



Financial Regulations

Approved by Audit Committee January 2018



Financial Regulations

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A GENERAL PROVISIONS

1 Purpose

- 1.1 The University is an exempt charity by virtue of the Charities Act 2011. As such, the University benefits from the status of a charity but is exempt from registration with the Charity Commission. The Higher Education Funding Council for England (HEFCE), as principal regulator, is responsible for ensuring that universities as exempt charities fulfil their obligations under charity law. The Board of Governors (as the University's trustees) are required to ensure that as an exempt charity the University has charitable purposes under the definition in Section 3 of the Charities Act 2011. As trustees of an exempt charity, the Board have the same general duties and responsibilities as trustees of other charities, these being:
- act reasonably and responsibly in all matters relating to the charity
 - always act in the best interests of the charity and manage any conflicts of interest
 - apply the income and property of the charity only for the purposes set out in the governing document
 - protect all the property of the charity
 - invest the funds of the charity only in accordance with their powers of investment
 - take account of the Commission guidance on public benefit when appropriate
 - regularly review the effectiveness of the charity
- 1.2 Some of the University's activities are supported by public funds and, as a publicly funded body, the University is accountable to its stakeholders in ensuring the most efficient and effective use of its resources in support of the University's approved strategy.
- 1.3 The Memorandum of assurance and accountability between HEFCE and the University sets out the terms and conditions on which grant funding is made. The Board of Governors is responsible for ensuring that all conditions associated with grant funding are met. As part of this process, the University must adhere to HEFCE's Audit Code of Practice, which requires it to have sound systems of financial and management control. The Financial Regulations of the University form part of this overall system of accountability.
- 1.4 The Financial Regulations contain the key high-level principles contained within the more detailed guidance documents. The reader of the Financial Regulations should gain an understanding of the University's overall approach toward financial management and control. To support the Financial Regulations there are several documents, which contain more detailed information on each individual area in order to provide policy or procedural guidance to the user within the University. In some cases these can act as tools in decision making when considering activities in greater detail, all of which are available to staff within the 'Policies and Procedures' pages of the University's website.
- 1.5 The Financial Regulations and supporting policies and procedures all aim to achieve a balance between ensuring the University's compliance responsibilities are discharged in the most effective manner whilst also supporting all members of staff in their activities and roles by providing detailed guidance and advice on those topics most frequently encountered by staff.
- 1.6 The main aim is to ensure the University does the following:
- maintains financial viability;
 - achieves value for money;
 - fulfils its responsibility for the provision of effective financial controls over the use of public funds;
 - ensures that the University complies with all relevant legislation; and
 - safeguarding the assets of the University.
- 1.7 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 Board of Governors will be notified of any serious breach through the Audit Committee.

2 Status of Financial Regulations

- 2.1 The Financial Regulations have been approved by Audit Committee and the Board of Governors. Subsequent amendments to the Financial Regulations will be approved by Audit Committee. However, the authority to execute operational changes to the internal policies and procedures documents, that relate to finance, is delegated to the Director of Finance where appropriate. This will enable the University to reflect the dynamic nature of its environment in the most efficient manner possible.
- 2.2 This document sets out the University's Financial Regulations. It applies to the University, all its subsidiary undertakings, and where relevant, any joint venture partnership.
- 2.3 The Director of Finance is responsible for ensuring that the Financial Regulations are published on the University's website and are accessible to all staff. However, 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.
- 2.4 The Audit Committee is responsible for maintaining a continuous review of the Financial Regulations, through the Director of Finance, and has a role in scrutinising the Financial Regulations as a vehicle for financial control and testing the effectiveness of specific financial control procedures contained within these regulations.
- 2.5 In exceptional circumstances, this Committee may authorise a departure from these regulations, for which details of such departure should be reported to the Board of Governors.
- 2.6 The University's policies and procedures, which are referred to in this document, and previously referred to in section 1.4, set out precisely how these regulations will be implemented and are available to all departments. They are reviewed and updated on a regular basis. Any references to the Financial Regulations will include these policies and procedures, which will have the same force as the Financial Regulations, except where it is the decision of the Director of Finance that they do not apply to subsidiary undertakings and joint ventures.

B CORPORATE GOVERNANCE

3 The Board of Governors

- 3.1 The Board of Governors is responsible for the Governance of the University. Its financial responsibilities as set out in the Memorandum of assurance and accountability are to ensure that the University:
- has a robust and comprehensive system of risk management, control and corporate governance. This includes the prevention and detection of corruption, fraud, bribery and irregularities;
 - has regular, reliable, timely and adequate information to monitor performance and track the use of public funds;
 - plans and manages its activities to remain sustainable and financially viable;
 - informs HEFCE of any change in its circumstances, which in the judgement of the Accountable Officer and in agreement with the Board of Governors, is a material change;
 - uses public funds for proper purposes and seeks to achieve value for money;
 - delivers its charitable purpose for the public benefit;
 - complies with the mandatory requirements relating to audit and financial reporting set out in the Audit Code of Practice and in HEFCE's annual Accounts Direction.

In practice, this means that the Board of Governors are responsible for the following:

- to ensure that financial control systems are in place and are working effectively to safeguard the University's assets and to remain sustainable and financially viable;
- to ensure that any funds provided by the funding body are used in accordance with the terms and conditions specified;
- to approve the University's strategic plan;
- to approve the University's Financial Forecasts and Annual Budget and the Annual Financial Statements.

- to appoint the University's internal and external auditors.

4 Accountable Officer

- 4.1 The Vice Chancellor and Chief Executive is the University's Accountable Officer and on this basis holds sole executive responsibility for compliance with HEFCE's Memorandum of assurance and accountability and for providing HEFCE with clear assurances to this effect. As Accountable Officer, the Vice Chancellor and Chief Executive is responsible for the financial administration of the University's affairs. In this capacity, the Vice Chancellor and Chief Executive must ensure that there are effective arrangements in place for providing assurance to the Board of Governors to ensure, amongst other things, the sustainability and financial viability of the University and appropriate use of public funds for proper purposes taking into account value for money. The responsibility extends to ensuring that annual budgets for income and expenditure are prepared for consideration and final approval by the Board of Governors.
- 4.2 The Vice Chancellor and Chief Executive is required to notify the Board of Governors, if, at any time, any action or policy under consideration appears to be incompatible with HEFCE's Memorandum of assurance and accountability with the University. If the Board of Governors decides nevertheless to proceed, the Vice Chancellor and Chief Executive must immediately inform HEFCE in writing. In the event that HEFCE judges that there is evidence of serious failure in relation to the oversight and management of public funds, they will raise this as appropriate with the Accountable Officer. In exceptional circumstances, HEFCE may conclude that the Accountable Officer is unable to meet their responsibilities under the Memorandum of assurance and accountability and may appoint somebody else on behalf of the University. As the Accountable Officer, the Vice Chancellor and Chief Executive and/or the Chair of the Board of Governors may be required to appear before the Public Accounts Committee of the House of Commons on matters relating to the finances of the University.
- 4.3 The Vice Chancellor's Advisory Group (VCAG) is an advisory group to the Vice Chancellor and Chief Executive, the membership of which is available from the Vice Chancellor and Chief Executive's office. The principal role of the VCAG is to advise the Vice Chancellor and Chief Executive on the strategic direction of the University, to monitor the implementation of the University's Strategic Plan and to provide effective and inspirational leadership within the University.
- 4.4 The University Leadership Group (ULG) provides a forum for the discussion of the external and internal issues affecting and influencing the University's strategic direction. It offers an early opportunity to discuss challenges, take advantage of opportunities whilst fostering a strong culture of cooperation across the University as a whole.
- 4.5 The Terms of Reference for the Vice Chancellor's Advisory Group and University Leadership Group have been drafted to give assurance and confidence to stakeholders, including the Board of Governors, that there are effective arrangements in place for planning, financial management, development of the estate, communication, compliance matters and performance monitoring.

5 Committee Structure

- 5.1 The Board of Governors has ultimate responsibility for the University's finances, but delegate's specific powers and processes to the Committees detailed below. These Committees are accountable to the Board of Governors.
- 5.2 A distinct relationship exists between the Finance and Development Committee and the Audit Committee in the University's corporate governance framework. The Finance and Development Committee has oversight of performance in relation to the University's financial, human and physical resources and infrastructure, in contrast to the Audit Committee, the remit of which includes, but is not confined to, the monitoring of financial systems and controls. In light of the distinct role of both Committees, Board members of the Finance

and Development Committee should not be members of the Audit Committee and vice versa to avoid the potential for a conflict of interest.

