

OXFORD UNIVERSITY GAZETTE

SUPPLEMENT (2) TO NO. 4691 WEDNESDAY, 24 MARCH 2004

FINANCIAL REGULATIONS

CHANGES IN REGULATIONS

Council has made the following changes in regulation, to replace the existing Financial Regulations (Council Regulations 43 of 2002, *Gazette*, Vol. 132, Supplement (1) to No. 4630, 24 July 2002). The new regulations will come into effect on **9 April 2004**.

Financial Regulations

Council Regulations 1 of 2004

FINANCIAL REGULATIONS

Made by Council on 24 March 2004

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. 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.
- 1.3. (1) The Regulations are accessible on the University website.
- (2) Compliance with the Regulations is a requirement for all employees and officers 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 neither directly employed by nor officers of 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:

Budgetary Unit	- each division, department, institution, committee and board of or within the University
Development Office	- the Development Office in the Central Administration
Director of Estates	- the Director of Estates
Director of Finance	- the Director of Finance and Secretary of the Chest
Finance Committee	- the Finance Committee of Council
Finance Division	- the Finance Division of the Central Administration
Financial Memorandum	- the Financial Memorandum between HEFCE and the University
Financial Procedures	- such detailed financial operating procedures in conformity with the Regulations as may be promulgated from time to time by the Director of Finance
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)
Internal Audit	- the University's Internal Audit Service
Investment Committee	- the Investment Committee of Council
LSO	- the Legal Services Office in the Central Administration
Parent Body	- a Budgetary Unit which allocates funds to other units under delegated authority
Personnel Services	- the Personnel Services Section
PRAC	- the Planning and Resource Allocation Committee of Council
Press	- the Oxford University Press
Purchasing Office	- the Purchasing Office in the Central Administration
RAM	- the University's Resource Allocation Method
Regulations	- these Financial Regulations
RS	- the Research Services Section
Statutes	- the Statutes and Regulations of the University in force for the time being
VAT	- Value Added Tax (or any tax replacing it)

2.2. References to the Central Administration are to the Central Administration of the University; and references to a Section are to a section of the Central Administration.

Part 3

Detailed Regulations

Application

- 3.1. (1) The Regulations and Financial Procedures apply to all bodies included in the University's annual audited financial statements, except subsidiary companies and Societies (as defined in Statute V).
- (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. They must also supply the University promptly on request with all such information within their control as may be needed by the University in order to fulfil its legal and financial obligations, and prepare its annual budgets and financial statements.
- (3) The Regulations and Financial Procedures apply to all funds received and held by University bodies, from whatever source.
- 3.2. The Regulations and Financial Procedures do not apply to the Colleges of the University (as defined in Statute V).
- 3.3. The Regulations and Financial Procedures 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 and Financial Procedures apply to these funds whilst the University holds them.

Financial Responsibility

- 4.1. Accountability for financial management is delegated from Council through PRAC to divisional boards, the Central Administration, Academic Services and University Collections, and the Department for Continuing Education.
- 4.2. 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.
- 4.3. At each level, the body or individual concerned must ensure that funds received or spent are properly controlled, and their use monitored. Whenever an individual who has responsibility for the administration or management of University funds has a personal interest in a matter concerning such funds which is to be discussed at any meeting of a University body, he or she must:
- (1) declare an interest before the meeting or at the meeting before discussion begins on the matter;
 - (2) be absent from the meeting for that item unless expressly invited to remain in order to provide information;
 - (3) not be counted in the quorum for that part of the meeting; and

- (4) be absent during the vote and have no vote on the matter.

4.4. 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 and Financial Procedures, are complied with; and that records are maintained in as complete and accurate a form as possible.

4.5. Heads of Units must ensure that adequate arrangements for regular independent checks of financial transactions are in place.

4.6. Guidance on recommended internal control procedures is available from Internal Audit.

Audit

5.1. The University's audit arrangements are required to be in accordance with the HEFCE Audit Code of Practice, which itself confers responsibilities on the Audit Committee, on Internal Audit and on the External Auditors.

5.2. (1) *The Audit Committee* is a committee of Council whose members are appointed by Council but are not officers of the University.

(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 and External Audit.

(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.

5.3. (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 on the effectiveness of the controls for which they are responsible.

(3) It 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) It 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.

