

## FINANCIAL REGULATIONS

SUPPLEMENT (1) TO NO. 4630

WEDNESDAY, 24 JULY 2002

### CHANGES IN REGULATIONS

Council has made the following regulations to replace the existing Financial Regulations (*Statutes*, 2000, pp. 553–77, as amended by the changes published in the *Gazette* on 4 October and 9 November 2000, Vol. 131, pp. 83, 319). The new regulations will come into effect (i.e. will be formally enacted) on **9 August** and will be effective (i.e. will apply in place of the existing regulations) from **1 August 2002**.

### Council Regulations 43 of 2002

#### FINANCIAL REGULATIONS

*Made by Council on 24 July 2002*

#### Part 1

##### Introduction

- 1.1. (1) These Regulations are made by the Council of the University in accordance with its statutory responsibility for the proper control of the finances of the University.  
(2) The Regulations apply to the conduct of all the financial affairs of the University, irrespective of the source of funding.
- 1.2. (1) The primary objective of the Regulations is to ensure the proper use of finances and resources in a manner which satisfies the University's requirements for accountability, internal control, and the management of financial risk, and also fulfils any legal or financial obligations laid down by the Inland Revenue, the Higher Education Funding Council for England, Customs and Excise, and other government authorities.  
(2) The Regulations do not extend to non-financial activities of the University, nor are they a definitive statement on the governance of the University.
- 1.3. (1) Copies of the Regulations shall be circulated to the heads of all university divisions, departments, and institutions, and to the secretaries of all university committees and boards which receive and hold funds.  
(2) It is their responsibility to ensure that all those to whom any financial authority is delegated are made aware of the existence and provisions of the Regulations, and that an adequate number of copies are made available for reference.  
(3) Those with financial and accounting responsibilities must have their own copies.<sup>1</sup>
- 1.4. Compliance with the Regulations is a requirement for all employees of the University other than those in the employment of the Press, irrespective of whether their appointment is financed by general university funds, research grants and contracts, or trust or other funds; and for all those not directly employed by the University who have responsibility for the administration or management of university funds.

#### Part 2

##### Definitions and Abbreviations

2.1. The following definitions and abbreviations have been used in the text in order to shorten and simplify the regulations:

Director of Finance	—	the Director of Finance and Secretary of the Chest
Budgetary Unit	—	each division, department, institution, committee, and board that receives and administers funds which are disbursed by the University, or are received by the University from external sources
Head of Unit	—	the head of a Budgetary Unit: that is, the heads of divisions, departments, and institutions, and the secretaries of committees and boards
HEFCE	—	the Higher Education Funding Council for England (or any successor body)

<sup>1</sup> Additional copies of the Regulations may be obtained from the Director of Finance and Secretary of the Chest, who should also be contacted for advice if there is any uncertainty as to their application.

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Finance Committee	—	the Finance Committee of Council
Financial Memorandum	—	the Financial Memorandum between HEFCE and the University
Internal Audit	—	the Internal Audit Section of the Finance Division
Investment Committee	—	the Investment Committee of Council
LSO	—	the Legal Services Office
PRAC	—	the Planning and Resource Allocation Committee of Council
RSO	—	the Research Services Office
Parent Body	—	a Budgetary Unit which allocates funds to other units under delegated authority
Personnel Services	—	the Personnel Services Section of the Central Administration
Press	—	the Oxford University Press
Purchasing Office	—	the Purchasing Office in the Central Administration
Regulations	—	these Financial Regulations
Statutes	—	the Statutes and Regulations of the University in force for the time being
Surveyor	—	the Director of Estates and Surveyor to the University
VAT	—	Value Added Tax (or any tax replacing it)

### Part 3 Detailed Regulations

#### *Application*

- 3.1. (1) The Regulations apply to all bodies included in the University's annual audited financial statements, except subsidiary companies and societies (i.e. colleges without independence).  
 (2) Subsidiary companies and societies are expected to develop their own regulations based on this document, appropriately amended to take account of their differing governance arrangements.  
 (3) The Regulations apply to all funds received and held by university bodies, from whatever source.
- 3.2. The Regulations do not apply to those colleges of the University which have their own corporate identity.
- 3.3. The Regulations do not apply to the Press, a department of the University which has its own financial policies and procedures.
- 3.4. (1) Where the Finance Division or any body within the University provides an accounting or other financial service for organisations which are not part of the University, it is acting as a custodian of the funds it is holding and has a duty to exercise the same care as with its own funds.  
 (2) The Regulations apply to these funds whilst the University holds them.

#### *Distribution*

- 4.1. The Director of Finance is responsible for ensuring that copies of the Regulations are distributed to all Heads of Units.
- 4.2. Every Head of Unit is responsible for ensuring that all members of the unit are aware of the Regulations, have a proper understanding of their operation, and have access to them, and that those with financial and accounting responsibilities have their own copies.

#### *Updating*

- 5.1. Every five years, or more frequently if appropriate, the Director of Finance shall arrange for the Regulations to be reviewed, and for any proposed changes to be submitted to Council for its consideration.

#### *Financial Responsibility within the University*

- 6.1. (1) *Council* is responsible under the Statutes for the administration of the University, and for the management of its finances and property, and has all the powers necessary for it to discharge those responsibilities.  
 (2) To perform the responsibilities effectively, it delegates detailed management to Budgetary Units and officers.
- 6.2. (1) *Congregation* is the ultimate legislative body of the University and is composed of academic staff and certain research support staff, administrators, and librarians.  
 (2) It has to approve changes to the Statutes.
- 6.3. *The Finance Committee* is a Committee of Council which is responsible to Council for the approval of the University's annual financial statements, and for consideration of proposed financial regulations.
- 6.4. (1) *PRAC* is a committee of Council which keeps under review the financial resources and needs of the University, and makes recommendations to Council, in particular on long-term financial planning, the annual budget, the allocation of resources, and the use of the University's capital funds.  
 (2) The committee is also responsible for ensuring that university bodies to which financial management has been delegated exercise proper management over delegated resources.

