



University of the Highlands and Islands

# Financial Regulations

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Responsible Office/ Department:	Corporate Resources
Responsible Committee:	University Court
Review Officer (Post):	Director of Corporate Resources
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**Document Summary**

Overview	<p><i>Why is the policy required?</i></p> <p>Financial regulations are required for the protection of the assets of the university.</p>
Purpose	<p><i>What will the policy achieve?</i></p> <p>This policy forms part of the University of the Highlands and Islands' governance arrangements.</p>
Scope	<p><i>Who does the policy apply to?</i></p> <p>All university employees, temporary and agency staff and consultants.</p>
Consultation	<p><i>Who has been consulted on the policy, and who will be notified?</i></p> <p>Finance &amp; General Purposes Committee</p>
Implementation & Monitoring	<p><i>Who will be responsible for implementing and monitoring the policy, and what resources/ costs will be incurred?</i></p> <p>Director of Corporate Resources</p>
Risk Implications	<p><i>What are the risk implications of this policy?</i></p> <p>Failure to comply with statutory regulations and funding body requirements</p>
Link with Strategy	<p>How is this policy linked to University strategy?</p> <p>Governance arrangements and risk mitigation.</p>
Impact Assessment	<a href="#">Equality Impact Assessment</a>
	Privacy Impact Assessment: Not required.

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# UNIVERSITY OF THE HIGHLANDS AND ISLANDS FINANCIAL REGULATIONS

## Financial Regulations

### Summary

To conduct its business effectively, the University needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the University.

### Definitions

A full list of definitions is contained in the [glossary](#) at the end of this document.

### Purpose

These regulations form part of the University of the Highlands and Islands' governance arrangements. The purpose of the regulations is to ensure that all staff are aware of the financial management systems and how they apply to them in their role.

### Scope

The scope of these regulations is to apply all employees of the University or any subsidiary company including any temporary or agency staff or unpaid members of staff and voluntary workers. The regulations apply to all activities of the University, whether related to research, teaching, commercial or other activities, and exists for the protection of the assets of the University.

### Exceptions

This policy applies without exceptions, exclusions, or restrictions.

### Notification

All staff should be notified of the policy and its revisions, by email and by publishing the policy on the intranet and SharePoint.

## Section One — Introduction and background

### **Context**

The University of the Highlands and Islands shall be conducted in accordance with the [Further and Higher Education \(Scotland\) Act 1992](#) as amended by the [Further and Higher Education \(Scotland\) Act 2005](#), the [Post-16 Education \(Scotland\) Act 2013](#) and the [Higher Education Governance \(Scotland\) Act 2016](#), any relevant regulations, orders or directions made by the First Minister or the Scottish Government and, subject thereto, in accordance with the provisions of this Schedule and any Regulations made in pursuance thereto.

The University is a Company limited by Guarantee and not having a share capital. It is a higher education institution designated by the Scottish Ministers under the provisions of the Further and Higher Education (Scotland) 1992(a) Act and a Regional Strategic Body under the provisions of the Post-16 Education (Scotland) Act 2013. Its structure of governance is laid down in the [Articles of Association](#), which may be amended by its members with the approval of the UHI Foundation. The University is accountable through its Court, which has ultimate responsibility for the effectiveness of its management and administration.

The institution is a charity recognised by the Office of the Scottish Charity Regulator (OSCR).

### **General provisions**

The University's structure is laid down in the Articles of Association. In response to recent legislation and guidance from the Scottish Funding Council (SFC), a number of amendments have been made to the Articles of Association approved by the Court (the Board of Governors) in June 2004. These amendments have been incorporated in the financial regulations as appropriate.

The University is a charity within the meaning of Section 506(1) of the [Income and Corporation Taxes Act 1988](#) (ICTA 1988) and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No. SC015096) under the provisions of [The Charities and Trustee Investment \(Scotland\) Act 2005](#).

The financial memoranda between the SFC and the University sets out the terms and conditions on which grant is made. The Court is responsible for ensuring that the conditions of grants are met. As part of this process, the University requires sound systems of internal financial and management controls. The financial regulations of the University form part of this overall system of accountability and control.

The financial memorandum between the University and the Assigned Colleges sets out the formal relationship between the University and the Assigned Colleges and the requirements with which the College must comply in return for payment of grant by the University (Regional Strategic Body). The financial memorandum also makes it a term and condition that Assigned Incorporated Colleges comply with the requirements of the [Scottish Public Finance Manual](#) and sets out special actions and derogations, which have been agreed with Scottish Ministers.

## **UNIVERSITY OF THE HIGHLANDS AND ISLANDS FINANCIAL REGULATIONS**

### **Status of financial regulations**

**1.** This document sets out the University's financial regulations. It translates, into practical guidance, the University's broad policies relating to financial control.

**2.** This policy was first approved by the Board of Governors (now the University Court) on 30 June 2004. This amended version was approved by the University Court on 14 December 2016. It applies to the University and all its subsidiary undertakings.

**3.** These financial regulations are subordinate to the University's Articles of Association and statutes, and to any restrictions contained within the University's financial memoranda with the SFC incorporated therein, and the Scottish Public Finance Manual in relation to the University's financial memoranda with the Assigned Incorporated Colleges.

**4.** The purpose of these financial regulations is to provide control over the totality of the University's resources and to regulate the use of resources so that they are properly applied for the achievement of the University's strategic plan and business objectives. These include:

- Maintaining financial sustainability.
- Achieving value for money.
- Fulfilling its responsibility for the provision of effective financial controls over the use of public funds.
- Ensuring that the University complies with all relevant legislation.
- Safeguarding the assets of the University.

**5.** Compliance with the financial regulations is compulsory for all staff connected with the University. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the University's disciplinary policy. The Court will be notified of any such breach through the Audit Committee. It is the responsibility of heads of department to ensure that their staff are made aware of the existence and content of the University's financial regulations.

**6.** The Finance and General Purposes Committee is responsible for maintaining a continuous review of the financial regulations, through the Director of Corporate Resources, and for advising the Court of any addition or changes necessary.

**7.** In exceptional circumstances, the Finance and General Purposes Committee may authorise a departure from the detailed provision herein, such departure to be reported to the Audit Committee and Court at the earliest opportunity.

**8.** The University's detailed financial procedures set out precisely how these regulations are followed and the details contained in separate manuals, which are available from relevant sections.

## Section Two – Corporate Governance

### **1. Responsibility of the Court**

The University Court has a duty to manage the University and ensure that it provides suitable and efficient further and higher education to its students having regard to the provision in the area it serves and the likely needs of potential students.

