



Board of Management
FINANCE AND GENERAL PURPOSES COMMITTEE
Meeting of 26 November 2013



NOTICE OF MEETING

There will be a meeting of the Finance and General Purposes Committee on 26 November 2013 at 1100 – 1200 hours in Room G25, Aberdeen City Campus.

MEMBERS OF THE BOARD OF MANAGEMENT

Mr. D Cobban
Mr. B Dunn
Mr. I Gosssip (Chair)
Prof. J Harper
Mr. J McKendrick
Mr. K Milroy
Ms. D Michie
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

Meeting of 26 November 2013

AGENDA

1. Apologies for Absence

2. Report to the Committee by the Principal (paper enclosed)

3. Matters for Decision

- 3.1. Financial Regulations (paper enclosed)
- 3.2. College Banking Arrangements (paper enclosed)
- 3.3. Site of the Former Balgownie Centre (paper enclosed)
- 3.4. Boardroom Project (paper enclosed)

4. Matters for Discussion

- 4.1. Reclassification of Colleges as Central Government Bodies (paper enclosed)
- 4.2. Financial Systems (paper enclosed)

5. Summation of Business

6. Date and Time of Next Meeting

Reserved Item of Business

7. Matters for Discussion

- 7.1. Financial Monitoring

8. Summation of Business

Report to the Committee 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. Audit Scotland, the appointed external auditors of the Boards of Management of Aberdeen College and Banff & Buchan College, has completed the audits of the Colleges' Financial Statements. Draft Financial Statements and the Auditor's Report will be presented to the meeting of the Audit Committee of the Board of Management of North East Scotland College scheduled to take place on 26 November 2013.
- 2.2. It is understood that Audit Scotland will express unqualified audit opinions on the Financial Statements for the year to 31 July 2013.
- 2.3. The Financial Statements and Auditor's Reports will be presented to the Board of Management of North East Scotland College for consideration at its meeting on 09 December 2013.
- 2.4. Henderson Loggie, the appointed external auditors, has completed the audit of Aberdeen Skills and Enterprise Training Ltd. (ASET), the Board's wholly owned subsidiary company. The Directors' Report and Financial Statements for the year to 31 July 2013 were approved by the Board of Directors of ASET at its meeting on 28 October 2013. The auditor has expressed an unqualified audit opinion on the Company's Financial Statements.
- 2.5. Henderson Loggie has also undertaken and completed audit work to certify the correctness of a number of year-end statistical and financial returns that Aberdeen College is required to submit to the Scottish Funding Council. The auditor has certified the College's returns on student activity for the year (the wSUMs count); the disbursement of student support funds provided to the College by the SFC and Student Awards Agency Scotland; and Education Maintenance Allowances paid on behalf of the Scottish Government.
- 2.6. Scott Moncrieff has undertaken audit work on the correctness of the year-end statistical and financial returns submitted to central authorities by Banff & Buchan College.

3. Capital Works

- 3.1. The project to over clad and re-roof the Tower and East Blocks at Aberdeen City Campus has begun. The mock up phase of works during the summer vacation period provided the opportunity to test all insulation, cladding, working windows, internal linings and blinds, proposed fixings and to refine the fixing and installation methodology.
- 3.2. The cash flow profile of the project is being reforecast by the contractor to take into account the time taken to complete the initial phases of the project.

4. Financial Forecasting

- 4.1. The budget for North East Scotland College will be revised during December 2013. The results of the exercise will be used to inform the preparation of budgets for 2014-15 and 2015-16.

5. IT Connection between Aberdeen and Fraserburgh

- 5.1. JANET, has agreed to fund the installation costs of work to upgrade the OT connection between the Fraserburgh Campus and NESS Data Centre in Aberdeen and annual bandwidth costs. The upgrade will increase the capacity of the connection by a factor of 10 and will allow business systems to operate across all of the main campuses of North East Scotland College.
- 5.2. (JANET is a body funded by the United Kingdom Government to manage the operation and development of an IT network infrastructure to support research and education in colleges, universities and research councils.)

6. Recommendation

- 6.1. 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.

3. Financial Regulations

- 3.1. The review of College Financial Regulations is now due. Review is also necessary to reflect new operational structures following merger on 01 November 2013. The proposed revised Financial Regulations are attached as an appendix to this paper. The Board's Policy on Borrowing is attached as an appendix to the Financial Regulations and consequently is also due to be reviewed.
- 3.2. It is proposed that Financial Regulations are revised to reflect:
- 3.2.1. changed Senior Management Team responsibilities;
 - 3.2.2. transition to the introduction of a single financial system prior to April 2014;
 - 3.2.3. changed limits of financial authority.

4. Borrowing Policy

- 4.1. Experience has shown that the current Borrowing Policy has been effective and has presented no strategic or operational problems. Therefore no change is proposed.

5. Next Review

- 5.1. The reclassification of Scottish colleges as public bodies (on 1 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.
- 5.2. Consequently it is proposed that 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.

6. Recommendation

- 6.1. It is recommended that the Committee:
- 6.1.1. review and, if so minded, adopt the Financial Regulations and Borrowing Policy following review; and
 - 6.1.2. set 31 March 2014 as the date by which Financial Regulations and Borrowing Policy will next be reviewed.

Rob Wallen
Principal

Roddy Scott
Vice Principal Finance

North East Scotland College Financial Regulations (Draft)

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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.

- 3.1.2 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.

3.4 Preparation of Outcome Agreements and Strategic Plans

- 3.4.1 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.

3.5 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

Appendix 1 – Agenda Item 3.1

- 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.

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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.

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- 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

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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

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- 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

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- 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:	(Draft for approval by) the Finance and General Purposes Committee
Date of Review:	March 2014
Date of Equality Impact Assessment:	October 2013

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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.

College Banking Arrangements

1. Introduction

- 1.1. The purpose of this paper is to enable the Committee to consider amendment of banking arrangements to reflect recent changes relating to Board membership and management structures.

2. Background

- 2.1. The former Aberdeen College and Banff & Buchan College operated bank accounts with a number of banks. These are now held in the name of North East Scotland College. The majority of these accounts are held to facilitate Treasury Management. Each College had a primary banking relationship through which day-to-day business banking was transacted.

- 2.2. Aberdeen College established bank accounts with:

- Bank of Scotland (primary banking relationship)
- Clydesdale Bank
- The Co-operative Bank and
- Royal Bank of Scotland.

- 2.3. Banff and Buchan College established bank accounts with:

- Allied Irish Bank
- Clydesdale Bank
- The Co-operative Bank
- Royal Bank of Scotland and
- TSB (formerly Lloyds TSB) (primary banking relationship).

3. Implementation of Financial Regulations

- 3.1. Banking services providers require that formal resolutions be passed to add or remove persons from the list of authorised signatories on College bank accounts.
- 3.2. In order that the differing arrangements for the operation of North East Scotland College's bank accounts can be drawn together in compliance with Financial Regulations it is proposed that new or amended bank mandates are put in place as banks might require.

4. Recommendation

- 4.1. It is recommended that the Committee:
- 4.1.1. approve amendment of the list of authorised signatories on College bank accounts in compliance with the College's Financial Regulations and
- 4.1.2. authorise the Chair of the Board and Principal to sign any new or amended bank mandates which are put in place as banks might require.

Rob Wallen
Principal

Roddy Scott
Vice Principal Finance

Site of the Former Balgownie Centre

1. Introduction

- 1.1. The purpose of this report is to assist the Committee to consider matters relating to the disposal of the site of the former Balgownie Centre.

2. Background

- 2.1. The Board of Management of Aberdeen College established its Estates Development Strategy in 2010. The Strategy is subject to annual review. The Board has also adopted an estates development roadmap, attached as an appendix to this report, that sets out the actions planned to fulfill the Estates Development Strategy.
- 2.2. The road map describes a position that is unique in Scottish further education in that it allows the Board to demonstrate that it can fund its estates development plans from its own resources.
- 2.3. The sale and retention of the proceeds of the former Balgownie Centre is a key element in securing the necessary funding to allow the fulfillment of the strategy.

3. Planning Application – Aberdeen City Council

- 3.1. In 2011 and 2012, the Planning and Infrastructure Committee of Aberdeen City Council considered the Board's planning application for the development of the site to create a residential development. The Council issued conditional approval for the development of the site. The condition related to agreement of 'planning gain' obligations on the future developer of the site ('planning gain' is also known as 'section 75').
- 3.2. Earlier this year, agreement was reached with Aberdeen City Council on the planning gain obligations. The Board of Management now has unconditional planning approval to develop the site to create 171 residential units (comprising 72 houses and 99 flats).

