

# Financial Regulations

for Northumbria University



(Version Effective from 20 February 2006)



---

# FOREWORD

To conduct its business effectively, a University needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. As a continuation of this process this is the second edition of the Financial Regulations revised in 2004, which set out the financial policies of the University.

Financial Regulations make good business sense, and for higher education institutions, they have additional significance as their grant funding depends upon them. The financial memoranda between funding bodies and the Universities they fund, makes it a condition of grant that a University ensures it has a sound system of internal financial management and control, and Financial Regulations are a core component of such a system. Similarly, funding body audit services are required to give an assurance that the Universities have fully documented financial procedures in place and the funding body may withhold grant where this cannot be shown to be the case. The Higher Education Funding Council for England has further highlighted the need for Universities to “publish financial regulations which govern the conduct of all their financial affairs” in its publication ***The Financial Health of Higher Education Institutions in England: A Report on Good Practice***.

## **David Chesser**

Deputy Vice-Chancellor (Resources)



---

# CONTENTS

FOREWORD .....	3
CONTENTS .....	5–6
FINANCIAL REGULATIONS .....	7
A    GENERAL PROVISIONS .....	7
1    Background .....	7
2    Status of Financial Regulations .....	8
B    CORPORATE GOVERNANCE .....	9
3    The Board of Governors .....	9
4    Designated Officer .....	9
5    Committee Structure .....	9
6    Other Senior Managers with Financial Responsibility .....	10
7    Risk Management .....	11
8    Public Interest Disclosures (Whistle blowing) .....	11
9    Code of Conduct .....	12
10   Contracts .....	13
C    FINANCIAL MANAGEMENT AND CONTROL .....	14
11   Planning .....	14
12   Financial Control .....	15
13   Accounting Arrangements .....	16
14   Audit Requirements .....	17
15   Treasury Management .....	18
16   Income .....	19
17   Research Grants .....	21
18   Other Income-Generating Activity .....	22
19   Intellectual Property Rights .....	23
20   Expenditure .....	24
21   Staff Expenditure .....	29
22   Assets .....	31
23   Funds Held on Trust .....	32
24   Other .....	32
25   Appendices .....	34

APPENDIX A: COMMITTEE STRUCTURE .....	35
APPENDIX B: EMPLOYMENT & FINANCE COMMITTEE RESPONSIBILITIES .....	36
APPENDIX C: AUDIT COMMITTEE TERMS OF REFERENCE.....	37
APPENDIX D: KEY CONTACTS IN THE FINANCE DEPARTMENT.....	39
APPENDIX E: MAIN FEATURES OF THE PUBLIC INTEREST DISCLOSURE ACT 1998.....	42
APPENDIX F: THE SEVEN PRINCIPLES OF PUBLIC LIFE .....	44
APPENDIX G: SUMMARY OF PROTOCOLS FOR PROPOSED CAPITAL EXPENDITURE.....	45
APPENDIX H: SUMMARY OF PROTOCOLS FOR PROPOSED MAJOR DEVELOPMENTS.....	46
APPENDIX I: INTERNAL AUDIT RESPONSIBILITIES .....	47
APPENDIX J: FRAUD RESPONSE PLAN.....	48
APPENDIX K: AUTHORISED BANK SIGNATORIES .....	52
APPENDIX L: LIST OF APPROVED SUPPLIERS .....	53
APPENDIX M: AUTHORISED EXPENDITURE EXCEPTIONS .....	55
APPENDIX N: MAIN POINTS TO BE INCLUDED IN THE UNIVERSITY’S CODE OF TENDERING PRACTICE ....	57
APPENDIX O: EU PUBLIC PROCUREMENT THRESHOLDS.....	58
APPENDIX P: AUTHORITY LEVELS FOR PURCHASING, DELEGATED AUTHORITY AND CONTRACTS.....	59
APPENDIX Q: UNIVERSITY POLICY ON CORPORATE GIFTS AND HOSPITALITY .....	60

---

# FINANCIAL REGULATIONS

## A GENERAL PROVISIONS

### 1 Background

- 1.1 The University is a higher education corporation created under the provisions of the Education Reform Act 1988. Its structure of governance is laid down in the Instrument and Articles of Government (as amended in July 2001). The Instrument of Government can only be amended by primary legislation and the Articles of Government by the Privy Council. The University is accountable through its Board of Governors. The University is an exempt charity by virtue of the Charities Act 1993
- 1.2 The financial memorandum between the funding body and the University sets out the terms and conditions on which grant is made. The Board of Governors is responsible for ensuring that conditions of grant are met. As part of this process, the University must adhere to the funding body's audit code of practice, which requires it to have sound systems of financial and management control. The Financial Regulations of the University form part of this overall system of accountability.
- 1.3 For the purpose of these Regulations the following terms shall have the following meanings:
- “Designated Budget Holders”**:- Senior members of University staff to whom Principal Budget Holders may choose to delegate certain budgetary powers. The identity of whom shall be notified by the relevant Principal Budget Holder to the Finance Director.
- “Deans”**:- Deans of the Schools.
- “Directors”**:- Directors of the University Services.
- “Executive”**:- the Vice-Chancellor and the Deputy Vice-Chancellors.
- “Finance Director”**:- the Deputy Vice-Chancellor (Resources).
- “Financial Statements”**:- the audited annual accounts, which sets out the consolidated results of the University and its subsidiary companies, prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education.
- “Principal Budget Holders”**:- the Vice-Chancellor, the Deputy Vice-Chancellors, the Deans and the Directors.
- “Schools”**:- the Academic Schools of the University, namely Newcastle Business School; Applied Sciences; Arts & Social Sciences; Built Environment; Computing, Engineering & Information Sciences; Design; Health, Community & Education Studies; Law; and Psychology & Sport Sciences
- “Services”**:- the University Services, namely Academic Registry; Accommodation Services; Corporate Development; Corporate Planning; Estates; Finance; Human Resources; IT Services; Library and Learning Services; Marketing and Recruitment; Online Services; Research, Regional and European Affairs, Sportnorthumbria, Student Services and the University Secretary's Office.