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- 6.5. (1) *The Vice-Chancellor* is the chief officer of the University, who normally presides over Congregation and chairs Council, to both of which bodies he or she is accountable.
- (2) The Vice-Chancellor (or his or her nominee) also chairs PRAC.
- (3) He or she is the Designated Officer appointed by Council in accordance with the Financial Memorandum, and may be required to appear before the Public Accounts Committee on matters relating to HEFCE grants made to the University.
- 6.6. (1) *The Registrar* is the head of the Central Administrative Service of the University and is also secretary of Congregation and of Council.
- (2) He or she reports to the Vice-Chancellor and Council.
- 6.7. (1) *The Director of Finance* is the chief financial officer of the University.
- (2) He or she reports to the Registrar, but has direct access to the Vice-Chancellor and Council on financial, technical, and professional matters.
- (3) The Director of Finance is responsible:
- (a) for ensuring that adequate controls and procedures are in place to record all transactions of the University in an accurate and timely manner;
  - (b) for the provision of financial information and advice to all Budgetary Units; and
  - (c) for advising the relevant university bodies and officers on financial policies and planning, and the financial implications of any proposals.
- 6.8. (1) *The Financial Memorandum*. Council is responsible for ensuring that the University complies with the memorandum and related guidance.
- (2) HEFCE is required to be satisfied that Council has appropriate arrangements for financial management and accounting, and that the uses to which HEFCE funds are put are consistent with the purposes for which they were given.
- (3) Council is also required to ensure that the University has a sound system of internal financial management and control, and that value for money is delivered from public funds.
- (4) The Financial Memorandum sets out detailed guidelines covering a number of areas referred to in the Regulations: in such cases the Regulations have been framed to incorporate the requirements of the memorandum.
- 6.9. (1) *Heads of Units*. Accountability for financial management is delegated from Council through PRAC to divisional boards and the Department for Continuing Education.
- (2) Within divisions, financial management is further delegated to departments and other Budgetary Units in accordance with rules laid down by each divisional board, but within the overall framework of the Regulations.
- (3) At each level, the body or individual concerned must ensure that funds received or spent are properly controlled, and their use monitored.
- (4) Responsibility for internal control within a Budgetary Unit rests with the Head of that Unit, who should ensure that appropriate and adequate arrangements exist to safeguard all assets, that university policies, including the Regulations, are complied with, and that records are maintained in as complete and accurate a form as possible.
- (5) Heads of Units must ensure that adequate procedures for regular independent checks of financial transactions are in place.
- 6.10. Guidance on recommended internal control procedures is available from Internal Audit.

### ***Conflict of Interest***

- 7.1. University employees and others with responsibility for the administration or management of university funds should never exploit their authority or office for personal gain, and should always seek to uphold and enhance the standing of the University.
- 7.2. (1) The University has published a Statement of Policy and Procedure on Conflict of Interest ([www.admin.ox.ac.uk/rso/policy/conflict.shtml](http://www.admin.ox.ac.uk/rso/policy/conflict.shtml)), which employees and others who have responsibility for the administration or management of university funds are required to follow in order to avoid such conflicts.
- (2) The Conflict of Interest Committee is also available to give formal and informal advice.
- (3) Enquiries should be directed in the first instance to the secretary of the Conflict of Interest Committee in the LSO.
- 7.3. Members of university bodies should declare any relevant interests (financial or otherwise) in matters under discussion and should, if requested by the chairman, withdraw from such discussion and/or not exercise the right to vote.

### ***Audit***

- 8.1. The University's audit arrangements are required to be in accordance with the HEFCE Audit Code of Practice.
- 8.2. (1) *The Audit Committee* is a committee of Council whose members are appointed by Council but are not officers of the University.

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- (2) The committee reviews the effectiveness of the financial and other internal control systems of the University, including both the scope and effectiveness of the work of Internal Audit, and the external audit of the University's financial statements.
- (3) The committee must produce an annual report for Council, which, after consideration by Council, must be sent to the Chief Internal Auditor of HEFCE.
- 8.3. (1) *Internal Audit* is responsible for carrying out appraisals of the internal control systems of the University's activities, financial and otherwise.
- (2) It provides a service to all levels of management by evaluating and reporting to them the effectiveness of the controls for which they are responsible.
- (3) The section may provide advice concerning controls and other matters in the development of systems, but it does not have direct responsibility for the development, implementation, or operation of systems.
- (4) The section is responsible for giving assurance to the Audit Committee, Council, the Vice-Chancellor, and the Registrar on all financial and other control arrangements.
- (5) Internal Audit has an unrestricted right of access to all vouchers, documents, books of account, and computer data, and to any other information which it considers relevant to its enquiries and which is necessary to fulfil its responsibilities.
- (6) This includes the right to verify assets, and the right of direct access to any employee or person responsible for the administration or management of university funds with whom it is felt necessary to raise and discuss such matters.
- 8.4. (1) *External Audit*. Each year, on the recommendation of the Audit Committee, Council shall appoint the University Auditor.
- (2) The University Auditor audits the annual financial statements of the University, and reports to the Vice-Chancellor whether in his or her opinion those statements give a true and fair view of the state of the financial affairs of the University (other than the Press) and its related bodies and subsidiary companies at the balance sheet date, and of their income and expenditure for the year then ended.
- (3) The University Auditor has unrestricted right of access to all vouchers, documents, books of accounts, computer data, and other information.
- (4) The University Auditor has the right to verify assets, and the right of direct access to any employee or person responsible for the administration or management of university funds with whom it is felt necessary to raise and discuss such matters.
- (5) The University Auditor may visit any Budgetary Unit.
- 8.5. (1) *Other Auditors*. The University may be audited by the HEFCE Internal Audit Service and may be visited by the National Audit Office.
- (2) These auditors have the same rights of access as the Internal and External Auditors.