Finance and Development Committee

- 5.3 The Finance and Development Committee reviews in detail the University's budget, financial forecasts and annual financial statements, prior to formal approval by the Board of Governors, including consideration of accounting principles, judgements and disclosures. On behalf of the Board, it monitors the development and implementation of strategic projects approved by the Board including the Capital Development Programme. The Committee monitors in-year financial performance in relation to the budget and HEFCE financial performance indicators. It will consider any other matters relevant to the financial duties of the Board of Governors and make recommendations accordingly. The Committee will also ensure that the Board of Governors has adequate information to enable it to discharge its financial responsibilities. The terms of reference for the Finance and Development Committee are available from the Clerk to the Board of Governors.

Audit Committee

- 5.4 The Audit Committee approves the Internal Audit Strategy and the Annual Internal Audit Plan, and receives detailed reports with recommendations for improvements to the institution's internal control systems. It also receives the Corporate Risk Register and the annual Financial Statements and the management letter from the external auditors, prior to their formal approval by the Board of Governors. It reports to each meeting of the Board and also presents an annual report that is part of the annual assurance process required by HEFCE, which is submitted along with the Annual Opinion statement from the Internal Auditors. The Annual Report of the Audit Committee includes an assurance on the quality of the University's data management and the accuracy of data returned to external agencies. The terms of reference for the Audit Committee are available from the Clerk to the Board of Governors.

5.5 Remuneration Committee

Consideration of senior management's pay and conditions is the responsibility of the Remuneration Committee. It has the power to make recommendations to the Board of Governors on the remuneration of Governor-appointed posts, including pay and other benefits, as well as contractual arrangements. The Committee is also responsible for agreeing the parameters and criteria relating to the remuneration of other senior staff.

6 Senior Managers with Financial Responsibility

The Director of Finance

- 6.1 The Director of Finance is responsible to the Vice Chancellor and Chief Executive for the administration of the financial affairs of the University and for ensuring that proper financial records are kept and that adequate and effective methods and procedures for financial control are followed.
- 6.2 The Director of Finance reports to the Vice Chancellor and Chief Executive and provides regular reports on forecasts, budgets and monthly and annual financial statements.
- 6.3 The Director of Finance attends meetings of the Board of Governors and both its Finance and Development and Audit Committees, and gives direct assurances on financial matters to the Board of Governors and these Committees.
- 6.4 The Director of Finance keeps the Vice Chancellor and Chief Executive and the Audit Committee informed of any material changes in the University's procedures and controls and any instance of material failure to comply with approved procedures and controls. The Director of Finance also advises the Vice Chancellor and Chief Executive and the Audit Committee on relevant financial matters, and, on behalf of the Vice Chancellor and Chief Executive, shall ensure that adequate financial and accounting arrangements are made within the University and throughout all departments.

Finance Department

- 6.5 The Finance Department is responsible to the Director of Finance for promoting Financial Regulations and Procedures and ensuring:
- compliance with the Financial Regulations and Procedures;
 - transparency and accountability for decisions;
 - vigilance and providing financial advice and guidance to departments;
 - that non-compliant practice is challenged and breaches of the regulations are reported to the Director of Finance when appropriate;
 - that it can be demonstrated to HEFCE, partners, students and staff that the University has a sound system of internal financial management and control;
 - that Financial Regulations and Procedures are reviewed, updated and disseminated on an ongoing basis;
 - that training is provided to staff in University departments so that staff understand the importance of the Financial Regulations and Procedures and the need for full compliance.

Head of Departments and Budget Holders

- 6.6 Heads of departments are responsible to the Director of Finance for the financial management of the areas or activities they control. They are advised by the Director of Finance in executing their financial duties. The Director of Finance will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Heads of departments are required to establish and maintain clear lines of responsibility relating to financial matters within their department. Where responsibility for resources is delegated to designated budget holders, the head of department remains ultimately responsible for this resource within their overall budget and the Director of Finance should be informed of all persons so authorised. The Director of Finance may require a head of department personally to authorise a specific transaction.

Heads of departments shall provide the Director of Finance with such information as may be required to enable:

- compilation of the institution's financial statements;
- implementation of financial planning;
- implementation of audit and financial reviews, projects and value for money studies;
- submission of funding bids;
- sound financial control.

All Members of Staff

- 6.7 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 in the use of resources.
- 6.8 Compliance with the Financial Regulations and Procedures is compulsory for all staff employed by the University. A member of staff who fails to comply with the Financial Regulations and Procedures may be subject to disciplinary action under the University's Staff Disciplinary Policy and Procedures. The Board of Governors will be notified, through the Audit Committee of any material breach.
- 6.9 It is the responsibility of heads of departments to ensure that members of staff for whom they have supervisory responsibility are made aware of the existence and content of the University's Financial Regulations and Procedures.
- 6.10 All staff shall make available any relevant records or information to the Director of Finance, or his/her authorised representatives in connection with the implementation of the University's financial policies, these Financial Regulations and the system of financial control.
- 6.11 All staff shall provide the Director of Finance with such financial and other information as deemed necessary to carry out the requirements of the Board of Governors.

- 6.12 Whenever any matter arises which involves (or is thought to involve) financial irregularities, including the cash, assets or property of the University, all staff shall immediately notify the Director of Finance, in accordance with University's Fraud Policy.

7 Risk Management

- 7.1 The HEFCE Memorandum of assurance and accountability requires the University to have effective risk management systems in place and to provide an annual opinion on these through the Audit Committee Annual Report and Statement on Internal Control in the Financial Statements. The University views the taking of risks as an inherent part of the business of higher education, in its management of both core education and supporting activities. Through the implementation of its Risk Management Policy, the University seeks to identify and actively manage those risks that pose a significant threat to the achievement of its Corporate Strategy objectives, reputation and financial health.
- 7.2 Strategic risks are detailed in the University's Institutional Risk Register, which is presented to the Audit Committee and the Board of Governors for approval each year. The implications of each risk materialising are identified. Each risk is scored according to Likelihood and Impact at the gross risk level before the application of controls and then at the net risk level after the application of controls. All departments are responsible for the identification and management of risks, which form an integral part of their annual departmental plans.
- 7.3 The strategic risk relating to 'Failure of financial controls, threatening financial sustainability' is managed by the Director of Finance and monitored via the University Risks Register.
- 7.4 Further guidance on risk management arrangements is available from the University Risk manager.
- 7.5 Heads of department must ensure that any agreements with external bodies, negotiated within their departments, comply with the University's Schedule of Delegation (which is available on the University's website <https://www.worc.ac.uk/discover/governance.html>) and cover any legal liabilities to which the University may be exposed. Further advice should be sought from the Finance Department to ensure that this is the case.

8 Whistleblowing

- 8.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistle blower 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 and the cover-up of any of these. In demonstrating its commitment to the highest standards of openness, honesty, integrity and accountability the University has in place a Whistleblowing Policy.
- 8.2 Normally, any concern about a workplace matter at the University should be raised with the relevant member of staff's immediate line manager or head of department. However, the University recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.
- 8.3 A member of staff may therefore, make the disclosure to the Director of Human Resources, Vice Chancellor and Chief Executive or the Chair of the Board of Governors. If the member of staff does not wish to raise the matter with any of these individuals, for whatever reason, then it can be raised with the Chair of the Audit Committee.
- 8.4 The full procedure for whistleblowing is set out in the University's whistleblowing policy, which is available on the 'Policies and Procedures' pages of the University's website.

9 Code of Conduct and Declarations of Interest

- 9.1 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 Seven Principles of Public Life established by the Committee on Standards in Public Life (formerly known as the Nolan Committee). Members of staff at all levels are expected to observe these terms of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. In addition, the University expects that staff at all levels will observe its detailed financial procedures and policies, which provide guidance on conduct in relation to financial matters.
- 9.2 Additionally, members of the Board of Governors, senior management or those involved in procurement are required to disclose interests in the University's register of interests maintained by the Clerk to the Board of Governors. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed. The procedures for registration and declaration of interests are available from the Clerk to the Board of Governors.
- 9.3 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.
- 9.4 If an employee of the University, or a member of the Board of Governors, becomes aware of a contract in which they may have a financial interest, whether direct or indirect, has been or is proposed to be entered into by the University, they must, as soon as possible, give notice in writing to the Director of Finance. No such contract shall be entered into prior to consultation between the Director of Finance and the Vice Chancellor and Chief Executive.