4. SFC Approval to retain Sale Proceeds

- 4.1. In April 2013, the Scottish Funding Council (SFC) approved the College's request to sell the site and retain all of the sale proceeds to fund the Board of Management's Estates Development Strategy.
- 4.2. The approval conditions set by the SFC and accepted by the Board of Management are:
 - 4.2.1. ensuring the Board achieves value-for-money in terms of securing the optimum value for the disposal; and
 - 4.2.2. meeting the requirements of the Council's 'procedure notes for the disposal of Exchequer-funded assets' and the retention of proceeds by FE colleges, in particular ensuring that all the proceeds are reinvested into the College's core estate within 3 years.
- 4.3. The Estates Development Roadmap adopted by the Board demonstrates that planned actions are compliant with the conditions set by the SFC.

5. Reclassification of Colleges as Public Bodies

- 5.1. At meetings in July and September 2013 the Committee considered the potential impacts of the reclassification of colleges as 'central government bodies'. It was decided to defer consideration of matters relating to the marketing of the site pending clarification of potential uncertainties arising from reclassification. At that time it was unclear whether the Board of Management would be able to sell the property and utilise the sale proceeds as planned.
- 5.2. Clarification has now been provided by officials of the SFC that the Board of Management shall be able to receive the sale proceeds and have authority to use them by spending all proceeds in the financial year in which they are received either by using them to pay for works or passing them to an arms-length foundation.
- 5.3. The important point is that sale proceeds received by the Board of Management must be paid out in full in the same year.

6. Established Arrangements for Marketing

- 6.1. The Board of Management appointed Shepherds, Chartered Surveyors, as selling agents in anticipation of securing SFC approval to sell the property (and retain the proceeds).
- 6.2. Whilst the market for development sites is not as buoyant as it was some years ago, it is apparent that it has improved from the low point of 2009.
- 6.3. That said, and taking into account the advantage that the site carries planning consent, it is an opportune time to proceed to market the site.

7. Recommendation

- 7.1. It is recommended that the Committee:
 - 7.1.1. note the approval given by the SFC to sell the site of the former Balgownie Centre;
 - 7.1.2. note the clarification provided by the SFC on the Board's authority to retain and utilise the proceeds of sale; and
 - 7.1.3. request the Principal to progress the marketing of the site of the former Balgownie Centre.

Rob Wallen
Principal

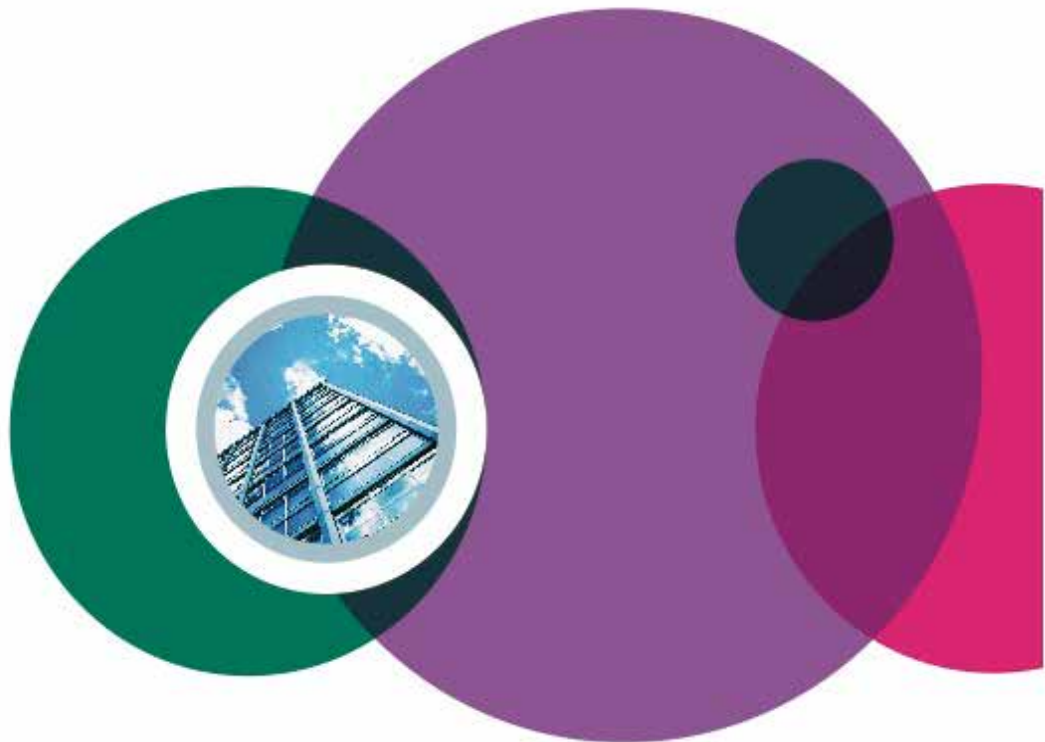
Roddy Scott
Vice Principal Finance



ABERDEEN COLLEGE®
Board of Management



Estates Development Strategy Road Map



Aberdeen College
Estates development strategy
Road map

1) Purpose of this Document

The purpose of this document is to be a Road Map that sets out the plan to progress and fulfill the Board of Management's estates development strategy.

The Board's estates development strategy is a means of achieving the end of meeting the strategic aims of the Board and the vision of the College set out in the Strategic Plan.

The Road Map provides an outline of the stages of work that might be undertaken to fulfil those aims. Designs will require to be developed for each stage and the services of professional advisors would be sought to support the necessary work.

The Board of Management adopted this second version of the road map in March 2013 following review of the original road map, which was set in September 2011.

2) The Unique Circumstances at Aberdeen College

The Road Map sets out a position that is unique in Scottish further education in that it allows the Board of Management to demonstrate that it can fund its estates development plans from its own resources, without borrowing or seeking capital funding from central authorities.

3) Curricular Context

A review of the curriculum that the College might offer in the future is being undertaken. That review is being supported by other reviews that are considering the information technology and accommodation that might be required in the future to support that curriculum.

These reviews will provide the Board with assurance that the estates strategy remains coherent with developments in learning and the delivery of education and training.

4) The Estates Development Strategy

The Board of Management established its estates development strategy in September 2010. The strategy is subject to annual review and forms part of the Board's current strategic plan.

The estates development strategy has 3 phases. Phase 1 is almost complete and phases 2 and 3 have been progressed.

Phase 1 of the strategy comprised the:

- establishment of the new training facility at Altens Centre (Block M, which opened to students in October 2010);
- refurbishment of parts of the existing Altens Centre to allow certain engineering activities to relocate from 3rd party rented accommodation (Blocks A, B, C and F, which opened to students in May 2011);
- establishment of the Chrichie Centre, Inverurie (which opened to students in September 2009).

Phase 2 of the strategy comprises refurbishment of the Gallowgate Centre:
To date works have been undertaken to:

- refurbish the Basement at Gallowgate Centre to provide facilities for courses in the performing arts, creative industries and hair and beauty;
- develop the project to overclad and reroof the Tower and East Blocks and reroof the Basement area at Gallowgate Centre;
- renew and extend the café at the Loch Street entrance at Gallowgate Centre to provide more flexible social and study space and reduce congestion at existing catering facilities.

Phase 3 of the strategy comprises consideration of the future of Gordon and Clinterty Centres. To date actions have been undertaken to:

- close Gordon Centre, transferring activities to Gallowgate and to specialist accommodation at Aberdeen Sports Village whilst 'mothballing' Block A for future use as decant accommodation when major refurbishment is undertaken at Gallowgate Centre;
- close part of Clinterty Centre and transfer the delivery location of College courses in small animal care to leased premises at the Scottish Rural University College (formerly the Scottish Agricultural College). (The Board of Management had decided Clinterty Centre would close at the end of July 2013, however to accommodate the unexpected additional training demand from the Engineering Construction Training Board (ECITB) and OPITO, part of the Centre was been re-opened in August 2013.)

The estates strategy sets out in some detail the work in phase 2. Good progress has been made to date. As noted above, a number of projects have been completed and others are at various stages of design development and procurement.

It is clear that the progression of the next stages of the estates strategy cannot be funded on the basis anticipated in estates strategy first set in 2010.

5) Availability of Funding

The Scottish Government's Spending Review for 2012-15 sets out significant reductions in funding for Scottish further education. It is apparent that there is no likelihood of capital funding being made available to colleges beyond funding already established commitments and maintenance works.

Discussions with banks/funders that in the past might have been willing to lend significant sums to public sector bodies have shown that the appetite to lend to bodies such as colleges has diminished considerably. Given the uncertainty surrounding the level of funding to colleges over the medium and long terms, bank funding is not readily available.