## 2 Status of Financial Regulations

- 2.1 This document sets out the University's Financial Regulations. It translates into practical guidance, the University's broad policies relating to financial control. This document was approved by the Board of Governors on the 20 February 2006. It applies to the University and all its subsidiary undertakings.
- 2.2 These Financial Regulations are subordinate to the University's Instrument and Articles of Government and to any restrictions contained within the University's financial memorandum with the funding body, and the funding body's audit code of practice.
- 2.3 The purpose of these Financial Regulations is to provide control over the totality of the University's resources and provide management with assurances that the resources are being properly applied for the achievement of the University's strategic plan and business objectives, these are:
- financial viability
  - achieving value for money
  - fulfilling its responsibility for the provision of effective financial controls over the use of public funds
  - ensuring that the University complies with all relevant legislation
  - safeguarding the assets of the University
- 2.4 Compliance with the Financial Regulations is **compulsory for all staff** connected with the University. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the University's Staff Management Procedures. The Board of Governors will be notified of any such breach through the Audit Committee. It is the responsibility of Principal Budget Holders to ensure that their staff are made aware of the existence and content of the University's Financial Regulations.
- 2.5 The Employment and Finance Committee is responsible for maintaining a continuous review of the Financial Regulations, and for advising the Board of Governors of any additions or changes necessary.
- 2.6 In exceptional circumstances, the Employment and Finance Committee may authorise a departure from the detailed provisions herein, such departure to be reported to the Board of Governors at the earliest opportunity.

---

## **B CORPORATE GOVERNANCE**

### **3 The Board of Governors**

The Board of Governors is responsible for the management and administration of the University. Its financial responsibilities are:

- the effective and efficient use the resources
- ensuring the solvency of the University
- safeguard the University's assets
- ensure that the funds provided by the funding body are used in accordance with the terms and conditions specified in the University's Financial Memorandum with the funding body
- ensure that financial control systems are in place and are working effectively
- ensure that the University complies with the funding body's audit code of practice
- approve the University's annual financial budget
- approve the annual financial statements
- appoint the University's internal and external auditors

### **4 Designated Officer**

- 4.1 The Vice-Chancellor is the University's designated officer responsible for the financial administration of the University's affairs. In this capacity, the Vice-Chancellor must advise the Board of Governors if, at any time, any action or policy under consideration by them appears to the Vice-Chancellor to be incompatible with the funding body's Financial Memorandum. If the Board of Governors decides nevertheless to proceed, the Vice-Chancellor must immediately inform the Chief Executive of the funding body in writing. The Vice-Chancellor must ensure that annual budgets for income and expenditure are prepared for consideration by the Board of Governors and is responsible for the management of activities within the budgets approved by the Board of Governors. As the designated officer, the Vice-Chancellor may be required to justify any of the University's financial matters to the Public Accounts Committee of the House of Commons.

### **5 Committee Structure**

- 5.1 The Board of Governors has ultimate responsibility for the University's finances, but delegates specific powers and processes to the committees detailed below. These committees are accountable to the Board of Governors. A diagram depicting the committee structure is included at Appendix A.

#### **5.2 Employment and Finance Committee**

Monitoring of the University's financial position and financial control systems is undertaken by the Employment and Finance Committee of the Board of Governors. The Committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the Board of Governors. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the financial duties of the Board of Governors and make

recommendations accordingly. The Committee will also ensure that the Board of Governors has adequate information to enable it to discharge its financial responsibilities. A more detailed extract from the Employment and Finance Committee's terms of reference is shown at Appendix B.

### 5.3 **Audit Committee**

The University is required by its financial memorandum with the funding body and by the funding body's audit code of practice to appoint an Audit Committee. The Committee acts independently but advises and reports to the Board of Governors. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that suitable arrangements are in place to promote economy, efficiency and effectiveness. A more detailed extract from the Audit Committee's terms of reference is shown at Appendix C. The audit requirements of the University are set out in the funding body's Audit Code of Practice.

### 5.4 **Remuneration Committee**

The Remuneration Committee determines the pay and conditions of employment for senior post holders, and sets a framework for the determination of pay awards for all other University staff.

## **6 Other Senior Managers with Financial Responsibility**

### 6.1 **Deputy Vice-Chancellor (Resources)**

Day-to-day financial administration is controlled by the Deputy Vice-Chancellor (Resources), who as Finance Director is responsible to the Vice-Chancellor for:

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

Appendix D shows, for the main areas in which advice is sought, details of the key contacts within the Finance Department.