10 Fraud

- 10.1 The University adopts a zero tolerance approach towards fraud. The Director of Finance is responsible for ensuring that strong financial controls across the University are in place, including the implementation and maintenance of fraud risk assessments and associated internal controls in order to eliminate and reduce the possibility of fraud.
- 10.2 The definition of Fraud is a type of criminal activity, defined as: 'abuse of position, or false representation, or prejudicing someone's rights for personal gain'. Put simply, fraud is an act of deception intended for personal gain or to cause a loss to another party.
- 10.3 The University's response will include the involvement of both the internal audit service and, where necessary, the police in investigations, as well as taking action through its disciplinary procedures. In all cases where there is sufficient evidence, the University will work with the police to pursue a prosecution.
- 10.4 All members of staff, management and the Board of Governors have a duty to protect the University from the possibility of fraud by remaining vigilant and by reporting any suspected instances of fraud, financial irregularities or matters which may give rise to suspicion of corrupt activity, to the University's Director of Finance or as set out in section 8.3. In reporting their suspicions, members of the University will be protected by the University's Policy on Whistleblowing.
- 10.5 The Director of Finance shall immediately invoke the fraud response plan, which incorporates the following key elements (full details are included in the University's Fraud Policy, which is available on the 'Policies and Procedures' pages of the University's website.):
- he or she will notify the Vice Chancellor and Chief Executive and the Audit Committee (through its Chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report;
 - the Director of Finance, Vice Chancellor and Chief Executive or Chair of Audit Committee shall inform the police if a criminal offence is suspected of having been committed;

- any significant cases of fraud or irregularity shall be reported to HEFCE in accordance with their requirements as set out in the Audit Code of Practice;
- the Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate; and
- the internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such a report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Director of Finance or the Vice Chancellor and Chief Executive, the member of staff shall notify the Chair of the Audit Committee directly of their concerns regarding irregularities.

11 Bribery and Corruption (including gifts and hospitality)

- 11.1 On 1st July 2011, the Bribery Act became law. The Act has created a number of new bribery and corruption offences and makes it an offence either directly or through a third party to:
- offer, promise or give a bribe;
 - request, agree to receive or accept a bribe;
 - offer, promise or give a bribe to a foreign public official in order to obtain, or retain, business, or an advantage in the conduct of business.
- 11.2 In addition there is also a new corporate offence of failing to prevent bribery. Bribery and corruption are serious criminal offences. Under the Act, offences committed by individuals can carry a maximum of 10 years imprisonment and an unlimited fine. In addition, if the University is found to have engaged in corruption then it could face an unlimited fine and face significant reputational damage that could impact on the University's future ability to conduct business.
- 11.3 The University recognises that such events are likely to be rare. Nevertheless, it commits itself to the robust implementation of the Act to ensure that it has adequate and proportionate procedures in place for the governance of the University's business affairs. The University's Anti-Bribery and Corruption Policy, which is available on the 'Policies and Procedures' pages of the University's website, sets out how the University will implement and enforce effective systems to prevent bribery and corruption.
- 11.4 The University defines a bribe as an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.
- 11.5 The provision and receipt of gifts and hospitality to individual members of staff is a sensitive area for a publicly funded institution. Members of staff and members of the governing body may, on occasion, be offered gifts or hospitality simply as a mark of courtesy or gratitude. Such offers can place staff in a difficult position, since to refuse may cause offence but to accept may, in certain circumstances, be open to misinterpretation. The University therefore has a Gifts and Hospitality Policy, which is available on the 'Policies and Procedures' pages of the University's website, and aims to provide guidance and direction in order to avoid misunderstanding and to provide staff with a framework for dealing with difficult situations.
- 11.6 When considering whether a gift or hospitality should be given, or accepted, the following key responsibilities should be considered:
- the nature of the gift, its value, who it is being offered by, and the intention;
 - gifts or hospitality should not be offered to, or accepted from, government officials or representatives, or politicians or political parties, without the prior consent of the Vice Chancellor and Chief Executive or his nominee;

- if the estimated value of the gift or hospitality, either given or accepted, is in excess of £100 then it must be registered with the Head of Information Assurance. The details of how to do this are set out in the Gifts and Hospitality Policy. Staff may register or obtain consent on a voluntary basis in relation to gifts or hospitality below the relevant figures;
 - hospitality given or received by staff on University premises and using catering services procured using the appropriate University process does not need to be recorded on the register.
- 11.7 Staff may not, directly or through others, offer or give any money, gift, hospitality or other things of value to an official, employee or representative of any supplier, customer or any other organisation, if doing so could reasonably give the appearance of influencing the organisation's relationship with the University.
- 11.8 In only exceptionally circumstances, agreed with the Vice Chancellor and Chief Executive, can any gift of money be made or received by an employee or governor of the University. In all circumstances, full details must be registered with the Head of Information Assurance and all monies paid to the Finance Department.
- 11.9 In relation to giving gifts and hospitality staff may:
- give gifts of a nominal value, such as University of Worcester advertising novelties;
 - with prior line management approval, provide University corporate gifts, such as paintings, books, dinnerware or other fine goods;
 - with prior line management approval, provide meals and other entertainment at venues outside the University, provided that the expenses are kept at a reasonable level. For the avoidance of doubt, the per capita cost of a meal should not exceed £100 and would normally be much less;
 - with prior line management approval, provide meals and overnight accommodation on the University campus, including Barrington House, where these are reasonable and in the normal course of University business or events.
- 11.10 In relation to receiving gifts and hospitality staff may:
- accept a gift of nominal value, such as an advertising novelty, when it is customarily offered to others having a similar relationship with that individual or organisation;
 - Customary meals or entertainment provided that the expenses are kept at a reasonable level;
 - A ticket to a conference or event where the University is represented at, or is contributing to, that conference or event.

Gifts or hospitality with a value of more than £100 should be treated as follows:

- Prior line management approval should be obtained before they can be accepted;
- If accepted, they must be registered in accordance with Gifts and Hospitality Policy;
- Items of property must be accepted on behalf of the University and handed into the Head of Information Assurance to be used for fund-raising for the University's charity of the year;
- Gifts which at face value appear low value but could have the potential to reach a value in excess of £100 (for example, entry into a prize draw or lottery, or have a high re-sale value) should be valued at in excess of £100.

Gifts or hospitality may not be accepted, irrespective of value, which may influence or be seen to influence such situations as the outcome of an exam, the acceptance of a student into the University, the award of business (contract) or the use of the University's Intellectual Property or other assets, or to benefit personally or from the benefit of any person connected to that person.

- 11.11 If excessive gifts or hospitality are accepted on more than one occasion or are found to have influenced decisions inappropriately, against University policy or potentially illegally, then appropriate disciplinary procedures will be followed.
- 11.12 In some countries it is sometimes a requirement to have to make payments or gifts of small value to junior government officials in order to speed up or facilitate a routine action or process. These are usually known as 'Facilitation Payments'. Such payments are unlawful under the Act and as such must not be made. The University does not permit the offer, promise or the making of a facilitation payment by any individual carrying out business on the University's behalf. In addition, all workers should avoid any activity that may lead to, or suggest that a facilitation payment will be made by the University.
- 11.13 However, if a payment is being extorted or an individual is asked to make such a payment in circumstances where there is no alternative (such as where safety or liberty are under threat) then the payment should be made. Where this happens a clear record should be made of the reason for the payment and reported to your line manager on return (for employees), who will then report it to either the Vice Chancellor and Chief Executive or Director of Finance. Non-employees should report this directly to either the Vice Chancellor and Chief Executive or Director of Finance.