- (7) Council shall decide from time to time, on the recommendation of the Audit Committee, whether the internal audit function shall be performed by University employees, or outsourced.
- 5.4. (1) *External Audit.* Each year, on the recommendation of the Audit Committee, Council shall appoint the University's External Auditors.
- (2) The External Auditors audit the annual financial statements of the University, and report to the Vice-Chancellor as to whether or not in their 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 External Auditors have unrestricted right of access to all vouchers, documents, books of accounts, computer data, and other information.
- (4) The External Auditors have 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 External Auditors may visit any Budgetary Unit.
- 5.5. (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 Internal Audit and the External Auditors.

Fraud

6.1. The University has published Procedures for Dealing with Cases of Fraud and Suspected Fraud, which employees and others who have responsibility for the administration or management of University funds are required to follow.

Budgets

- 7.1. (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's annual budgets, by the dates stated by the Director of Finance.
- 7.2. *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.
- 7.3. (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 submit details of the situation to its Parent Body without delay.
- (5) The Parent Body shall allow the Budgetary Unit to exceed its budget only if it is satisfied that the Unit has plans in place to recover the position: every instance in which a Budgetary Unit is allowed to go over budget must be reported by the Parent Body or the relevant divisional board to the next meeting of PRAC.

Accounting Records and Annual Financial Statements

- 8.1. Advice on accounting matters may be sought from the Head of Financial Accounting in the first instance.
- 8.2. *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 approved; and that all transactions are properly recorded in the University's central accounting system.
- 8.3. *Retention of Financial Documents.* Budgetary Units must follow the guidelines which have been published by Internal Audit, and keep documents for the periods which are prescribed there.
- 8.4. *Central Accounting System.* All members and staff of the University with access to the University's central accounting system must comply with the relevant password and other security controls.
- 8.6. (1) *New Budgetary Units.* A new Budgetary Unit may only be established on the authority of the appropriate central body or divisional board.
 - (2) No resources from central or divisional funds may be transferred between bodies without the permission of the appropriate central body or divisional board.
- 8.7. (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 and the Director of Finance shall sign the annual financial statements: if the Vice-Chancellor is not the Chairman of the Finance Committee, then whoever is the Chairman shall also sign.

Banking Arrangements

- 9.1. (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.
- 9.2. (1) The setting up of University bank accounts, including the mandate for each account and subsequent changes to the mandate, must be approved by the Director of Finance, and ratified by the Finance Committee.
- (2) All such bank accounts shall be in the name of the University.
- 9.3. (1) The approval of the Director of Finance is needed in advance for the setting up of any University charge or credit cards. Advice is available from the Head of Financial Accounting.
- 9.4. (1) When a Budgetary Unit anticipates any future receipt or payment of foreign exchange, it should notify the Finance Division and arrange to discuss how the foreign exchange risk can be reduced or avoided. Advice is available from the Head of Treasury Management.

Receipts

- 10.1. (1) Each Head of a Unit which receives cash or cheques should contact the Chief Cashier and agree a collection rota for such receipts.
- (2) The Head of Unit is responsible for the security of cash received until banked.
- 10.2. Those making payment to the University should be advised that cheques are to be made payable to 'The University of Oxford'.
- 10.3. The postal service and University Messenger Service must not be used to send cash.
- 10.4. Remittance advices must accompany all receipts and be sent to the University of Oxford, P.O. Box 1515, OX1 2XN.

Student Fees

- 11.1. 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

- 12.1. (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 University of Oxford Development Trust Fund;

(b) the Registrar has authority to accept gifts without limit, subject to a termly report to Council of action taken;

(c) the Director of Finance has authority to accept gifts worth more than £10,000 and up to £100,000; and

(d) each Head of Unit or, if the head so delegates, the administrator of the Unit, has authority to accept gifts for that Unit worth up to £10,000;

except in each case:

(i) gifts and grants in support of research, which must be processed and negotiated through RS;

(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) (b)-(d) above should be notified promptly to the Development Office, with details of the donor and the amount and purpose of the gift.

12.2. (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) These Regulations are prepared by Secretaries to divisional boards (or their equivalents in the case of Budgetary Units not in divisions), taking advice where necessary from the LSO.

(4) They will include the purpose of the fund, details of the management arrangements, and provision for subsequent amendment.