### 6.2 **Budget Holders**

Principal Budget Holders are responsible to the Finance Director for the financial management of the areas or activities they control. The Finance Director will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Principal Budget Holders are responsible for establishing and maintaining clear lines of responsibility within their area for all financial matters. Where resources are devolved to Designated Budget Holders the Principal Budget Holder, is still ultimately accountable for this resource within the overall budget.

---

Principal Budget Holders shall provide the Finance Director with such information as may be required to enable:

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

### 6.3 All members of staff

All members of staff should be aware of and have a general responsibility for the security of the University's property, avoiding loss and for due economy in the use of resources.

They should ensure that they are aware of the University's financial authority limits (see 20.2) and the values of Purchase Cards (see 20.5), of purchases for which quotations and tenders are required (see 20.6) and of Petty Cash (see 20.14).

Important: **all the amounts quoted are VAT inclusive** (Gross Invoiced Cost).

They shall make available any relevant records or information to the Finance Director or his authorised representative in connection with the implementation of the University's financial policies, these Financial Regulations and the system of financial control.

They shall provide the Finance Director with such financial and other information, as he or she may deem necessary, from time to time, to carry out the requirements of the Board of Governors.

They shall immediately notify the Finance Director whenever any matter arises, which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the University. The Finance Director shall take such steps, as he or she considers necessary by way of investigation and reporting.

## 7 Risk Management

7.1 The University views the taking of risks as an essential part of the business of higher education, in its management of core education activities as well as supporting activities. Through its Risk Management Policy, the University seeks to identify and manage those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered acceptable/unacceptable by the University is available from the Risk Management Coordinating Group (RMCG).

7.2 The Board of Governors has overall responsibility for approving the Risk Management Policy and the University's Register of Key Risks and the Audit Committee maintains governance oversight of Risk Management on behalf of the Board. The University Executive exercises management oversight, acting through its RMCG. The Group coordinates the work of Schools and Services in the exercise of a common approach to the management of risk throughout the University through the development, implementation and embedding within the organisation of formal, structured risk management processes.

## 8 Public Interest Disclosures (Whistle blowing)

8.1 A Public Interest Disclosure, in the context of the Public Interest Disclosure Act 1998, is the disclosure by an employee (or other party) about malpractice in the workplace. Employees have the right to disclose certain matters of public interest and the right to bring legal action in respect of any consequent victimization.

- 8.2 Concerns about a workplace matter at the University will normally be addressed through approved University procedures, including the individual grievance, staff management, and anti-harassment and anti-bullying procedures, as well as professional codes relating to particular professions, involving complainants raising matters directly in the first instance. However, the University recognises that employees may wish to make public serious instances of malpractice or impropriety, which cannot be dealt with by other University procedures.
- 8.3 Employees who believe that they have evidence of serious malpractice or impropriety, are encouraged to bring such evidence to the attention of senior management in the knowledge that the University will not take any action against them, nor seek in any way to be penalised for so doing, provided such disclosure is in the public interest and made in good faith.
- 8.4 Employees wishing to make a disclosure must do so in writing to the University Secretary, who will keep the Vice-Chancellor and Chairman of the Board of Governors informed as appropriate.
- 8.5 The full procedure for Public Interest Disclosures is set out in the University Public Interest Disclosure Policy and Procedure, which is available on the University website and from the University Secretary's Office. Appendix E highlights the main features of the Public Interest Disclosure Act 1998.

## **9 Code of Conduct**

- 9.1 The University is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the Seven Principles of Public Life established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. These Principles are set out at Appendix F. In addition, the University expects that staff at all levels will observe its detailed financial procedures, which provide guidance on conduct in relation to financial matters.
- 9.2 Additionally, members of the Board of Governors, and senior management are required to disclose interests in the Registers of Interest and Disclosures maintained by the University Secretary. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed.
- 9.3 If it comes to the knowledge of an employee of the University or a member of the Board of Governors that a contract in which he or she has a financial interest, whether direct or indirect, has been or is proposed to be entered into by the University, then he or she shall, as soon as practicable, give notice in writing to the University Secretary of the fact that a conflict of interest exists. No purchase shall be made from a supplier in such circumstances without the approval of the Vice-Chancellor with whom the Finance Director shall consult.

### **9.4 Receiving gifts or hospitality**

It is an offence under the Prevention of Corruption Act 1906 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation

---

Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality.

Guidance on acceptable hospitality is contained in the University Policy on Corporate Gifts and Hospitality shown in Appendix Q.

## **10 Contracts**

### **10.1 Authorisation of Contracts**

10.1.1 Every formal written contract to be entered into by the University up to the value of £500,000 shall be signed by an authorised officer (see 10.2) of the University.

10.1.2 Every contract with a value of over £500,000 shall be in writing and shall be signed by any two persons out of the:

- Chairman of the Board of Governors
- Deputy Chairman of the Board of Governors
- Chairman of the Employment and Finance Committee
- Vice-Chancellor.

The execution of the contract shall be approved in advance by the Employment and Finance Committee unless execution must take place in between meetings of the Employment and Finance Committee in which case the execution of the contract shall be formally reported to the next meeting.