### ***Fraud***

9.1. The University has published Procedures for Dealing with Cases of Fraud and Suspected Fraud ([www.admin.ox.ac.uk/finance/finregs/finregs.shtml#\\_toc491147745](http://www.admin.ox.ac.uk/finance/finregs/finregs.shtml#_toc491147745)), which employees and others who have responsibility for the administration or management of university funds are required to follow.

### ***Budgets***

- 10.1. (1) *University Budget*. PRAC is required to report to Council annually on the budget for the ensuing financial year.
- (2) All Heads of Units must supply the Finance Division with any information requested for the University Budget, by the date stated by the Director of Finance.
- 10.2. *Delegated Budgets*. Each body which receives or spends central university funds is required before the start of each financial year to prepare a budget for that financial year, based on its submission to the University's planning cycle, and before the start of the financial year to which the allocation applies to notify its income and expenditure plans to the body to which it is responsible.
- 10.3. (1) *Surpluses and Deficits*. Budgetary Units are required to keep their expenditure within the resources available to them.
- (2) A unit may budget for a surplus or deficit for the year only if this is consistent with the strategic plan for the division, and agreed by PRAC.
- (3) Accounts for funds which are earmarked by the body from which they are received must not be in deficit.
- (4) If a Budgetary Unit finds in the course of a year that it will be unable to achieve its budget and is likely to show a worsened outcome at the end of the year, it must report the situation to its Parent Body without delay.
- (5) The Parent Body may agree to allow the variation to stand only if it is satisfied that the unit has plans in place to recover the position.

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### ***Accounting Records and Annual Financial Statements***

- 11.1. Advice on accounting matters may be sought from the Head of Financial Accounting in the first instance.
- 11.2. *Accounting Records.* Every Head of Unit shall ensure that all moneys under the unit's control are kept safely and are used only for the purposes for which they are allocated, and that all transactions are properly recorded in the University's central accounting system.
- 11.3. *Retention of Financial Documents.* Budgetary Units must follow the guidelines which have been published by Internal Audit ([www.admin.ox.ac.uk/finance/finregs/finregs.shtml#\\_toc491147783](http://www.admin.ox.ac.uk/finance/finregs/finregs.shtml#_toc491147783)) and keep documents for the periods which are prescribed there.
- 11.4. (1) *University Computerised Accounting System.* All members and staff of the University with access to the University's computerised accounting system must comply with the password and other security controls established within the Central Administration.
- (2) Advice is available from the Head of Financial Accounting.
- (3) All members and staff of the University must comply with the Regulations relating to the Use of Information Technology Facilities.
- (4) Advice is available from the Director of Computing Services.
- (5) All members and staff of the University must comply with the University's Data Protection Policy ([www.admin.ox.ac.uk/councilsec/oxonly/dp/policy.shtml](http://www.admin.ox.ac.uk/councilsec/oxonly/dp/policy.shtml)).
- (6) Advice is available from the Data Protection Officer.
- 11.5. *Financially Related Software.* Heads of Units are required to inform the Director of Finance of any software packages with financial applications which they may be intending to acquire, in order to ensure both that such projects have been properly planned and resourced, and that the software will provide the required functionality and be compatible with existing financial systems.
- 11.6. (1) *New Budgetary Units.* No new Budgetary Unit may be established with resources from central university funds otherwise than on the authority of the appropriate Parent Body.
- (2) No resources from central or divisional funds may be transferred between bodies without the permission of the appropriate central body or divisional board.
- 11.7. (1) *Annual Financial Statements.* The Finance Committee shall approve, on behalf of Council, audited annual financial statements of the University for each year to 31 July, and report to Council accordingly before the end of Michaelmas Term.
- (2) Heads of Units shall provide such information as the Finance Committee may require to enable it to prepare the annual financial statements.
- (3) The Vice-Chancellor, the Chairman of the Finance Committee, and the Director of Finance shall sign the annual financial statements.

### ***Banking Arrangements***

- 12.1. (1) All moneys receivable by the University are to be regarded as income of the University.
- (2) University income includes all moneys made available to individuals on the basis of their association with the University.
- (3) All university income must be paid into a university bank account promptly and be properly accounted for, and all university expenditure must be paid from a university bank account.
- (4) No private bank accounts may be used to divert any moneys receivable by the University.
- 12.2. (1) The setting up of university bank accounts, other than imprest accounts, including the mandate for each account and subsequent changes to the mandate, must be approved by the Finance Committee.
- (2) All such bank accounts shall be in the name of the University.
- 12.3. (1) The Director of Finance may approve the setting up of an imprest bank account.
- (2) Such an account may be used only for making payments and not for banking receipts (other than for the reimbursement of the account).
- (3) Imprest bank accounts cannot be used for wages or salaries, or for the settlement of normal commercial invoices.
- (4) They can be used to reimburse travel expenses under an amount prescribed from time to time by the Director of Finance, on condition that a travel claim form is used (see regulations 37.1–38.5 below).
- (5) They must not be overdrawn.
- (6) The Budgetary Unit holding the account is responsible for ensuring regular reconciliation of the account, and for providing information required by the Finance Division at the year end.
- (7) Advice is available from the Head of Treasury Management.
- 12.4. (1) The approval of the Director of Finance is needed in advance for the setting up of any university charge or credit cards.

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- (2) Advice is available from the Head of Treasury Management.
- 12.5. (1) When a Budgetary Unit becomes aware that it will become subject to foreign exchange risk through the future receipt or payment of foreign exchange, it should notify the Finance Division and arrange to discuss how the risk can be reduced or avoided.
- (2) Advice is available from the Head of Treasury Management.