12.3. Budgetary Units which solicit or are offered benefactions and endowments must have regard to the possibility that funds may emanate from illegal sources. They should exercise particular caution:-

(1) where, having been offered large donations from persons unknown to the Unit, they do not receive satisfactory replies to the further enquiries they make;

(2) where donations are conditional on particular individuals or organisations being used to do work for the University;

(3) where offers of donations in cash are made for a certain period of time, during which the University receives the interest, before the capital sum is returned to the donor at the end of the specified period;

(4) where offers of donations in foreign currencies are made for a certain period of time, during which the University receives the interest, before the capital sum is returned to the donor in the form of a sterling cheque at the end of the specified period.

All such cases must be referred promptly to the Registrar, and advice should be sought from the LSO.

Grants to other Charities

13.1. The Registrar (in the case of grants of no more than £2,000) and PRAC may 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 land or is patron of a benefice, on condition that Council is consulted on any case of doubt or difficulty, or involving a grant of more than £10,000.

13.2. Specific funds may be held by the Central Administration for restricted use in providing grants to specified bodies. Apart from this (and the discretion given to the Registrar in regulation 13.1), the funds of Budgetary Units may not be used to make charitable donations or grants.

Borrowing

14.1. The University has the capacity of a natural person to manage, deal with and dispose of its property as it thinks fit; and this includes the power to invest, the power to borrow (and enter into contracts relating to derivative products ancillary to borrowings) and the power to charge its property as security.

14.2. No borrowing may take place (other than through the operation of an overdraft which is part of regular banking facilities), and no University assets may be offered as security for any borrowing, without the permission of Council. Before sanctioning such activities, Council will obtain and consider proper advice (which for these purposes shall mean, save where expressly authorised by Council to the contrary, advice from a suitably qualified, independent person) as to the necessity for the loan or security, the reasonableness of the terms, and the University's ability to repay.

Investment

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

15.2. No Budgetary Unit or trust fund of the University may invest independently in any securities or other investments.

15.3. In the exercise of its responsibilities, the Investment Committee shall have regard at all times to:-

(1) the suitability (both generically and specifically) of particular investments to the University;

- (2) the need for diversification of investments; and
- (3) the need to obtain and consider proper advice (which for these purposes shall mean, save where expressly authorised by Council to the contrary, advice from a suitably qualified, independent person).

15.4. The Investment Committee may sanction the use of derivative products (and other similar financial instruments) provided that every such transaction is considered (on advice as in 15.3 above) to be economically appropriate, and provided that their use is at all times ancillary to the investment process.

15.5. After approval by the Investment Committee, investments shall be made by or under delegation from the Director of Finance, following Regulation 19.3.

Trusts Pool

16.1. The Investment Committee administers the Trusts Pool, established by a Scheme made under Section 2 of the Universities and Colleges (Trusts) Act 1943.

16.2. The Trusts Pool is available to the funds of trusts administered by or for purposes connected with the University (subject, in the case of any trust not administered by the University, to the consent of the trustees).

16.3. The approval of the Investment Committee is required for all new shareholders in the Trusts Pool, and for all increases in shareholdings.

Deposit Pool

17.1. (1) The University has a Deposit Pool in which trust funds eligible for participation in the Trusts Pool may invest 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 trust fund, and the minimum withdrawal or additional investment.

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

17.2. Every account which has funds in the Deposit Pool must have either a nil or a positive balance of cash with the Finance Division.

17.3. (1) The approval of the Director of Finance shall be required for each individual application to place funds on deposit in the Deposit Pool.

(2) No moneys received by Budgetary Units from central university funds may be so invested.

17.4. The amount of Deposit Pool interest which it is estimated the University will receive in a financial year will be credited as follows:

(1) Those holdings which for legal or statutory reasons need to be separately identified and accounted for will have their associated interest credited directly to them.

(2) The monies remaining will be distributed to the spending sectors in accordance with criteria laid down by PRAC from time to time.

Petty Cash

18.1. (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 35-36 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

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

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

19.3. 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.

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

19.5. The Director of Estates has authority in relation to contracts for the demolition, construction, alteration, repair, and maintenance of buildings.

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

19.7. 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.

19.8. (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 Director of Estates, or the Land Agent under regulations 19.3-19.6 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.