10.1.3 All contracts referred to in 10.1.1 and 10.1.2 above shall be referred to the University Secretary in order that he may consider and where appropriate, approve the legal terms and conditions of such contracts in advance of their execution.

### **10.2 Authorised Officer**

For the purposes of Regulations 10.1 the authorised officer shall be:

10.2.1 the responsible Principal Budget Holder where the total value of the contract is less than £25,000; and

10.2.2 the Finance Director or the Vice-Chancellor where the total value of the contract is between £25,000 and £500,000;

### **10.3 Deeds**

All contracts to be executed as deeds and all deeds required to dispose of or acquire an interest in land must be executed under the seal of the University and signed by the Chairman of the Board of Governors (or in his absence the Deputy Chairman) and any other member of the Board of Governors.

## **C FINANCIAL MANAGEMENT AND CONTROL**

### **11 Planning**

The Finance Director is responsible for preparing annually, a rolling five-year financial plan for approval by the Board of Governors on the recommendation of the Employment and Finance Committee, and Executive and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with all the other plans and strategies of the University.

#### **11.1 Financial management**

On an annual basis budgets will be set that include both income and expenditure targets for Schools and Services. The budgets will be set for income and expenditure in line with the University's Financial Strategy. Principal Budget Holders are responsible for delivering the financial targets set for their area of responsibility, including generating the required income, managing the costs within budget and securing at least the required surplus.

#### **11.2 Budget preparation**

The Finance Director is responsible for preparing each year the annual financial budget for the University, which will be compiled at an individual School and Service level. The budget will be approved by the Executive, the Employment and Finance Committee and the Board of Governors, and will include Income and Expenditure, Balance Sheet, Cash Flow, and capital projections. The Finance Director must ensure that these are communicated to Principal Budget Holders as soon as possible following their approval by the Board of Governors.

During the year, the Finance Director is responsible for submitting updated financial forecasts to the Executive, and Employment and Finance Committee for consideration before submission to the Board of Governors for approval.

#### **11.3 Capital programmes**

The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs that is capitalised within the University's financial statements, whether or not they are funded from capital grants. Expenditure of this type will be determined from consideration of a rolling five-year investment strategy that will be part of the overall finance strategy.

The Finance Director will establish protocols for the inclusion of capital projects in the capital programme. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet, summarised at Appendix G.

The Finance Director will also establish procedures for the approval of variations in expenditure on approved capital projects, including the notification of large variations to the funding body, as laid down in funding body guidelines.

The Finance Director is responsible for providing regular statements concerning all capital expenditure to the Executive's Estates Committee, Executive, and Employment and Finance Committee for monitoring purposes.

Following completion of a significant capital project, a post-project evaluation final report should be submitted to the Estates Committee including actual expenditure against budget as well as other issues affecting completion of the project that could have a bearing on future projects.

---

#### 11.4 **Overseas activity**

In planning and undertaking overseas activity, the University must have due regard to the relevant guidelines issued by the funding body.

#### 11.5 **Other major developments**

Any proposal for the establishment of a company or joint venture should be presented for approval to the Employment and Finance Committee, with prior review by the Executive.

The Finance Director will establish protocols for these major developments to enable them to be considered for approval by the Board of Governors. These will set out the information that is required for each proposed development as well as the financial criteria as summarised at Appendix H.

### **12 Financial Control**

#### 12.1 **Budgetary control**

The control of income and expenditure within an agreed budget is the responsibility of the Principal Budget Holder, who must ensure that day-to-day monitoring is undertaken effectively. Designated Budget Holders are responsible to their Principal Budget Holder for both the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the Finance Director who will advise on the appropriate action.

#### 12.2 **Financial information**

The Principal Budget Holders will be assisted in their duties by appropriate management information provided by the Finance Director. Budget holders should work with the Finance Director, to eliminate the need to maintain additional financial records within Schools and Services that are outside of the University's financial ledgers.

The Finance Director is responsible for supplying financial management reports on all aspects of the University's finances to the Executive and the Employment and Finance Committee on a basis determined by the Employment and Finance Committee but subject to any specific requirements of the funding body. The relevant extracts from the overall position will be presented to the Board of Governors, which has overall responsibility for the University's finances.

#### 12.3 **Financial Forecast**

Once set, the annual financial budget will not be altered and the Finance Director will be responsible for producing updated financial forecasts that will reflect the expected income, expenditure, cash and balance sheet outcomes for the financial year based on the patterns of activity that have arisen or are anticipated. The forecasts will be approved by the Executive, the Employment and Finance Committee and the Board of Governors.

#### 12.4 **Virement**

Principal Budget Holders are permitted to vire expenditure from one cost code to another provided in total they do not exceed their total expenditure budget. In this context, however, virement is not allowed between staffing expenditure and non-staffing expenditure, without prior approval of the Finance Director.

## 12.5 Treatment of year-end Operating Surpluses

At the year-end, Principal Budget Holders will not have the authority to carry forward any operating surpluses that exceed the budgeted level to the following year. The Finance Director, however, will use his or her best endeavours to ensure that the following year's budget will be adequate to meet the operational needs of the Principal Budget Holder and the University endeavours to recognise and award academic developments funds to the schools that overachieve on financial targets set for the financial year.