12 Money Laundering

- 12.1 The University is required, by law, to examine the nature of any income transaction involving the receipt of an unusually large amount of cash (€15,000 or £10,000 and above), and has nominated the Principal Accountant to act as the individual responsible for monitoring money laundering.
- 12.2 Members of staff must inform the Principal Accountant (or the Director of Finance, if the Principal Accountant cannot be contacted) if any of the following occur:-
- a single cash payment of this value is received;
 - a series of lesser cash payments, amounting in total to this value, is received
 - a cash payment (of any value over £1,000) is received which is above the debt, such that a cheque or BACS refund would be required to be made.
- 12.3 Where payments from potential international students are received in advance of full enrolment onto a course, any subsequent return of funds, due to non-enrolment will be returned to the payee's original bank account via a direct instruction by the University's bank to return the funds, as opposed to the University processing a refund transaction. This helps to ensure that no individual is able to treat the return of funds as a 'clean' payment from the University.

C FINANCIAL MANAGEMENT AND CONTROL

This section sets out the requirements regarding financial planning, budgetary control, financial accounting and reporting, document retention, the University's audit framework, taxation, treasury management, income, pay and non-pay expenditure, purchase and monitoring of assets, insurance, intellectual property, and arrangements for subsidiary companies and joint ventures.

13 Financial Planning

- 13.1 The University's financial year starts on 1st August and runs until 31st July the following year.
- 13.2 The Director of Finance is responsible for preparing annually a rolling five-year financial plan for approval by the Board of Governors on the recommendation of the Finance and Development Committee and for preparing financial forecasts for submission to HEFCE. Financial plans should be consistent with the University's Strategic Plan approved by the Board of Governors.

- 13.3 On an annual basis budgets will be set that include both income and expenditure targets for all departments. Budgets will be set for income and expenditure in line with the University's Finance Strategy. Heads of departments, and relevant budget holders, are responsible for delivering financial targets, including those for the generation of income and the management of costs set for their area of responsibility.
- 13.4 The annual budget and long-term financial plans will also include forecasts in relation to assets, liabilities and cash flow in order to ensure that the University remains financially stable in the longer term.
- 13.5 The financial plans and annual budget will take account of the annual capital programme, which will be based on the University's Strategic Plan and be prepared by the Director of Finance in conjunction with the Vice Chancellor and Chief Executive and, where appropriate, the Chair of the Board of Governors. It will include all expenditure on land, buildings, equipment, infrastructure upgrades etc. that are deemed as capital expenditure in line with the University's accounting policies, regardless of whether or not they are funded from capital grants.
- 13.6 The Director of Finance will establish protocols for the inclusion of capital projects in the capital programme for approval by the Board of Governors. 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. The Director of Finance will also establish procedures for the approval of variations, including the notification of large variations to HEFCE, as laid down in HEFCE guidelines.
- 13.7 Following completion of a major capital project, a post-project evaluation final report should be submitted to the Finance and Development Committee. This should include actual expenditure against budget as well as other issues affecting the completion of the project that could have a bearing on future projects.
- 13.8 The Director of Finance must ensure that the budgets are communicated to the heads of departments as soon as possible following approval by the Board of Governors.
- 13.9 The Director of Finance is responsible for producing monthly financial projections in consultation with heads of departments. These projections will reflect the expected income, expenditure, cash and balance sheet outcomes for the financial year based on patterns of activity that arise or are anticipated. The forecasts will be presented to the Finance and Development Committee and the Board of Governors, at the appropriate meetings.

14 Budgetary Control

- 14.1 The control of income and expenditure within an agreed budget is the responsibility of heads of departments and relevant budget holders, who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible to their head of department for both the income and expenditure elements of their budget.
- 14.2 Significant departures from agreed budgetary targets must be reported immediately to the Director of Finance, who will advise on the appropriate action.
- 14.3 Heads of departments will be assisted in their duties by management accountants who will provide appropriate management information and guidance. Budget holders should work with the management accountants and Director of Finance to eliminate the need to maintain additional financial records within their departments that are outside the University's financial system.
- 14.4 The Director of Finance is responsible for supplying financial management reports on all aspects of the University's finances to the Finance and Development Committee and the Board of Governors. The nature and content of these reports is determined by the Finance and Development Committee and subject to any specific requirements of HEFCE. The reports are also presented to the Board of Governors, which has overall responsibility for the University's finances.

- 14.5 Heads of departments are permitted to vire (transfer) expenditure from one expenditure code to another providing they do not exceed their total expenditure forecast in the year in question and should follow the Schedule of Delegation. In this context, however, virement is not allowed between staffing expenditure and non-staffing expenditure, without the prior approval of the Director of Finance and providing no additional commitment is made in respect of subsequent years.
- 14.6 The expenditure referred to in 14.5 does not apply to capital expenditure. This cannot be vired (transferred) to another project. Instead a new project approval process must be started again from the outset, whilst any underspend on an existing project will be recognised.

15 Financial Accounting and Reporting

- 15.1 The consolidated financial statements include the University and all its subsidiary companies and joint ventures for the financial year to 31st July each year.
- 15.2 The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015, Companies Act 2006 (where appropriate) and in accordance with Financial Reporting Standards FRS 102. The principal accounting policies adopted by the University are detailed on an annual basis in the audited Financial Statements.
- 15.3 The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.
- 15.4 The University is a public benefit entity and therefore applies the relevant public benefit requirement of FRS 102.
- 15.5 It is a HEFCE requirement as 'principal regulator' of the University as an exempt charity that the audited financial statements are published and readily accessible on the University's website and therefore will be available on the website by 1st December each year.
- 15.6 Under the Memorandum of assurance and accountability between HEFCE and institutions the University is required to supply HEFCE with specified returns regarding the University's financial performance and sustainability. These returns will be prepared by the Director of Finance, or delegate, for approval by the Vice Chancellor and Chief Executive (acting as the Accountable Officer) and Board of Governors, where specified.
- 15.7 The Director of Finance is responsible for advising the Vice-Chancellor and Chief Executive with regard to any material adverse change to be notified to HEFCE, such as a significant and immediate threat to the University's financial position, significant loss of funds, significant fraud (>£25,000) or impropriety or major accounting breakdown.

16 Document Retention

- 16.1 The Finance Department is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities and funders. The University is required by law to retain prime documents for the current year and the previous six years. These include:
- official purchase orders;
 - paid invoices;
 - sales invoices raised;
 - bank statements;
 - copies of income remittances and receipts; and
 - payroll records.

Further details and guidance on the retention of documents can be obtained from the Head of Information Assurance.

- 16.2 Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as the European Commission and Research Councils, and where additional requirements are made in relation to the funding terms and conditions, these should be agreed with the Director of Finance in advance.

17 Audit Requirements

- 17.1 The audit framework for the University, within which the Internal and External Auditors operate, is set out in the Audit Code of Practice, within the Memorandum of assurance and accountability between HEFCE and institutions. Both internal and external audits constitute key elements of good corporate governance arrangements within the University.
- 17.2 The Internal and External Auditors are appointed by the Board of Governors on the recommendation of the Audit Committee.
- 17.3 The Internal and External Auditors have unrestricted access to information, including all records, assets, personnel and premises and are authorised to obtain whatever information and explanations they consider necessary.
- 17.4 The University may, from time to time, be subject to audit by HEFCE, the National Audit Office, European Court of Auditors, HM Revenue & Customs and other auditors. They have the same rights of access as External and Internal Auditors.
- 17.5 The Director of Finance is responsible for drawing up a timetable in relation to the preparation of the annual Financial Statements and will advise staff and the External Auditors accordingly.

External Audit

- 17.6 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. External Auditors must also form a view about whether the University is a going concern. Their duties will be in accordance with advice set out in the HEFCE Audit Code of Practice, within the Memorandum of assurance and accountability and the Auditing Practices Board's statements of auditing standards.
- 17.7 The award of non-audit work to the External Auditors is managed in order to ensure that the auditors are able to conduct an independent audit and are independent of the University. The performance of non-audit work by the External Auditors should be agreed only after careful consideration.
- 17.8 The External Auditors may not perform internal audit work or any work where their independence in forming an audit opinion could be compromised.
- 17.9 Non-audit work may be awarded to the External Auditors when, by virtue of their knowledge, skills or experience, the External Auditors are clearly to be preferred over alternative suppliers or are judged to be the best available to the University in specialist areas, such as aspects of taxation.
- 17.10 The nature and cost of all non-audit work awarded to the External Auditors will be reported annually to Audit Committee, together with an explanation as to why the auditors were the preferred supplier. This report will be presented to the same meeting of Audit Committee, which considers the draft Financial Statements and the report from the External Auditors on the Financial Statements.