Its financial responsibilities are to:

- Act as charity trustees
- Safeguard the institution's assets
- Provide regular, timely, accurate and adequate information to monitor performance and account for the use of public funds. Such information will be made available to SFC on request, as necessary, for the exercise of its function and to gain assurance.
- Subject to any legal requirement to observe confidentiality, the University will be open and transparent with SFC and other stakeholders, and will give, or be prepared to give, a public justification of its decisions in relation to the use of public funds.
- Ensure the University plans and manages its activities to remain sustainable and financially viable. An institution is being managed on a sustainable basis if, year on year, it generates sufficient income to cover its costs and allow a margin of surplus for investment in its infrastructure – physical, human and intellectual – at a level which enables it to maintain adaptive capacity necessary to meet future demands. However, SFC recognises there could be strategic circumstances that result in the University making a planned deficit over a short period of time; for example, strategic investment for growth, where the return on investment is not realised immediately.
- Strive to achieve value for money and is economical, efficient and effective in its use of public funding.
- Ensure public funds are used in accordance with relevant legislation, the requirements of this FM and only for the purpose(s) for which they were given. Strategic, Capital or other grant funding must only be used for the purpose for which it is provided by SFC.
- Ensure there is effective planning and delivery of the University's activities in accordance with its mission and its Outcome Agreement agreed with SFC.
- Determine the tuition fees and other fees payable to the University (subject to any terms and conditions attached to any grants, loans or other payments paid or made by the Scottish Funding Council [SFC])
- Ensure that it has a sound system of internal management and control, including an audit committee, an effective internal audit service, and adequate procedures to prevent fraud or bribery.
- Approve the institution's strategic plan
- Approve the annual estimates of income and expenditure and the annual financial statements
- Appoint the institution's internal and external auditors
- To establish and audit committee, nominations committee and remuneration committee and make Regulations for their conduct
- act as Regional Strategic Body as set out in the Post 16 Education (Scotland) Act 2013, and ensure that the incorporated colleges assigned to it follow the requirements of the [Scottish Public Finance Manual \(SPFM\)](#)
- put in place a financial memorandum with each of its assigned colleges, which sets out the formal relationship between the Regional Strategic Body and the assigned college and which contains the terms and conditions for the use of the grant to the assigned college.

## **2. Responsibility of the University Principal and Vice Chancellor**

The University Principal and Vice-Chancellor is the Chief Executive of the University and the Court's Chief Educational Adviser and is responsible for the financial administration of the University's affairs as detailed within the [Delegated Authorisation Schedule](#).

In this capacity, the Principal and Vice-Chancellor must advise the Court if, at any time, any action or policy under consideration by them appears to the Principal and Vice-Chancellor to be incompatible with the financial memoranda. If the Court decides, nevertheless, to proceed the Principal and Vice-Chancellor (as accountable officer) must immediately inform the Chief Executive of the SFC in writing.

The Principal and Vice-Chancellor must ensure that the annual budgets of income and expenditure are prepared for consideration by the Court; and that the management of the budget and resources, within the total University budget, is approved by the Court.

As the designated accountable officer, the Principal and Vice-Chancellor may be required to justify any of the University's financial matters to the Scottish Parliament.

The Principal and Vice-Chancellor shall demonstrate his or her oversight of financial matters by signing the balance sheet within the annual financial statements.

The Principal and Vice-Chancellor is directly responsible to the Court for the control of resources, for seeking economy, efficiency and effectiveness in the use of the University's resources and for ensuring that financial considerations are taken into account at all stages of decision-making.

In particular, the Principal and Vice-Chancellor shall:

- sign the annual accounts and ensure that satisfactory and adequate records are retained in a form acceptable for presentation to the Scottish Parliament
- advise the Court on the proper discharge of its financial duties
- be authorised, through a scheme of delegation, to write-off losses and instruct special payments
- be involved with the Chief Executive of the SFC on matters relating to public funding which arise before the Scottish Parliament.

## **3. Responsibility of the Director of Corporate Resources**

The Director of Corporate Resources is accountable for the day-to-day financial administration of the University and responsible to the Principal and Vice-Chancellor for:

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information, monitoring and control of income and expenditure against budgets and all financial operations
- preparing the University's annual accounts and other financial statements and accounts which the University is required to submit to other authorities
- ensuring that the University maintains satisfactory financial systems
- provision of professional advice on all matters relating to financial policies and procedures
- day-to-day liaison with internal and external auditors to achieve efficient processes.

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Details of the key contacts for the main areas where advice can be sought within the finance department can be found on the [University's intranet](#).

### **4. Responsibility of University Deputy Principal, Vice Principals, Senior Management, Heads of Department and Budget Holders**

Deputy Principal, Vice Principals, Senior Management, Heads of Department and Budget Holders are responsible to the Principal and Vice-Chancellor, through the appropriate member of the directorate, for financial management of the areas or activities they control. They are advised, as appropriate, by the Director of Corporate Resources in executing their financial duties. Deputy Principal, Vice Principals, Senior Management, Heads of Department and Budget Holders are also responsible for establishing and maintaining clear lines of responsibility within their areas of responsibility for all financial matters.

Where resources are devolved to budget managers, they are accountable to their Line Manager, and ultimately the member of the directorate, for their own budget.

Deputy Principal, Vice Principals, Senior Management, Heads of Department and Budget Holders will provide the Director of Corporate Resources with the information required to enable:

- compilation of the University's financial statements
- implementation of financial planning
- implementation of audit and financial reviews, projects and value for money studies.

### **5. Responsibility of all members of staff**

All members of staff should be aware of, and have a general responsibility for the security of the University's property, for avoiding loss and for due economy and efficiency in the use of resources. They should ensure that they are aware of the University's financial authority limits laid out in the [Delegated Authorisation Schedule](#), and the values of purchases for which quotations and tenders are required as per the university's [Procurement Policy](#).

They shall make available any relevant records or information to the Director of Corporate Resources or his or her authorised representatives in connection with the implementation of the University's financial policies, these financial regulations and the system of internal financial control.

They shall provide the Director of Corporate Resources with such financial and other information in a timely manner as he or she may deem necessary, from time to time, to carry out the requirements of the Court.

They shall immediately notify the Director of Corporate Resources whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the University. The Director of Corporate Resources shall take such steps as deemed necessary by way of investigation and report.

### **6. Committee structures**

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The Court has ultimate responsibility for the University's finances, and delegates specific powers and processes to the committees detailed below. These committees are accountable to the Court.

### **6.1 Finance and General Purposes committee**

Monitoring of the University's financial position and financial control systems is undertaken by the Finance and General Purposes Committee. The committee will examine annual budgets and accounts (including the accounting policies upon which they are based) and recommend their approval to the Court. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the financial duties of the Court and make recommendations accordingly. The committee will also ensure that the Court has adequate information to enable it to discharge its financial responsibilities.

This Committee also approves the Human Resource Policy and Procedures Framework and, on advice from the University's lawyers, advises on University employment contracts, policies and procedures, as well as considering and making recommendations on job-evaluation exercises undertaken for staff, as and when appropriate. The committee approves any proposed major changes to the staffing establishment, it considers reports published under the heading equality and diversity, and is the final arbiter on disciplinary issues between University management and staff.

### **6.2 Audit committee**

Universities are required by their financial memoranda with the SFC to appoint an audit committee. The committee is independent, advisory and reports to the Court. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that appropriate arrangements are in place to promote economy, efficiency and effectiveness.

### **6.3 Remuneration committee**

Consideration of senior management's pay, terms and conditions is the responsibility of the remuneration committee. It has the power to make recommendations to the Court on remuneration, including pay and other benefits, as well as contractual arrangements, in line with the University's [Remuneration Policy](#).

### **6.4 Further Education Regional Board**

This committee is responsible for the allocation to such of the Academic Partners and such other colleges as may be assigned to the University as a Regional Strategic Body of the University's for the conduct of teaching further education.

## **7. Risk management**

The University acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance is set out in a separate [Risk Management Policy](#).

Senior management team members must ensure that agreements negotiated within their faculties or sections with external bodies cover any legal liabilities to which the University may be exposed. The Chief Operating Officer's advice should be sought to ensure that this is the case, in accordance with the Delegated Authorisation Schedule.

## **8. Whistleblowing**

Whistleblowing in the context of the [Public Interest Disclosure Act 1998](#) is the disclosure by an employee or other party malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment or breach of the financial regulations and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

The full procedure for whistleblowing is set out in the University's [Public Interest Disclosure Policy](#).

## **9. Code of Conduct**

### **9.1 Standards**

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

It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the [Committee on Standards in Public Life](#) (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. In addition, the University expects that staff at all levels will observe its code of conduct, contained in its detailed financial procedures, which covers:

- probity and propriety
- selflessness, objectivity and honesty
- relationships

Court members are also charity trustees and as such are subject to obligations imposed by charity law. Their dual role may introduce potential conflicts of interest which they will need to manage appropriately.