19.9. (1) *Authority on staff matters.* Standard forms of employment contract are approved by the Personnel Committee for use in all cases. Advice should be sought from Personnel Services.

(2) Authority to employ or dismiss staff may be exercised only under the provisions of Statute XIV.

19.10. Documents for sealing must be sent to the LSO.

Sales

20.1. (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, 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.

20.2. (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 Systems, Payroll and Taxation..

20.3. (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.

- 20.4. (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.
- 20.5. 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.
- 20.6. Heads of Units must ensure that appropriate charges are made for the use of University premises and facilities for non-University purposes.
- 20.7. (1) *Debt Reviews.* The Director of Finance will ensure that arrangements are in place to monitor all debts properly, and follow up overdue accounts. The Receivables Section will work with Budgetary Units in carrying out these arrangements.
- (2) A debt is created whenever a credit sale is made.
- (3) The Director of Finance may write off a bad debt in an amount of not more than £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. The Finance Committee may write off bad debts in amounts in excess of £100,000.
- (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.

Purchases

- 21.1. (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.

21.2. All procurement of goods and services must be in accordance with the University's Procurement Policy Guidelines.

21.3. All contracts for the purchase of goods must incorporate the University's standard conditions of purchase, 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.

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

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

21.6. (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 to The University of Oxford: they must be verified by reference to purchase orders and, where applicable, delivery notes: VAT must be attributed correctly.

(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.

21.7. (1) Heads of Units must supply the Payments Section with a register of authorised signatures for the authorising of documents for payment. This is an internal procedure, quite separate from the issue of who is authorised to enter into contracts (as to which, see Regulation 19 above).

(2) The register shall record the limits on each 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 Head of Financial Accounting.

21.8. (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.

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

21.10. The arrangements for payments under contracts for services are prescribed in the Procedures: advice is available from the Payroll Section.

Research Grants and Contracts

22.1. (1) All applications to outside bodies for research funds must be submitted for University approval to RS, before being despatched to the sponsor.

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

22.2. Advice on research grants and contracts is available from RS.

Other Projects

23.1. Whenever a project cannot be administered through standard RS procedures, that project must be appraised, implemented, and monitored in accordance with the University's Project Guide.

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

Stock

24.1. Any item acquired for future use is to be regarded as "stock": further detail can be found in Procedures.

24.2. (1) Heads of Units are responsible for compliance with Procedures for the management of stock, and for ensuring that stocks are adequately protected against loss or misuse.

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

24.3. A physical stock count must be conducted at least once a year, preferably at 31 July, and reconciled to the stock records held in the University's central accounting system.

24.4. A Head of Unit may authorise the writing off of stock in his or her Budgetary Unit.

24.5. Advice is available from the Head of Financial Accounting.

Equipment and Furniture

25.1. 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.

25.2. 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.

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

25.4. Where equipment is loaned, Budgetary Units should have procedures in place to ensure that it is returned in good condition: if the borrower is to have custody and control of the equipment, it must be for the borrower to arrange insurance cover. Advice is available from the Insurance Section. All loans must be notified promptly to the Head of Financial Accounting.

25.5. (1) An inventory of all equipment must be maintained in the form of asset register prescribed in Procedures.

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

(3) The register must be updated regularly, with details of all acquisitions and disposals, and a copy supplied to the Insurance Section annually.

(4) Items purchased between annual submissions are covered automatically: however, the Insurance Section must be notified at the time of acquisition whenever an individual item exceeds £50,000 in value.

Real Property

26.1. *Functional Property.* The authority of Council is needed for any purchase or sale of real property which is to be university-owned or leased and occupied by university bodies, and which is not investment or residential property.

26.2. *Other Property.* The Property Management Sub-Committee of PRAC has charge of all other real property; and may authorise the purchase, leasing and sale of such property.

26.3. Advice on property matters is available from the Director of Estates in respect of Functional Property, and from the Land Agent in respect of other property.

Buildings

27.1. *The Buildings and Estates Sub-Committee* is responsible to PRAC:

(1) for the management and maintenance of the University's Functional Property (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 teaching, research and administration purposes;

(2) for overseeing the design and construction of all major projects, the repairs and maintenance programmes undertaken by the Director of Estates, car-parking arrangements, and the provision of telecommunications;

(3) for the allocation of land and property for teaching, research and administration purposes.