Internal Audit

- 17.11 The main responsibility of the Internal Auditors is to provide the Board of Governors, Audit Committee and the Accounting Officer with independent assurance about the adequacy and effectiveness of risk management, control and governance, and value for money. They will also comply with the Auditing Practices Board's

auditing guidance for Internal Auditors. They will remain independent in planning and operation and have direct access to the Board of Governors, the Vice-Chancellor and Chief Executive and Chair of Audit Committee.

- 17.12 Responsibility for internal control remains fully with management, who recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Internal Audit also plays a valuable role in helping management to improve systems of internal control and so to reduce the potential effects of any significant risks faced by the University.
- 17.13 Internal Audit can also provide independent and objective consultancy advice specifically to help management improve the internal control system. In such circumstances, Internal Auditors apply their professional skills in a systematic and disciplined way to contribute to the achievement of corporate objectives. Such advisory work contributes to the opinion that internal audit provides on internal control, including risk management and governance.

18 Taxation

- 18.1 The Director of Finance, or appropriate delegate, is responsible for advising heads of departments, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the University and its subsidiary companies. The Director of Finance will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.
- 18.2 The University will comply with all relevant tax legislation, which includes the submission of accurate returns by specific deadlines. It aims to obtain and maintain a standard profile with HM Revenue and Customs (HMRC) by:
- ensuring that the relevant staff in Finance have adequate knowledge to operate the day-to-day control of all tax issues;
 - providing advice and guidance within the University to enable decisions to be made with all relevant tax implications being considered;
 - ensuring that an external source is available, from either HMRC or professional advisors, to assist the internal team where issues are outside their experience or competence;
 - demonstrating an open and honest relationship with HMRC;
 - providing updates to the Audit Committee, especially of any significant changes to the legislation and their potential impact on the University or any of its subsidiary companies.

19 Value for Money

- 19.1 It is a requirement of HEFCE's Memorandum of assurance and accountability that the Board of Governors is responsible for delivering value for money from public funds. The Board must keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by HEFCE, the National Audit Office, the Public Accounts Committee or other relevant bodies. All staff are required to maintain on-going vigilance of their activities, income generated and expenditure incurred to ensure it represents value for money.
- 19.2 The Audit Committee is required under the terms of the HEFCE's Memorandum of assurance and accountability to provide an annual opinion to the Board of Governors and HEFCE on the adequacy of arrangements in place for economy, efficiency and effectiveness.
- 19.3 To fulfil this responsibility, The Board of Governors, in conjunction with the Vice Chancellor and Chief Executive and the Director of Finance, will develop and revise periodically a plan for value for money work that will

provide evidence of compliance with HEFCE's requirements. It will be used to enable the Audit Committee to refer to value for money in their annual report.

20 Treasury Management

- 20.1 The Finance and Development Committee is responsible for approving the University's Treasury Management Policy, which is available on the 'Policies and Procedures' pages of the University's website, and sets out the strategy and policies for cash management, investments and borrowing. This requires compliance with HEFCE's rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the Memorandum of assurance and accountability.
- 20.2 The Director of Finance will report to the Finance and Development Committee on the activities of the treasury management operation, bank loans and associated covenants and on the exercise of treasury management powers delegated to him or her.
- 20.3 The Vice Chancellor and Chief Executive is responsible for the appointment of the University's bankers and other professional financial advisers (such as investment managers). Such appointments will be reported to the Finance and Development Committee and the Board of Governors. The appointment shall be for a specified period after which consideration shall be given to competitively tendering the service.
- 20.4 The Director of Finance is responsible, on behalf of the University, for liaising with the University's bankers in relation to the University's bank accounts.
- 20.5 The Director of Finance is responsible for opening or closing a bank account bearing the University's title and all bank accounts of subsidiary undertakings of the University. Only bank accounts opened by the Director of Finance and in the name of the University or one of its subsidiary companies shall be operated and managed by the University.
- 20.6 The Director of Finance is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.
- 20.7 All cheques drawn on behalf of the University and its subsidiary undertakings must be authorised in accordance with the bank mandate. All electronic transfers on behalf of the University, such as Bankers' Automated Clearing Services (BACS) or Clearing House Automatic Payment System (CHAPS) or online payments system must be signed in accordance with the University's bank mandate.
- 20.8 Any cheques, which are required from the bank, shall be ordered on the authority of the Director of Finance who shall make proper arrangements for their safe custody.

21 Income

- 21.1 The Director of Finance is responsible for ensuring that appropriate procedures are in operation to enable the University to receive all income to which it is entitled.
- 21.2 All staff receiving income have a responsibility to ensure that the Director of Finance is aware of and has agreed, appropriate processes for recording, handling and banking such income. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Director of Finance.
- 21.3 The Director of Finance is responsible for:
- the prompt collection, security and banking of all income received;
 - ensuring that all grants notified by HEFCE and other bodies are received and appropriately recorded in the University's accounts;
 - ensuring that all claims for funds, including research grants and contracts, are made by the due date;

- maximisation of income

21.4 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 Finance of sums due so that collection can be initiated.

Receipt of cash, cheques and other negotiable instruments

21.5 The processing of payments due to the University via the method with the minimum processing costs (e.g. direct to the bank, debit card) are preferred. The University will only receive payments by debit or credit card using procedures approved by the Director of Finance. Any member of staff wishing to arrange for payment to be made online to the University should seek guidance from the Director of Finance at an early stage.

21.6 All monies received within departments from whatever source must be recorded by the department on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments, together with details of the student, research or other contract to which they relate and be either paid in or taken to the Finance Department immediately.

21.7 Wherever possible all monies owed to the University should be paid directly to the Finance Department rather than to individual departments, unless a formal process for the collection of monies has been agreed with the Director of Finance.

21.8 All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenses. Personal or other cheques must not be cashed out of money received on behalf of the University.

Collection of debts

21.9 The Director of Finance should ensure that:

- debts are raised promptly on official invoices, in respect of all income due to the University;
- invoices are prepared with care, recorded in the ledger, show the correct amount due, correct due date and are credited to the appropriate income account;
- any credits granted are valid, properly authorised and completely recorded;
- VAT is correctly charged and accounted for, and relevant information is provided on the invoices, where applicable;
- monies received are posted to the correct debtors account;
- swift and effective action is taken in collecting overdue debts, in accordance with the University's debt management policies; and
- outstanding debts are monitored and reports prepared for management.

21.10 Only the Director of Finance (or Revenue and Collections Manager where delegated authority has been given) can authorise credit arrangements and indicate the periods in which different types of invoice must be paid.

21.11 Requests to write off debts in excess of £500 must be referred in writing to the Director of Finance for submission to the Vice Chancellor and Chief Executive for initial consideration and approval. Debts below £500 may be written off with the permission of the Director of Finance. The Finance and Development Committee will be notified of the total bad debts written off periodically.

Student fees

21.12 Levels of all tuition fees are considered annually by the Student Fees and Scholarships Committee and are reviewed by the Vice Chancellor's Advisory Group before submission to the Board of Governors.

21.13 The procedures for collecting tuition and accommodation fees is detailed in the University's Debt Management Policy: Student, which is available on the 'Policies and Procedures' pages of the University's website. The aim of

the policy is to minimise levels of student debt, where possible, also ensuring the risk of any potential bad debt is reduced, thus ensuring the overall financial status of the University is maintained and improved.

- 21.14 The policy specifically covers the collection of fees and charges payable to the University by current and former students for tuition, accommodation and other miscellaneous services. It also includes the timescales and actions taken by the University to manage this process.
- 21.15 The Director of Finance, in conjunction with VCAG is responsible for managing and reviewing this policy. Finance staff are responsible for the implementation of the debt management procedures and all University staff are expected to be aware of this policy to ensure maximum effectiveness.
- 21.16 Any student who has not paid an account for tuition fees owing to the University may be excluded and will not receive the certificate for any degree, diploma or other qualification awarded by the institution until all outstanding tuition fee debts have been cleared. Such students shall be prevented from re-enrolling at the University and from using any of the University's facilities unless appropriate arrangements have been made.

