

**Shetland UHI Finance Policy Handbook**

**Financial Good Practice**

## Shetland UHI Finance Policy Handbook

### Financial Regulations

#### Policy Summary

Sets out the approach of Shetland UHI to:

- 3.1 Audit – internal and external
- 3.3 Financial Management and control
- 3.4 Projects and business developments
- 3.5 Budget process
- 3.6 Asset Management
- 3.7 Insurances
- 3.8 Pay expenditure
- 3.9 Risk Management
- 3.10 Taxation

#### Relevant to

- Scheme of delegated authority
- Accounting policies
- Treasury Management
- Fraud
- Anti-Bribery

#### Links to

- HR – pay and remuneration, appointments, and staff records
- Staff-related finance policies
- Student-related finance policies

#### 1. Purpose

1.1 Shetland UHI Financial Regulations provide a framework within which a reliable system of internal financial control may operate. They seek to make certain that the responsibilities of the members of Shetland UHI can be met through the establishment of a system of management control designed to ensure that Shetland UHI conducts its activities in an effective and efficient manner.

1.2 The requirement for these regulations is derived from the Scottish Funding Council (SFC) Memorandum.

#### 2. Scope

These regulations shall apply to Shetland UHI and to any subsidiary companies wholly owned or controlled by Shetland UHI.

#### 3. Policy

##### 3.1 Audit

The appointment of the external auditors is to be approved by Audit Scotland. The appointment of the internal auditors is the responsibility of the Board.

##### Audit Approach

External [including funding auditors] and internal auditors shall have the authority to:

- access Shetland UHI premises at reasonable times
- access all assets, records, documents, and correspondence relating to any financial and other transactions of Shetland UHI
- require and receive such explanations as are necessary concerning any matter under examination

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- require any employee of Shetland UHI to account for cash, stores, or any other Shetland UHI property under his/her control
- access records belonging to third parties, such as contractors, when required.

### External Audit

The primary role of external audit is to report on Shetland UHI's annual 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.

### Internal Audit

The main responsibility of internal audit is to provide the Board, the Chief Executive and Senior Managers with assurances on the adequacy of the internal control system. The internal audit service remains independent in its planning and operation and has direct access to the Board, Chief Executive and Chair of the Audit Committee.

### Other Auditors

The institution may, from time to time, be subject to audit or investigation by external bodies. They have the same rights of access as external and internal auditors.

## 3.2 Fraud and other irregularities

Shetland UHI policy on fraud and other financial irregularities is set out in The Fraud Policy.

## 3.3 Financial management and control

### Financial objectives

As part of the strategic planning process, the Board will, each year, determine a series of financial objectives for Shetland UHI. These, and other Shetland UHI objectives, will inform the budget setting and financial planning processes.

### Budget preparation

The Senior Finance Officer is responsible for preparing, each year, a detailed revenue budget, a 2-year financial plan and a capital plan. The revenue budget and financial plan should be prepared in line with a timescale approved by the Finance & General Purposes Committee. The budget and financial plan are to be approved by the Board, on the recommendation of the Finance and General Purposes Committee and submitted to SFC via the Regional Strategic Body – the University of the Highlands & Islands, prior to the beginning of the year to which the budget relates.

### Resource allocation

The Senior Managers will consider the basis on which income and expenditure will be allocated to Shetland UHI centres and cross-college support services. Senior Managers will determine the allocation of resources within their Shetland UHI centre. In doing so, they will give due consideration to Shetland UHI self-assessment, strategic and operational plans and priorities, and Shetland UHI policies and procedures.

### Capital programme

The Chief Executive will each year agree the basis for the allocation of the capital funds approved by the Board. The Senior Finance Officer will establish procedures for proposing, considering, and approving capital expenditure requests.

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Major building projects will require the preparation of a detailed business case and investment appraisal, for consideration by the Finance & General Purposes Committee, and approval by the Board [Appendix 2 refers].

Progress reports on major capital projects shall be submitted to the Finance & General Purposes Committee, at a frequency determined by the Committee.

### 3.4 Projects and business developments

Any new project or activity which will require an investment in buildings resources or staff time, must be authorised in accordance with the financial limits set out in The Scheme of Delegated Authority.

All major developments should have business plans in format determined by the Board.

#### Funding agreements, contracts, and grants

Shetland UHI 's proposed annual funding agreement with the SFC, via the Regional Strategic Body – the University of the Highlands & Islands, will be determined each year by the Chief Executive. The funding agreement will be consistent with the Shetland UHI 's approved strategic plan and must be signed by the Chief Executive.

Other funding agreements and contracts may be authorised within the conditions specified in the **Fraud Policy**. The terms of such agreements, and fees and prices embodied therein, will be determined by the Board.

Proposals to enter into such agreements should be made in accordance with the Shetland UHI's detailed project management procedures.

Copies of all contracts for income should be logged within the Finance Department.

#### Trading activities

Prices and terms relating to the goods and services supplied by Shetland UHI during its nonteaching activities, will be determined by the relevant Senior Manager, having regard for guidance issued from time to time by the Senior Finance Officer.

#### Company and joint ventures

Companies or joint ventures can only be established by Shetland UHI with the prior consent of the Board.

It is the responsibility of the Board to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by Shetland UHI. These and other arrangements will be set out in a memorandum of understanding.

### 3.5 Budget process

#### Virements

Budget virements are designed to allow budget managers some freedom in the deployment of resources to respond to unplanned needs or opportunities which arise after the budget has been approved. The general rules are that:

- funds may be vired within non-pay revenue budgets
- funds may be vired from a non-pay revenue budget to a capital budget, but not vice versa
- funds may be vired from pay budgets to non-pay budgets but not vice versa.
- all virements must be approved in accordance with the limits set out in the Scheme of Delegated Authority.

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The Senior Finance Officer will issue detailed procedures relating to the recording and control of virements.

### **Budget monitoring and reporting**

The Senior Finance Officer will provide reports to monitor income and expenditure against a profiled budget for all budget holders within 21 working days of the closedown of each accounting period. Summary level reports will be produced for the Senior Managers at the same time.

Shetland UHI level management accounts will be produced in a format and to a timescale determined by the Finance & General Purposes Committee, for presentation to the Committee, the Board, and the Senior Managers.

Each Senior Manager shall be responsible for ensuring that their area achieves the overall financial targets.

The Senior Finance Officer is responsible for providing monthly cost reports to all budget holders.

### **Changes to the approved budget**

Changes to the approved Shetland UHI budget will be authorised by the Finance & General Purposes Committee, by consideration of the revised forecasts submitted as part of the three-monthly management accounts.

### **Treatment to year end balances**

Where a Budget Manager fails to achieve the agreed budget targets, the Chief Executive may require such deficit to be carried forward and set against the budget provision for the following year. The carrying forward of any budget surplus across accounting years will be considered by the Chief Executive during the budget allocation cycle, in the light of the Shetland UHI's overall financial position.

## **3.6 Asset Management**

### **General**

The Board is responsible for safeguarding the assets of Shetland UHI. The purchase, long term lease and disposal of land and buildings can only be undertaken with the authority of the Board and with SFC consent where required.

### **Capital expenditure**

Shetland UHI's definition of Capital Expenditure is contained within Shetland UHI's **accounting procedures**, which govern the capitalisation of all tangible assets including land, buildings and property enhancements and equipment.