### **9.2 Conflicts of Interest**

Additionally, members of the Court, senior management or those involved in procurement are required to disclose interests in the University's register of interests maintained by the Chief Operating Officer/Secretary, as set out in the [Conflict of Interest Policy](#). The Chief Operating Officer and Secretary will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.

In particular, no person shall be a signatory to a University contract where he or she also has an interest in the activities of the other party.

### **9.3 Receiving gifts or hospitality**

The Bribery Act 2010 introduced new offences for acts of bribery by individuals or persons associated with relevant organisations. The penalties are severe for any employee convicted under the Act, which could mean a criminal record with ten years' imprisonment and unlimited fines. The university's [Anti-Bribery Policy](#) details the university's compliance and enforcement of the Bribery Act's provisions.

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant University manager or the Chief Operating Officer/Secretary. Guidance on acceptable hospitality is contained in the [Acceptance of Gifts and Hospitality policy](#).

## Section 3 – Financial management and control

### **1. Financial planning**

#### 1.1 Responsibilities

The Director of Corporate Resources is responsible to the Principal and Vice Chancellor for preparing annually a rolling three-year financial plan for approval by the Court on the recommendation of the Finance and General Purposes Committee and for preparing financial forecasts for submission to the SFC. Financial plans should be consistent with the strategic plans and estates strategy approved by the Court.

#### 1.2 Budget objectives

The Court will, from time to time, set budget objectives for the University. These will help the Director of Corporate Resources in preparing his or her more detailed financial plans for the University.

#### 1.3 Resource allocation

Resources are allocated annually by the University's directorate and recommended to the Court through the Finance and General Purposes committee, on the basis of the above objectives. Heads of department are responsible for the economic, effective and efficient use of resources allocated to them, and all staff are responsible for any resources and budgets delegated to them.

#### 1.4 Budget preparation

The Director of Corporate Resources is responsible for preparing each year an annual revenue budget and capital programme to the Principal and Vice Chancellor, for consideration by the Finance and General Purposes committee before submission to the Court. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Director of Corporate Resources must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Heads of Department following their approval by the Court.

During the year, the Director of Corporate Resources is responsible for submitting revised budgets to the directorate for consideration, before submission to the Finance and General Purposes committee.

#### 1.5 Capital programmes

The capital programme includes all expenditure on land, buildings, equipment (including ICT), furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the University's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by Court. This includes any expenditure by the University funded by SFC/BIS, but does not include the Academic Partners expenditure so funded.

The Director of Corporate Resources will establish protocols for the inclusion of capital projects in the capital programme for approval by the Finance and General purposes committee and Court. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet.

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The Director of Corporate Resources will also establish procedures for the approval of variations, including the notification of large variations, to the Principal and Vice-Chancellor and to the Finance and General purposes committee and, if appropriate, to the SFC or funding body, as detailed in SFC or funding body guidelines.

The Director of Corporate Resources is responsible for providing regular statements concerning all capital expenditure to the Finance and General purposes committee for monitoring purposes.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Finance and General Purposes committee including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in SFC or funding body guidelines.

### **1.6 Other major developments including overseas activity**

Any new major aspect of business, or proposed establishment of a company or joint venture or overseas activity, which will require an investment in buildings, resources or staff time should be presented for approval to the Finance and General Purposes committee in accordance with the Major Development Strategy/ Plan. The University must have due regard to the relevant guidelines issued by the SFC.

## **2. Financial Control**

### **2.1 Budgetary Control**

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

Significant departures from agreed budgetary targets must be reported immediately to the Director of Corporate Resources by the responsible Head of Department and, if necessary, corrective action taken.

### **2.2 Financial Information**

Budget holders are assisted in their duties by management information provided by the Director of Corporate Resources. The management information available to the different levels of management are described in the detailed financial procedures, together with the timing at which they can be expected.

The Director of Corporate Resources is responsible for supplying budgetary reports on all aspects of the University's finances to the Finance and General Purposes committee on an agreed basis and subject to any specific requirements of the SFC. The relevant extracts from the overall position are reported to each committee so that they are aware of their own financial performance against budget. These reports are presented to the Court.

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### **2.3 Significant changes to the approved budget**

Significant in-year changes to the approved budget will be considered by the Finance and General Purposes committee and reported in the monthly management accounts unless they fall within the delegated arrangement:

Principal and Vice-Chancellor: up to £150,000

{One-off movements from a budget head on a monthly adjustment}

Finance and General Purposes Committee: £150,001 and above

Contra-budget movements i.e. those affecting both income and expenditure should be excluded from the delegated arrangement. Changes to the original approved budget will be reported through the monthly financial statements.

### **2.4 Virement**

Where a budget holder is responsible for more than one budget, virement is permitted of up to £3,000 of the budget from which virement is sought, with the written approval of the appropriate manager and the Director of Corporate Resources.

Virement between budgets held by different budget managers is permitted up to £3,000 of the budget from which virement is sought with the written approval of the transferring budget manager and the appropriate manager and the Director of Corporate Resources.

Virement between budgets held by different budget managers, in excess of £3,000 of the budget from which virement is sought, requires the written consent of the Director of Corporate Resources and the Finance and General Purposes Committee.

Virement from restricted budgets (e.g. externally funded projects) are not permitted.

### **2.5 Treatment of year-end balances**

At the year end, budget managers will not normally have the authority to carry forward a balance on their budget to the following year unless the Director of Corporate Resources has approved a specific scheme for carrying forward all or part of unspent amounts. Any carry-forward should be reported to the Finance and General Purposes committee.

## **3. Accounting arrangements**

### **3.1 Financial year**

The University's financial year runs from 01 August until 31 July the following year.

### **3.2 Basis of accounting**

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards and the SFC's accounts direction.

### **3.3 Format of the financial statements**

The financial statements are prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, subject to any specific requirements of the SFC, current accounting standards, and in accordance with the provisions of the Companies Act 2006, if that is appropriate.

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### 3.4 Capitalisation and depreciation

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

Works of art and other valuable assets (heritage assets) are capitalised and recognised at the cost or value of the acquisition where the cost or valuation is easily obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean any depreciation would not be material.

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £5,000 or more. Capitalised assets other than land and buildings will be depreciated in accordance with the University's financial policy on capitalised assets and depreciation.

### 3.5 Accounting records

The Director of Corporate Resources is responsible for the retention of financial documents. These shall be kept in a form that is acceptable to the relevant authorities, and complies with the requirements of the [Freedom of Information \(Scotland\) Act 2002](#) and [Data Protection Act 1998](#).

The University is required by law to retain prime documents for six years.

These include:

- official purchase orders
- paid invoices
- accounts raised
- bank statements
- copies of receipts
- paid cheques
- payroll records, including part-time lecturers' contracts.

The Director of Corporate Resources will make appropriate arrangements for the retention of electronic records in accordance with the university's [Records Management Policy](#).

Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder.

Members of staff should ensure that retention arrangements comply with any specific requirements of particular funding organisations.

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### 3.6 Public access

The Court is required to supply any person with a copy of the University's most recent financial statements within 20 days of a request. In terms of the [University's publication scheme](#), prepared to ensure compliance with the [Freedom of Information \(Scotland\) Act 2002](#), the University will also allow members of the public to inspect the statement of accounts during normal working hours, and will make a copy available on the University's website. A copy of the monthly management accounts is made available to all staff via the University intranet.