### ***Receipts***

- 13.1. (1) Each Head of a Unit which receives cash or cheques is responsible for establishing procedures to ensure that all receipts to which it is entitled are received, properly accounted for and recorded, and banked intact within a week, or more often if large sums are received.
- (2) The Head of Unit is also responsible for the security of cash received until banked.
- 13.2. All cheques received by Budgetary Units shall be made payable to 'Oxford University'.
- 13.3. The postal service and University Messenger Service must not be used to send cash.
- 13.4. Remittance advices and account code details must accompany all receipts and be sent to the Financial Accounting Office in respect of centrally banked items, and to the Treasury Section in respect of locally banked or electronic receipts.

### ***Student Fees***

- 14.1. No person shall be presented for a degree unless he or she has paid all the sums due from him or her to the University.

### ***Acceptance of Gifts***

- 15.1. (1) The following persons are authorised to give a valid receipt on behalf of the University:
- (a) the Director of Finance has authority without limit to accept gifts in respect of allocations from the Trustee of the University of Oxford Development Trust Fund;
  - (b) the Registrar has authority to accept gifts worth more than £20,000 and up to £100,000, subject to a termly report to Council of action taken;
  - (c) the Director of Finance has authority to accept gifts worth more than £2,000 and up to £20,000; and
  - (d) each Head of Unit or, if the head so wishes, the administrator of the unit, has authority to accept gifts for that unit worth up to £2,000;
- except in each case:
- (i) research grants and contracts, which must be processed and negotiated through the RSO;
  - (ii) any gifts the acceptance of which would involve the establishment of a new trust (where advice must be sought from the LSO);
  - (iii) any gifts which would bear any restrictive conditions, or entail any potential commitment on university funds (where advice must be sought from the LSO);
  - (iv) any gifts which might be considered sensitive for political or other reasons (where advice must be sought from the Development Office); or
  - (v) any other gifts in respect of which those given delegated authority may consider Council's approval necessary.
- (2) All acceptances under paragraph (1) (d) above must be notified immediately to the Development Office, with details of the donor and the amount and purpose of the gift.
- (3) In appropriate cases, those exercising delegated authority under any of paragraph (1) (b)–(d) above are expected to ask Council to vote thanks for a gift.
- 15.2. (1) Benefactions and endowments made to the University may be given on trust.
- (2) In order to ensure that the University complies with any conditions attaching to the benefaction or endowment, a University Trust Regulation must be made.
- (3) The regulation should include the purpose of the fund, its aims and objectives, the use to which the income is to be put (including unspent income carried forward to future financial years), whether the capital may be spent, details of the management committee, and provision for subsequent amendment (subject to continuing observation of the purpose of the fund).
- (4) The LSO must draft these regulations, taking advice from secretaries to divisional boards (or their equivalents in the case of Budgetary Units not in divisions).
- (5) The capital is usually invested in the Trusts Pool: advice about this is available from the Head of Treasury Management.

### ***Grants to other Charities***

- 16.1. Council has empowered PRAC, without reference to Council, to make grants from revenue in response to appeals from educational or charitable organisations of direct concern to the University, or in places where the University owns

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land or is patron of a benefice, on condition that that Council is consulted on any case of doubt or difficulty, or involving a grant of more than £10,000.

16.2. The funds of Budgetary Units may not be used to make charitable donations or grants.

### ***Borrowing***

17.1. No Budgetary Unit may borrow money without the permission of Council.

### ***Investment***

18.1. *The Investment Committee* is responsible to Council for the investment of funds and endowments of the University.

18.2. No Budgetary Unit or trust fund of the University may invest in any securities or other investments (including land) without the permission of the Investment Committee.

18.3. The Investment Committee manages the Trusts Pool Scheme, which is designed for long-term investment: that committee approves all new shareholders in the pool and all increases in shareholdings.

18.4. Advice on investment matters is available from the Investment Secretary.

### ***Deposit Pool***

19.1. (1) The University has a Deposit Pool in which units and trust funds may invest certain cash balances for a minimum period of one month.

(2) The pool attracts the same income as the University's short-term cash deposits, but does not offer investors any capital growth.

(3) Investments are made at the discretion of the Investment Committee, which shall determine from time to time the minimum amount which may be invested by a Budgetary Unit or trust fund, and the minimum withdrawal or additional investment.

(4) It will also determine the monthly dates when deposits and withdrawals may be made.

19.2. Every account which has funds in the Deposit Pool must have either a nil or a positive balance of cash with the Finance Division, except for those accounts recording expenditure to be reclaimed from a trust fund at the end of the financial year (in which case the calculation will be made on the anticipated income).

19.3. (1) The approval of the Investment Committee shall be required for the types of funds which can be placed on deposit in the Deposit Pool.

(2) The approval of the Director of Finance shall be required for each individual application to place funds on deposit.

(3) No moneys received from central university funds may be so invested.

(4) Advice is available from the Head of Financial Accounting.

### ***Petty Cash***

20.1. (1) Where a petty cash float is provided to pay minor expenses, it may not be used for wages or salaries, or for payments to regular suppliers.

(2) It may be used to reimburse travel expenses under an amount prescribed from time to time by the Director of Finance, on condition that a travel claim form is used (see regulations 37.1–38.5 below).

(3) The Budgetary Unit is responsible for the security of the float.

(4) Claims for reimbursement must be made on the standard form provided by the Finance Division, and be supported by invoices or other supporting documents.

(5) Cash receipts must not be added to the petty cash float.

(6) Petty cash floats must not be used for personal expenditure.