The Board of Management has established reserves since incorporation in 1993 with the purpose of funding, in part, the progression of the Board's estates development strategy. The Board has designated £10,500,000 of its reserves as a 'Capital Development Fund' to be used to finance the progression of the next stages of the strategy.

The Board of Management has decided to seek the permission of the Scottish Funding Council to sell and retain the proceeds of sale of certain properties. These sale proceeds, estimated currently to be £11,000,000, would augment the Capital Development Fund and, taking reserves and sale proceeds together, are expected to provide the funding to allow the Board to fulfill its estates development strategy.

6) The Road Map

The estates development strategy can be fulfilled by revising (lengthening) the time period in which planned works would be undertaken to match the available resources that are now anticipated. These resources are the Board's reserves and the proceeds of property sales.

The Road Map is set out in the following pages.

Aberdeen College **Estates development strategy** **Road map**

1) Finance

- a) Availability
 - i) Reserves available to fund investment £10.5 million (confirmed by the Board in December 2012)
 - ii) Estimated proceeds of property sales:
 - (1) Balgownie - £6 million – say in 2014-15 and 2015-16
 - (2) Gordon - £2 million – say in 2016-17
 - (3) South Block - £3 million - say in 2017-18
 - iii) Total finance available is £21.5 million
- b) Timing:
 - i) 2011 reserves available for use - £3 million
 - ii) 2014 conclude sale of Balgownie Centre
 - iii) 2013 reserves available for use - £7.5 million (running total £10.5 million)
 - iv) 2015 receive funds for sale of Balgownie Centre - £3 million (running total £13.5 million)
 - v) 2016 receive balance of funds for sale of Balgownie Centre - £3 million (running total £16.5 million)
 - vi) 2016 conclude sale of Gordon Centre
 - vii) 2016-17 conclude sale of South Block and receive funds for sale of Gordon Centre - £2 million (running total £18.5 million)
 - viii) 2017-18 receive funds for sale of South Block - £3 million (running total £21.5 million)

2) Development Works

- a) Programme
 - i) Stage A – completed in 2012 within budget cost of £3 million
 - (1) Refurbish (balance of) Basement, Tower Block, Gallowgate Centre
 - (2) Relocate (some) activity from South Block to Basement, Gallowgate Centre
 - ii) Stage B – begun in 2013 and expected to be completed in 2014 at a budget cost of £6.4 million
 - (1) Reclad Gallowgate Centre
 - iii) Stage C – begun in 2014 (one floor of South Block 'mothballed')
 - (1) Prepare South Block and Gordon Centre to take decant from East and Tower Blocks
 - iv) Stage D – projects plans are under development
 - (1) Refurbish internal infrastructure Tower and East Blocks, Gallowgate and replace heating and ventilation systems, IT systems.
 - (2) Decant activities from Tower and East Blocks to South Block and Gordon Centre

- v) Stage E
 - (1) Implement master plan for redevelopment of Altens Centre
- b) Timing
 - i) 2012
 - (1) Stage A - refurbish balance of Basement, Tower Block and relocate activity from South Block at Gallowgate Centre
 - (2) Stage B - reclad Tower and East Block (all elevations) - by end August 2014
 - ii) 2013 by end December 201
 - (1) Stage C - prepare decant space in South Block and Gordon Centre to take decant from East and Tower Blocks - cost estimate £0.1 million
 - iii) 2013-15 by end August 2015 - Cash Dependent (cost estimate for stage D is limited to £7million – being reserves of £1 million and the sale proceeds of Balgownie, estimated to be £6 million)
 - (1) Stage D - Refurbish internal infrastructure by end August 2016
 - (2) Replace heating and ventilation systems, IT systems, and decant activities from (part of Gallowgate) to South Block and Gordon Centre
 - (3) The phasing of these works is dependent on the timing of cash flows from the sale of Balgownie Centre
 - iv) beyond 2016 - Cash Dependent (Estimated Total Cost for E is limited to £4 million – being the sale proceeds of the South Block, Gallowgate Centre and the Gordon Centre, estimated to be £6 million)
 - (1) Stage E - Implement master plan for redevelopment of Altens Centre

3) Notes

- a) The future of the Clinterty Centre has yet to be reconsidered by the Board of Management. When that is decided, plans in relation to the future of the Centre will be incorporated into this road map.
- b) Under the Financial Memorandum with the Scottish Funding Council, boards of management are required to obtain permission from the SFC to sell and to retain the proceeds of sale of property disposals.
- c) As of March 2013, the SFC has approved the sale of the site of the former Balgownie Centre. The SFC's approval is being sought to retain the proceeds of sale of the site of the former Balgownie Centre. Approval will also be sought to sell and retain the proceeds of sale of the Gordon Centre; and the South Block at Gallowgate Centre.

Boardroom Project

1. Introduction

- 1.1. The purpose of this paper is to enable the Committee to consider approval of a proposed capital project to create a new Boardroom at Aberdeen City Campus.

2. Proposed Refurbishment

- 2.1. The creation of North East Scotland College has led to a need for additional facilities for Board meetings that incorporate video-conference facilities to allow governors and others to participate remotely in Board business. Use of such a facility would not be confined to meetings of the Board and its standing committees. The facility would also be used to service the increasing volume of meetings involving colleagues and stakeholders in locations outwith the Aberdeen City Campus.
- 2.2. An area in the Tower Block of Aberdeen City Campus has been identified as being suitable for reconfiguration to create the necessary facilities. It is planned to create a meeting space, together with waiting and preparation areas.
- 2.3. It is proposed that the project is undertaken in the early part of 2014 and completed by the Easter vacation period. The project does not conflict with the project to overclad and reroof the East and Tower Blocks at Aberdeen City Campus.
- 2.4. Cost estimates have been established. The budget cost is £132,000, inclusive of building works, furnishings, video-conferencing and multi-media equipment, professional fees, planning/regulatory fees and value added tax. The budget contains a contingency sum of 10%.

3. Recommendation

- 3.1. It is recommended that the Committee consider approval of the capital project to create a new Boardroom at Aberdeen City Campus.

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 2010 the Office for National Statistics, part of HM Treasury, announced its decision to reclassify incorporated colleges in the United Kingdom as being 'central government bodies' for financial budgeting and reporting purposes. It was in May 2013 that the consequences of that decision became evident when the Scottish Government announced that reclassification would take effect from 01 April 2014.

3. Impacts of Reclassification

- 3.1. The reclassification of colleges as central government bodies has far reaching 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.
- 3.2. Unless mitigating actions are taken, boards of management will be left with little control over financial resources and therefore have less leverage to carry out their duties as regional providers of educational opportunities. The ability to respond to local circumstances and plan for the long-term might be constrained.
- 3.3. The requirement on boards of management to operate within the same annual budget limits as other Scottish Government bodies will change the behaviour of governors and staff of colleges. It is likely to distort spending patterns and will restrict colleges' scope to build up financial reserves to support strategic developments.
- 3.4. In recent weeks officials from central authorities have announced that colleges will be obliged to follow the requirements of the Scottish Government's Scottish Public Finance Manual. These requirements include:
 - 3.4.1. a prohibition on carrying insurance (other than where a business case can be made for doing so);
 - 3.4.2. a prohibition on placing funds on deposit;
 - 3.4.3. a prohibition on borrowing;
 - 3.4.4. reprofiling payment of Government grants to reduce the rate at which cash flows to colleges;
 - 3.4.5. restriction of college month-end operating cash holdings to 20 days net spending; and
 - 3.4.6. reducing limits of authority for colleges to 'write-off' uncollectable debts.

4. Mitigation

- 4.1. The Scottish Government has recognised that the decision to reclassify colleges has implications for colleges in relation to: planned capital expenditure; retention of reserves; and commercial revenue. It has stated explicitly its commitment to working with colleges to explore and mitigate the implications of the decision and, together with the Scottish Funding Council (SFC), is investigating ways of minimising the impact of reclassification on colleges' finances.
- 4.2. The approach that has emerged as central authorities' favoured method of mitigating the effects of reclassification is to establish arms length foundations. Scottish Ministers have approved the establishment of such foundations. A 'national' foundation shall be established and the authority of colleges to establish 'local' foundations has been confirmed.
- 4.3. Officials of central authorities continue to meet with college Chairs, Principals, finance staff and with the Regional Leads to discuss the impact of reclassification. The Project Team, led by a senior official of the SFC, has also continued its work.
- 4.4. A programme of briefings for college finance staff has been planned by the SFC and will be delivered in the coming weeks. These are intended to prepare colleges for the additional financial reporting burdens that will apply from 01 April 2014.
- 4.5. Central authorities have already given assurance that North East Scotland College will be allowed to retain cash reserves of £10,050,000 to fund the next stage of work to refurbish the Aberdeen City Campus and sell and retain the proceeds of sale of the site of the former Balgownie Centre.
- 5.6. The Board has approved in principle the establishment of an arms length foundation (the North East Scotland Foundation for Further Education) that would shelter accumulated reserves, the proceeds of assets held for re-sale, commercial income and future donations.
- 4.7. Advice has been taken from Burness Paull, the Board's legal advisors, on the means by which a foundation might be created and the authority that might be vested in such a body.
- 4.8. A constitution for the Foundation – linked with the College, but with an appropriate degree of separation/autonomy sufficient to achieve the intended non-consolidated accounting treatment – has been prepared.
- 4.9. Audit Scotland and Henderson Loggie, Chartered Accountants, have reviewed the constitution. Both organisations advise that, as constituted, the Foundation would be considered as an 'arms-length foundation' because of the degree of independence with which it would operate.
- 4.10. Following the decision taken by the Board of Management at its meeting on 04 November 2013, an application has been submitted to the Office of the Scottish Charities Registrar to establish the "North East Scotland Foundation for Further Education".