### 3.7 Taxation

The Director of Corporate Resources is responsible for advising Heads of Department, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, as it applies to the University. Therefore the Director of Corporate Resources will issue instructions to managers on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty, as required.

The Director of Corporate Resources is responsible for maintaining the University's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

## 4. Audit requirements

### 4.1 General

External auditors and Internal Auditors shall have authority to:

- access University premises at reasonable times
- access all assets, records, documents and correspondence relating to any financial and other transactions of the University
- require and receive such explanations as are necessary concerning any matter under examination
- require any employee of the University to account for cash, stores or any other University property under his or her control
- access records belonging to third parties, such as contractors, when required.

### 4.2 Internal audit access rights

The internal audit service has rights of access to all the University records, information and assets which it considers necessary to fulfil its responsibilities. Rights of access to other bodies funded by the University should be set out in the conditions of funding. The head of internal audit has a right of direct access to the chair of Court, the chair of the Audit Committee and the Principal and Vice Chancellor. In turn, the internal audit service agrees to comply with any requests from the external auditors and funding council auditors for access to any information, files or working papers obtained or prepared during audit work which they need to discharge their responsibilities.

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

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Following consideration by the Finance and General Purposes Committee, the financial statements should be reviewed by the Audit Committee. On the recommendation of the Finance and General purposes and audit committees they will be submitted to the Court for approval and to the SFC.

### 4.3 External audit

The external auditors shall be reappointed annually by Court. Court will be advised by the audit committee. It is good practice for a competitive tendering process to be held at regular intervals, at least every five years.

The primary role of external audit is to report on the University's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Auditing Practices Board's statements of auditing standards.

### 4.4 Internal audit

The internal auditor is appointed by the Court on the recommendation of the Audit Committee.

The University's financial memoranda with the SFC requires that it has in place an effective internal audit service.

The internal audit service must provide the governing body and senior management of the institution with an objective assessment of adequacy and effectiveness of risk management, internal control, governance, and value for money.

The internal audit service must extend its review over all the financial and other management control systems, identified by the audit needs as assessment process.

It must cover all activities in which the institution has a financial interest, including those not funded by SFC. It must include review of controls including investment procedures that protect the institution in its dealings with organisations, such as subsidiaries or associated companies, students' unions, and collaborative ventures or joint ventures with third parties

The Internal Audit Service remains independent in its planning and operation and has direct access to the Court, Principal and Vice-Chancellor and chair of the audit committee.

### 4.5 Fraud and corruption

It is the duty of all members of staff, management and Court to notify the Fraud Response Co-ordinator (FRC) immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. For more information, see the university's [Fraud Response Plan \(intranet link\)](#).

### 4.6 Value for money

It is a requirement of the financial memoranda that the institution must have a strategy for reviewing systematically management's arrangements for securing value for money. As part of its internal audit arrangements, the institution must obtain a comprehensive appraisal of management's arrangements for achieving value for money.

For more information, see the university's [Value for Money Policy](#).

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Internal audit is to have regard to value for money in its programme of work. To fulfil this responsibility, the Court will develop and revise each year a plan for value for money work that will provide evidence of compliance with the SFC's requirements. It will be used to enable the Audit Committee to refer to value for money in their annual report.

### **4.7 Other auditors**

The University may, from time to time, be subject to audit or investigation by external bodies such as the SFC, Audit Scotland, European Court of Auditors, and HM Revenue and Customs. They have the same rights of access as external and internal auditors.

## **5. Treasury management**

### **5.1 Treasury management policy**

The Finance and General Purposes committee is responsible for approving a treasury management policy statement (based on [CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance notes and sector specific guidance](#)) setting out strategy and policies for cash management, long-term investments and borrowings. This will require compliance with SFC rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memoranda. The Finance and General Purposes committee has a responsibility to ensure implementation, monitoring and review of the policy.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Principal and Vice-Chancellor, and then to the Director of Corporate Resources, and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the University and shall conform to any relevant SFC requirements. The Director of Corporate Resources and his or her staff are required to act in accordance with CIPFA's code of practice.

The Director of Corporate Resources will report to the Finance and General Purposes committee each term in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

### **5.2 Appointment of bankers and other professional advisers**

The Court is responsible for the appointment of the University's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Finance and General Purposes Committee. The appointment shall be for a specified period after which consideration shall be given by the Finance and General Purposes committee to competitively tendering the service.

### **5.3 Banking arrangements**

The Director of Corporate Resources is responsible, on behalf of the Finance and General Purposes Committee, for liaising with the University's bankers in relation to the University's bank accounts.

Only the Principal and Vice-Chancellor and the Director of Corporate Resources may open or close a bank account for dealing with the University's funds. All bank accounts shall be in the name of the University or one of its subsidiary companies.

Procedures for banking transactions are described in the detailed financial procedures.

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The Director of Corporate Resources is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

### 6. Income

#### 6.1 General

The Director of Corporate Resources is responsible for ensuring that appropriate procedures are in operation to enable the University to receive all income to which it is entitled.

All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Director of Corporate Resources.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Finance and General Purposes Committee within the scheme of delegation.

The Director of Corporate Resources is responsible for the prompt collection, security and banking of all income received.

The Director of Corporate Resources is responsible for ensuring that all grants notified by the SFC and other bodies are received and appropriately recorded in the University's accounts.

The Director of Corporate Resources is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

#### 6.2 Maximisation of income

It is the responsibility of all staff to ensure that revenue to the University is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. In particular, this requires the prompt notification to the Director of Corporate Resources of sums due so that collection can be initiated.

#### 6.3 Receipt of cash, cheques and other negotiable instruments

Procedures for cash and banking transactions are described in the detailed financial procedures.

**Receipts by credit or debit card:** the University may only receive payments by debit or credit card using procedures approved by the Director of Corporate Resources and described in the detailed financial procedures.

In operating this facility, the University is bound to the Payment Card Industry Data Security Standard (PCI DSS), which is designed to ensure cardholder information is stored, processed and transmitted securely.

The Director of Corporate Resources is responsible for ensuring the institution maintains PCI DSS compliance, which is monitored by the bank's merchant services unit.

#### 6.4 Collection of debts

The Director of Corporate Resources should ensure that:

- debtors invoices are raised promptly on official invoices, in respect of all income due to the University

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- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account
- any credits granted are valid, properly authorised and completely recorded
- VAT is correctly charged where appropriate, and accounted for
- monies received are posted to the correct debtors account
- swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the financial procedures
- outstanding debts are monitored and reports prepared for management.

The Principal and Vice-Chancellor, through the Director of Corporate Resources, can implement credit arrangements and indicate the periods in which different types of invoice must be paid. This will include instalment plans, which must be approved by the Finance and General Purposes Committee.

Any subsequent changes must be reported to the Finance and General purposes committee.

Requests to write off debts in excess of £9,999 (individual amount) must be referred in writing to the Director of Corporate Resources prior to submission to the Finance and General purposes committee. Debts below this level may be written off with the permission of the Director of Corporate Resources.

The requirements of the University's Articles of Association should be taken into account.

### 6.5 Student fees

The procedures for collecting tuition and residence fees must be approved by the Director of Corporate Resources. He or she is responsible for ensuring that all student fees due to the University are received. Increases in levels of fees must be agreed by the Finance and General Purposes committee and the Court. For more detailed information, see the university's [Fees Policy](#).

Where an applicant has previously studied within the university and has an outstanding debt to the university or to any academic partner, they will not be admitted (or re-admitted after a formal break in studies) to any programme until that outstanding debt is cleared.

For continuing students, any outstanding debt should normally be cleared prior to enrolment in each academic year (for full-time or structured part-time students semester to semester progression within an academic year is not subject to such constraint). At their discretion the relevant HAP may, in individual cases, permit re-enrolment subject to a plan being agreed with the student for recovery of the outstanding debt.