22 Research Grants

- 22.1 Research income is an important source of funding for the University and a key objective in the University's Strategic Plan. It is the responsibility of the Deputy Pro Vice Chancellor Research, in conjunction with the Director of Finance or delegate, to assist staff in academic departments to ensure all bid submissions are professional, appropriately costed and compliant with the University's relevant policies.
- 22.2 In order to ensure that that University is not exposed to unnecessary or unknown liabilities, all bid submissions must follow the University's Research Funding Procedure, which is available to all staff on the 'Policies and Procedures' pages of the University's website.
- 22.3 All bid submissions must be approved in accordance with the University's Schedule of Delegation, as referred to in section 7.5.
- 22.4 It is important that the Research Office is involved from the inception of a bid. The department proposing to submit a bid must inform them of their intentions as soon as the bid is formed so that details of the bid can be recorded appropriately without delay. Where the University is committed to the contract terms at the bid stage:
- the terms and conditions must be reviewed from a legal perspective in advance of submission of the bid;
 - the financial risks of the project must be assessed by the Finance Department, to ensure University wide financial risks are considered and safe-guarded against;
 - the relevant authorised signatory must sign the bid application.
- 22.5 Where approaches are to be made to outside bodies for support for research 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 appropriate finance staff and the University's approval process has been followed.
- 22.6 A designated member of the finance staff is responsible for examining every formal application for a grant and shall ensure that there is adequate provision of resources to meet all commitments and that the full cost of the research contract is established. The research 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 research projects depending on the nature of the funding body.
- 22.7 Each grant or contract will have a named grant holder and will be assigned to a specific department.

- 22.8 Control of pay and non-pay expenditure will be contained within a specific budget code allocated to each project, which will form part of the overall department budget. The head of department may delegate day-to-day control of the account to the grant holder, but any overspend or under-recovery of overheads is to be the clear responsibility of the department with any loss being a charge on the overall departmental funds.
- 22.9 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 grant holder to ensure that conditions of funding are met.
- 22.10 All research grants are accounted for in accordance with the principal accounting policies adopted by the University, which are detailed on an annual basis in the audited Financial Statements.

23 Other Income Generating Activity

- 23.1 Goods and services (including rents and letting, conferences, short courses and consultancy) should only be supplied where it is advantageous for a University purpose, consistent with the University's objectives, and does not jeopardise its charitable status.
- 23.2 The levels of charges for all goods and services shall have regard to the University's full economic costing (FEC) procedures.
- 23.3 Departments are encouraged to engage in academic services to business and the community, especially where this will generate new external income.
- 23.4 Such services must be coded appropriately within the financial system to ensure that activity across the University can be measured and that relevant returns are accurate in relation to income analysis. Therefore, departments engaging in such activities should contact the management accounting section of the Finance Department for guidance on the codes to use.
- 23.5 All short courses must be fully costed in consultation with the designated member of the management accounting section of the Finance Department. The course organiser will be responsible to the head of department for day-to-day management of the course.
- 23.6 In this context a short course is any course, which does not form part of the award-bearing teaching load of the department. Any staff wishing to run a short course must have the permission of their head of department.
- 23.7 All non-award bearing academic services are expected to 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 Finance.
- 23.8 All surpluses and deficits incurred on other income generating activities will form part of the management accounts for the department concerned in the year they are recognised, in line with the University's principle accounting policies.
- 23.9 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, Director of Human Resources, Director of Finance and the Vice Chancellor and Chief Executive.
- 23.10 Prior to any work being undertaken, the VAT implications on all other income generating activity must be considered. Further advice is available from the Tax Specialist within the Finance Department.
- 23.11 Any off-site collaborative provision contract or arrangement under which the University provides education to students away from University premises (and also validation, distance learning and distant delivery), or with the assistance of persons other than the University's own staff or with independent contractors (partner organisations), must be approved in line with the University's Schedule of Delegation.

- 23.12 If the University sub-contracts such work to external providers, including work relating to research grants, the relevant head of department shall ensure that:
- there is a written contract which allows for full audit access to detailed records;
 - all procurement processes have been adhered to and an official purchase order created;
 - appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality; and
 - payments are only made against detailed invoices.
- 23.13 A basic principle is that all research, consultancy and other income generating activities must recover the full economic costs associated with the activity, unless it is determined through consultation with the head of department, Director of Finance and the Vice Chancellor and Chief Executive that the activity is of strategic importance to the University, and it is acknowledged in writing that it will not generate the normally accepted return.

24 Donations and endowments

- 24.1 The University accepts funding from a wide variety of public and private sector partners from across the globe, to support the delivery of the University's mission, as articulated in its Strategic Plan. As an exempt charity, the University has a responsibility to ensure that the processes of securing and receiving funds to support the life and work of the University do not compromise its integrity, the trust of its supporters or its commitment to students, staff and the communities it serves.
- 24.2 The University must ensure it does not bring itself into disrepute by accepting philanthropic donations from questionable or inappropriate sources. Further information on donations is contained within the University's Gifts and Hospitality policy.
- 24.3 A donation is classified as a non-exchange transaction, which is when an individual or organisation gives value without directly receiving equal value in return. Donations and endowments are accounted for in line with the University's principle accounting policies, and where a restricted donation is given this will be retained within a restricted reserve until such time that it is utilised in line with such restrictions.
- 24.4 A major donation is defined as either a donation or gift estimated to have a value of £10,000 or more. The decision whether to accept the donation must be authorised by the Vice Chancellor and Chief Executive, (subject to clause 24.5) or the Chair of the Board of Governors and made in the context of the University's ethical framework.
- 24.5 The acceptance of donations up to £100,000 will be authorised by the Vice Chancellor and Chief Executive or his nominee and reported to the Board of Governors. The acceptance of donations above £100,000 will be authorised by the Board of Governors.
- 24.6 The Director of Finance is responsible for maintaining financial records in respect of any donations made to the University and initiating claims for recovery of tax where appropriate.
- 24.7 The Director of Finance is responsible for maintaining a record of the requirements for each donation or fund and for advising the Finance and Development Committee on the control and investment of any restricted reserves.
- 24.8 The Finance and Development Committee is responsible for ensuring that all the University's restricted funds are operated within any relevant legislation and the specific requirements for each fund/ donation. They will also be responsible for investment of fund balances where appropriate.

25 Non-Pay Expenditure

- 25.1 This section sets out the University's requirements regarding external commitments and expenditure of all University funds, irrespective of source, to ensure compliance with external regulations and the proper use of University funds. This includes all requisitioning, ordering and use of external suppliers to acquire goods or services, the use of University purchasing cards, cash advances and petty cash, contractual commitments and reimbursement of travel and incidental expenses.
- 25.2 It is a requirement of the University that the acquisition of supplies, equipment and services should deliver the best value for money to the University with regard to considerations of cost, quality, delivery and sustainability.
- 25.3 Value for money is the balance of whole life costs and benefits that meet the requirements of the University. Whole life costs comprise all costs involved in acquiring, owning, maintaining, operating and disposing of goods, works and services.
- 25.4 The Director of Finance is responsible for putting in place an appropriate Procurement Policy and Purchasing Procedures, including direction as to the appropriate routes for the purchasing of different external goods and services, for example, through mechanisms including collaborative purchasing, procurement frameworks and approved suppliers. These procedures will support those engaged in all types of purchasing and other expenditure of University funds in meeting the University's value for money requirements and ensure compliance with external regulation. The Purchasing Policy is available to all staff on the 'Policies and Procedures' pages of the University's website.
- 25.5 The Board of Governors has set out in the formal Schedule of Delegation the following approval limits in relation to the approval of goods and services:
- Heads of departments or any other party nominated by the Vice Chancellor and Chief Executive can approve expenditure, where the total value is less than £5,000 (including VAT)
 - The Director of Finance or Deputy Director of Finance (under powers delegated by the Vice Chancellor and Chief Executive) must approve all expenditure where the total value is between £5,000 and £10,000 (including VAT)
 - where the total value (single contract or related contract for a specific service or project across each financial year) is greater than £10,000 (including VAT) approval must be given by Vice Chancellor and Chief Executive, or an appointed deputy.
 - any contract or linked contracts with a total value in excess of £1,000,000 (including VAT) are signed by the Vice Chancellor and Chief Executive, or an appointed deputy on behalf of the Board with prior approval by the Board.
- 25.6 The heads of departments are responsible for arranging purchases within their department and may delegate purchasing authority to named individuals acting as budget holders to be authorised signatories for the department, however, overall responsibility remains with the head of department. In exercising this delegated authority, budget holders are required to observe the University's purchasing policies and financial procedures
- 25.7 The Director of Finance shall maintain a register of authorised signatories and heads of department must supply him or her with specimen signatures of those authorised to sign within the department.
- 25.8 The Director of Finance must be notified immediately of any changes to the authorised signatures. Such changes will not come into effect until the Director of Finance has communicated approval of the change accordingly.
- 25.9 Neither heads of department nor other budget holders are authorised to commit the University to expenditure unless sufficient funds are available in their budget, unless otherwise pre-agreed with the Director of Finance or Vice Chancellor and Chief Executive.