## 13 Accounting Arrangements

### 13.1 Financial year

The University's financial year starts 1 August and runs until 31 July the following year.

### 13.2 Basis of accounting

The consolidated Financial Statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards. The principal accounting policies adopted by the University are detailed on an annual basis in the audited Financial Statements.

### 13.3 Format of the Financial Statements

The Financial Statements are prepared in accordance with the Statement of Recommended Practice 'Accounting for Further and Higher Education' (SORP), and in accordance with applicable accounting standards.

### 13.4 Accounting records

The Finance Director is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

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

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

The Finance Director will make appropriate arrangements for the retention of electronic records.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as Regional Development Agencies, the European Commission and Research Councils.

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

Generally the retention of records by the University shall be governed by the University's Records Management Policy (to be implemented in 2006).

---

### 13.5 **Public access**

Under the terms of the Charities Act 1993, the Board of Governors is required to supply any person with a copy of the University's most recent Financial Statements within two months of a request. The University will also allow members of the public to inspect the statement of accounts during normal working hours and make available on the University's website (in addition to complying with its obligations under the Freedom of Information Act 2000).

### 13.6 **Taxation**

The Finance Director is responsible for advising Principal Budget Holders, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues. Therefore the Finance Director should be consulted on compliance and statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

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

## **14 Audit Requirements**

### 14.1 **General**

External auditors and internal auditors shall have authority to:

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

Following consideration by the Executive and the Employment and Finance Committee, the annual Financial Statements should be reviewed by the Audit Committee. On the recommendation of the Audit Committee they will be submitted to the Board of Governors for approval.

### 14.2 **External audit**

The appointment of external auditors will be approved annually and is the responsibility of the Board of Governors who will be advised by the Audit Committee.

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

### 14.3 **Internal audit**

The internal auditors are appointed by the Board of Governors on the recommendation of the Audit Committee.

The University's financial memorandum with the funding body requires that it has an effective internal audit function and its duties and responsibilities must be in accordance with advice set out in the funding body's Audit Code of Practice. The main responsibility of internal audit is to provide the Board of Governors, the Vice-Chancellor and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Board of Governors, Vice-Chancellor and Chairman of the Audit Committee. The formal responsibilities of internal audit are detailed at Appendix I. The internal auditor will also comply with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*.

#### 14.4 **Fraud and corruption**

It is the duty of Principal Budget Holders to notify the Finance Director as soon as possible of any financial irregularities within their areas of responsibility. The Finance Director shall notify the internal audit service of all financial irregularities to enable it to investigate and report in accordance with the Financial Regulations. If the matter highlights concerns about possible misconduct of a staff member, the Director of Human Resources shall be informed before any action is taken. In addition, any employee may make appropriate disclosures under the Public Interest Disclosure Policy and Procedure (see paragraph 8)

The University considers fraudulent acts by employees as gross misconduct warranting summary dismissal, and will normally refer issues of fraud for prosecution under criminal law. It is the University management's responsibility for dealing with actual or suspected incidents of fraud or irregularity and should be reported without delay to the University Secretary, who will invoke the University Fraud Policy and its Fraud Response Plan shown in Appendix J.

#### 14.5 **Value for money**

It is a requirement of the funding body's Financial Memorandum that the Board of Governors of the University is responsible for delivering value for money from public funds. The Board must keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the funding body, the National Audit Office, the Public Accounts Committee or other relevant bodies.

To fulfil this responsibility, the Board of Governors via the Audit Committee will develop and revise each year a plan for value for money work, in line with the University's Value for Money policy, that will provide evidence of compliance with the funding body's requirements.

#### 14.6 **Other auditors**

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

## **15 Treasury Management**

### 15.1 **Treasury management policy**

The Executive is responsible for making proposals to the Employment and Finance Committee for approving the University's Treasury Management Policy which sets out the strategy and policies for cash management, long-term investments and borrowings. This will require compliance with funding body rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the funding body's Financial Memorandum. The Employment and Finance Committee has a responsibility to ensure implementation, monitoring and review of such policies.

---

All Executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Finance Director and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the University and shall conform to any relevant funding body requirements. Wherever possible the University will seek to minimise the risk of adverse interest rate fluctuations on borrowings using the appropriate hedging instruments.

The Finance Director will report to the Executive, and the Employment and Finance Committee in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

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

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

### 15.3 **Banking arrangements**

The Finance Director is responsible, on behalf of the Employment and Finance Committee, for liaising with the University's bankers in relation to the University's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Finance Director, who shall make proper arrangements for their safe custody.

The Finance Director is responsible for creating all the University's bank accounts bearing the University's title and all bank accounts of subsidiary undertakings of the University. No bank account outside those approved should carry this title.

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

All cheques drawn on behalf of the University and its subsidiary undertakings require authorised signatures in accordance with the bank mandate. Details of persons authorised to sign University cheques in accordance with the University's bank mandate are shown in Appendix K. All electronic transfers on behalf of the University, such as BACS or CHAPS, must be authorised by the Finance Director or delegated by him or her to a designated officer

## **16 Income**

### 16.1 **General**

The Finance Director is responsible for ensuring that appropriate procedures are in operation to enable the University to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Finance Director.