Additional authorisation controls apply to the acquisition of capital items with a value greater than £20,000 to ensure that:

- the proposal has been considered in any appropriate wider context [e.g., computer equipment proposals within the IT strategy framework].
- the financing of the proposal has been agreed and any related borrowing arrangements are in accordance with Shetland UHI's financial memorandum with the SFC via the Regional Strategic Body – the University of the Highland & Islands.
- the acquisition is affordable, in the context of Shetland UHI's financial plans.
- the acquisition represents value for money for Shetland UHI.

However, if the funding for the capital purchase is to be drawn from Shetland UHI cash reserves, the delegated authority will be removed if cash reserves have fallen below **£150,000**.

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### Fixed assets register

The Senior Finance Officer is responsible for maintaining a fixed assets register providing a record of Shetland UHI capital assets for accounting and control purposes. Budget holders will provide the Senior Finance Officer with any information needed to maintain the register.

Capitalised items must be labelled for security, identity, and maintenance purposes. The **Facilities Manager** is responsible for ensuring that capitalised computer equipment is properly labelled. Senior Managers have similar responsibilities in respect of capital items under their control.

The Senior Finance Officer is responsible for the provision of regular fixed asset reports to the Senior Managers, to ensure that fixed asset system records are up-to-date and accurate. Senior Managers are required to ensure such reports are checked and returned within a timescale determined by the Senior Finance Officer.

Depreciation rates applicable to Shetland UHI assets will be determined by the Finance & General Purposes Committee on the recommendation of the Senior Finance Officer.

### Inventories

Senior Managers are responsible for maintaining inventories of all portable plant and equipment that does not meet the criteria of capital expenditure. The **Facilities Manager** is solely responsible for maintaining an inventory of all ICT equipment within Shetland UHI. All items recorded on the inventory must be labelled for security and identity purposes.

Senior Managers shall ensure that inventories in their area are checked at least annually.

### Asset disposals

All sales of land and buildings must be approved by the Board with the consent of the SFC.

All other asset disposals must be authorised by the relevant budget holder and if necessary, within the conditions specified in Appendix 2.

The Senior Finance Officer is responsible for arranging disposal, in accordance with Shetland UHI procedures.

### Shetland UHI properties

The Shetland UHI **Facilities Manager** is responsible for maintaining a comprehensive database of properties used by Shetland UHI within which details of freehold and leasehold properties including leasing terms will be recorded. Details of the terms upon which the Shetland UHI is permitted use of other premises that it does not own must also be recorded within the system. The information held will be sufficiently detailed to allow the verification [and authorisation] of rates payments, utility charges and miscellaneous charges for use.

### Assets held under leasing agreements

The Senior Finance Officer is responsible for ensuring that changes to details of equipment leased by Shetland UHI are forwarded promptly to lessors in order that leasing, and payment schedules may be amended accordingly.

### Stocks and stores

Senior Managers are responsible for establishing arrangements for the custody and control of stocks and stores within their areas of responsibility. Senior Managers must ensure that

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regular inspections and stock checks are carried out, and that stock is valued in accordance with guidelines issued by the Senior Finance Officer.

### 3.7 Insurances

#### Insurance cover

The Senior Finance Officer is responsible for ensuring that adequate insurance arrangements for the Shetland UHI are in place.

The arrangements will be reported annually to the Finance & General Purposes Committee.

Insurance [and brokerage services, if applicable] will be subject to periodic market testing, including a full tender exercise at least every 5 years.

Senior Managers must give prompt notification, to the Senior Finance Officer, of any potential new risks, activities, property, equipment, or contracts that may affect the insurance arrangements and cover.

The Facilities Manager is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspections are carried out in the period prescribed.

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

#### Insurance claims

The Senior Finance Officer is responsible for the administration of claims and logging of related details. Details of all incidents, accidents, losses and damage to Shetland UHI property and complaints which may lead to a claim, must be recorded, and reported to the Senior Finance Officer.

The settlement of claims may be authorised as specified in the **Scheme of Delegated Authority**.

### 3.8 Pay expenditure

#### Remuneration policy

The overall remuneration policy of Shetland UHI is the responsibility of the Board. All staff [except for senior postholders] shall be appointed to a salary which has been deemed appropriate by the Chief Executive and is in line with the Shetland UHI's appropriate payscales.

The remuneration and terms and conditions of employment of senior postholders shall be determined by the Board on the advice of the Remuneration Committee.

Appointment of staff without appropriate authority is a disciplinary matter.

#### Payroll and pensions administration

The Senior Finance Officer is responsible for ensuring that proper arrangements are in place for the timely and accurate payment of all salaries, wages, severance payments, pension enhancements, fees, other emoluments and expenses to Shetland UHI employees and external lecturers.

The Senior Finance Officer is also responsible for the timely disbursement of statutory and voluntary deductions from pay, together with employer national insurance and pension contributions, to appropriate third parties, and for maintaining appropriate records.

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The **Senior Manager of HR** will be responsible for keeping the Senior Finance Officer informed of all personnel matters that impact upon payroll, including details of:

- appointments, resignations, dismissals, secondments, and transfers.
- absence from work for sickness and other reasons, apart from approved paid leave.
  - changes in remuneration, other than normal increments and pay awards; and
- information necessary to maintain records of service for superannuation, income tax and national insurance.

Such information shall be processed by the Senior Finance Officer only if recorded on the relevant Shetland UHI documentation and if correctly authorised by a member of the HR function.

### 3.9 Risk Management

The Board acknowledges the risks inherent in Shetland UHI’s activities and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health.

The Board has overall responsibility for ensuring there is a common approach to the management of those risks which pose a significant threat to the achievement of its business objectives and financial health. This will be achieved through the development and implementation of a structured risk management process.

The Finance & General Purposes Committee shall be responsible for the regular review of the adequacy of risk management arrangements.

### 3.10 Taxation

The Senior Finance Officer is responsible for ensuring that all direct and indirect tax payable by Shetland UHI is properly accounted for and transferred to the appropriate authority by the due date.

## 4 Responsibilities

|   |   |
|---|---|
| <b>Board</b>                                    | Responsible for the approval of all Financial Regulations on recommendation from the Finance & General Purposes Committee<br>Responsible for: <ul style="list-style-type: none"> <li>• the effective and efficient use of resources</li> <li>• the solvency of Shetland UHI</li> <li>• safeguarding the Shetland UHI assets</li> <li>• approving annual estimates of income and expenditure and to approve the annual financial statements</li> <li>• ensuring that the funds provided by the Scottish Funding Council are used in accordance with the terms and conditions of the Financial Memorandum agreed between the Regional Strategic Body – The University of the Highland &amp; Islands and Shetland UHI.</li> <li>• Board Members, as individuals, are not permitted, other than items identified in the Scheme of Delegated Authority, to authorise any other expenditure.</li> </ul> |
| <b>Finance &amp; General Purposes Committee</b> | Responsible for maintaining a regular review of the financial regulations and advising the Board of any additions or alterations that are necessary.  |