- 25.10 The member of staff (or budget holder) receipting the goods must be different from the member of staff responsible for authorising the purchase order.
- 25.11 The Purchasing Manager is responsible to the Director of Finance for:
- ensuring that the University's purchasing policies and procedures are known and observed by all involved in purchasing for the University;
 - advising on purchasing matters;
 - advising and assisting departments where required on specific purchases;
 - developing appropriate pre-negotiated contracts on behalf of the University to assist budget holders in meeting their value for money obligations;
 - authorising all orders above £1,000 before they leave the University;
 - monitoring/maintaining the pre-negotiated contracts and all expenditure;
 - ensuring that the University complies with EU regulations (see section 25.18 & 25.19 for further details) and other applicable procurement legislation and best practice procurement.
- 25.12 The ordering of goods and services must always be in accordance with the University's purchasing policies.
- 25.13 Official University orders must be placed for the purchase of all goods or services, except those made using company credit cards or petty cash, and must be in line with the University's purchasing policies. In exceptional circumstances, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.
- 25.14 It is the responsibility of the Director of Finance (through the University's Purchasing Manager) to ensure that all purchase orders refer to the University's conditions of contract.
- 25.15 Heads of department and delegated budget holders must comply with the University's tendering procedures contained in the University's Purchasing Policy, which are applicable as follows:
- for purchases exceeding £15,000 (inclusive of VAT) the Purchasing Department must be consulted, in order to instigate a formal tender process. A minimum of three tender responses is normally required;
 - for purchases of between £5,000 and £14,999.99 (inclusive of VAT) at least three written quotations must be obtained;
 - for purchases of up to £4,999.99 (inclusive of VAT) no formal written quotations are necessary, however, it is recommended that a minimum of three written quotations are obtained by the purchaser.
- 25.16 Only partnership arrangements for the supply of goods or services with the North West Universities Purchasing Consortium, other Higher Education Consortia and other agreed partnership arrangements will fall outside these arrangements for tenders and quotations. In exceptional circumstances, the use of a Single Tender Waiver form may be completed where the proposed purchase is not being made under a recommended contract and competitive offers are not being obtained. All Single Tender Waiver forms must be approved by the Vice Chancellor and Chief Executive.
- 25.17 Post-tender negotiations (i.e. 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 by the Purchasing Department, provided:
- it would not put other tenderers at a disadvantage
 - it would not affect their confidence and trust in the University's tendering process.

EU Regulations

- 25.18 The Purchasing Manager is responsible for ensuring the University complies with its legal obligations concerning 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 Purchasing 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.
- 25.19 It is the responsibility of heads of departments to ensure that their members of staff comply with EU regulations by notifying the Purchasing Manager of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as the Official Journal of the European Community (OJEC).

Receipt of goods

- 25.20 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.
- 25.21 All goods received shall be entered onto the 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.

Payment of invoices

- 25.22 The procedures for making all payments shall be in a form specified by the Director of Finance.
- 25.23 The Director of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. The majority of payments will normally be made by BACS transfer on a weekly basis. In the event that a BACS transfer is not appropriate then a cheque payment can be requested. In exceptional circumstances the Director of Finance can arrange for an urgent payment to be made. Where payment is required in advance of delivery, prior approval must be obtained through the Director of Finance.
- 25.24 All official purchase orders state that suppliers should submit invoices for goods or services directly to the Finance Department, and only in certain circumstances should invoices be sent to individual departments. Any such arrangements need prior agreement from the Director of Finance.
- 25.25 Payments will only be made by the Director of Finance, or delegate, against invoices that can be matched to a receipted order.
- 25.26 All invoices must be addressed to the University or its subsidiary companies as applicable.

Staff reimbursement

- 25.27 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.
- 25.28 All staff expenses incurred will normally be reimbursed through the payroll, via the University's expenses system. Any deviation from this will need prior agreement from the Director of Finance.
- 25.29 Further information and guidance can be found in the University's Work Related Travel Policy, which is available on the 'Policies and Procedures' pages of the University's website.

University purchasing cards

- 25.30 Where appropriate, the Director of Finance may approve the issuing of purchasing cards to members of staff. Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action.

25.31 The Director of Finance will be responsible for setting in place a system to monitor the use of University purchasing cards and account for expenses charged through them. Staff with purchasing cards must follow the detailed procedures and guidelines they are issued with, or they will be withdrawn pending further review of their use by the staff member.

Petty cash

25.32 Purchases through petty cash should not normally exceed £25 and must be supported by receipts or vouchers.

Cash advances

25.33 The head of department may 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 purchasing card.

25.34 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.

26 Pay Expenditure

26.1 The Board of Governors determines the principles and strategy for the reward of all members of staff, through the University's Remuneration Committee, as referred to in section 5.5.

26.2 All University staff will be appointed to the salary scales approved by the Board of Governors and in accordance with appropriate conditions of service. Letters of appointment must be issued to all new staff by the Human Resources Department.

26.3 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 Director of Human Resources. Heads of departments, and delegated budget holders, shall ensure that the Director of Human Resources is provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

26.4 The Director of Finance is 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, visiting lecturers or researchers, will be in a form prescribed or approved by the Director of Finance.

26.5 The Director of Human resources will be responsible for keeping the Director of Finance informed of all matters relating to personnel for payroll purposes. In particular these include:

- appointments, resignations, dismissals, supervisions, secondments and transfers;
- absences from duty for sickness or other reason, apart from approved leave;
- changes in remuneration other than normal increments and pay awards;
- information necessary to maintain records of service for superannuation, income tax and national insurance and pensions.

26.6 The Director of Finance is responsible for ensuring all payments to individuals comply with HRMC regulations and guidance, including payments to non-employees. All casual and part-time employees will be included on the payroll.

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

- 26.8 The Director of Human Resources is responsible for the auto enrolment of relevant members of staff, the eligibility to pension arrangements of all members of staff, and for the initiation or cessation of pension deductions.
- 26.9 The Director of Finance is responsible for day-to-day pension matters, including paying contributions to various authorised pension schemes and preparing the annual return to those relevant schemes.
- 26.10 All pension schemes are accounted for in accordance with the University's principle accounting policies as set out in the annual Financial Statements.
- 26.11 Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the Board of Governors through the Finance and Development Committee and, where appropriate, the Human Resources Committee. Professional advice should be obtained where necessary. All such payments shall be authorised by the Vice Chancellor and Chief Executive and calculations made by the Director of Human Resources and checked by the Director of Finance.