### ***Authority to enter into Contracts***

21.1. Part C of Statute XVI contains the basic rules about who may commit the University in contract.

21.2. The Vice-Chancellor and the Registrar each have general authority.

21.3. The Director of Finance has authority in relation to agreements dealing with sales, purchases, investments, borrowings, commercial activities, research contracts, and the formation and operation of subsidiary, associated, and spin-out companies.

21.4. The Director of Research Services has authority in relation to research contracts.

21.5. The Surveyor has authority in relation to contracts for the demolition, construction, alteration, repair, and maintenance of buildings.

21.6. The Land Agent has authority in relation to contracts for the sale, purchase, leasing, licensing, and charging of real property.

21.7. Other officers may have delegated authority: the Registrar keeps a register of all such delegations, which may be consulted on application to the Registrar or the LSO.

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- 21.8. (1) Heads of Units have authority to effect contracts in the course of the ordinary business of their unit involving only the funds over which they have delegated control.
- (2) They do not have any authority to enter into any contract:
- (a) which is illegal;
  - (b) which does not comply with obligations laid down by HEFCE, the Inland Revenue, Customs and Excise, or other government authorities; or
  - (c) which falls within the remits of the Director of Finance (apart from sales and purchases in the course of the unit's ordinary business), the Director of Research Services, the Surveyor, or the Land Agent under regulations 21.3–21.6 above.
- (3) What is ordinary business will vary, but for academic units can be taken to mean teaching and research and (save as otherwise provided) their support.
- (4) Specific funds may be used only for the purposes given.
- (5) Heads of Units may delegate in writing their authority to effect contracts, but no such delegation shall be operative until a copy of the instrument recording the delegation has been delivered to the Registrar.
- (6) Heads of Units should obtain the advice of the Director of Finance in the first instance if they are unsure of their authority to effect a particular contract.
- 21.9. Employment contracts must be approved by the Personnel Committee.
- 21.10. Documents for sealing should be sent to the LSO.

### *Sales*

- 22.1. (1) Heads of Units which receive income from the sale of goods or services are responsible for establishing procedures to ensure that all sales are authorised, and are subject only to acceptable credit risks.
- (2) Customers must be made aware of the University's standard conditions of sale ([www.admin.ox.ac.uk/purchasing/oxonly/terms.shtml](http://www.admin.ox.ac.uk/purchasing/oxonly/terms.shtml)), which must be incorporated into all contracts (subject to any variations required on a case-by-case basis, and drafted or endorsed by the LSO).
- (3) Invoices must be prepared for all goods dispatched or services supplied, and be properly recorded and processed.
- (4) Procedures must also be in place to follow up overdue accounts effectively.
- (5) In the event of prolonged non-payment or dispute, the Finance Division and the LSO should be informed.
- 22.2. (1) The liability to VAT of all goods and services supplied must be established, and VAT charged and accounted for as appropriate.
- (2) Advice is available from the Head of Taxation and Advisory Services.
- 22.3. (1) When a new income-generating activity is set up, the Director of Finance must be consulted to consider whether the activity constitutes trading which might be subject to Corporation Tax, and therefore should be conducted through a university company.
- (2) Failure to do so may result in the payment of tax.
- 22.4. (1) When determining the prices to be charged for research contracts, residences, catering, conferences, and services to external customers, including consultancy, the University is required by the Financial Memorandum to assess the full cost to the University.
- (2) HEFCE expects the full cost to be recovered unless it is appropriate to do otherwise having regard to the particular circumstances.
- (3) Heads of Units are responsible for ensuring that charges make due allowance for overhead costs, and that they are aware of the extent, if any, to which they subsidise the cost from their unit's resources (in which case they must be able to justify the subsidy).
- (4) When research grants and contracts are costed, the University's policy on the charging of overheads must be followed.
- 22.5. Heads of Units must approve sales to employees, members of the University, and other customers which are made without charge, or at a charge below that normally made to external customers.
- 22.6. Heads of Units must ensure that appropriate charges are made for the use of university premises and facilities for non-university purposes.
- 22.7. (1) *Writing-off Bad Debts.* Heads of Units must ensure that procedures are in place to monitor all debts properly, as well as to follow up overdue accounts in accordance with regulation 22.1 (4) above.
- (2) A debt is created whenever a sale is made.
- (3) The following authorities to write off bad debts (after all reasonable steps have been taken to recover them) apply to all debts:
- (a) Heads of Units may write off a bad debt up to £5,000 against their unit's budget with the permission of the Director of Finance.



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(b) The Director of Finance may write off bad debts of up to £100,000 against general revenue or, where he or she considers that the bad debt resulted from unguarded action taken by a unit, against that unit's funds.

(4) The Director of Finance shall provide the Finance Committee with an annual report of the total sum written off each year, giving details of individual sums over £5,000.

(5) Any VAT included in bad debts which have been written off may be recovered using the procedures prescribed by Customs and Excise.

(6) Any court proceedings to recover moneys due must be approved by the Registrar, and initiated by or through the LSO.

### ***Purchases***

23.1. (1) Heads of Units are responsible for establishing procedures to ensure that goods and services are ordered only in required quantities of suitable quality at the best terms available, after appropriate requisition and approval.

(2) In many cases the best value will be available through centrally negotiated purchasing arrangements, and the Purchasing Office should therefore be consulted in order to ensure that value for money is obtained.

23.2. All procurement of goods and services must be in accordance with the University's Procurement Policy Guidelines ([www.admin.ox.ac.uk/purchasing/oxonly/policy.shtml](http://www.admin.ox.ac.uk/purchasing/oxonly/policy.shtml)).

23.3. All contracts for the purchase of goods must incorporate the University's standard conditions of purchase ([www.admin.ox.ac.uk/purchasing/oxonly/terms.shtml](http://www.admin.ox.ac.uk/purchasing/oxonly/terms.shtml)), and all contracts for the supply of services must be in the form of the University's standard contract for services, unless (in either case) other terms are negotiated through the Purchasing Office.