Levels of all fees including tuition, services rendered, goods supplied, rents and lettings are determined by the Executive, and are approved by the Employment and Finance Committee.

The Finance Director is responsible for:

- the prompt collection, security and banking of all income received.
- ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the University's Financial Statements.
- ensuring that all claims for funds, including research grants and contracts, are made by the due date.

## 16.2 Maximisation of income

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

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

All payments received within the University must be recorded by the School or Service on a daily basis including reference to the form in which they were received, for example cash, cheques and other negotiable instruments.

All monies received must be paid to the cash office in line with the University's Cash Handling Policy promptly. The custody and transit of all monies received must comply with the requirements of the University's insurers.

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

**Receipts by credit or debit card:** the University may only receive payments by debit or credit card using procedures approved by the Finance Director.

**Internet receipts:** any request to arrange for payment to be made to the University via the internet should seek guidance from the Finance Director.

**Foreign currency exchange rate hedging:** the University seeks to mitigate the risk of foreign currency rate fluctuations through exchange rate hedging. Further to this the University's policy is to bill all accounts in sterling (GBP), any exception must be agreed with the Finance Director.

## 16.4 Collection of debts

The Finance Director should ensure that:

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

Only the Finance Director can implement credit arrangements and indicate the periods in which different types of invoice must be paid. Details of bad debts written off must be reported annually by the Finance Director to the Employment and Finance Committee.

---

## 16.5 Student fees

The procedures for collecting tuition and accommodation fees must be approved by the Finance Director who is responsible for ensuring that all student fees due to the University are received.

Any student who has not paid an account for fees or any other item owing to the University could be excluded, and will not receive the certificate for any degree, diploma or other qualification awarded by the University until all outstanding debts have been cleared. Such students shall be prevented from re-enrolling at the University and from using any of the University's facilities unless appropriate arrangements have been made.

## 16.6 Student loans

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

## 16.7 Hardship loans

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

The Director of Student Services is responsible for ensuring the adequacy of the systems in place for:

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

# 17 Research Grants

## 17.1 General

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

The Finance Director is responsible for examining every formal application for grants and shall ensure that there is adequate provision of resources to meet all commitments. The Finance Director should ensure that the full cost of research contracts is established. The research agreement must be in line with the University's policy with regard to indirect costs and other expenses and taking account of different procedures for the pricing of research projects depending on the nature of the funding body.

Research grants and contracts shall be received and considered on behalf of the University by the Deputy Vice-Chancellor (Research and Consultancy) after which they will be passed to the Finance Director for final approval.

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

Each grant or contract will have a named supervisor or grant holder and will be assigned to a designated internal order.

Reporting of staff and non-staff expenditure will be controlled within the internal order. The income and expenditure as recorded in the internal order remains part of the finances of the relevant School, contributing to the School's financial performance targets.

#### 17.2 **Recovery of overheads**

In all instances every attempt must be made to ensure full recovery of all overheads.

#### 17.3 **Costing/transparency**

The University has agreed to adopt the principles on costing and pricing recommended by the Joint Costing and Pricing Steering Group. This has led to the development of the University's costing and pricing model. The model is used to determine the full economic cost of new activities and helps inform the decision making process as outlined in 17.1.

#### 17.4 **Grant and contract conditions**

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

Any loss to the University resulting from a failure to meet conditions of funding is the responsibility of the Principal Budget Holder, and will be charged against the School's finances.

Contracts should be referred to the University Secretary for review of the terms and conditions in accordance with Regulation 10.1.3.

### **18 Other Income-Generating Activity**

18.1 Prior to any work being undertaken the VAT implications on all other income generating activity must be considered.

#### 18.2 **Private consultancy and other paid work**

All University staff who undertake private consultancy or other paid work must comply with the University's Managing External Work Policy. Unless otherwise stated in a member of staff's contract:

- Outside consultancy or other paid work may not be accepted without the consent of the relevant Dean or Director (and in the case of a Dean or Director, the Vice-Chancellor).
- Approved consultancy work undertaken on behalf of the University must normally be routed through Northumbria Commercial Enterprises in accordance with the University's Managing External Work Policy. The Dean or Director for whom the staff member works must ensure that the work is priced in such a way as to at least recover the full economic cost of undertaking the work.

#### 18.3 **Short courses and services rendered**

In this context a short course is any course, which does not form part of the award-bearing teaching load of the School.

Any staff wishing to run a short course must have the permission of their Dean. The course organiser will be responsible to the Dean for day-to-day management of the course.

---

#### 18.4 Collaborative provision (franchising)

Any contract or arrangement whereby the University provides education to students away from University premises, or with the assistance of persons other than the University's own staff, or with independent contractors (partner organisations), must be subject to the University's Collaborative Ventures Policy and Procedure.

There shall be a contract signed by an authorised officer (see Regulation 10) of the University and on behalf of any partner organisation that shall comply at least with the relevant guidelines of the Quality Assurance Agency. Where the partnership would represent a significant departure from the University's strategic plan, the Executive shall approve the departure and the financial consequences reflected in the financial forecast.

#### 18.5 European Union (EU) and other matched funding

Any project involving an expectation for matched funding from the University requires the approval of the Finance Director. Such approval shall be dependent upon the relevant Dean being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the University's costing and pricing policy.