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|                                  |   |
|----------------------------------|---|
| <b>Executive Leadership Team</b> | <p>The CEO is responsible for:</p> <ul style="list-style-type: none"> <li>• Preparing annual estimates of income and expenditure.</li> <li>• The management of Shetland UHI within the approved budget.</li> </ul> <p>Any breach of the financial regulations will be notified to the Chief Executive and/or the Senior Finance Officer who shall determine what action, if any, is to be taken, and if necessary, inform the Board.</p>  |
| <b>Responsible Person</b>        | <p>The Senior Finance Officer is responsible for:</p> <ul style="list-style-type: none"> <li>• Advising the CEO on the financial aspects of Shetland UHI's policy and on the financial administration of the college</li> <li>• Ensuring that the Shetland UHI has satisfactory systems of financial control and management</li> <li>• Preparing annual capital and revenue budgets and financial plans; Preparing Shetland UHI's annual accounts and financial forecasts for approval by the Board prior to submission to the Scottish Funding Council, via the Regional Strategic Body - The University of the Highlands &amp; Islands.</li> <li>• Ensuring that the financial forecasts are consistent with Shetland UHI's approved strategic plan</li> <li>• Monitoring and control of income and expenditure.</li> </ul>   |
| <b>Senior Staff</b>              | <p>The Senior Managers are responsible to the Chief Executive for:</p> <ul style="list-style-type: none"> <li>• The efficient and effective use of resources at their disposal</li> <li>• The management of Shetland UHI within the approved budget</li> <li>• Maintaining clear lines of financial responsibility within Shetland UHI</li> <li>• Ensuring compliance with the Financial Regulations</li> </ul> <p>It is the responsibility of Senior Managers and Managers to ensure that their staff are made aware of the existence and content of 's financial regulations and that an adequate number of copies are available for reference within their Department/Curriculum area.</p> <p>Budget Managers are responsible for:</p> <ul style="list-style-type: none"> <li>• The control and monitoring of resources within agreed targets</li> <li>• financial management of their own areas</li> <li>• Maintaining clear lines of financial responsibility in their own areas</li> <li>• Day to day operation of financial procedures in their own areas</li> <li>• Ensuring that the action they take is in accordance with the Financial Regulations</li> <li>• Reviewing the performance of their department/curriculum area against agreed budgets and targets</li> <li>• Ensuring any potential conflicts of interest, which may exist in financial relationships with third parties, are disclosed to the Shetland UHI Secretary</li> </ul> |
| <b>Staff</b>                     | <p>All members of staff employed by Shetland UHI, including staff of employment agencies and secondees are required to comply with the financial regulations.</p> <p>A member of staff who fails to comply with the financial regulations may be subject to disciplinary action.</p>  |

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### Fraud Policy

#### Policy Summary

Sets out the approach of Shetland UHI to:

- Identifying fraud
- Reporting suspected fraud
- Investigating fraud
- Recording action taken in response to concerns
- Change of Supplier Details procedure

#### Relevant to

- Treasury Management
- Anti-Bribery

#### Links to

- Risk management
- HR- disciplinary procedures

#### 1. Purpose

The Fraud Policy provides all staff with a guide to identifying and responding to fraud / financial irregularity.

#### 2. Scope

##### What is a fraud / financial irregularity?

Fraud is a generic term for several types of activity that result in the theft or attempted theft of property or money. Fraud involves intentional deceit and is very different to and does not include negligence and accidental error.

#### 3. Policy

##### 3.1 Identification of a potential financial irregularity

This Whistle-blowing Procedure is intended to encourage staff to inform management of their genuine and legitimate concerns about serious malpractice, fraud, or corruption in order that management can investigate.

Any member of staff identifying a potential financial irregularity should inform a Senior Manager or the Chief Executive. If it is a Senior Manager who is first informed, then he/she should then inform the Chief Executive at the earliest opportunity.

An exception to this rule is where either a Senior Manager or the Chief Executive may potentially be involved. A rule of thumb must be if a Senior Manager or the Chief Executive is potentially implicated notification should be either direct to the Chief Executive or to the Chair of the Audit Committee as appropriate [through the Shetland UHI Board Secretary].

##### 3.2 Decisions relating to required action

Except where the Chief Executive may have a potential involvement, the decision on the preliminary investigation must be taken by the Chief Executive, normally in consultation with the Senior Finance Officer. If the Chief Executive has a potential involvement, the Chair of Board of the Audit Committee should determine the necessary action, normally in consultation with the Chair of Board or exceptionally, internal audit.

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### 3.3 Potential Actions by the Chief Executive

Upon receiving notification of a potential financial irregularity there are three potential courses of action:

- No further action: where the Chief Executive considers that there are no grounds for further investigation or action, this course should be substantiated in writing, filed with the Shetland UHI Board Secretary, and notified to the member of staff raising the concern.
- Instigate a preliminary investigation: commence an investigation into and, where necessary, explore the concerns raised.
- Contact police, and/or direct invitation to the police to carry out a review – where prima facie fraud or theft has occurred.
- Inform SFC via the Regional Strategic Body – the University of the Highlands & Islands (the **Audit Code of Practice** requires certain frauds to be reported to the SFC).

### 3.4 Conducting a preliminary investigation

If the Chief Executive considers that a preliminary investigation is necessary, they must determine the nature and extent of the investigation and the team required to perform it. The decisions will be determined by the nature of the initial evidence. **3.5 Investigation team**

The Investigation Team composition options include:

- Senior Finance Officer and a relevant manager
- two Senior Managers
- Internal Audit or External Audit.

The choice of team will be dependent on the issue under investigation.

### 3.6 Components of Investigation

The Chief Executive should agree the terms of reference of the investigation that will include:

- scope of the investigation
- provisional timescale
- working arrangement
- reporting lines and requirements.

### 3.7 Investigations

Each investigation will be determined by specific requirements but is likely to include:

- reference to Shetland UHI Disciplinary Procedure, where Shetland UHI staff are thought to be involved
- understanding of the relevant systems
- collection of all relevant documentary evidence
- understanding of the requirements of financial regulations and, where appropriate other procedures
- initial interviews with key staff
- following the Disciplinary Procedure Guidelines
- where applicable, initial interviews with those making allegations
- preparation of a draft report to the Chief Executive incorporating recommendations for action, which may include:
  - no further work required
  - further work necessary in certain areas
  - move to investigation under Shetland UHI Disciplinary Procedures
  - invite police involvement.

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- proposals to improve systems / procedures / security, as appropriate
- decision by Chief Executive.

### 3.8 Interviews

The interviews need to be carried out in a formal way following the guidance in the Shetland UHI **Disciplinary Procedure** with the knowledge that, potentially, evidence could later become court evidence or used in a disciplinary investigation.

The following minimum requirements must be followed:

- The employee under investigation must be advised that the investigation is being carried out under the Fraud Policy and potentially may result in a recommendation for disciplinary action under the Shetland UHI Disciplinary Procedure.
- All interviews should be carried out in the presence of two independent people.
- Notes should be taken of each interview, at the time of the interview, and be signed by the interviewer. The interviewee must be invited to sign the notes and if they decline, that refusal should also be recorded.
- Statements may be helpful in certain investigations. Statements should be signed and dated by the individual.

### 3.9 Reporting

A report should be prepared for the Chief Executive. Again, the exact nature should be determined by the specifics of the situation, but the following headings may be appropriate:

- Introduction
- Terms of reference
- Executive summary
- Action recommendations
- Investigation process
- Detailed findings
- Appendices providing evidence, copies of documentation etc.

Reports will be included in a register of fraud incidents. This register will be maintained by the Chief Executive.

### 3.10 Disciplinary Action and Suspension

If, during or following the preliminary investigation, there are allegations of misconduct concerning an employee, the Disciplinary Procedure will be followed.

If the disciplinary procedures are enacted or if the police are contacted at any time, the Chair of Board and Chair of Audit Committee must be notified.