5. Recommendation

- 5.1. It is recommended that the Committee note the information provided in this paper.

Rob Wallen
Principal

Roddy Scott
Vice Principal Finance

Financial Systems

1. Introduction

- 1.1. The purpose of this report is to make the Committee aware of the work that is being undertaken to implement a single financial system to meet the needs of North East Scotland College.

2. Background

- 2.1. The process of merger of Aberdeen and Banff & Buchan Colleges has included work to establish a single financial system. The outcome of the options appraisal was the decision by the Interim Leadership Group to adopt the latest version of Infor Sun Accounts (both Colleges use earlier versions of Infor Sun Accounts) as the solution to support both management and regional reporting most effectively and to provide most flexibility in supporting the information needs of budget holders.
- 2.2. A project implementation contract has been established with Castle Computer Services, the reseller of Infor software, to achieve full implementation by 01 April 2014.
- 2.3. A project team has been established and a Financial Programme Definition Document has been prepared. The Document, which is attached as an appendix to this paper, 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.
- 2.4. The project is proceeding as scheduled.

3. Recommendation

- 3.1. It is recommended that the Committee note the information provided on the implementation of a single financial system to meet the needs of North East Scotland College.

Rob Wallen
Principal

Roddy Scott
Vice Principal Finance



2014/15 Financial Programme Definition Document

Released Date Tuesday 11th November 2013

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Purpose of the NESCol 2014/15 Financial Programme Definition Document

This Programme Definition Document summarises and consolidates the information that was used to define the transformation of the financial, legal and reporting structures of the Banff and Buchan College (BBCol) and Aberdeen College (ABCol) to a single North East Scotland College (NESCol). It recognises that effective Programme Organisation can only be achieved by a combination of; defined roles, clear responsibilities and a management and reporting structure to deliver the desired outcomes. It also recognised that however competent the personnel and effective are the procedures, things will go wrong, the unexpected will arise and major unplanned changes will be called for. Effective leadership can only be achieved through informed decision making and a supportive and flexible management regime.

The Programme Definition Document draws from the body of knowledge compiled from guidelines developed by the UK Public Sector in Managing Successful Programmes. Its methodology works along side PRINCE 2 Project Management Guidelines

Version Control

Version control recognises the maturing and refinement in thinking as developed over the lifecycle of the documents outputs and outcomes. It shows major aspects consideration and evaluated in the context of achieving the strategic objectives. The three-numeric form of 'Version.Stage.Level' reflects Version Changes which are major and material release requiring a significant update. A Stage update shows development of thinking and a Level change shows minor development

Ref	Version Number	Date	Details
1	1.1.1	31/10/13	Template draft compilation
2	2.1.1	6/11/13	First Working Draft
3	3.1.1	7/11/13	Final First Review Draft
4	3.2.1	12/11/13	Identification of IBM project

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1. Executive Summary

A three (3) year programme is established to implement the single regional college to serve the Aberdeen and Aberdeenshire region. The Business Case¹ identified five key risks being: (1) failure to deliver integration activity and achieve merger savings; (2) failure to achieve efficiency gains at planned levels; (3) failure to generate planned levels of commercial income; (4) changes that may arise through harmonisation of terms and conditions; and (5) excessive inflation of staff and non-staff costs. A programme approach using proven public sector guidelines is taken to achieve the objectives of the merger and avoid the identified risks as they relate to finance.

This document follows the Managing Successful Programme methodology and follows as a functional strategy document from the business case. It outlines the key transition projects, their interrelationships, risk management and how the benefits will be realised. The same caveats of the business case being rapid change and uncertain times apply in the production of a robust programme document. For this reason the programme and its documents are living documents.

The finance programme document is one of the ‘additional activities’ identified in the Business Case to address the technical accounting and taxation planning and ensuring the continuity of contractual relationships with suppliers and insurers. It also looks at ways the College will address the benefits realisation from efficiency in the merger from these tranches. Unification of the business and communication systems and rebranding of the College and campus are not included in this document at time of submission. It is recommended that a single programme be run to ensure the College strategic aims are achieved and remains financial sustainable.

The finance programme identifies twenty-two (22) separate projects that are required to enable the College to successfully meet its strategic aims and remain financially sustainable. The projects are a mixture of technical system changes, technical accounting changes, process improvement and efficiency, compliance and governance, and good business practice.

Risks have been identified consistent with the business case as well as; the need for programme leadership and communication across tranches of the College operation; compressing too many project cutovers at 31 March as a big bang approach; and production of NESCol accounts from 1 November 2013.

¹ Business Case for the Merger of Aberdeen College and Banff & Buchan College of Further Education to form the North East Scotland College version 5, 27 May 2013 Page 3

2. Objectives of the Financial Programme

The objectives of the finance programme are:

- ❖ Contribute to the College regionalisation Business Case
Contribute to the benefits identified in the business case of the overall rational of the college regionalisation merger of the Banff & Buchan and Aberdeen College to become the North East Scotland College.
- ❖ Consolidate the Financial Processing of Both Colleges
Consolidate the financial transactional processing of both College environments into an efficient and mature financial processing and reporting environment that provides solid financial governance and stewardship.
- ❖ Ensure Financial Stewardship is Maintained Throughout the Programme
Ensure the transformation to the College financial structures and those bought about by government policy are managed in an efficient, controlled and risk adverse manor providing sound financial stewardship throughout the transformation and mature financial structures by the end of June 2014.
- ❖ Identify efficiencies that can made to Financial Processing
Implement efficiency gains and cash savings identified in the programme and challenging existing practice with new technology advances in financial processing and subsequent management of NESCol financial resources.

The programme reports to the Programme Sponsors and the NESCol Audit Committee.

3. Justification and Context for the Programme

Aberdeen and Banff & Buchan Colleges will merge as part of the Scottish Government Policy of regionalisation of colleges of further education from 1 November 2013. Technically and legally this will be done by Banff & Buchan College being incorporated with Aberdeen College. At the same time, Aberdeen College change its name to become the North East Scotland College. The changes are reflected in the changes to Aberdeen “Governance Handbook”. The impact of the changes will be reflected and impact the College administrative activity from 2013 to 2015 financial reporting terms.

These changes impact the following stakeholders, systems and financial functions:

- ❖ Teaching and administration staff in both Colleges
 - ❖ Suppliers of both Colleges
 - ❖ Functional application feeder systems as well as the core finance system
 - ❖ Budgetary cycles
 - ❖ Report compilation
 - ❖ Report presentation of information as reported
 - ❖ Cultural environments
 - ❖ Management of cash
 - ❖ Information interpretation
 - ❖ Coding structures and standards
 - ❖ Functional application systems used by Banff & Buchan to NESCol Systems
-

- ❖ Responsibilities, accountabilities and process of management
- ❖ Annual reporting cycles from 31 August (academic year) to 31 March (financial year)
- ❖ Application infrastructure and user environment

The nature of these changes is considerable with many inter-relating dependencies. The College's legal and compliance obligations continue throughout the time of the changes.

The delivery of normal College curriculum and student activity will operate unaffected by the programme. Programme Management will ensure that the objectives are achieved using a mature programme methodology to implement the Business Case directives.

4. Criteria for Measuring Success

Success will be measured by delivering:

- ❖ A single financial repository for:
 - General Ledger Transactions for NESCol
 - In independent repository for Aberdeen Skills, Enterprise and Training Ltd that will consolidate onto the NESCol business activities
- ❖ Single processing flows that are unique to the College functional areas and contribute to the control, monitoring, processing, and reporting of the financial aspects of the NESCol financial information.
- ❖ Additional controls and due diligence that ensure the existing audit trails and systems provide the required financial stewardship during the programme lifecycle and College transitions.
- ❖ The capability of the programme to deliver meaningful financial information for the management and financial stewardship of the College through the transition to the first full 12 month audited 2015 accounts of NESCol.
- ❖ Implementation of efficiencies identified as a result of the NESCol financial programme and the continual planning as part of an annual efficiencies review that further optimises the College's financial processes.