### 6.6 Refunds

The University seeks to minimise the opportunities for money laundering in accordance with the [Money Laundering Regulations 2007](#). Where refunds are required, they should be made to the original payer and follow the method by which the money was received.

### 6.7 Student loans

Appropriate records will be maintained to support all transactions involving student loans.

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### 6.8 Emergency/hardship loans

The University's scheme for emergency/hardship loans must be approved by the Court. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made other than in accordance with the approved scheme.

The Director of Corporate Resources is responsible for ensuring the adequacy of the systems in place for:

- approving loans in accordance with the scheme
- paying loans that have been approved
- recovering loans that have been paid

## 7. Research and Project grants and contracts

### 7.1 General

Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which can be directed towards a specific aim or objective. There are many different funders of research projects including Research Councils UK, the NHS, the European Commission, the higher education councils and industry.

The term 'research grant' is restricted to research projects funded by Research Councils UK, charities and higher education funding bodies. All other externally funded research projects are classified as 'research contracts'.

All applications for research projects must be forwarded by the principal investigator to the Grants and Contracts Office for submission by the University to the funder. All applications will be on behalf of and in the name of the University.

Where approaches are to be made to outside bodies for support for projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the Head of Department to ensure that the financial implications have been appraised by the Grants and Contracts Office. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

The Grants and Contracts Office is responsible for examining every formal application for grant and shall ensure that there is adequate provision of resources to meet all commitments. The Grants and Contracts Office should ensure that the full cost of the project/contract is established. The agreement must be in line with the University's policy with regard to indirect costs and other expenses and taking account of different procedures for the pricing of projects depending on the nature of the SFC.

Grants and contracts shall be accepted on behalf of the University in line with the [Delegated Authorisation Schedule](#).

The Director of Corporate Resources shall maintain all financial records relating to grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.

Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific budget manager.

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Control of pay and non-pay expenditure will be contained within the project budget. The budget holder may delegate day-to-day control of the account to a supervisor or grant holder, but any overspend or under-recovery of overheads is to be the clear responsibility of the budget holder with any loss being a charge on department funds.

### **7.2 Recovery of overheads**

Overheads will be charged to project activity whether or not the funding arrangements permit full recovery.

### **7.3 Costing/transparency**

The University's principles on costing and pricing shall be approved by the Director of Corporate Resources.

Staff undertaking project activity will maintain the records specified by the Director of Corporate Resources to enable compilation of returns to the SFC which meet the requirements of the transparency review (TRAC return).

### **7.4 Grant and contract conditions**

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

Any loss to the University resulting from a failure to meet conditions of funding is the responsibility of the budget manager, and will be charged against department funds.

## **8. Other income-generating activity**

### **8.1 Private consultancies and other paid work**

Unless otherwise stated in a member of staff's contract:

- outside consultancies may not be accepted without the consent of the head of department (and in the case of the head of department, the Chief Operating Officer/Secretary or the Principal and Vice Chancellor)
- applications for permission to undertake work as a purely private activity must be submitted to the Head of Department, or the Chief Operating Officer/Secretary or the Principal and Vice-Chancellor, as appropriate, and include the following information:
  - the name of the member(s) of staff concerned
  - the title of the project and a brief description of the work involved
  - the proposed start date and duration of the work
  - full details of any University resources required (for the calculation of the full economic cost)
  - an undertaking that the work will not interfere with the teaching and normal collegial duties of the member(s) of staff concerned.

### **8.2 Short courses and services rendered**

In this context a short course is any course which does not form part of the award-bearing teaching load of the faculty. Approved short courses can only be delivered by the academic faculties.

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Any staff wishing to run a short course must have the permission of their Head of Department. The course organiser will be responsible to the Head of Department for day-to-day management of the course. The Principal and Vice-Chancellor or Deputy Principal should be informed of the intended course through the curriculum delivery plan or operational plan.

The term 'services rendered' includes testing and analysis of materials, components, processes and other services or the use of existing facilities in order to gain additional information.

### 8.3 Collaborative provision including franchising

Any contract or arrangement whereby the University provides education to students away from University premises, or with the assistance of persons other than the University's own staff or with independent contractors (partner organisations), shall be subject to the following procedure:

There shall be a contract signed by the Principal and Vice-Chancellor and on behalf of any partner organisation that shall comply at least with the SFC model contract (as amended from time to time) in place before any provision is made. Contracts for any significant changes in franchising activity shall be approved in advance by Court.

The form of the contract shall be scrutinised in advance of its operation by the Director of Corporate Resources, and approved by Court.

The impact of the contract(s) shall be subject to scrutiny by the Director of Corporate Resources and/or the Court. The format for regular reports shall be as stated in SFC guidance. They shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the University's financial forecast.

Where the partnership would represent a significant departure from the University's strategic plan, Court shall approve the departure, and the Principal and Vice-Chancellor shall seek the views of and inform the SFC.

### 8.4 European Union and other 'match funding'

Any European Union or match-funded project requires the approval of the Principal and Vice-Chancellor prior to any commitment being entered into. Such approval shall be dependent upon the relevant Head of Department being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the University's costing and pricing policy.

Individual applications for funds in excess of £250,000 shall be the subject of a report by the Principal and Vice-Chancellor to Court which will set out, amongst other things, the potential risks generated by the project.

If the University sub-contracts such work to external providers, the relevant Head of Department shall ensure that:

- This is on the basis of a written contract which allows for full audit access to detailed records
- Appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality
- Payments are only made against detailed invoices

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### **8.5 Profitability and recovery of overheads**

All other income-generating activities must be self-financing or surplus-generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the Head of Department and the Director of Corporate Resources.

Other income-generating activities organised by members of staff must be costed and agreed with the Director of Corporate Resources before any commitments are made. Provision must be made for charging both direct and indirect costs, in particular for the recovery of overheads.

### **8.6 Deficits**

Any unplanned deficits incurred on other income-generating activities will be charged to department funds and reported to the Finance and General Purposes committee by the Director for Corporate Resources.

### **8.7 Additional contributions to faculties/sections**

Distribution of profits on other income-generating activity between central funds of the University and individual departments will be approved by the Finance and General Purposes committee.

### **8.8 Additional payments to staff**

Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Head of Department, and in the case of a Head of Department, the Chief Operating Office/Secretary or the Principal and Vice-Chancellor

## **9. Intellectual Property Rights and Patents**

### **9.1 General**

Certain activities undertaken within the University including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property, and are covered by the university's [Intellectual Property Policy](#).

### **9.2 Patents**

The Finance and General Purposes Committee is responsible for establishing procedures to deal with any patents accruing to the University from inventions and discoveries made by staff in the course of their research.

### **9.3 Intellectual Property Rights**

In the event of the University deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the University and contained in the University's detailed financial procedures.

## **10. Expenditure**

### **10.1 General**

The Director of Corporate Resources is responsible for making payments to suppliers of goods and services to the University.

### **10.2 Scheme of delegation/financial authorities**

The Head of Department is responsible for purchases within his or her department. Purchasing authority may be delegated to named individuals within the department. In exercising this delegated

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authority, budget holders are required to observe the procurement purchasing policies and financial procedures.

The Director of Corporate Resources shall maintain a register of authorised approvers.

Under procedures agreed by the Director of Corporate Resources, central control shall be exercised over the creation of requisitioning and authorising officers and their respective financial limits (for electronic systems).

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

The Delegated Authorities Schedule, approved by Court, sets out in detail the levels of expenditure which can be authorised by individuals and bodies in the University, and the formal schemes of sub-delegation of these authorities.