## 4. Change of Supplier Details procedure

4.1 To minimise the risk of payments being made to fraudulent accounts, Shetland UHI will follow this procedure:

- Record the request to change supplier details, which should be made by letter or email from the supplier's senior finance officer or Director.
- Contact the supplier separately (finance and administration staff under £10k; Senior Finance Officer over £10k) to confirm the change of details request is correct.
- Confirm the change with the Senior Finance Officer following at least one additional verification process: Companies House check of company directors, if used for verification; copy bank mandate evidence from the supplier; minimal test transaction to the nominated account (£0.01p) and verified by the supplier.

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- Record the verification process, before changing the details in the finance system.

### 5. Responsibilities

|   |   |
|---|---|
| <b>Board</b>                                    | <p>Responsible for ensuring that all allegations of fraud are properly investigated and to review the register of fraud incidents on a regular basis.</p> <p>Responsible for ensuring the Chair of the Board is contactable and approachable by staff concerned about irregularities involving the Executive Leadership Team.</p>   |
| <b>Finance &amp; General Purposes Committee</b> | Responsible for assisting the investigation of fraud if necessary.  |
| <b>Executive Leadership Team</b>                | <p>The CEO is responsible for:</p> <ul style="list-style-type: none"> <li>Receiving concerns from staff</li> <li>Instigating investigations and taking appropriate action</li> <li>Co-operating with the Police, SFC and/or auditors.</li> <li>Ensuring appropriate reporting to the Board and the completion of the report for the register of fraud incidents.</li> </ul>   |
| <b>Senior Finance Officer</b>                   | <p>The Senior Finance Officer is responsible for:</p> <ul style="list-style-type: none"> <li>Reducing the risk of fraud</li> <li>Notifying the CEO of suspected fraud</li> <li>Co-operating with investigations of fraud as directed by the CEO</li> <li>Escalating concerns to the Chair of the Board when necessary</li> <li>Ensuring anti-fraud procedures (e.g., supplier change of details) is followed</li> </ul> |
| <b>Senior Staff</b>                             | <p>The Senior Managers are responsible to the Chief Executive for:</p> <ul style="list-style-type: none"> <li>Reducing the risk of fraud</li> <li>Notifying the CEO of suspected fraud</li> <li>Co-operating with investigations of fraud as directed by the CEO</li> <li>Escalating concerns to the Chair of the Board when necessary</li> </ul>   |
| <b>Staff</b>                                    | All members of staff are responsible for reporting suspected fraud to their Senior Manager, the CEO, or the Chair of the Board.   |

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### Anti-Bribery and Receipt of Gifts

#### Policy Summary

Sets out the approach of Shetland UHI to:

- The Bribery Act 2010 and what bribery is
- Receiving gifts and hospitality
- Political and charitable contributions
- Sponsoring
- Raising concerns

#### Relevant to

- Treasury Management
- Fraud
- Procurement

#### Links to

- Risk management
- HR- disciplinary procedures
- Public Interest Disclosure Policy

#### 1. Purpose

- 1.1 This document sets out Shetland UHI's policy and advice to employees in dealing with bribery or suspected bribery.
- 1.2 The Bribery Act 2010, which came into force on 1 July 2011, introduced a new, clearer regime for tackling bribery that will apply to all businesses based or operating in the UK. It covers all sorts of

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bribery, the offering and receiving of a bribe, directly or indirectly, whether or not it involves a public official, in the UK or abroad. There are offences by individuals, and a corporate offence for corporate and partnerships, and penalties for non-compliance are serious.

- 1.3 Bribery is a criminal offence for both individuals and commercial organisations and can be punished with imprisonment of up to 10 years or unlimited fines. Ministry of Justice guidance on Adequate Procedures (S7 Paragraph 35) states that “As regards bodies incorporated, or partnerships formed, in the UK, despite the fact that there are many ways in which a body corporate or a partnership can pursue business objectives, the Government expects that whether such a body or partnership can be said to be carrying on a business will be answered by applying a common-sense approach. So long as the organisation in question is incorporated (by whatever means), or a partnership, it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made. If any employee was accused of bribery, Shetland UHI’s reputation might be damaged considerably, and subsequent enforcement action would be time-consuming and hinder Shetland UHI from focusing on its core business and service delivery.
- 1.4 It is therefore the policy of Shetland UHI to prohibit any form of bribery or corrupt practices, whether covered directly by The Bribery Act 2010 or not. The policy applies to Shetland UHI, all its employees and anyone acting for, or on behalf of, Shetland UHI (“associated persons”), including Directors, other volunteers, temporary workers, consultants, and contractors, independent of their grade and position, and shall be always respected.

## 2. Definitions

- 2.1 Definitions for bribery and corruption vary, but both are covered within The Bribery Act 2010. Some common definitions are:

Bribery – “Inducement for an action which is illegal, unethical or a breach of Shetland UHI policies. Inducements can take the form of gifts, loans, fees, rewards or other advantages”. Appendix A is a summary of The Bribery Act 2010.  
Corruption – This can be broadly defined as the offering or acceptance of inducements, gifts, favours, payment, or benefit-in-kind which may influence the action of any person. Corruption does not always result in a loss. The corrupt person may not benefit directly from their deeds; however, they may be unreasonably using their position to give some advantage to another.

It is a common law offence of corruption to bribe the holder of a public office and it is similarly an offence for the office holder to accept a bribe.

## 3. Scope

- 3.1 This policy relates to all forms of bribery and is intended to provide direction and help to employees who may identify, or suspect bribery. The overall aims of the policy are to:
  - improve the knowledge and understanding of everyone in Shetland UHI, irrespective of their position, and the risk of bribery within the organisation and its unacceptability
  - assist in promoting a climate of openness and a culture and environment where staff feel able to raise concerns sensibly and responsibly
  - set out Shetland UHI’s responsibilities in terms of the deterrence, prevention, detection and investigation of bribery and corruption
  - ensure the appropriate sanctions are considered following an investigation, which may include any of the following: - criminal prosecution - civil prosecution - internal/external disciplinary action (including professional/regulatory bodies)

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- 3.2 This policy applies to all employees of the Shetland UHI regardless of position held, as well as those acting on behalf of Shetland UHI, including Directors, other volunteers, temporary workers, consultants, contractors, and/or any other parties who have a business relationship with Shetland UHI. It will be brought to the attention of all employees and Board members and will form part of the induction process for new staff and Directors. It is incumbent on all the above to report any concerns they may have concerning bribery.
- 3.3 In implementing this policy, managers must ensure that all staff are treated fairly and within the provision and spirit of Shetland UHI's **Equal Opportunities Policy**. Shetland UHI has procedures in place that reduce the likelihood of bribery occurring. These include Standing Orders, Financial Regulations, documented policies, and procedures, including on public interest disclosure, a system of internal control (including Internal and External Audit) and a system of risk assessment.