27.2. All building works, however funded, on Functional Property require the prior permission of the Director of Estates, acting on behalf of the Buildings and Estates Sub-Committee.

27.3. Advice on building matters is available from the Director of Estates.

University Vehicles

28.1. 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.

28.2. (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: reference should be made to the Insurance Section whenever drivers have six or more points on their licences.

(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.

28.3. 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: the University's motor insurance cover will operate in respect of private use of vehicles where this authorisation has been obtained: it is possible that the cover will not operate in the event of an incident arising during a period of private use where the appropriate permission has not been sought and obtained.

28.4. University Vehicles must be included in the Unit's asset register: any acquisition must be notified immediately to the Insurance Section.

28.5. Sales of Vehicles should be advertised beyond the Unit making the sale: any disposal must be notified immediately to the Insurance Section.

Insurance

29.1. Except in cases where express agreement to the contrary has been reached with the Finance Division, all insurances must be arranged only through the Insurance Office, which will provide all necessary advice.

Legal Advice

30.1. Legal advice on staff matters will be obtained and supplied by Personnel Services. All other legal advice must be taken only from the LSO.

30.2. The taking or defending of any court, tribunal, arbitration, adjudication or (formal) mediation proceedings must be approved by the Registrar, and initiated and managed:-

- (1) in the case of staff matters, by Personnel Services;
- (2) in the case of adjudication of construction disputes, by the Director of Estates;
- (3) in all other cases, by the LSO.

VAT

31.1. (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 the VAT and related aspects of 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.

31.2. Advice on VAT and related matters is available from the VAT Officer.

Staff

32.1. (1) New academic-related and non-academic posts at the grades of T01, Whitley Council MLSO1, MTO2, and below, Whitley Council Nurse E and below, Whitley Council Administrative & Clerical 3 and below, and outside-grant-funded academic-related RSIA and RSIB posts, 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 RS 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 existing posts, must be approved by Personnel Services on behalf of the Personnel Committee.

(3) Advice is available from Personnel Services.

32.2. A separate panel of the Personnel Committee considers the proposed grading of new posts (or the regrading of existing posts) in grades ALC6 and RSIV.

32.3. In the case of academic units, the setting up of any new academic posts, with the exception of new chairs, 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). The establishment of any new chair requires the approval of PRAC.

32.4. 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, with the exception of open-ended terminable contracts on which advice must be sought from Personnel Services.

32.5. 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.

32.6. All University employees shall be paid through the payroll operated by the Payroll Office.

32.7. (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 record limits on an individual's authority.

(3) Each entry on the register must be signed 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.

32.8. 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.

32.9. (1) It is the responsibility of the Head of Unit, or other authorised signatory:

(a) to ensure, by inspection of documentation specified by the Immigration and Nationality Directorate for this purpose, that every prospective employee has the right to work in the UK; or

(b) if the person does not have this right, to obtain through Personnel Services a work permit from the Home Office for the specific employment proposed.

(2) The Work Permit Help Desk within Personnel Services will handle centrally any applications which 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.

Relocation Expenses

33.1. 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.

33.2. (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.

33.3. 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

34.1. Travel and subsistence reimbursement claims should be made on University claim forms, or other forms approved by the Director of Finance.

34.2. (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.

34.3. Supporting vouchers must be provided for the cost of accommodation, fares, and other major items of expenditure.

34.4. No round-sum allowances may be paid.

34.5. An owner whose vehicle is being used for travel on University business must ensure that it is adequately insured for that purpose.

34.6. 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.

34.7. (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.

34.8. (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 emergency medical and dental expenses incurred abroad, and costs arising from cancellation or curtailment of the journey.

34.9. Advice on claims should be sought from the Head of Financial Accounting.

Travel and Subsistence: Advances

35.1. (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.

35.2. Advances will be limited to:

- (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.

35.3. 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.

35.4. (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.

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

Payments for Entertaining

36.1. (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.

36.2. (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.

36.3. (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 34.7 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.

36.4. 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.

36.5. Advice on such payments is available from the Head of Systems, Payroll and Taxation.

Commercial Activities

- 37.1. (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

- 38.1. (1) When a member of staff, with the approval of his or her head of department, 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.
- (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 Systems, Payroll and Taxation.
- 38.2. (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.