5. Vision Statement

Aberdeen and Banff & Buchan College are recognised as providing value for money in the processing of financial transactions and financial stewardship over the last twenty years. The vision of the financial team of the NESCol is to:

“Be recognised as a leader in cost effective college financial processing providing relevant and timely financial information that adds significant value to the College activities and services to students.”

6. Blueprint Summary and Tranche Structure

The approach to implementing successful change is to reduce risk and simplify the projects where possible. The programme and project methodology used are proven

public sector and commercial methodologies of PRINCE2 and Managing Successful Programmes.

As part of the college merger an initial tranche has been undertaken of branding the College and staff cultural interactions recognising the geographic diversity of the various locations of staff. This activity is not part of this programme.

Commencing with the philosophy to commencing with the end in mind, the programme segments the outcomes into four key tranches. Reducing risk is inherent in all tranches. The College has naturally identified two tranches of ITC stream and business process stream. Overall the Business Case and subsequent mandates require the College to become 10% more efficient.

❖ **Tranche One - Reduce Risk**

This is achieved by:

- Ensuring the financial reporting of the NESCol is possible from 1 November without compromise from the change. This will mean that both Colleges retain their existing transaction processes, system structures, audit trails and financial compliance controls.
- Ensuring the programme structure is in place with support from all stakeholder groups
- Ensure that all College support staff understand the changes required to the new NESCol environment

❖ **Tranche Two - Implement Business Process Changes**

This is achieved by:

- Ensuring the College business functions and processes continue to operate normally and without risk.
- Ensuring the changes to the processes and systems flow of information, data and coding structures are implemented in controlled environment taking into account all stakeholders and dependencies.
- Where possible the projects implement one change at a time
- Good communication between projects with clarity in roles, dependencies, assumptions and leadership.

❖ **Tranche Three - ITC Change**

This is achieved by:

- Ensuring the ITC support infrastructure and mechanisms are available and understood reflecting a single College environment.

❖ **Tranche Four – Improve NESCol support structures efficiency**

This is achieved by:

- Critically reviewing and challenging processes as they are implemented and refined to ensure the College gains from the opportunity.

7. Programme Roles and Responsibilities

The Key Roles and Responsibilities of the programme are identified as:

7.1. **Sponsoring Group**

If the outcomes are not achievable the Sponsoring Group has the authority to recommend either programme closure or issue a change request on the Business Case.

- ❖ The Sponsoring Group :
 - Are responsible for the investment decision
 - Define the direction of the Business
 - Report to the Audit Committee
 - Ensures the programme has the necessary skills and experience required to deliver the outcomes
 - Ensure the on-going and overall alignment of the programme matches that of the Business Case
 - Recommend to closure of the Programme to the Audit Committee upon completion of outcomes.

The Sponsoring Group comprises:

7.1.1. Senior Responsible Owner

The Senior Responsible Owner (SRO) Function is fulfilled by:

- ❖ Person
Roddy Scott
- ❖ Key Responsibilities
 - Owns the Vision
 - Chairs the Programme Board
 - Provides the leadership for the programme
 - Secures the investment
 - Provides overall direction
 - Owns the Business Case
 - Manages the interfaces between senior stakeholders keeping them informed and engaged
 - Manages key strategic risks
 - Ensures the programme stays aligned to the College's strategic direction
 - Has personal accountability for the programme outcomes

7.1.2. Senior Business Representative

- ❖ Person
Frank Hughes
 - ❖ Key Responsibilities
 - Support the Senior Responsible Owner in delivering the outcomes of the programme.
 - Interfaces with Programme and Project stakeholders.
 - Provides a further view for the SRO of the programme activities.
 - Acts as a trusted confidant to the SRO.
 - Ensures the programme and projects are aligned to the College's strategic aims
-

-
- Provides additional input with experience of areas outside the SRO's expertise or exposure.

7.2. Programme Board

The Programme Board is responsible for ensuring the outcomes and programme benefits are delivered within agreed tolerances and to the satisfaction of the Business Case or directive. It is responsible for:

- ❖ Defining the acceptable risk profile
- ❖ Delivering outcomes and outputs within the agreed parameters
- ❖ Resolving strategic and directional issues between projects which need the input of senior stakeholders
- ❖ Ensuring the integrity of the benefits profiles and realisation plan
- ❖ Providing assurance of operational stability

The Programme Board is made up of the following members

7.2.1. Programme Manager

The following are the key functions of the Programme Manager:

- ❖ Person
Michael Larmer
- ❖ Key Responsibilities
 - Advising and executing the directives of the Senior Responsible Owner.
 - Reporting to the SRO on all areas of the designated responsibilities.
- ❖ The Programme Manager's responsibilities include:
 - Design the programme team, project team appointments and initiation of activities to deliver the project outcomes
 - Ensures all roles have clearly defined responsibilities
 - Ensure the organisational design is implemented throughout the programme lifecycle
 - Use resources efficiently

7.2.2. Business Change Manager

The following are the functions of the Business Change Manager:

- ❖ Person
Neil Cowie
 - ❖ Key Responsibilities
 - Ensuring the Business remains competitive and the quality of outcomes is within the agreed tolerance levels.
 - ❖ The Business Change Manager's responsibilities include:
 - Review and contribute to the governance development
 - Implement Governance arrangements where they impact on operations
-

- Input to programme assurance reviews
- Initiating reviews of operational areas
- Specific focus on benefits and Stakeholder |governance
- Design the Change Team(s),
- Appointment of Change Team(s) members

7.2.3. Programme Office

The following are the key characteristics of the Programme and Project Planning Phase:

- ❖ Person
Lawrence Stevenson
- ❖ Key Responsibilities
Support the programmes administration, recruitment and appointments
- ❖ The Programme Office responsibilities include:
 - Maintenance of administration and records
 - Support Governance assurance reviews
 - Application of governance arrangements on behalf of the Programme Manager
 - Monitor actions from assurance and audit reviews
 - Provide expertise to support assurance reviews on other programmes
 - Manage the Programme communication and stakeholder engagement
 - Advice and Guidance on Roles and Responsibilities

7.2.4. Programme Assurance

- ❖ Person
Paul Sherrington or Frank Hughes
- Key Responsibilities
 - Provides an independent view and challenge to the standards and aspiration of the programme giving the programme confidence that the objectives will be met.
 - Assesses the Risk Management Strategy.
 - Assesses the Business Case and continued viability of it.
 - Assesses the mechanisms and performance of the Stakeholders Engagement Strategy.

8. **Application of Governance Principles**

The following College governance mechanisms will be employed in the programme:

- ❖ Stakeholder Engagement Strategy
Communication of the each project and the theme is to be integrated into the College's internal communication function
 - ❖ Programme Risk Strategy
Risks identified will be incorporated into the College risk portfolio via the Programme Board to the Audit Committee.
-

- ❖ **Quality Management Strategy**
PRINCE2 Project Management Methodology will be used to ensure the projects and deliverable achieve the quality standards within agreed tolerances.
- ❖ **Information Management Strategy**
The College's security policies, templates and file storage systems shall be used within the programme
- ❖ **Resource Management Plan**
Where appropriate and possible internal resources should be used for as much of the project and programme delivery

9. Summary of the Current State

As at the end of October 2013 the College had in place a number of working groups. However, the speed of the change to the new College to be in place by 1 November 2013 and the change to the reporting year to 31 March requires that many of the College processes and systems will also change after the 1 November. The change has to take into account the academic and student year continuing without adverse impact on teaching and learning.

Focus has therefore been on ensuring the College infrastructure areas are supported and continue to operate. At the end of October it was identified at the PPM meeting that a programme approach was required as the working groups were becoming too big. In addition, further analysis within the Finance stream identifies that at least twenty-two (22) projects are required to be delivered.

As the new College reporting structure consolidates, ongoing risks will be identified along with opportunities to benefit from the merger. For this reason a programme approach will be taken to managing the merger and integration. An example of where the programme approach will have benefit are in the integration of all projects from both ITC and business structures ensuring coding structures, owners and standards of individual systems are compatible across the College. A programme approach and review enables this sort of risk to be identified.

The Business Case ² identified the importance of effective operational governance of NESCol to process financial management, reporting and process data with strong and well founded controls from Vesting Day. This is achieved by a link-account code in

² Business Case for the Merger of Aberdeen College and Banff & Buchan College of Further education to form North east Scotland College, Version v5 27 May, Page 9

both finance systems to provide a common reporting structure and enable the continued processing of College transaction through existing systems.