Heads of department and budget holders are not authorised to commit the University to expenditure without first reserving sufficient funds to meet the purchase cost.

The member of staff (or budget holder) authorising purchase order must be different from the member of staff responsible raising the electronic purchase order requisition and receipting the goods or services. A fully approved purchase order which has been receipted will be deemed to be approval for the payment of the associated invoice, unless clear instruction is received from the budget holder to the contrary.

### 10.3 Procurement

The University requires that all budget holders, irrespective of the source of funds procure, through the University's electronic system, supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice, taking into account framework agreements as appropriate. Factors to be considered in determining lowest cost are noted in the financial procedures.

The Facilities and Procurement Manager (or other designated officer) is responsible to the Director of Corporate Resources for:

- ensuring that the University's [Procurement Policy](#) is known and observed by all involved in purchasing for the University
- advising on matters of University purchasing policy, procedures and practice
- advising and assisting faculties/sections where required on specific
- faculty/section purchases
- developing appropriate standing supply arrangements on behalf of the University to assist budget managers in meeting their value for money obligations
- vetting all orders above relevant thresholds before they leave the University
- the drafting and negotiation of all large-scale purchase contracts undertaken
- by the University, in collaboration with the responsible faculty/section
- ensuring that the University complies with European Union procurement regulations.

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### 10.4 Purchase orders

The ordering of goods and services shall be in accordance with the University's detailed financial procedures/procurement policy.

It is the responsibility of the Director of Corporate Resources (through the University's Facilities and Procurement Manager) to ensure that all purchase orders refer to the University's [conditions of contract](#).

### 10.5 Purchasing cards/credit cards

The operation and control of the University's purchasing cards and/or credit cards is the responsibility of the Director of Corporate Resources. There will be appropriate oversight of the distribution of such cards and appropriate card limits. Details of the operation of the scheme are set out in the financial procedures.

### 10.6 Tenders and quotations

University managers and delegated budget holders must comply with the University's tendering procedures contained in the University's [Procurement Policy](#).

### 10.7 Post-tender negotiations

Post-tender negotiations (ie. after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms can be entered into, provided:

- it would not put other tenderers at a disadvantage
- it would not affect their confidence and trust in the University's tendering process

In each case, a statement of justification should be approved by the Principal and Vice Chancellor prior to the event, showing:

- background to the procurement
- reasons for proposing post-tender negotiations
- demonstration of the improved value for money

All post-tender negotiations should be reported to the Finance and General Purposes committee.

### 10.8 Contracts

Building repairs and maintenance contracts are normally the responsibility of the Director of Corporate Resources and are administered by the University's Facilities and Procurement Manager. In the event of a major project, the Finance and General Purposes committee or project team (approved by the Court) will become involved.

Proposals will normally be initiated by the Director of Corporate Resources in respect of planned replacements, general improvement schemes, space planning or in response to requests from faculties/sections.

Consultants may be appointed if the project, as determined by the Finance and General Purposes committee or project team, is too large or too specialised for finance section resources. Appointments shall be subject to tendering and other procedures where appropriate, particularly the [Use of Consultants policy](#).

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Proposals shall be presented in the form of costings and investment appraisals prepared in conjunction with the Director of Corporate Resources as appropriate for Finance and General Purposes committee or project team consideration. Investment appraisals should comply with appropriate SFC guidance. SFC guidance on best practice should be followed even when SFC approval is not required.

The achievement of value for money will be an objective in the letting of all contracts.

Conditions of contract for the purchase of goods will be followed as described in the University's detailed financial procedures and contract policies.

### **10.9 European Union regulations**

The Facilities and Procurement Manager is responsible for ensuring the University complies with its legal obligations concerning European Union (EU) procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The Facilities and Procurement Manager will advise Heads of Department on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

It is the responsibility of Heads of Department to ensure that their members of staff comply with EU regulations by notifying the Facilities and Procurement Manager and consulting the Official Journal of the European Community (OJEU).

The Director of Corporate Resources is also required to submit annually to the SFC details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by Heads of Departments to Facilities and Procurement Manager.

The University must maintain a publicly available register of all contracts over the current Procurement Reform (Scotland) 2014 threshold.

The Chief Operating Officer/Secretary is the responsible officer in major building projects.

### **10.10 Receipt of goods**

All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

All goods received shall be entered onto an appropriate electronic receipting system on the day of receipt. If the goods are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

### **10.11 Payment of invoices**

The procedures for making all payments shall be in a form specified by the Director of Corporate Resources.

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The Director of Corporate Resources is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by computer cheques or BACS transfer each week. In exceptional circumstances the Director of Corporate Resources will prepare cheques manually for urgent payments.

University managers are responsible for ensuring that expenditure within their faculties/ sections does not exceed budgeted funds available.

Suppliers should be instructed by the requisitioner to submit invoices for goods or services to the finance section. Should invoices be received in other faculties/sections, these must be passed to the finance section as soon as they are received.

Care must be taken by the requisitioner to ensure that discounts receivable are obtained. If the purchase is a call off from a framework agreement, the framework reference number must be quoted on the purchase order.

Payments will only be made by the Director of Corporate Resources against invoices that can be matched to a receipted order except in specific cases detailed in the Finance Procedures Manual.

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

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- where appropriate, it is matched to the order
- invoice details (quantity, price discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- where appropriate, an entry has been made on a stores record or faculty/section inventory
- an appropriate cost centre is quoted: this must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

### 10.12 Staff reimbursement

The University's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement.

Where such purchases by staff are planned, the Director of Corporate Resources and the relevant University manager may jointly approve cash advances to staff that are going to incur expenditure on the University's behalf. Upon completion of the travel or project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

### 10.13 Petty cash

In exceptional circumstances, where a single item is for less than £25, it can be paid from the petty float held by the Finance Department in line with detailed financial procedures.

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The Director of Corporate Resources may make available to faculties/sections such imprests as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

### 10.14 Other payments

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Director of Corporate Resources, Procedures for banking transactions are described in the detailed financial procedures.

Individual payments under 'outward collaborative provision' contracts shall be authorised by the Director of Corporate Resources. This authority shall be on the basis that the payment represents a bona fide element of the contract with the funding body.

### 10.15 Late payment rules

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

- small businesses can charge interest on overdue invoices
- interest is chargeable on sales made after 01 November 1998
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England
- the act also applies to overseas organisations
- the University can be sued for non-payment.

In view of the penalties in this Act, the Court requires that invoices must be passed for payment as soon as possible after receipt.

### 10.16 Project advances

The Director of Corporate Resources and the relevant Head of Department may jointly approve cash advances for projects carried out away from the University where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or a University credit card (if applicable).

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

### 10.17 Giving hospitality

Staff entertaining guests from outside bodies at lunchtime should normally use the University's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement. The limits concerning acceptable expenditure for entertaining guests are set out in the University's detailed financial procedures and the university's [Anti-Bribery Policy](#).

### 10.18 Telecoms

The University will reimburse staff for the cost of necessary business calls made from a private home phone or personal mobile phone in performance of employment duties.

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The University does not reimburse the cost of private line rental or broadband connections.

The University provides mobile phones and other devices to a limited number of employees where there is a genuine business requirement to enable performance of employment duties.

### 10.19 Provision of Clothing

Where clothing is provided to employees whose duties require them to wear a uniform, that clothing must bear a University logo. The logo must be permanent and clearly identify the wearer as a member of staff.

### 10.20 Payments to volunteers

It is the responsibility of the Head of Department to ensure that payments made to volunteers are correctly administered in line with the detailed financial procedures. The University allows two types of payment from an approved budget:

- Reimbursement of actual travel costs when fully supported by receipts
- A small gift or thank-you payment as long as it is clearly a token of appreciation, not compensation, and there is no sense that those goods, vouchers or cash are expected in advance.