### 4. Policy

- 4.1 All employees have a personal responsibility to protect Shetland UHI from bribery or corruption, are responsible for maintaining the highest standards of business conduct and are expected to behave honestly and with integrity.
- 4.2 Shetland UHI is absolutely committed to maintaining an honest, open, and constructive culture so as best to fulfil its' objective. It is, therefore, also committed to the elimination of bribery, to the rigorous investigation of any such allegations and to taking appropriate action against wrong doers, including possible criminal prosecution.
- 4.3 All gifts, payments, or any other contribution whether in cash or in kind, shall be documented, regularly reviewed, and properly accounted.
- 4.4 Shetland UHI procures goods and services ethically and transparently with the quality, price and value for money determining the successful supplier/contractor, not by receiving (or offering) improper inducements. Shetland UHI will not engage in any form of bribery, either in the UK or abroad.
- 4.5 Shetland UHI prohibits employees and associated persons from offering, giving, soliciting, or accepting any bribe in any way, or to give, or be perceived to have given, a financial or other advantage to any person (whether a UK or foreign public official, political candidate, party official, private individual, private or public sector employee or any other person) to induce that person to perform his/her functions or activities improperly. The bribe might include cash, a gift or other inducement, to or from any person or organisation, whether they are situated, and irrespective of whether they are a public official/body or private person or company, by an individual director, employee, agent or other person or body acting on Shetland UHI's behalf. The bribe might be to:
- Gain any commercial, contractual, or regulatory advantage for Shetland UHI in a way which is unethical.
  - Gain any personal advantage, pecuniary, or otherwise, for the individual or anyone connected with the individual.
- 4.6 Shetland UHI may, in certain circumstances, be held responsible for acts of bribery committed by intermediaries acting on its behalf such as subsidiaries, clients, business partners, contractors, suppliers, agents, advisors, consultants or other third parties. The use of intermediaries for the purpose of committing acts of bribery is prohibited.
- 4.7 All intermediaries shall be selected with care, and all agreements with intermediaries shall be concluded under terms that are in line with this policy. Shetland UHI will contractually require its agent and other intermediaries to comply with the Anti Bribery Policy and to keep proper books and record available for inspection by Shetland UHI, auditors or investigating authorities. Agreements with agents and other intermediaries shall always provide for the necessary



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contractual mechanisms to enforce compliance with the anti-bribery regime. Shetland UHI will monitor performance and, in case of non-compliance, require the correction of deficiencies, apply sanctions, or eventually terminate the agreement even if this may result in a loss of business.

- 4.8 All employees should be aware that bribery will normally be regarded as a serious disciplinary offence which will be addressed in accordance with Shetland UHI's existing disciplinary policy and associated procedures.

### 5. Facilitation Payments

- 5.1 "Facilitation payments" are payments made to secure or expedite the performance of a routine action by a government official or agency to which the payer (or the company) has legal or other entitlement.
- 5.2 Facilitation payments are prohibited under The Bribery Act like any other form of Bribe. They shall not be given by Shetland UHI or Shetland UHI's employees in the UK or any other country.

### 6. Gifts and Hospitality

- 6.1 This policy is not intended to prohibit appropriate corporate entertainment and/or hospitality undertaken in connection with Shetland UHI's business activities, provided the activity is customary under the circumstances, is proportionate, and is properly recorded/disclosed to Shetland UHI in accordance with its procedures.
- 6.2 Courtesy gifts and hospitality must not be given or received in return for services provided or to obtain or retain business but shall be handled openly and unconditionally as a gesture of esteem and goodwill only. Gifts and hospitality shall always be of symbolic value, appropriate and proportionate in the circumstances, and consistent with local customs and practices. They shall not be made in cash. Please refer to Shetland UHI's Gifts and Hospitality guidance and register for more guidance.

### 7. Political and Charitable Contributions

- 7.1 Shetland UHI does not make any contributions to politicians, political parties, or election campaigns.
- 7.2 As a responsible member of society, Shetland UHI may take charitable donations. However, these payments shall not be provided to any organisation upon suggestion of any person of the public or private sector to induce that person to perform improperly the function or activities which he or she is expected to perform in good faith, impartially or in a position of Shetland UHI or to reward that person for the improper performance of such function or activities.
- 7.3 Any donations and contributions must be ethical and transparent. The recipient's identity and planned use of the donation must be clear, and the reason and purpose for the donation must be justifiable and documented. All charitable donations will be publicly disclosed.
- 7.4 Donations to individuals and for-profit organisations and donations paid to private accounts are incompatible with Shetland UHI's ethical standards and are prohibited.

### 8. Sponsoring

- 8.1 Sponsoring means any contribution in money or in kind by Shetland UHI towards an event organised by a third party in return for the opportunity raise Shetland UHI's profile. All sponsoring contributions must be transparent, pursuant to a written agreement, for legitimate business purposes, and proportionate to the consideration offered by the event host. They may not be made towards events organised by individuals or organisations that have goals incompatible with

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Shetland UHI’s ethical standards or that would damage Shetland UHI’s reputation. All sponsorships will be publicly disclosed.

- 8.2 Where commercial sponsorship is used to fund Shetland UHI’s training events, training materials and general meetings, the sponsorship must be transparent, pursuant to a written agreement, for legitimate business purposes, and proportionate to the occasion. Where meetings are sponsored by external sources, that fact must be disclosed in the papers relating to the meeting and in any published minutes/proceedings.
- 8.3 Where sponsorships links to the development of guideline and advice, this should be carried out in consultation with Shetland UHI’s nominated member of the senior management team.

### 9. Raising Concerns

- 9.1 Employees and associated persons are requested to remain vigilant in preventing, detecting, and reporting bribery. Employees and associated persons are expected to report any concerns regarding any suspected bribery in accordance with Shetland UHI’s procedures outlined in Shetland UHI’s Public Interest Disclosure Policy, which will be rigorously enforced, so that no individual will suffer any detrimental treatment because of reporting reasonably held suspicions. The Public Interest Disclosure Act 1998 came into force in July 1999 and gives statutory protection, within defined parameters, to staff who make disclosures about a range of subjects, including bribery and corruption, which they believe to be happening within the organisation employing them. Within this context, “reasonably held” means suspicions other than those which are raised maliciously and are subsequently found to be groundless.
- 9.2 Any unfounded or malicious allegations will be subject to a full investigation and appropriate disciplinary action.
- 9.3 Individuals (be they employees, temporary workers, volunteers, consultants, contractors, or suppliers) must not communicate directly with any member of the press, media or any other third party about a suspected act of bribery but should address any such concerns in accordance with Shetland UHI’s Public Interest Disclosure Policy.

### 10. Roles and Responsibilities

|                                  |  |
|----------------------------------|--|
| <b>Board</b>                     | <ul style="list-style-type: none"> <li>• The Board has a duty to ensure that it provides a secure environment in which to work, and one where people are confident to raise concerns without worrying that it will reflect badly on them. This extends to ensuring that staff feel protected when carrying out their official duties and are not placed in a vulnerable position. If staff have concerns about any procedures or processes that they are asked to be involved in, Shetland UHI has a duty to ensure that those concerns are listened to and addressed.</li> <li>• The Board and/or the Accounting officer will be liable to be called to account for failing to prevent bribery. Shetland UHI therefore has a duty to ensure employees receive adequate training and support to carry out their responsibilities.</li> </ul> |
| <b>Executive Leadership Team</b> | <ul style="list-style-type: none"> <li>• The Principal and/or another nominated member of the senior management team will monitor and ensure compliance with this policy</li> <li>• Shetland UHI will provide any anti bribery training to all relevant employees to make them aware of our Anti Bribery Policy and guidelines, of possible types of bribery, the risks of engaging in bribery activity, and how employees may report suspicion of bribery.</li> </ul>   |