23.4. All contracts for the acquisition of goods and services otherwise than by purchase (for example, leasing arrangements) must be negotiated through the Purchasing Office.

23.5. Orders may be placed only when funds are available to pay for them.

23.6. (1) Procedures must be in place to ensure that goods and services received are inspected, and that only properly ordered items are accepted, before invoices are authorised.

(2) Invoices must be properly recorded.

(3) Duties of staff should be segregated wherever possible, so that more than one member records and processes each transaction.

(4) Where only one member of staff is available, procedures for regular independent checks of transactions should be in place.

23.7. (1) Heads of Units must supply the Departmental Accounts Section of the Finance Division with a register of authorised signatures for the authorising of documents for payment.

(2) The register may have limits to any individual's authority.

(3) Each entry on the register must be signed or initialled by the Head of Unit.

(4) Where the proposed authorised signatory is not a university employee, the approval of the Director of Finance is also required.

(5) The register must be kept up to date.

(6) Advice is available from the Departmental Accounts Office.

23.8. (1) Prompt payment for discount must not be made earlier than the date of supply, except in cases where the supplier must itself make cash outlays at an early stage or permission has been obtained from the Finance Division.

(2) Advice is available from the Head of Financial Accounting.

23.9. Payments under employment contracts must be made through the university payroll and not by other means.

### ***Research Grants and Contracts***

24.1. (1) All applications to outside bodies for research funds must be submitted for university approval to the RSO, before being despatched to the sponsor.

(2) The RSO is also responsible for negotiating research and related contracts on behalf of the University.

24.2. Advice on research grants and contracts is available from the RSO.

### ***Other Projects***

25.1. Whenever a project cannot be administered through standard RSO procedures, that project must be appraised, implemented, and monitored in accordance with the University's Project Guide ([www.admin.ox.ac.uk/finance/oxonly/project/index.shtml](http://www.admin.ox.ac.uk/finance/oxonly/project/index.shtml)).

25.2. Advice on the appraisal process is available from the Project Accountant.

### ***Stock***

26.1. (1) Heads of Units are responsible for establishing procedures to ensure that stocks are adequately protected against loss or misuse.

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(2) Stocks should be maintained at the minimum level required to support operations.

26.2. A physical stock count must be conducted at least once a year, preferably at 31 July.

### ***Equipment and Furniture***

27.1. Heads of Units are responsible for establishing procedures to ensure that all items of equipment and furniture are adequately protected against loss and misuse, and that all purchases and disposals of equipment are properly authorised, accounted for, and recorded.

27.2. Equipment bought from research grants and contracts belongs to the University, unless there is explicit provision to the contrary in the relevant contract, and is available for use in the relevant Budgetary Unit on the expiry of the grant, subject to any conditions imposed by the funding body.

27.3. Any proceeds from the sale of equipment will normally be credited to the account of the Budgetary Unit concerned.

27.4. Where equipment is loaned, Budgetary Units should have procedures in place to ensure that it is returned in good condition, and should consider the need for the borrower to arrange insurance cover.

27.5. (1) Equipment inventories must be maintained in the form of an asset register which satisfies the requirements of Internal Audit.

(2) Items of equipment will be covered for all-risks insurance if they are included on the asset register.

(3) The register must be updated regularly, and a copy supplied to the Insurance Office of the Finance Division annually.

(4) Items purchased between annual submissions are covered automatically.

### ***Real Property***

28.1. *Functional Property.* The authority of Council is needed for any purchase of functional property, i.e. land or property which is to be university-owned or leased and occupied by university bodies, excluding investment and residential property.

28.2. All contracts for the purchase of land or property for the functional use of the University (whether freehold or leasehold), and all sales of existing functional land and property, must be effected by the University centrally on the authority of Council.

28.3. *Non-functional Property.* The Property Management Subcommittee of PRAC has charge of all real property which is not in use either for the functional purposes (excluding residential purposes) of the University or for investment purposes, and may authorise the purchase, leasing, and sale of real property for non-functional purposes on behalf of the University.

28.4. Advice on property matters is available from the Surveyor in respect of functional property, and from the Land Agent in respect of non-functional and investment property.

### ***Intellectual Property***

29.1. Part B of Statute XVI sets out the University's claims to the ownership of intellectual property devised, made, or created by employees, students, and others.

29.2. The procedures for the administration of such property are contained in the Regulations for the Administration of the University's Intellectual Property Policy.

### ***University Vehicles***

30.1. No university-owned vehicle ('university vehicle') may be used unless it is insured for the purpose for which it is being used and has a valid Department of Transport Certificate where required, and unless the driver is qualified to drive the vehicle.

30.2. (1) University vehicles may be used only by persons and for purposes authorised in writing by the Head of Unit, and a record of authorised drivers should be maintained.

(2) University vehicles should not normally be used for travel to and from work, and they should be left on university premises at night.

(3) Where the use of university vehicles is authorised for travel to and from work and they are not left on university premises at night, any employee of the University is likely to be taxed on the benefit enjoyed.

30.3. Where private use is allowed, the terms and conditions of use and reimbursement of costs must be authorised in writing by the Head of Unit, and the person granting such authorisation is also responsible for ensuring that there is comprehensive insurance cover.

30.4. University vehicles must be included in the unit's asset register.

30.5. Sales of vehicles should be advertised beyond the unit making the sale.

### ***Buildings***

31.1. *The Buildings and Estates Subcommittee* is responsible to PRAC:

(1) for the management and maintenance of the University's functional estate, except for matters which are the responsibility of divisions and other bodies, and in particular for formulating and reviewing the University's programme for all capital building projects for functional use;

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- (2) for overseeing the design and construction of all major projects, the repairs and maintenance programmes undertaken by the Surveyor, car-parking arrangements, and the provision of telecommunications;
  - (3) for the allocation of land and property in the functional estate.