## 11. Pay expenditure

### 11.1 Remuneration

All University staff will be appointed to the salary scales approved by the Court and in accordance with appropriate conditions of service. All letters of appointment must be issued by Human Resources and signed by the Chief Operating Officer/Secretary.

The Court will determine what other benefits, such as medical insurance, are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available.

Salaries and other benefits for senior management will be determined by the remuneration committee set up by the Court.

### 11.2 Appointment of staff (permanent and temporary)

All contracts of service shall be concluded in accordance with the University's approved [human resources practices and procedures](#) and all offers of employment with the University shall be made in writing by the Chief Operating Officer/Secretary. Budget managers shall ensure that the Director of Corporate Resources and the Head of Human Resources are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

### 11.3 Salaries and wages

The Head of Human Resources and Director of Corporate Resources (as appropriate) are responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners or visiting lecturers, will be in a form prescribed or approved by the Director of Corporate Resources.

The Head of Human Resources will be responsible for keeping the Director of Corporate Resources informed of all matters relating to personnel for payroll purposes. In particular, these include:

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- appointments, resignations, dismissals, supervisions, secondments and transfers
- absences from duty for sickness or other reason, apart from approved leave
- changes in remuneration including normal increments and pay awards
- information necessary to maintain records of service for superannuation, income tax and national insurance.
- visa checks where relevant in accordance with legislative requirements.

The Director of Corporate Resources is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll (this excludes self-employed workers and postgraduate external examiners). In accordance with the University's [Use of Consultants Policy](#), the engagement of any individual to carry out work for the University must have their employment status established prior to the engagement, by using [HM Revenue and Customs' Employment Status Indicator tool](#).

From 1<sup>st</sup> April 2017, individuals providing services to the University by way of a Personal Service Company may be subject to tax and national insurance deductions in line with [HMRC regulations](#).

The Director of Corporate Resources shall be responsible for keeping all records relating to payroll including those of a statutory nature.

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

Staff should be aware that the University could incur penalties for non-compliance with these regulations.

### 11.4 Superannuation schemes

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

The Director of Corporate Resources is responsible for day-to-day superannuation matters, including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes

The Head of Human Resources is responsible for administering eligibility to pension arrangements and arranging when deductions should begin or cease for staff, in accordance with [Auto Enrolment legislation](#).

### 11.5 Expenses and allowances

The University has dispensation from HM Revenue and Customs to make payments to employees for certain specified items without deduction of income tax.

Reimbursement by the University of expenditure not included in the dispensation is subject to the deduction of income tax before payment.

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### 11.6 Travel, subsistence and other allowances

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Director of Corporate Resources, as per the university's [Travel and Subsistence Policy](#).

Claims by members of staff must be authorised by their University manager (or Chief Operating Officer/Secretary in the case of Heads of Department and Senior Management Team and Principal and Vice Chancellor in the case of the Chief Operating Office and Secretary). The certification by the Head of Department shall be taken to mean that:

- the journeys were authorised
- the expenses were properly and necessarily incurred
- the allowances are properly payable by the University
- consideration has been given to value for money in choosing the mode of transport.

Arrangements for travel by the Principal and Vice Chancellor or members of the Court shall be approved by the Chair of the Court (delegated to the Chief Operating Officer/Secretary up to a single item limit of £1,000.)

### 11.7 Overseas travel

All arrangements for overseas travel must be approved by the Chief Operating Officer/Secretary in advance of committing the University to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Principal and Vice Chancellor or members of Court shall be approved by the Chair of the Court. Arrangements for overseas travel by the Chair of the Court shall be approved by the Audit Committee.

Where university equipment is taken overseas, appropriate arrangements for its security and insurance must be in place and is the responsibility of the Head of Department.

### 11.8 Allowances for members of the Court

Claims for members of the Court will be authorised by the Chief Operating Officer/Secretary or Principal and Vice-Chancellor. Claims for meeting attendance will be based on out of pocket expenses; however, only reasonable expenses can be reimbursed.

### 11.9 Severance and other non-recurring payments

To pre-approve recruitment, retention and severance arrangements for the Principal and Vice Chancellor, his/her direct reports and other designated senior executives or, exceptionally, to endorse "after the fact" any such arrangements which the Principal and Vice Chancellor and the Chair of the University Court and the Chair of the Remuneration Committee have agreed between meetings to avoid unreasonable delay. Where practicable, electronic communication will be used to ensure all members of the Committee are involved.

In discussing these issues, and if considering severance arrangements for senior staff, the remuneration committee must represent the public interest and avoid any inappropriate use of public funds. The committee should be careful not to agree to a severance package which staff, students and the public might reasonably deem excessive. Contracts of employment for senior staff should specify periods of notice of not more than 12 months, and should not provide for pension enhancements.

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Severance payments shall only be made in accordance with relevant legislation and the financial memoranda with the SFC and under a scheme approved by the Court through the Finance and General Purposes committee. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose. All such payments shall be authorised by the Principal and Vice Chancellor and calculations checked by the Head of Human Resources or Director of Corporate Resources. Any individual amounts that do not fall within the parameters above or are in excess of £50,000 require approval by the Finance and General Purposes committee. In exceptional circumstances this approval may be given by the chair of the Finance and General Purposes committee in consultation with the Principal and Vice Chancellor, to be reported to the next meeting of the relevant committee. Amounts paid should be declared in the financial statements.

All matters referred to an employment tribunal shall be notified to the Finance and General Purposes Committee at the earliest opportunity in order that budget provision may be made as necessary, with subsequent early intimation to the Court. All determinations of tribunals must be notified to the Finance and General Purposes committee, with subsequent early intimation to the Court.

### 12. Assets

#### 12.1 Land, buildings, fixed plant and machinery

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Court and with reference to SFC requirements where exchequer-funded assets or exchequer funds are involved. [Section 1.5](#) details the procedures for capital programme approval.

#### 12.2 Fixed asset register

The Director of Corporate Resources is responsible for maintaining the University's register of land, buildings, fixed plant and machinery. Heads of Department will provide the Director of Corporate Resources with any information he or she may need to maintain the register.

#### 12.3 Inventories

Heads of Department are responsible for maintaining inventories, in a form prescribed by the Director of Corporate Resources, for all plant, equipment, furniture and stores in their department with a value in excess of £250. The inventory must include items donated or held on trust.

Inventories must be checked at least annually as described in the University's detailed financial procedures.

When transferring equipment, etc., between departments, a transfer record must be kept and the inventories amended accordingly.

#### 12.4 Stocks and stores

Heads of Department are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their faculty/section. The systems used for stores accounting in faculties/sections must have the approval of the Director of Corporate Resources.

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

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Those Heads of Department whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Director of Corporate Resources and that instructions to appropriate staff within their faculties/sections are issued in accordance with advice contained in the University's detailed financial procedures.

### **12.5 Safeguarding assets**

Heads of Department are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the Director of Corporate Resources in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

Assets owned by the University shall, so far as is practical, be effectively marked to identify them as University property.

### **Personal use**

Assets owned or leased by the University shall not be subject to personal use without proper authorisation.

### **Asset disposal**

Disposal of equipment and furniture must be in accordance with procedures agreed by the Finance and General purposes committee and contained in the University's detailed financial procedures.

Disposal of land and buildings must only take place with the authorisation of the Court. SFC consent may also be required if exchequer funds were involved in the acquisition of the asset. Funder consent may also be required if grant funding was involved in the acquisition of the asset.