27 Assets (including inventories)

- 27.1 The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority as set out in the University's Schedule of Delegation.
- 27.2 All purchases of departmental equipment capital assets must have been approved as part of the capital approval process and follow all policies in relation to the purchasing of goods and services.
- 27.3 The University shall maintain two asset registers:
- a capital asset register of land, buildings, plant and machinery, equipment, intangible assets costing over £5,000 (including VAT) which will form part of the University's statutory accounts; and
 - a departmental equipment inventory of all tangible equipment costing in excess of £500 (including VAT)
- 27.4 The Director of Finance is responsible for maintaining the institution's capital asset register. Heads of department are required to provide the Director of Finance with any information he or she may need to maintain this register.
- 27.5 Heads of departments are required to maintain a departmental equipment inventory by recording all equipment held by the department, costing in excess of £500 (including VAT). The format of this inventory register can be determined by the department.
- 27.6 IT equipment provided by Central IT Services for use in departments should not be included on the register. This data will be maintained and submitted by IT Services.
- 27.7 Heads of departments must arrange for inventories to be checked and brought up to date by the end of each financial year and any discrepancies, which could be an indication of fraud or theft, reported to the Director of Finance immediately. A register as at 31st July, signed off by the head of department, may be requested by the Finance Department in relation to any internal or external audit requirement. Other more frequent inventory checks may also be made depending on the nature of the inventory item.
- 27.8 In relation to capital assets, an annual verification exercise will be undertaken by the Finance Department in order that the value held on the University's balance sheet at the end of each financial year can be validated. The process for this will be approved of the Director of Finance and instructions will be issued to appropriate staff within individual departments on an annual basis.
- 27.9 When equipment is physically transferred between departments, a transfer record must be kept and the inventories amended accordingly. If the transfer relates to a capital asset then an asset transfer form must be completed and submitted to the Finance Department so that the asset details, in relation to location, can be updated.

- 27.10 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 Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 27.11 Assets owned by the University shall, so far as is practical, be effectively marked to identify them as University property.
- 27.12 Assets owned or leased by the University shall not be subject to personal use without proper authorisation from the head of department, Head of Estates and Facilities or Vice Chancellor and Chief Executive.
- 27.13 When assets become redundant, the department holding that asset must ensure that the asset is disposed of in the most economically efficient manner, aiming to maximise sale proceeds for the University. Disposals should be conducted in such a way as to rebut any possible allegations of waste of public funds or of showing undue preference to any party.
- 27.14 Disposal of equipment and furniture must be in accordance with University policies and either a capital asset or inventory disposal form must be completed and submitted to the Finance Department. Further information of the process and approval relating to disposing of departmental equipment is available from the Finance Department.
- 27.15 Disposal of land and buildings must only take place with the authorisation of the Board of Governors. HEFCE and/ or other funders consent may also be required.

28 Insurance

- 28.1 The Director of Finance 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 and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be reported to the Finance and Development Committee on an annual basis.
- 28.2 The Director of Finance is responsible for obtaining quotes, negotiating claims and maintaining the necessary records in relation to insurance. He/she will keep a register of all insurances effected by the University and the property and risks covered and will deal with the University's insurers and advisers about specific insurance problems.
- 28.3 Heads of departments must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the University may be exposed. The Schedule of Delegation in relation to the approval of contracts and agreements must be followed and the Director of Finance's advice should be sought to ensure that this is the case.
- 28.4 Heads of departments must give prompt notification to the Director of Finance of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks.
- 28.5 Heads of departments must advise the Director of Finance immediately of any event that may give rise to an insurance claim. The Director of Finance, or delegate, will notify the University's insurers and, if appropriate, prepare a claim in conjunction with the head of department for transmission to the insurers.
- 28.6 The Director of Estates and Facilities is responsible for keeping suitable records of plant, which is subject to inspection by an insurance company and for ensuring that an inspection is carried out in the periods prescribed.
- 28.7 All staff using their own vehicles on behalf of the University shall maintain appropriate insurance cover for business use. They will be required to provide evidence of such cover before any claims for business mileage expenses are paid. Staff are also required to provide evidence that their vehicle is fit for purpose, has the required road fund licence and has a current MOT certificate.

29 Intellectual Property Rights and Patents

- 29.1 Certain activities undertaken by the University including research, teaching and consultancy may give rise to intellectual property that can be utilised by the University in its own core business and/or in a commercial venture.
- 29.2 Intellectual Property (IP) is the term used to describe the product(s) of any creative endeavour, artistic, literary or scientific, that can be protected under legislation.
- 29.3 In relation to the University, IP refers to all matter capable of being protected by patents, copyright, designs, database rights, topography rights, trade marks, plant breeders rights, know how and all other intellectual or industrial property rights, in each case whether registered or unregistered and including applications or rights to apply for them together with all extensions, divisionals, continuations, continuations in part and renewals of them, and in each and every case all rights or forms of protection having equivalent or similar effect anywhere in the world. It also refers, however, to other intellectual assets such as inventions and discoveries and any other product or attribute of intellectual or academic activity (whether or not formal property rights subsist or are capable of subsisting therein) such as (but without limitation) know-how, knowledge and expertise, skills, techniques, and the results of experiments, tests, or calculations.
- 29.4 Further details and guidance relating to intellectual property is available in the Intellectual Property Policy, which is available to all staff on the 'Policies and Procedures' pages of the University's website. The policy sets out the University's position in respect of the following:
- the ownership of Intellectual Property created by its employees, its students and by associated staff;
 - the protection of Intellectual Property owned by the University;
 - the exploitation of Intellectual Property owned by the University; and,
 - the distribution of revenue arising from the commercial exploitation of Intellectual Property.

30 Subsidiary companies and Joint Ventures

- 30.1 For legal or commercial reasons, the University may decide to carry out activity or to exploit University-owned intellectual or other property or rights through a subsidiary undertaking or joint venture.
- 30.2 University subsidiary undertakings and joint ventures may only be set up with the approval of the Board of Governors.
- 30.3 It is the responsibility of the Board of Governors to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the University.
- 30.4 Where the University is the majority shareholder:
- the Director of Finance will report on salient business activity during the preparation of the consolidated accounts of the University;
 - the University's Internal and External Auditors shall usually be appointed to such companies;
 - the company's financial year shall be conterminous with that of the University.
- 30.5 All wholly or majority owned subsidiary companies and joint ventures are expected to adhere to the University Financial Regulations including the above provisions and the supporting policies and procedures as they apply to the University except where the Board of Governors has approved the application of alternative arrangements on the recommendation of the Audit Committee.
- 30.6 A register of all University interests in subsidiary companies and joint ventures, whether or not they are controlled by the University, shall be maintained by the Director of Finance.

- 30.7 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 institution. Any member of staff considering the use of a company or a joint venture should first seek the advice of the Vice Chancellor and Chief Executive and the Director of Finance, who will have due regard to relevant guidance.
- 30.8 The Directors of subsidiary companies, where the University is the majority shareholder must submit, via the Finance and Development Committee, an annual report to the Board of Governors. They will also submit business plans or budgets as requested to enable the Committee to assess the risk to the University.
- 30.9 All University subsidiary undertakings and joint ventures will be accounted for, within the University Group overall financial position, in accordance with principle accounting policies, relevant accounting standards and Companies Act requirements.

31 Other

Overseas Activity

- 31.1 In planning and undertaking overseas activity, all staff must have due regard to:
- the relevant guidelines issued by the Foreign Office;
 - all University procedures in relation to insurance arrangements, travel, payments etc.
 - the potential implications, both to the University and the individual, of the Bribery Act 2010, in relation to both domestic and overseas activities.

In the event of any concerns or queries, further information should be sought initially from the relevant head of department, prior to travel or other business activity overseas.

Security

- 31.2 Keys to safes or other similar containers are to be held securely as agreed with the Director of Finance. The loss of such keys must be reported to the Director of Finance immediately.
- 31.3 The Head of IT 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. The University's Head of Information Assurance shall be nominated as data protection officer to ensure compliance with the Act and the safety of documents.
- 31.4 The Head of Information Assurance 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 University Secretary. All such documents shall be held in an appropriately secure, fireproof location.

Students' Union

- 31.5 The Students' Union is a separate legal entity from the University but is recognised to fulfil a valuable role in relation to the University's students.
- 31.6 The Vice Chancellor and Chief Executive shall determine the level of grant to be paid annually to the Students' Union. The grant will be approved by the Board of Governors as part of the annual budget. The Students Union are required to provide, for information, details of its proposed budget to assist in determining the appropriate level of grant.
- 31.7 The Students' Union is responsible for maintaining its own bank account and financial records and preparing its own annual Financial Statements.

31.8 At year-end the Students' Union Financial Statements will be audited by an appropriately qualified firm of auditors and will be presented to the Audit Committee for information.

Use of the University's seal

31.10 Where a deed or document requires the University's Seal, it must be sealed by the Clerk to the Board of Governors or in his or her absence, the Vice Chancellor and Chief Executive.

- Any reference to HEFCE includes any replacement/ future regulatory body.
- Any reference to EU legislation may alter or become invalid following the UK's exit from the EU.