31.2. All building works, however funded, in university functional buildings require the prior permission of the Surveyor, acting on behalf of the Buildings and Estates Subcommittee.

31.3. Advice on building matters is available from the Surveyor.

### **Insurance**

32.1. (1) The University is required by the Financial Memorandum to have adequate insurance cover.

(2) Details of the present cover can be viewed at [www.admin.ox.ac.uk/finance/insurance/](http://www.admin.ox.ac.uk/finance/insurance/).

32.2. Insurance matters must be arranged only through the Insurance Office, which will provide all necessary advice.

### **VAT**

33.1. (1) The University is a partially exempt, registered, taxable body, and has a legal obligation to account properly for VAT and to make correct returns to Customs and Excise.

(2) Each Budgetary Unit is responsible for its own VAT affairs, including ensuring that it is adequately informed about VAT and related aspects of the matters with which it deals.

(3) All Heads of Units must submit correct and timely returns of VAT and other legally required data to the Finance Division, for inclusion in the University's returns to Customs and Excise, as well as providing the information needed on invoices and other documents of costs incurred, to allow the University to operate its VAT partial exemption scheme.

33.2. Information on VAT and related matters is available from the circulars produced by the Finance Division, and advice is available from the VAT Officer.

### **Staff Establishment**

34.1. (1) New academic-related and non-academic posts at the grades of P06, Whitley Council MLS01, MT02, and below, Whitley Council Nurse E and below, Whitley Council Administrative and Clerical 3 and below, and outside-grant-funded academic-related RSIA and RSIB may be set up by Budgetary Units without the prior approval of the grading by Personnel Services (acting on behalf of the Personnel Committee), on condition that, if the post is outside-grant-funded, the relevant procedures specified by the RSO for the acceptance of the outside grant have been completed.

(2) The grading of all other new academic-related and non-academic posts, or changes to the grade of similar existing posts, must be approved by Personnel Services on behalf of the Personnel Committee unless otherwise specifically agreed by Council.

(3) Advice is available from Personnel Services.

34.2. A separate panel of the Personnel Committee considers the proposed grading of new posts (or the regrading of existing posts) in respect of all administrative, library, curatorial, and other staff in receipt of salaries in grades ALC6 or RSIV.

34.3. In the case of academic units, the setting up of any new posts, and any changes to existing posts, should also be approved by the divisional board with responsibility for the budget of the unit, subject both to appropriate consultation with colleges, and to written confirmation that the anticipated commitment will be within the budget set for the board by PRAC (such confirmation to be obtained from the Finance Division).

### **Salaries and Staff Appointments**

35.1. Statute XIV sets out who has authority to employ and dismiss members of the University's staff, and makes provision for general conditions of service.

35.2. No member of staff may be given a contract of employment for a period exceeding that for which funding is available fully to support the post or posts to which he or she is appointed.

35.3. The only payments which may be made to university employees are those which relate to the operation of approved university salary scales, and such other payments as have been specifically approved by the Personnel Committee.

35.4. All university employees shall be paid through the payroll operated by the Payroll Office.

35.5. (1) Heads of Units which have staff paid through the university payroll must supply the Payroll Office with a register of authorised signatures for the authorising of salary documents.

(2) The register may have limits to any individual's authority.

(3) Each entry on the register must be signed or initialled by the Head of Unit.

(4) The register shall be kept up to date.

(5) Where the proposed authorised signatory is not a university employee, the approval of the Director of Finance is also required.

35.6. All documents sent to the Payroll Office authorising the payment of new employees or subsequent changes to their salary or other details must be authorised in accordance with the relevant register of authorised signatures.

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- 35.7. (1) If it is proposed to employ a citizen of a country outside the European Economic Area ('EEA'), it is the responsibility of the Head of Unit, or other authorised signatory:
- (a) in the case of a person at present in the UK, to ensure that the landing conditions imposed on that person by the Immigration and Nationality Directorate of the Home Office allow the proposed employment; or
  - (b) if the person is not in the UK, to obtain through the Central Administration a work permit from the DfEE for the specific employment proposed.
- (2) The Work Permit and Immigration Help Desk within the Central Administration will handle centrally any applications that may be necessary and will advise on the detail and documentation required. (It should be noted that the authorities normally require, to support a successful application, evidence that the vacancy was advertised in an approved publication available in the EEA.)
- (3) The Payroll Office will not add a non-EEA citizen to the payroll unless it is clear that any necessary work permit has been obtained or that the immigration status of the person concerned does not require the University to seek permission for the specific employment proposed.
- 35.8. Any circulars issued by the Director of Finance on taxation or national insurance matters must be complied with, to ensure that the requirements of the Inland Revenue and Department of Work and Pensions are met, and to protect the University from financial loss.
- 35.9. Advice on all staff appointments is available from Personnel Services.

#### ***Relocation Expenses***

- 36.1. The University will contribute towards removal and travelling expenses incurred by persons taking up approved posts in the University, on such conditions as Council may approve.
- 36.2. (1) Application must be made to the Director of Finance before expenditure is incurred or authorised by the new post-holder.
- (2) Advice should be sought from the officer in charge of removal expenses in the Finance Division.
- 36.3. The funds of Budgetary Units may not be used to fund relocation expenses except as allowed for by the approved scheme.