From observation, both College finance staff continue to think of their role on the historical localised bases. The merging of the Colleges to form a regional College means that both College's support staff must now think from a regional commercial base serving students and college education at a regional Aberdeenshire level. Failure to do this will impact NESCol's strategic aims and long-term commercial viability.

10. Summary of Key Risks

The Financial Programme is a high risk and complex programme. There is considerable probability of adverse factors and threats happening that will cause the programme not achieve its objectives. The risks will be managed, monitored and minimised by the directives of the Programme Board.

❖ Delays in producing NESCOL Accounts

Independent systems in Fraserburgh without commonality in coding means that the compilation of transactions is difficult and labour intensive at month end. Transposition errors and consistency in the categorisation of transactions would also be compromised. The probability of this happening is high and the impact from lack of visibility of financial information compromises the integrity and stewardship of the College finances.

This risk is managed by:

- Linking account codes in each location to a uniform standard and common code in both Colleges. This means that the accounts can be produced easier and quicker as transactions and information consolidated using this common structure as the primary key in MS Excel.
- Existing processors and systems can remain in place and transition in a controlled manor which means that existing proven audit trails and controls remain in place throughout the transition

❖ Big-Bang Cutover

Many systems are planning to cutover on the 31 March 2014. This places considerable stress on the College transition with many changes happening at once. The ability to support and understand errors resulting from a Big-Bang cutover approach has proven to be difficult and can lead to compounding problems. The probability of this risk happening is high and the impact from the risk is Medium.

This risk shall be reduced implementing either

- Staged cutover of systems compatible with the process and data flow transactions and information through each of the College transaction life cycle.
 - Full acceptance testing on an independent College environment mimicking all the College systems interacting in the new environment.
 - Ensuring responsibility for College wide processes and coding structures with owners, roles, definition and responsibilities of the
-

input process and output of each key data item.

- ❖ College Wide Programme Management
The regionalisation of the two Colleges, impact on systems and change to the financial year is one of the most significant changes in the College environment for some time. The timeframe and directive approach from Government Policy places pressure on change due to the outputs expected. Success is dependent on supportive leadership, clear communication and definition throughout the merger. Merger impacts staff creating uncertainty in their roles and reporting structures. Delays occur through the share volume and need for consultation. These impacts further delay and hinder the need for clarity and leadership in projects and programmes.

The inherent risk of merger and change leadership shall be managed by

- A College-wide Merger Programme.
Following a proven public sector methodology of Managing Successful Programmes (MSP) will reduce the risk of individual project failure by providing a framework to defining, measure, recognise and report the interdependencies in the merger change. The College has already structured a programme through a series of committees and meetings. This initiative needs further refinement into a more College wide approach spearheaded by the business and support functions of both College environments.

11. Summary of Project Dossiers

The Finance Programme identifies its projects with an F for finance. There is no other meaning or structure in the order as listed. The Programme has the following key projects to deliver the require outcome.

11.1. F1 Programme and Project Planning

The following are the key characteristics of the Programme and Project Planning Project include:

- ❖ Description
Provide the leadership, vision and co-ordination to achieve the outcomes and objectives of the programme
 - ❖ Key Outcomes
Reduced risk, greater clarity and communication across projects and programmes
 - ❖ Contribution to Benefits Realisation Programme
Ensures benefits are achieved
 - ❖ Recognised Risk Assessment
Reduces risk by ensuring management, control and governance
 - ❖ Timing
Completed in November 2013
 - ❖ Owner
Michael Larmer
-

- ❖ Main Resource
Michael Larmer, Roddy Scott and Programme Board
- ❖ Key Outputs
F1 project outputs are:
 - Programme Definition Document
 - Quality Management Document
 - Leadership, Communication and Stakeholder Management Document
 - Programme Organisation Structures
 - Benefits Realisation Document
- ❖ Dependencies with Other Projects
ITC Programme

11.2. F2 Consolidate Accounts using Existing Systems and Process

The following are the key characteristics of the F2 project include:

- ❖ Timing
Completed by 12 December 2013
- ❖ Key Outcomes
Monthly accounts produced meeting statutory and College Financial Regulations and compliance as defined by SORP
- ❖ Owner
Muir Wilson
- ❖ Main Resources
Muir Wilson, Malcolm Leach, Jim Kirkwood, Marie Duthie, Michael Larmer, Castle Computer Services
- ❖ Key Outputs
F2 project outputs are:
 - Possible installation of latest version of Vision compatible with SunSystems 4, 5 and 6 in Aberdeen and Fraserburgh. Alternatively remote connection to Fraserburgh Finance Systems from Aberdeen configured to take into account the nature of Excel reporting.
 - NESCol first working draft Account Codes
 - Consolidated reports created using Draft NESCol format, A-codes and possibly Q&A Hierarchies

11.3. F3 Banff and Buchan SunSystems 6 Upgrade

The following are the key characteristics of the project include:

- ❖ Timing
Completed by 8th November 2013
 - ❖ Key Outcomes
Final accounts can be produced for Banff & Buchan College and transactions captured. New transactions for NESCol can be entered into the system
 - ❖ Owner
Marie Duthie
 - ❖ Main Resources
Jim Kirkwood, Marie Duthie, Michael Larmer, Castle Computer Services
-

❖ Key Outputs

F3 project outputs are:

- Live transactions processing on Infor SunSystems 6
- NESCol familiarisation environment with Infor SunSystems 6
- Retention of Banff & Buchan proven processes until NESCol processes and structures integrated and determined.

11.4. F4 Upgrade ASET to SunSystems 6

The following are the key characteristics of the project include:

❖ Timing

Completed by 31 December 2013

❖ Key Outcomes

Monthly Accounts produced meeting ASET statutory and College Financial Regulations and compliance

❖ Owner

Sharon Scott

❖ Main Resources

Sharon Scott, Michael Larmer, Castle Computer Services

❖ Key Outputs

F4 project outputs are:

- Castle PQIS Upgrade project
- NESCol familiarisation environment with Infor SunSystems 6
- Retention of ASET proven processes confirmed running on SunSystems 6.
- Remote network is tested in small commercial environment.

11.5. F5 Aberdeen College SunSystems 6 Upgrade

The following are the key characteristics of the project include:

❖ Timing

Completed by 31 January 2014

❖ Key Outcomes

Monthly accounts produced meeting statutory and College Financial Regulations and compliance

❖ Owner

Malcolm Leach

❖ Main Resources

Muir Wilson, Malcolm Leach, Marie Duthie, Michael Larmer, Castle Computer Services, Aberdeen Finance Team

❖ Key Outputs

F5 project outputs are:

- Castle PQIS Upgrade project
- NESCol familiarisation environment with Infor SunSystems 6Possible cutover to SunSystems 6
- Fraserburgh finance team commence accessing the Finance System housed in Aberdeen testing the connection between College locations

11.6. F6 Merge College Systems into Single SunSystems Instance

The following are the key characteristics of the F6 project include:

- ❖ Timing
Completed by 31 March 2014
- ❖ Key Outcomes
Monthly Accounts produced meeting statutory and College Financial regulations Compliance
- ❖ Owner
Malcolm Leach
- ❖ Main Resources
NESCol Team, Marie Duthie, Michael Larmer, Castle Computer Services
- ❖ Key Outputs
F6 project outputs are:
 - Castle PQIS Upgrade project
 - NESCol using Infor SunSystems 6

11.7. F7 Merge Both College Systems into One Business Unit

The following are the key characteristics of the project include:

- ❖ Timing
Completed by 31 March 2013
- ❖ Key Outcomes
Monthly Accounts produced meeting statutory and College Financial regulations Compliance
- ❖ Owner
Malcolm Leach
- ❖ Main Resources
NESCol Finance Team, Michael Larmer, Castle Computer Services
- ❖ Key Outputs
F7 project outputs are:
 - Cutover to new Business Unit within the application of a Single Chart of accounts and new reporting College Structure as defined by the Dimensions directly

11.8. F8 Change in Reporting Year

The following are the key characteristics of the project include:

- ❖ Timing
Completed by January 2013
 - ❖ Key Outcomes
Understanding of outputs required to produce year end accounts, Communication, training and implication of impact on budget holders
 - ❖ Owner
TBA
 - ❖ Main Resources
Muir Wilson, Malcolm Leach, Jim Kirkwood, Marie Duthie, Michael Larmer
-

❖ **Key Outputs**

F8 project outputs are:

- Documentation of the budgetary process
- Impact on Budget holders and Managers
- Training needs analysis
- Treasury and Funding Management process

11.9. F9 Automated Commitment Accounting to College Reporting

The following are the key characteristics of the project include:

❖ **Timing**

Completed by 31 February 2014

❖ **Key Outcomes**

Integration of Committed expenditure from PECOS

❖ **Owner**

TBA

❖ **Main Resources**

Muir Wilson, Malcolm Leach, Marie Duthie, Colin Brodie, Michael Larmer, Castle Computer Services, PECOS support

❖ **Key Outputs**

F9 project outputs are:

- All staff using PCOS consistently
- Upload of outstanding PO's in PECOS design to be retrieved at any point in time and consistent with Invoice approval transfer.
- Budget Managers signoff and agree commitment and spending reports.