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

- there is a written contract approved by the University Secretary, which allows for full audit access to detailed records
- appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality
- payments are only made against detailed invoices

#### 18.6 Profitability and recovery of overheads

A basic principle is that all research, consultancy and other income generating activities must at least recover the full economic costs associated with the activity, unless it is believed that the activity is of strategic importance to the University.

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

#### 18.7 Surpluses and deficits

All surpluses and deficits incurred on income-generating activities will be realised in the financial results of the Schools in the year they are recognised.

#### 18.8 Additional payments to staff

Any proposal that involves additional payments to members of staff must be approved by the relevant Dean or Director, and in the case of a Dean or Director, the Vice-Chancellor.

### 19 Intellectual Property Rights

#### 19.1 General

Certain activities undertaken within the University including research and consultancy may give rise to ideas, designs and inventions, which may be patentable, capable of protection by design registration or otherwise benefiting from protection under the law of intellectual property.

## 19.2 Patents

The Executive is responsible for establishing procedures to deal with any patents (and patent applications) accruing to the University from inventions and discoveries made by staff in the course of their research.

## 19.3 Intellectual property rights

The intellectual property rights for any idea, design or invention that arises from work undertaken by a member of staff whilst employed by the University shall normally belong to the University as provided by his or her contract of employment.

# 20 Expenditure

## 20.1 General

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

## 20.2 Scheme of delegation/financial authorities

The Principal Budget Holders are responsible for purchases within their School or Service. Purchasing authority may be delegated to Designated Budget Holders within the School or Service. In exercising this delegated authority, Designated Budget Holders are required to observe the University's purchasing and financial procedures.

The Finance Director shall maintain a register of authorised signatories and Deans and Directors will supply specimen signatures of those with budgetary authority.

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

Neither Principal nor Designated Budget Holders are authorised to commit the University to expenditure unless sufficient funds are available in the budget.

Where pre-negotiated agreements exist, which are available to the University, these must be used by Principal and Designated Budget Holders (see Appendix L for the list of approved suppliers). Any purchase:

- not covered by a pre-negotiated contract
- or subject to competitive procurement process
- or covered in the list of approved suppliers (Appendix L)

must be supported by the appropriate Purchase Exemption Form. Principal and Designated Budget Holders are advised to refer any questions regarding the suitability of the pre-negotiated agreements to the Finance Director.

Principal Budget Holders may approve expenditure on an item **up to the value of £25,000**,

For expenditure on an item **in excess of £25,000 but no more than £100,000** Principal Budget Holders must first obtain approval of the Finance Director (and in the case of the Finance Director, the Vice-Chancellor), prior to the purchase order being raised.

For expenditure on items **in excess of £100,000 but no more than £500,000**, Principal Budget Holders must obtain approval from the Vice-Chancellor.

For expenditure on items **in excess of £500,000**, Principal Budget Holders must obtain approval from the Employment and Finance Committee prior to the purchase order being raised, via the University Secretary.

---

### 20.3 Procurement

The University requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice.

The Finance Director is responsible for:

- ensuring that the purchasing procedures, are known and observed by all staff involved in purchasing for the University
- advising on purchasing matters
- advising and assisting Schools and Services where required on specific purchases
- developing appropriate pre-negotiated contracts on behalf of the University to assist Principal Budget Holders in meeting their value for money obligations
- auditing a sample of all orders above £1,000 before they are placed
- the drafting and negotiation of all large-scale purchase contracts (generally in excess of £50,000) undertaken by the University, in collaboration with the responsible School or Service
- ensuring that the University complies with EU procurement regulations
- monitoring/maintaining the pre-negotiated contracts and all expenditure

### 20.4 Purchase orders

Commitment to expenditure for regular requirements, other than for petty cash purchases, on behalf of the University may be made only through the generation of an official purchase order raised on the University finance system, or via the use of purchase cards where the value of the order does not exceed £1,000. Both methods must be completed prior to delivery of the goods, services or works, i.e. no individual is authorised to make commitments with suppliers without either the prior issue of an official purchase order or an authorised purchase card transaction.

- No purchase order should be raised for amounts less than £100.
- In the case of urgent purchase order requirements, the Purchasing Office will arrange for the non-standard production and despatch of such orders. It is important that expenditure is not artificially broken down i.e. spread over smaller instalments to avoid the need to create purchase orders.
- Special 'confirmation orders' may only be raised in respect of such expenditure as utility services, rents, rates, periodic payments, ongoing subscriptions etc., where it is only possible to generate orders once invoices have been received from the suppliers.
- It is the responsibility of the Finance Director to ensure that all purchase orders refer to the University's terms and conditions of purchase.

### 20.5 Purchase cards

The operation and control of the University's purchasing cards is the responsibility of the Finance Director.

Holders of purchase cards must use them only for the purposes for which they have been issued. They can be used to purchase services and goods up to the value of £1,000 (VAT inclusive) per transaction. Card details must not be loaned to another person, nor should they

be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and must use the University's approved supplier pre-negotiated contracts (see Appendix L).

The Finance Director shall determine what information is required on purchases made with purchase cards from cardholders and also shall determine the deadlines for receipt of such information into the Finance Department to enable financial control to be maintained, and cardholders must provide that information. The Finance Director retains the discretion to remove cards if misuse or abuse is determined.