## Shetland UHI Finance Policy Handbook

|                            |   |
|----------------------------|---|
| <p><b>Senior Staff</b></p> | <ul style="list-style-type: none"> <li>• Line managers at all levels have a responsibility to ensure that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively. The responsibility for the prevention and detection of bribery therefore primarily rests with managers but requires the co-operation of all employees.</li> <li>• As part of that responsibility, line managers need to:             <ul style="list-style-type: none"> <li>• inform staff of Shetland UHI’s Code of Conduct and counter fraud and anti-bribery policies as part of their induction process, paying particular attention to the need for accurate completion of personal records and forms.</li> <li>• ensure that all employees for whom they are accountable are made aware of the requirements of the policy.</li> <li>• ensure that adequate control measures are out in place to minimise the risks. This must include clear roles and responsibilities, supervisory checks, staff rotation (particularly in key posts), separation of duties wherever possible so that control of a key function is not invested in one individual, and regular reviews, reconciliations, and test checks to ensure that control measures continue to operate effectively.</li> <li>• be aware of Shetland UHI’s anti bribery policy</li> <li>• identify sensitive/at-risk posts</li> <li>• ensure that controls are being complied with</li> <li>• contribute to their line manager’s assessment of the risks and controls within their area, which feeds into Shetland UHI’s overall statements of accountability and internal control.</li> </ul> </li> <li>• All instances of actual or suspected bribery, which came to the attention of a manager, must be reported immediately. It is appreciated that some employees will initially raise concerns with their manager, however, in such cases managers must not attempt to</li> </ul> |
|                            | <p>investigate the allegation themselves, and they have the clear responsibility to refer the concerns in line with Shetland UHI’s Public Interest Disclosure Policy as soon as possible.</p> <ul style="list-style-type: none"> <li>• The Head of Information Security (or equivalent) will contact the Principal immediately in all cases where there is suspicion that Shetland UHI’s IT infrastructure is being used for the purposes of bribery. This includes inappropriate internet/intranet, e-mail, telephones, and PDA’s.</li> </ul>  |
| <p><b>Staff</b></p>        | <ul style="list-style-type: none"> <li>• For the purposes of this policy, “Employees” include Shetland UHI’s staff, Board of Directors, volunteers, temporary workers, consultants, and contractors.</li> <li>• Directors and staff at all levels will lead by example in acting with utmost integrity and ensuring adherence to all relevant regulations, policies, and procedures.</li> </ul>   |

## Shetland UHI Finance Policy Handbook

- Employees must act in accordance with Shetland UHI's Staff Codes of Conduct and Standing Orders which include guidance on the receipt of gifts or hospitality.
- Employees who are involved in receiving offers of sponsorship, funding or gifts from outside agencies also should comply with their own professional codes of practice where applicable.

## Shetland UHI Finance Policy Handbook

### Treasury Management

#### Policy Summary

Sets out the approach of Shetland UHI to:

- Cash flow management
- Valuation of assets
- Borrowing and investment
- Appointment of bankers and professional financial advisors ➤ Banking arrangements

#### Relevant to

- Procurement
- Anti-Bribery
- Debt management

#### Links to

- Risk management
- HR- disciplinary procedures

#### 1. Purpose

The purpose of this policy is to ensure the management of cash resources and assets reflects a responsible approach in line with Shetland UHI's management of risk.

#### 2. Scope

Treasury Management refers to all aspects of financial management relating to the liquidity of Shetland UHI and any methods used to underpin the organisation's cash flow (its ability to meet the organisation's obligations within the forecast period).

#### 3. Treasury management policy

- 3.1 Shetland UHI will undertake regular cash flow forecasting to ensure its working capital needs are properly assessed in the context of planned income and funding targets.
- 3.2 Surplus cash may be invested ethically and responsibly with due regard to risk, access to capital in a reasonable term if needed, and the advice of finance professionals.
- 3.3 The valuation of assets (land, property, or equipment) considered by auditors to be a component of the organisation's reserves must be underpinned by an assessment of their current value and market demand (the likelihood the value can be realised within a reasonable period of time).
- 3.4 Grants awarded to Shetland UHI, solely or in partnership, in currencies other than GBP will be managed with due regard for the potential impact of changes in currency values affecting the value of the grant and appropriate measures to offset potential changes in currency value as approved by the funder.
- 3.5 Shetland UHI must comply with the Scottish Funding Council rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Finance and General Purposes committee has a responsibility to ensure implementation, monitoring and review of such arrangements.
- 3.6 All executive decisions concerning borrowing, investment, or financing (within policy parameters) shall be delegated to the **Senior Finance Officer** within an appropriate reporting system. All borrowing shall be undertaken in the name of the Shetland UHI and shall conform to any relevant funding council requirements. The **Senior Finance Officer** will report to the Finance and General Purposes committee 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.

## Shetland UHI Finance Policy Handbook

### 4. Appointment of bankers and other professional advisers

- 4.1 The Board is responsible for the appointment of the Shetland UHI'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 re-tendering the service.
- 4.2 Appointment of bankers and professional advisors will comply with procurement policy.

#### Banking arrangements

- 4.3 The **Senior Finance Officer** is responsible, on behalf of the Finance and General Purposes committee, for liaising with Shetland UHI's bankers in relation to bank accounts, and the issue of cheques. All cheques shall be ordered on the authority of the Senior Finance Officer, who shall make proper arrangements for their safe custody.
- 4.4 Only the **Senior Finance Officer** may open or close a bank account for dealing with Shetland UHI's funds. All bank accounts shall be in the name of the Shetland UHI.
- 4.5 All cheques drawn on behalf of Shetland UHI must be signed in the form approved by the Finance and General Purposes committee. All cheques require two signatures. Details of authorised persons shall be provided for in the Shetland UHI Bank Mandate.
- 4.6 All automated transfers on behalf of the Shetland UHI, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Finance and General Purposes committee. Details of authorised persons shall be provided for in the Shetland UHI Bank Mandate.
- 4.7 The **Senior Finance Officer** is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

### 5. Roles and Responsibilities

|   |  |
|---|--|
| <b>Board</b>                                  | <ul style="list-style-type: none"> <li>The Board has a duty to ensure the organisation's liquidity</li> <li>The Board has overall responsibility for the appointment of bankers and other professional advisers</li> </ul>   |
| <b>Finance and General Purposes Committee</b> | <ul style="list-style-type: none"> <li>Procurement and recommendation to the Board on bankers and financial advisers</li> <li>Establishment of authorisation and monitoring procedures for bank accounts and transactions</li> </ul>   |
| <b>Senior Staff</b>                           | <ul style="list-style-type: none"> <li>The Senior Finance Officer will ensure:               <ul style="list-style-type: none"> <li>Regular cash flow forecasting</li> <li>Proactive planning to maximise the value of surpluses for the benefit of Shetland UHI</li> <li>Planning to mitigate risks to Shetland UHI's liquidity</li> <li>Appropriate liaison with bankers and professional financial advisers</li> <li>Adherence to and management of banking and transaction authorisation procedures</li> </ul> </li> </ul> |

## Shetland UHI Finance Policy Handbook

### Debt Management

#### Policy Summary

Sets out the approach of Shetland UHI to:

- Reducing debt liability

#### Relevant to

- Student debt management
- Raising of invoices

#### Links to

- Risk management

#### 1. Purpose

Debt management seeks to reduce the risk to Shetland UHI of being owed or owing money in a way that negatively impacts on cash flow.

#### 2. Scope

2.1 This policy applies to all staff with any involvement in the sales or purchasing process.

2.2 The management of student debt is dealt with in the Student section of the Finance Handbook.

#### 3. Policy

3.1 At all times, the management of debt and payments will have due regard for the management of cash flow by the Senior Finance Officer.