11.10. F10 Completion of Banff & Buchan College legal requirements

The following are the key characteristics of the project include:

❖ **Timing**

Completed by end March 2014

❖ **Key Outcomes**

Completion of legal status of the Banff & Buchan College completed for regulatory purposes, Audited accounts completed

❖ **Owner**

Jim Kirkwood

❖ **Main Resources**

Fraserburgh Finance Team

❖ **Key Outputs**

F10 project outputs are:

- Audited Accounts for Fraserburgh
 - Tax status completed and de-registered by 30 November 2013
 - PAYE deregistered by 31 March 2014
 - Other Legal commitments, obligations and benefits transferred to NESCol
 - Other completion of compliance tasks
-

11.11. F11 Controls Surrounding Payments from NESCol

The following are the key characteristics of project include:

- ❖ Timing
Completed by end June 2014
- ❖ Key Outcomes
College exposure of merge and possible external fraud is minimised
- ❖ Owner
TBA
- ❖ Main Resources
Payments team, Budget Holders, Michael Larmer, Colin Brodie
- ❖ Key Outputs
F11 project outputs are:
 - Internal Audit of Payment controls
 - Review of Payments, commitments and ordering process

11.12. F12 Consolidation of Suppliers

The following are the key characteristics of the project include:

- ❖ Timing
Completed by end March 2014
- ❖ Key Outcomes
reduced cost of supply and improved performance Supply Chain
- ❖ Owner
Colin Brodie
- ❖ Main Resources
Colin Brodie, Michael Larmer, Budget Holders, APUC
- ❖ Key Outputs
F12 project outputs are:
 - Feasibility Study
 - Supplier Analytics
 - Cash Savings identified and quantified
 - Supplier College Metrics, Supply cost per course, Budget Holder, etc

11.13. F13 Electronic Invoice filing

The following are the key characteristics of the project include:

- ❖ Timing
Completed by end April 2014
- ❖ Key Outcomes
Instant Accessibility and Visibility of Supplier Documents, Contracts and other relevant Financial Information
- ❖ Owner
Colin Brodie,
- ❖ Main Resources
Budget Holders, Suppliers, Colin Brodie, Michael Larmer, APUC

❖ Key Outputs

F13 project outputs are:

- Feasibility Study of OCR and Scanning
- Document Filing Systems and Archiving
- Review and determination of Goods Note Receipting
- Historical Information
- Scanning Process
- HMRC and external compliance confirmation

11.14. F14 Electronic Payment Processing

The following are the key characteristics of the project include:

❖ Timing

Completed by end April 2014

❖ Key Outcomes

Instant Accessibility and Visibility of Supplier Documents, Contracts and other relevant Financial Information

❖ Owner

TBA

❖ Main Resources

Budget Holders, Suppliers, Colin Brodie, Michael Larmer,

❖ Key Outputs

F14 project outputs are:

- Elimination of Cheque payments to BASC Payments
- Electronic remittance Advice
- Supplier email Procedure

11.15. F15 Overall College Coding Standards

The following are the key characteristics of the Project include:

❖ Timing

Completed by end December 2013

❖ Key Outcomes

Information and data flow through the system with integrity and a unique code and record identify the individual characteristics within each transaction

❖ Owner

TBA

❖ Main Resources

Michael Larmer, ITC Project Managers, Systems and Data Owners, Internal Audit

❖ Key Outputs

F15 project outputs are:

- Systems Accountability and ownership document
- Systems Interaction Matrix
- Data Priority, Privacy, Integrity and security controls and usage map
- Data Dictionary

❖ Dependencies with Other Projects

F17 Processing Flow efficiency

11.16. F16 Reporting Financial Value to the College

The following are the key characteristics of the project include:

- ❖ Timing
Completed by end June 2014
- ❖ Key Outcomes
Better decision usefulness of College Financial Stewardship and relevant information to decision makers
- ❖ Owner
TBA
- ❖ Main Resources
Budget Holders, Muir Wilson, Jim Kirkwood, Michael Larmer,
- ❖ Key Outputs
F16 project outputs are:
 - Feasibility Study
 - Financial information relevance to better decision making
 - Dashboard reporting and reporting tools
 - Accessibility and distribution of reports
 - Timeliness

11.17. F17 Process Flow Efficiency

The following are the key characteristics of the project include:

- ❖ Timing
Completed by end April 2014
- ❖ Key Outcomes
Simple, efficient and effective lean process flows, data entered once with focus on transactions management rather than processing
- ❖ Owner
TBA
- ❖ Main Resources
Linda Taylor, Internal Audit, Muir Wilson, Colin Brodie, Marie Duthie, Malcolm Leach, External Finance System Owners, Michael Larmer,
- ❖ Key Outputs
F17 project outputs are:
 - OCR Feasibility Study
 - Input, Process Output review
 - System and Process flow Documentation
 - Lean 6 Sigma review

11.18. F18 PECOS Changes

The following are the key characteristics of the project include:

- ❖ Description
Full use of PECOS as the consolidated purchasing and spend repository and control in the College.
-

- ❖ Key Outcomes
 - Consolidation of systems for consistency completeness and integrity of spend
- ❖ Contribution to Benefits Realisation Programme
 - Reduced costs of processes, data is entered once or at source of spend, equate value to cost of transaction.
- ❖ Timing
 - Completed by June 2014
- ❖ Owner
 - Colin Brodie
- ❖ Main Resource
 - Michael Larmer and another, Castle Computer Services, ALCOM / APUC
- ❖ Key Outputs
 - F18 project outputs are:
 - Commitment interface to SunSystems Financials or Ledger Accounting from PECOS
 - Accrual Interface from PECOS to Ledger Accounting
 - Authorised Payment Interface from PECOS to Ledger Accounting
 - New Supplier Interface to Ledger Accounting for Bank, E-mail, Contact and statutory details
 - Resolution and Rational for lead systems repository and internal control
 - P-Card awareness
 - Internal Controls
- ❖ Dependencies / Interface with Other Projects
 - F19 P-Card

11.19. F19 P-Card usage

The following are the key characteristics of the Project are:

- ❖ Description
 - Cost/Benefit feasibility to the College of wider use of P-Cards
 - ❖ Key Outcomes
 - Identification and realisation of benefits and cash savings through wider use of P-Cards by College authorised buyers
 - ❖ Contribution to Benefits Realisation Programme
 - Greater efficiency and accessibility to supply
 - ❖ Recognised Risk Assessment
 - Control, accountability and visibility of spend
 - ❖ Timing
 - Completed by March 2014
 - ❖ Owner
 - Colin Brodie
 - ❖ Main Resource
 - Michael Larmer, Aberdeen and Fraserburgh based Finance person, Budget Holders
 - ❖ Key Outputs
 - Feasibility Study Report
 - Implementation and Benefits realisation Plan
 - Templates and systems for internal control
-

- ❖ Dependencies with Other Projects
IT Programme

11.20. F20 Functions, Roles and Responsibilities

The following are the key characteristics of the project include:

- ❖ Description
Determine and consult the roles and responsibilities to resource the finance function of the College
- ❖ Key Outcomes
Positions filled, Job Descriptions, Person descriptions, Motivated Team
- ❖ Contribution to Benefits Realisation Programme
High levels of service and efficiency to support the primary functions of the College
- ❖ Recognised Risk Assessment
Loss of key resources and experience
- ❖ Timing
Completed by end December 2013
- ❖ Owner
Roddy Scott
- ❖ Main Resource
Roddy Scott, Finance Team
- ❖ Key Outputs
F20 project outputs are:
 - Organisation and structure
 - Consultation workshops and meetings
 - Applications and appointments
- ❖ Dependencies with Other Projects
All other projects in the programme

11.21. F21 Security and Data Access Groups

The following are the key characteristics of the project include:

- ❖ Description
Ensuring the security and integrity of the financial information and data is at the appropriate level to meet compliance and efficiency standards for the College with appropriate levels of controls and segregation of duties.
 - ❖ Key Outcomes
Simple and inconvenient operational environment recognising the relevance of College information and the data contained within the system
 - ❖ Contribution to Benefits Realisation Programme
High levels of service and efficiency to support the primary functions of the College
 - ❖ Recognised Risk Assessment
Loss of key information, fraud and misappropriation of funds
 - ❖ Timing
From November to end of programme
-

- ❖ Owner
TBA
- ❖ Main Resource
Roddy Scott, Finance Team
- ❖ Key Outputs
F21 project outputs are:
 - Current security review
 - Risk assessment and identification of appropriate level
 - Design of Security systems
 - Implementation of Design
 - Review and report of project
- ❖ Dependencies with Other Projects
 - ITC integration
 - Roles and responsibilities

11.22. F22 Financial Reporting and Accounting Variables

The following are the key characteristics of the F22 Project:

- ❖ Description
North East Scotland College will require compliance with the Statement of Recommended Practice (SORP) in relation to the preparation of its financial statements. This should not prove to be onerous given that the financial statements of Aberdeen and Banff & Buchan Colleges are prepared under the same SORP. It will also comply with Financial Reporting Standards, the most significant are:
 - Financial Reporting Standard 6 – Acquisitions and Mergers
The financial statements of North East Scotland College will account its creation on the appropriate basis in accordance with the requirements of FRS6. The College will follow the acquisition accounting method.
 - Financial Reporting Standard 17 – Retirement Benefits
The costs (and improvements) relating to FRS 17 pension valuations are largely outside the control of the College. The uncertainty and volatility in the levels of cost or gain surrounding this matter are such that it is prudent not to include financial estimates in the forecasts.
 - Financial Reporting Standard 18 – Accounting policies
North East Scotland College will need to adopt appropriate accounting policies. The key areas affected have been identified in the due diligence process. The financial case model assumes that there will be no material changes to reported financial information arising from the adoption of one set of accounting policies.
 - ❖ Key Outcomes
Compliance with Accounting Standards
 - ❖ Contribution to Benefits Realisation Programme
No financial benefit other than governance consistency in reporting
 - ❖ Recognised Risk Assessment
New accounting standards and knowledge to be acquired
 - ❖ Timing
From November to end of programme
-

- ❖ Owner
TBA
- ❖ Main Resource
Roddy Scott, Finance Team
- ❖ Key Outputs
F22 project outputs are:
 - Review of current accounts to changes in accounting policy
 - Reporting consistent with FRS2, 17 and 18
- ❖ Dependencies with Other Projects
 - College consolidation and access to data.
 - Roles and responsibilities

11.23. F23 IBM Project

The following are the key characteristics of the F23 Project:

- ❖ Description
Maintain business productivity and student interface availability
- ❖ Key Outcomes
Harmony
- ❖ Contribution to Benefits Realisation Programme
Optimisation
- ❖ Risks
Unavailable to process transactions and meet student requests
- ❖ Timing
TBA
- ❖ Owner
TBA
- ❖ Main resource
IT, Finance and Estates
- ❖ Key Outputs
TBA
- ❖ Dependencies on other projects
TBA

12. Stakeholder Summary

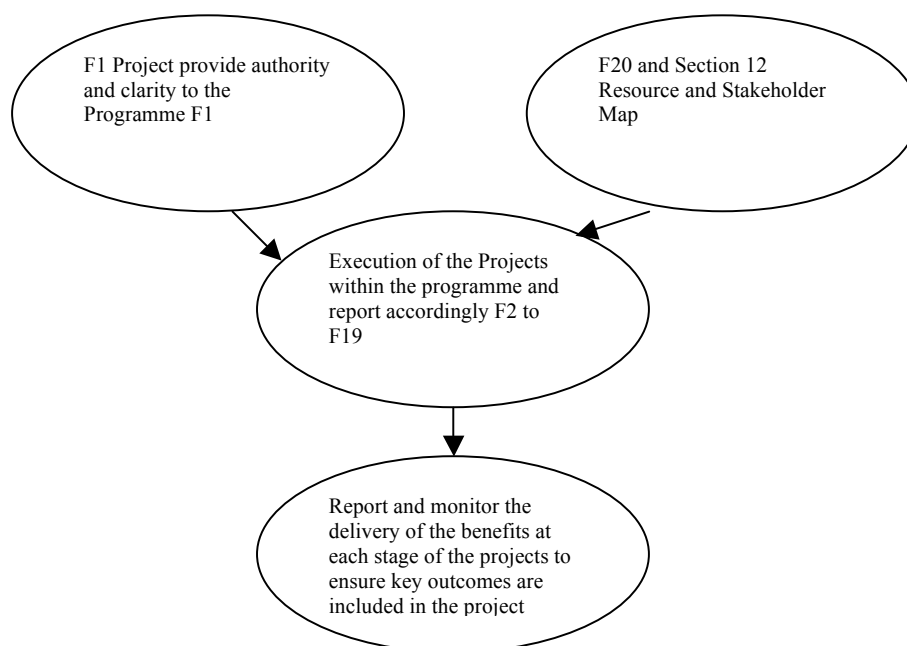
Ref	Resource	Role	Key Project Interest
	Roddy Scott		
	Muir Wilson		
	Jim Kirkwood		
	Malcolm Leach		

	Colin Brodie		
	Linda Taylor		
	Marie Duthie		

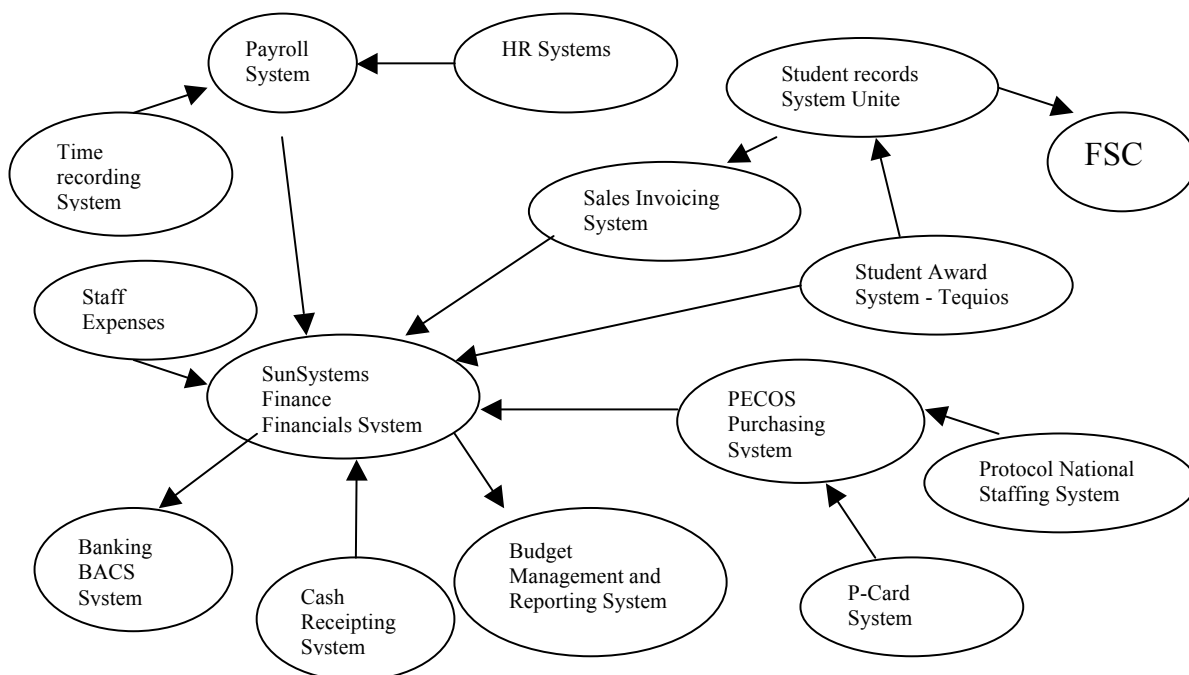
13. Benefits Map

13.1. Programme Benefits

The Managed Programme identifies the value chain and benefits map as follows:



13.2. High Level College Interface Overview



14. Timescales, Milestones and Tranches

Insert Gantt Chart as per the milestones in the projects listed in 11

15. Information Baselines, Status and Content

16. Document and Programme Quality Self Review

The following Questions are asked:

Nº	Question	Yes / No	Comment
1	Are the projects small and clearly delineated?		
2	Can work packages be clearly identified within the projects?		
3	Are resources likely to be available with the right skill, knowledge, technology and facilities?		
4	Are existing team working arrangements maintained?		
5	Given projects and programmes that are spread across different regions or cultures are more difficult to manage, has appropriate resource and capability been given to counter this?		

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