#### ***Travel and Subsistence: Claims for Reimbursement***

- 37.1. Travel and subsistence reimbursement claims should be made on university claim forms, or other forms approved by the Director of Finance.
- 37.2. (1) The claims must be for the reimbursement of actual expenditure incurred wholly and necessarily on the business of the University, and be in accordance with the rates approved by the Director of Finance.
- (2) The lower mileage rate should be used unless the Head of Unit has authorised the use of the higher rate in advance.
- 37.3. Supporting vouchers must be provided for the cost of accommodation, fares, and other major items of expenditure.
- 37.4. No round-sum allowances may be paid.
- 37.5. An owner whose vehicle is being used for travel on university business must ensure that it is adequately insured for that purpose.
- 37.6. Employees cannot be reimbursed for the cost of travel to and from their normal place of work otherwise than in exceptional circumstances, when permission from the Director of Finance must be sought.
- 37.7. (1) No one may authorise reimbursement of his or her own expenses.
- (2) Claims should be approved by an employee senior to the claimant: where there is no suitable person within a Budgetary Unit to authorise an expense claim, the Director of Finance must be asked to make alternative arrangements.
- 37.8. (1) Those travelling abroad on university business should take out appropriate insurance cover by registration with the University's block travel policy available through the Insurance Office of the Finance Division.
- (2) This cover includes medical expenses incurred abroad, and costs arising from cancellation or curtailment of the journey.
- 37.9. Advice on claims should be sought from the Head of Financial Accounting.

#### ***Travel and Subsistence: Advances***

- 38.1. (1) Advances will normally be made only to employees and registered students of the University for up to one month's costs.
- (2) Trips which exceed one month should be funded on an imprest system of topping up the advance against claim forms.
- (3) Only in cases where this would be genuinely impossible or impracticable will an exception to the time limit be made, and then only on consideration of a written application in advance to the Director of Finance.
- 38.2. Advances will be limited to:

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- (1) 75 per cent of the estimated cost of up to one month's subsistence (according to the daily rates for countries abroad approved by the Director of Finance); and
  - (2) the full cost of fares.

38.3. Requests for advances should be made on university expense claim forms, giving details of dates and countries to be visited, and a breakdown of the advance required.

38.4. (1) Claimants must submit full documentation within seven days of return, and the process of accounting for the claims against advances must be completed within one month of the return date.

- (2) Advances should not be outstanding for more than two months.

38.5. Advice on advances may be obtained from the Head of Financial Accounting.

#### *Payments for Entertaining*

39.1. (1) Entertaining in the form of meals and hospitality should, wherever possible and appropriate, be carried out either in the University's own facilities in departments or in the colleges.

- (2) Courtesy gifts should, wherever possible and appropriate, take the form of books published by the Press or merchandise offered for sale in the University Shop.

39.2. (1) Expenditure on entertainment or courtesy gifts may be an appropriate use of university funds: it will avoid tax liability only if it is incurred wholly, necessarily, and exclusively for university purposes.

- (2) Details must be included with the claim which specify those entertained or honoured, their companies or institutions, and the purpose of the entertainment or gift.

39.3. (1) All expense claims for entertaining and gifts, which must be supported by vouchers, must be authorised by the Head of Unit (except where the head is the claimant, when alternative arrangements must be made—see regulation 37.7 above).

- (2) The authorisation and submission of a claim for payment is a declaration that the cost was incurred wholly, necessarily, and exclusively for university purposes.

- (3) Only on this basis can the Finance Division pay the claim in full without deduction of tax.

39.4. In authorising such expenditure, Heads of Units are also undertaking that, if in any case tax is subsequently levied, any cost which is not recoverable from the individual beneficiaries will fall on the budget of the unit.

39.5. Advice on such payments is available from the Head of Taxation and Advisory Services.

#### *Outside Appointments*

40.1. (1) All University employees, with the exception of CUF lecturers, are required to obtain the approval of the University for the holding of any outside appointment, and for conducting remunerated outside work on a self-employed basis.

- (2) The following do not count as outside appointments for this purpose:

- (a) the holding of the office of Proctor or Assessor;
- (b) the holding of the office of examiner in any examination which is part of a degree course at any university;
- (c) the holding of a commemorative lectureship or similar post in any university with the duty to give not more than eight lectures in any year of office;
- (d) activities or responsibilities normally associated with, or arising from, scholarly work which do not involve a formal and continuing contract.

40.2. (1) Approval must be sought in accordance with the Regulations for the Holding of Outside Appointments and the Conduct of Outside Work.

- (2) Advice is available from the RSO.

#### *Commercial Activities*

41.1. (1) No non-university commercial activities may be carried out on university premises, and no university facilities may be used for such activities, unless an agreement between the University and the persons concerned has been approved in advance by the Director of Finance.

- (2) In no circumstances may departmental or institutional addresses (whether postal or e-mail) be used for non-university commercial activities.

- (3) This regulation must be followed strictly even in situations where there is reason to believe that the University may sanction a spin-out company based on the activity in question.

#### *Private Work by Departmental Staff for other Departments*

42.1. (1) When a member of staff in his or her spare time undertakes private work for other Budgetary Units involving the use of facilities operated by the unit by which he or she is normally employed, proper invoices in respect of any charges which may be made for such work must be prepared, and submitted for approval and signature to the Head of the Unit by which the member of staff is ordinarily employed.

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- (2) Payment will be made through the university payroll unless a Schedule D tax reference for the trade has been obtained in writing from the Inland Revenue.
- (3) Advice is available from the Head of Financial Accounting.
- 42.2. (1) Where Heads of Units allow private work to be carried out for other Budgetary Units, written rules should be drawn up and made readily accessible to all members of staff.
- (2) The cost of any materials provided should be recovered, and care taken that safety procedures are observed.
- (3) Advice is available from Internal Audit.

***Private Patients' Fees***

- 43.1. (1) Persons in clinical departments holding honorary consultant appointments in the National Health Service are permitted to engage in private practice in accordance with the Regulations for Academic and other Posts, which provide for the treatment of private patients' fees.
- (2) Advice is available from the secretary of the Medical Sciences Division.