#### Debts owed to Shetland UHI

3.2 Shetland UHI is committed to reducing the probability of bad debts arising. Shetland UHI will ensure that a robust debt management procedure is adhered to by all relevant staff and is applied to all company and student sales transactions.

3.3 Shetland UHI operates a policy whereby companies are required to pay for a service in advance of the service commencing, or at an agreed interval if authorised by the Senior Finance Officer.

3.4 Shetland UHI may apply payment terms for services and goods not paid for in advance as deemed appropriate by the Senior Finance Officer. This may include a premium for payment after delivery if payment in advance was an option for the customer.

3.5 In exceptional circumstances the Senior Finance Officer may approve an instalment plan.

#### Debts owed by Shetland UHI to external companies

3.6 The schedule of payments for services or goods should comply with any arrangements contracted because of procurement or other purchasing; however, this should be arranged to maximise the positive management of cash flow.

3.7 Shetland UHI such seek to make best use of discounts for advance payments etc but to always ensure that services, and goods of the required quality and quantity have been received when payments are made.

3.7 Shetland UHI will ensure that micro- or small businesses and sole traders are not disadvantaged by Shetland UHI's payment arrangements.

#### 4. Responsibility

##### Senior Staff

- The Senior Finance Officer will ensure:
  - Adherence to debt policy and management of creditors and debtors

## Shetland UHI Finance Policy Handbook

### Staff

- Appropriate communication of Shetland UHI payment and debt policy to customers and suppliers and adherence to the policy.

### Financial Procedures

#### Policy Summary

Sets out the approach of Shetland UHI to:

- Ensuring the processing of all financial transactions reflects good practice
- Assisting the smooth functioning of Shetland UHI
- Responding appropriately to claims and reimbursements

#### Relevant to

- Student finance section
- Staff finance section
- Financial regulations
- Procurement

#### Links to

- Risk management

#### 1. Purpose

To set out, in broad terms, the financial procedures used to ensure day to day transactions are made appropriately.

#### 2. Scope

2.1 The financial procedures outlined in this policy are broad and general, relating to the day-to-day ordering, payments, claims and reimbursements staff and students may need. It is not a comprehensive or detailed description of processes.

2.2 Training for finance and administration staff is essential to ensure detailed knowledge of finance procedures, including appropriate identification of unusual or exceptional circumstances not covered by this broad policy for which advice from senior staff or the Senior Finance Officer should be sought.

#### 3. Policy and procedures

##### 3.1 Petty cash

3.1.1 An appropriate petty cash limit (including cash floats for sales points in or outside of Shetland UHI at events or activities) will be agreed by a senior administrator or finance officer on request from staff undertaking activities.

3.1.2 Cash security will be considered when issuing petty cash. Lockable cash boxes, lockable drawers etc will be resourced to ensure cash security as far as possible. Employees will be encouraged to return surplus cash to Shetland UHI finance officers as soon as practicable.

3.1.3 The need for petty cash will be minimised by:

- Ensuring prompt reimbursement for claims made by staff who make cash purchases using their own money, reducing reliance on petty cash advances (although due consideration for staff personal cash flow will always be made)
- Responsible, planned, and authorised use of bank cards by senior staff



## Shetland UHI Finance Policy Handbook

- Proactive use of electronic payment terminals within and out with Shetland UHI at any sales points where income by card payment can be encouraged, reducing the need for large cash floats.

### 3.2 Ordering/Purchasing (see also Purchasing Policy)

3.2.1 The authority to issue purchase orders, negotiate contract terms, prepare tender documents, and invite and oversee the opening of tenders in accordance with these regulations, is vested in the appropriate Senior Manager. No other member of staff may place orders either verbally or in writing directly with Shetland UHI 's external suppliers.

3.2.2 Delegated authority for ordering and respective levels of expenditure will be reviewed regularly.

3.2.3 Budgets allocated to departments or sections should be planned annually in advance and reviewed quarterly. The Senior Finance Officer will consider diverting unused budget capacity to areas of greater need when necessary.

3.2.4 Staff ordering goods or services (below the procurement threshold) will consider the most cost-effective approach to purchasing. Shetland UHI finance and administration staff will endeavour to create efficiencies and savings by co-ordinating bulk purchasing of goods across all departments or sections where this is effective.

3.2.5 Staff ordering goods or services will assess how best to make their purchases in line with Shetland UHI's commitment to sustainability and ethics, ensuring wherever possible that environmental, human rights and fair work considerations inform purchasing.

3.2.6 In determining the supplier with whom the purchase order is to be placed, the appropriate Senior Manager is responsible for ensuring that if a Shetland UHI contract exists, orders are placed in accordance with the terms and conditions of that contract.

3.2.7 Finance and administration staff will make orders to be accompanied by electronic payments where this is the cheapest and most efficient method of ordering, on receipt of an order request. Details of the order, transaction, and delivery date, with warranties and guarantees, will be filed for consumer protection and insurance purposes.

3.2.8 Senior staff may make orders direct with suppliers, to be invoiced to Shetland UHI, within the limits of their delegated authority and where informed engagement with the supplier is required due to the specification or specialisation of the purchase. This should be confirmed with an order request via finance and administration staff. Invoices will be passed to finance and administration staff, followed by delivery notes, warranties, and guarantees, to be filed for insurance purposes and addition to the asset register when required.

3.2.9 For significant purchases **over £1k and below £5k** staff will be required to show they have assessed the product or service as best value in terms of price, durability, quality, fitness for purpose and sustainable and ethical considerations.

3.2.10 For significant purchases **over £5k** and under the procurement threshold, senior staff will be required to provide an additional outline business case (if not already approved in the annual budget process) and an appraisal of three purchase options with the recommended product or service.

### 3.3 Reimbursement for orders/purchases

3.3.1 Staff or students who make personal payments for goods or services should be reimbursed promptly. However, reimbursements will only be made where the goods or services have been agreed in line with delegated authority or otherwise pre-approved.

## Shetland UHI Finance Policy Handbook

3.3.2 Any goods or services purchased by staff are still subject to the appropriate filing of receipts, warranties and guarantees for insurance purposes and the asset register.

### 3.4 Receipt of goods

3.4.1 Any goods that are purchased and delivered will be recorded as above (receipts, warranties, and guarantees).

3.4.2 Any staff receiving deliveries on behalf of Shetland UHI must ensure that delivery notes and the goods delivered reach the named recipient for their filing of receipts, warranties and guarantees via administration or finance staff.

3.4.3 Goods may be received by donation or other acquisition. These goods are still assets of the organisation and a record of receipt should still be made for insurance and asset register purposes, outlining the value, condition, and provenance of the item.

### 3.5 Income

3.5.1 Income may be received during day-to-day activity (e.g., canteen, Textile Facilitation Unit, student contribution for materials, outside activities and events). Where this is an expected aspect of activities staff should plan for appropriate recording of income and security of cash/cheque payments, forwarding these to finance and administration staff promptly.

3.5.2 Finance and administration staff should ensure prompt banking of surplus cash over the agreed amounts of petty cash / cash floats to be held within Shetland UHI.

3.5.3 Income received must not be transferred to, or treated as, petty cash.

3.5.4 Finance and administration staff receiving income should check amounts against the records provided and make the appropriate record of the transactions in the finance system.