### **All other assets**

Heads of Department are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the University, whether tangible (such as stock) or intangible (such as intellectual property and software), including electronic data.

### **12.6 Funds held on trust**

The Director of Corporate Resources is responsible for ensuring that incoming funds are properly classified and designated as appropriate.

### **12.7 Gifts, benefactions and donations**

The Director of Corporate Resources is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the University and initiating claims for recovery of tax where appropriate.

### **12.8 Student welfare and access funds**

The Director of Corporate Resources shall prescribe the format for recording the use of student welfare funds.

Records of discretionary/ childcare funds will be maintained according to SFC requirements.

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### 12.9 Trust funds

The Director of Corporate Resources is responsible for maintaining a record of the requirements for each trust fund and for advising the Finance and General Purposes committee on the control and investment of fund balances.

The Finance and General Purposes committee is responsible for ensuring that all the University's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

### 12.10 Voluntary funds

The Director of Corporate Resources shall be informed of any fund that is not an official fund of the University which is controlled wholly or in part by a member of staff in relation to their function in the University.

The accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body. The Director of Corporate Resources shall be entitled to verify that this has been done.

## 13. Other Provisions

### 13.1 Insurance

The Director of Corporate Resources is responsible for the University's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall [risk management strategy](#), all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities such as terrorism and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the Finance and General Purposes committee on an annual basis.

The Director of Corporate Resources is responsible for effecting insurance cover and reporting to the Finance and General Purposes committee. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Director of Corporate Resources will keep a register of all insurances effected by the University and the property and risks covered. He or she will also deal with the University's insurers and advisers about specific insurance problems.

University managers must ensure that any agreements negotiated within their faculties/ sections with external bodies cover any legal liabilities to which the University may be exposed. The Director of Corporate Resources advice should be sought to ensure that this is the case. University managers must give prompt notification to the Director of Corporate Resources of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. University managers must advise the Director of Corporate Resources immediately of any event that may give rise to an insurance claim. The Director of Corporate Resources will notify the University's insurers and, if appropriate, prepare a claim in conjunction with the University manager for transmission to the Insurers.

The Director of Corporate Resources is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

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All staff using their own vehicles on behalf of the University shall maintain appropriate insurance cover for business use.

### 13.2 Companies and joint ventures and consortium arrangements

In certain circumstances it may be advantageous to the University to establish a company or a joint venture to undertake services on behalf of the University. Any member of staff considering the use of a company or a joint venture should first seek the advice of the Director of Corporate Resources, who should have due regard to guidance issued by the SFC.

The Court is responsible for approving the establishment of all companies or joint ventures and also responsible for the procedure to be followed in order to do so. This will have regard to any guidance provided by the funding bodies. The process involved in forming a company or a joint venture and arrangements for monitoring and reporting on the activities of these undertakings are documented in the University's financial procedures.

It is the responsibility of the Court to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the University.

The directors of companies where the University is the majority shareholder must submit, via the Finance and General Purposes committee, an annual report to the Court. They will also submit business plans or budgets as requested to enable the committee to assess the risk to the University. The University's internal and external auditors shall also be appointed to such companies.

Where the University is the majority shareholder in a company, that company's financial year shall be consistent with that of the University.

Guidance on the operation of subsidiary companies can be found in the [Subsidiary Company Guidance document](#) (intranet link).

### 13.3 Security

Keys to safes or other similar containers must be kept securely at all times. The loss of such keys must be reported to the Director of Corporate Resources immediately.

The Information Security Officer shall be responsible for maintaining proper security and privacy of information held on the University's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the [Data Protection Act 1998](#). An officer shall be nominated to ensure compliance with the act and the safety of documents.

The Chief Operating Officer/Secretary is responsible for the safekeeping of official and legal documents relating to the University. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Chief Operating Officer/Secretary. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

### 13.4 Students' Association

The Highlands and Islands Students' Association (HISA) is a separate legal entity from the University; however, it is recognised to fulfil a valuable role in relation to the University's students.

## UNIVERSITY OF THE HIGHLANDS AND ISLANDS FINANCIAL REGULATIONS

Subject to any constraints imposed by the SFC, the Court shall determine the level of grant to be paid annually to HISA. The Court requires the association to provide, for information, details of its proposed budget to assist in determining the appropriate level of grant.

HISA is responsible for maintaining its own bank account and financial records and preparing its own annual financial statements. The University finance section might assist in this process.

In accordance with an agreement between the University and HISA, the association will provide quarterly statements of income and expenditure to the Director of Corporate Resources for information purposes only.

At year-end, HISA financial statements will be audited by an appropriately qualified firm of auditors or qualified staff of the University.

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

### 13.5 Use of the University seal

Where a deed or document requires the University's seal, it must be sealed by the Chief Operating Officer or Principal and Vice Chancellor, or in their absence, the Director of Corporate Resources, in the presence of a member of Court.

The Chief Operating Officer/Secretary is responsible for submitting a report to each meeting of Court detailing the use of the University's seal since the last meeting.

### 13.6 Provision of indemnities

Any member of staff asked to give an indemnity, for whatever purpose, should consult the Director of Corporate Resources before any such indemnity is given.

## 14. Change Log

Version	Date	Approved by	Amendment (Author)
1	23/02/2017	DoCS	Transfer to new template (Oakley)
2			
3			

## UNIVERSITY OF THE HIGHLANDS AND ISLANDS FINANCIAL REGULATIONS

### 15. Glossary

CIPFA	The Chartered Institute of Public Finance and Accountancy
EU	European Union
FRC	Fraud Response Coordinator
HISA	Highlands and Islands Students' Association
ICTA 1998	Income and Corporation Taxes Act 1988
OJEU	Official Journal of the European Community
OSCR	Office of the Scottish Charity Regulator
PAYE	Pay As You Earn System
PCI DSS	Payment Card Industry Data Security Standard
SFC	Scottish Funding Council
SPFM	Scottish Public Finance Manual
TRAC	Transparent Approach to Costing
University	University of the Highlands and Islands
VAT	Value Added Tax

### 16. Related Policies, Procedures, Guidelines and Other Resources

[Acceptance of Gifts and Hospitality policy](#)

[Anti-Bribery Policy](#)

[Articles of Association](#)

[Auto Enrolment legislation](#)

[The Charities and Trustee Investment \(Scotland\) Act 2005](#)

[CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance notes and sector specific guidance](#)

[Committee on Standards in Public Life \(Nolan Principles\)](#)

[Conditions of Contract](#)

[Conflict of Interest Policy](#)

[Data Protection Act 1998.](#)

[Delegated Authorisation Schedule](#)

[Fees Policy](#)

[Freedom of Information \(Scotland\) Act 2002](#)

[Further and Higher Education \(Scotland\) Act 1992](#)

[Further and Higher Education \(Scotland\) Act 2005](#)

[Higher Education Governance \(Scotland\) Act 2016](#)

[Human Resources Practices and Procedures](#)

[HM Revenue and Customs' Employment Status Indicator tool](#)

[Income and Corporation Taxes Act 1988](#)

[Intellectual Property Policy](#)

[Late Payment of Debts \(Interest\) Act 1998](#)

[Money Laundering Regulations 2007](#)

[Post-16 Education \(Scotland\) Act 2013](#)

[Procurement Policy](#)

[Public authorities: using a personal service company](#)

[Public Interest Disclosure Act 1998](#)

[Public Interest Disclosure Policy](#)

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[Records Management Policy](#)

[Remuneration Policy](#)

[Risk Management Policy](#)

[Scottish Public Finance Manual \(SPFM\)](#)

[Subsidiary Company Guidance](#)

[Travel and Subsistence Policy](#)

[Use of Consultants Policy](#)

[Value for Money Policy](#)