.

3. Possible electric vehicle option

- 3.1. The distance from the Aberdeen City Campus to Fraserburgh is some 41 miles. From Aberdeen Altens to Fraserburgh is some 45 miles.
- 3.2. Until recently electric vehicles did not reliably have a range of 80+ miles, and generally required long charge periods such that they would not have offered a realistic option for Aberdeen-Fraserburgh return travel.
- 3.3. At least one make of electric vehicle offers a 100 mile range (and also has a small single-cylinder petrol engine that can recharge the battery if it is exhausted) and also has a three-hour charge time.
- 3.4. As such that now offers a realistic option for travel between College sites.
- 3.5. An initial test drive in Aberdeen has been undertaken (by the Principal and Health & Safety Manager) and arrangements are being made for a test drive to Fraserburgh and back.
- 3.6. It is understood that the purchase price of the car is somewhat more than a petrol- or diesel-engined car.
- 3.7. However, it is understood that the cost of recharging the car for a 100-mile journey is far cheaper than the equivalent cost of petrol or diesel for a 100-mile journey.
- 3.8. It is understood that the charging points are cheap and easy to install and that it is possible that the local authority would undertake whatever infrastructure work was required for the charging point.
- 3.9. Further work will be undertaken to better understand the cost and other implications of acquiring one or more electric vehicle.

4. Recommendation

- 4.1. It is recommended that the Committee discuss the investigations being carried out into electric vehicles for inter-campus travel.

Rob Wallen
Principal