3.5.5 The need for cash payment will be minimised as much as possible by use of electronic payment terminals. Where electronic payments are made, receipts will be recorded (within the electronic payment system used). Electronic payment terminals should be programmed in advance to record sales against items, to assist in stock control and refunds, accurate allocation of funds against cost centres and good business management.

3.5.6. Staff must not provide cash in return for a cheque or electronic payment.

3.5.7 Staff providing goods or services for which invoices are to be issued to customers should provide finance and administration staff with details and agreed payment arrangements (in line with Shetland UHI's Debt Policy). Staff should ensure that if advance payment is expected that goods or services should not be provided until payment is confirmed.

3.5.8 Finance and administration staff should ensure staff are appropriately informed of payments received and the details of confirmed customers expecting goods or services.

## 4. Responsibility

### Senior Finance Officer

- Set and review delegated authority for purchasing
- Ensure adherence to procedures by all staff
- Develop and create guidance and support to ensure all staff can make purchases responsibly, sustainably, and ethically, and achieve best value across all Shetland UHI functions.
- Review and develop systems to ensure Shetland UHI is a responsible purchaser and a high-quality supplier with excellent customer service.

## Shetland UHI Finance Policy Handbook

|                     |  |
|---------------------|--|
| <b>Senior Staff</b> | <ul style="list-style-type: none"><li>• Staff with delegated authority will ensure:<ul style="list-style-type: none"><li>• A positive approach to value for money</li><li>• Compliance with Shetland UHI systems for ordering, payments, claims etc and appropriate monitoring and support of staff using such systems</li></ul></li></ul> |
|                     | <ul style="list-style-type: none"><li>• Operation within Shetland UHI-wide contracts with suppliers and adherence to procurement guidelines</li></ul>  |
| <b>Staff</b>        | <ul style="list-style-type: none"><li>• Adherence to Shetland UHI policies and procedures for purchasing and receiving goods.</li><li>• Adherence to Shetland UHI policies and procedures for receiving income, keeping records, and keeping cash/cheques received secure.</li></ul>   |

## Shetland UHI Finance Policy Handbook

### Delegated Authority

#### Policy Summary

Sets out the approach of Shetland UHI for delegated levels of authority for:

- Purchasing
- Budgets
- Selection of suppliers
- Asset disposals
- Funding agreements
- Financial transactions

#### Relevant to

- Finance procedures
- Staff finance section
- Financial regulations
- Procurement

#### Links to

- Risk management

#### 1. Purpose

To set out a framework for delegated authority to support the smooth running of Shetland UHI.

#### 2. Scope

The policy applies to all regular and anticipated financial decision making. Unusual or exceptional items should be escalated to the Senior Finance Officer, CEO and to the Finance and General Purposes committee when necessary.

#### 3. Policy

|     | Item  | Value                                    | Authorisation  |
|-----|---|--|--|
| 3.1 | <b>Capital programme</b>                              | Purchases/contracts up to £20K           | CEO (following procurement exercise over £12k)                             |
|     |   | Purchases/contracts from £20K up to £50K | Finance & General Purposes Committee (following procurement exercise)      |
|     |   | Purchases/contracts £50,001 and above    | Board on recommendation of F&GP Committee (following procurement exercise) |
| 3.2 | <b>Asset disposals (excluding land and buildings)</b> | Up to £1k estimated value                | Any senior manager   |
|     |   | Between £1k and £5k                      | CEO  |
|     |   | Over £5k                                 | F&GP Committee (recommendation to Board if strategic implications)         |
| 3.3 | <b>Land and Buildings acquisition or disposals</b>    | Any value                                | Board on recommendation of F&GP Committee                                  |
| 3.4 | <b>Section/department budgets</b>                     | Annual budget setting                    | F&GP Committee on recommendation of CEO                                    |
| 3.5 | <b>Virement (excl salary)</b>                         | Up to £1k                                | Any senior manager within their own budget authority                       |
|     |   | Between £1k and £5k                      | CEO  |

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|     |   |  |  |
|-----|---|--|--|
|     |   | Over £5k   | F&GP Committee on recommendation of CEO  |
| 3.6 | <b>Purchasing</b>   | Up to £1k  | Budget holder: value for money principles apply  |
|     | Staff may only approve purchases within budgets for which they have authority.<br>Purchasing includes goods and services, including services for disposal of assets   | Between £1k and £5k  | Any senior manager: three quotes / price comparison required   |
|     |   | Between £5k and £10k   | CEO: cost options appraisal required   |
|     |   | Over £10,001   | F&GP Committee for detailed review and recommendation to Board<br>(Procurement exercise required over £12k)                  |
| 3.7 | <b>Choice of supplier for regular / repeat goods or services</b>  | The Senior Finance Officer should be aware of all regular / repeat needs for goods and services and take steps to ensure a fair, open, and transparent process of selection of suppliers. Local advertising of opportunities could be applied to any of the budgetary levels below the procurement threshold at the discretion of the Senior Finance Officer |  |
|     |   | Up to £1k per annum  | Budget holder: value for money principles apply  |
|     |   | Between £1k and £5k  | Any senior manager: three quotes / price comparison required   |
|     |   | Between £5k and £12.5k   | CEO: cost options appraisal required   |
|     |   | Between £12.5k - £172,514  | Procurement exercise via Public Contracts Scotland portal<br>F&GP Committee recommendation to Board                          |
|     |   | Over £172,514  | EU regulations apply<br>Board  |
| 3.8 | <b>Funding agreements and contracts:</b><br><ul style="list-style-type: none"> <li>Committing Shetland UHI to targets and activities by receiving grants/contracts</li> <li>Entering into partnerships by agreement or contract to deliver services or activities;</li> </ul> | The CEO should be aware of all funding proposals or contracts being developed concerning the commitment of staff resources, physical resources, match funding in cash or in kind, for the delivery of the proposed work.   |  |
|     |   | Up to £5k  | Any senior manager   |
|     |   | Between £5k and 50K  | CEO  |
|     |   | Over £50k  | F&GP Committee*<br>*Chair of F&GP Committee may approve a final proposal which has been agreed in principle by the committee |
| 3.9 | <b>Debt write-off</b>   | Up to £5k  | Senior Finance Officer   |
|     |   | Between £5k and £7.5k  | CEO with notification to F&GP Committee  |

### Shetland UHI Finance Policy Handbook

|      |  |            |   |
|------|--|------------|---|
|      | <ul style="list-style-type: none"> <li>Proposed after consideration of cost of repeated attempts at recovery and likelihood of recovery</li> <li>Consideration and decision recorded for audit purposes</li> </ul> | Over £7.5k | Board on recommendation by F&GP Committee |
| 3.10 | <b>Settlement of insurance claim</b>   | Up to £10k | CEO with notification to F&GP Committee   |
|      |  | Over £10k  | Board on recommendation by F&GP Committee |
| 3.11 | <b>Petty Cash</b>  | Up to £100 | Budget holder                             |

|      |  |  |                                 |
|------|--|--|---------------------------------|
|      |  | Over £100  | Senior Manager                  |
| 3.12 | <b>Staff Travel</b>                    | Prior approval should be sought as per delegated authority for all overseas travel |                                 |
|      | Staff                                  | Up to £250 /Over £250  | Budget holder / Senior managers |
|      | Senior managers                        | All  | Principal                       |
|      | Principal                              | All  | Chair of F&GP Committee         |
|      | Board members & Secretary to the Board | All  | Chair of Board                  |
|      | Chair of Board                         | All  | Chair of Audit Committee        |