## 20.6 Tenders and quotations

Principal and Designated Budget Holders must comply with the following purchasing requirements :

- **under £5,000** – the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained. Where pre-negotiated agreements exist for the supply of particular goods, services and works (see Appendix L) these must be used. The Purchasing Office will maintain Appendix L, on the Purchasing Office pages of the University's web site.
- **from £5,000 to £50,000** – the budget holder shall be required to obtain at least three written quotations, to be able to demonstrate Value for Money.
- **from £50,000 to £100,000** – all items will require three formal competitive tenders, which will be administered via the Finance Department.
- **From £100,000 to £500,000** – all items will require not less than four competitive tenders, which will be administered by the Finance Department, this provision will be overridden if subject to EU procurement regulation see Appendix O. The award of contracts shall be reported to the Executive and to the Employment and Finance Committee.
- **over £500,000** – all items will require not less than five competitive tenders, which will be administered by the Finance Department and the award of contracts shall be reported to the Executive and approved by the Employment and Finance Committee.

The main points covered by the University's code of tendering practice are described at Appendix N and may be subject to special rules imposed by funding bodies.

## 20.7 EU Regulations

The Finance Director is responsible for ensuring the University complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding the threshold values (see Appendix O).

The Finance Director will advise Deans and Directors on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier.

It is the responsibility of Principal Budget Holders to ensure that their members of staff comply with EU regulations by notifying the Finance Director of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to place notices in the *Official Journal of the European Union* (OJEU).

The Finance Director is also required to submit to the funding body annually details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by Deans and Directors to the Finance Director.

---

## 20.8 Post-tender negotiations

Post-tender negotiations (i.e. after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms can be entered into by the Finance Director, in consultation with the budget holder and University Secretary's Office, provided:

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

All post-tender negotiations should be reported by the Finance Director to the Executive and the Employment and Finance Committee.

## 20.9 Purchasing exemptions

Exemptions may be considered in the case of contracts in the following circumstances:–

- a. the value of the order is over £5,000
- b. the order is not covered by an automatic exemption as detailed in the list of approved suppliers (Appendix L), the list of authorised expenditure exceptions (Appendix M) or covered by a pre-negotiated contract (NEUPG/OGC). Further clarification can be sort by contacting the University's purchasing staff.
- c. Goods and Services are to be purchased by auction.
- d. the repairs of, parts for or additions to existing hardware, machinery or plant, where comparable repairs, parts or additions are incompatible with the existing kit.
- e. Purchase or repair of articles sold at fixed price, where no variance of price would be obtained by tendering.
- f. Sole supplier of requirements based on professional knowledge, skill or the manufacturer of goods.
- g. Where the Principal Budget Holder certifies that the work to be executed or the goods or services to be supplied can be obtained under more beneficial arrangements to the University than if the tendering or quotation requirements are complied with and the Finance Director agrees that the tendering or quotation requirements must be waived in those circumstances.

## 20.10 Receipt of goods

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

All goods received notes (GRN's) shall be entered onto the finance system within 24 hours of receipt. If the goods are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

All persons receiving goods on behalf of the University must be independent of those who negotiated prices and terms and placed the official order.

### 20.11 **Payment of invoices**

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

The Finance Director is responsible for deciding the most appropriate method of payment for invoices. Payments to UK suppliers will normally be made by computer cheques or BACS transfer each week. International payments will normally be made by telegraphic transfer. In exceptional circumstances the Finance Director can arrange for urgent payments to be made to suppliers.

Principal Budget Holders are responsible for ensuring that expenditure within their area does not exceed funds available.

All purchase orders instruct suppliers to submit invoices for goods or services to the Finance Director.

Care must be taken by the Principal Budget Holder to ensure that all discounts receivable are obtained.

Payments will only be made by the Finance Director against invoices that can be matched to a receipted purchase order.

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

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- where appropriate, it is matched to the order
- invoice details (quantity, price discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- the invoice is addressed to the University or its subsidiary companies as applicable
- appropriate cost centre/internal order is quoted; this must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice

### 20.12 **Staff reimbursement**

The University's purchasing and payments procedures are in place to enable the majority of non-staff supplies to be procured through the creditors system without staff having to incur any personal expense. On occasion, however staff may incur expenses in fulfilling their duties, most often in relation to travel or other sundry expenses, for which they are entitled to reimbursement.

For details of staff reimbursement, see Travel and Expenses Policy and Procedures on the University's website.

### 20.13 **University credit cards**

Where appropriate, the Finance Director may approve the issuing of University credit cards to senior staff. Such credit cards shall be used for the payment of valid business expenses only. The Finance Director will be responsible for setting in place a system to monitor the use of University credit cards and account for expenses charged through them.

---

## 20.14 **Petty cash**

Where a single item is less than £100 it should be paid from petty cash wherever possible and must be supported by receipts or vouchers.

The Finance Director shall make available to Schools and Services such imprests as he considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

Requisitions for reimbursements must be sent to the cash section in the Finance Department, together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.

The member of staff granted a float is personally responsible for its safe-keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the University's insurers when not in use and will be subject to periodic checks by the Dean, Director or another person nominated by him or her.

Standard University petty cash books are supplied by the Finance Director and must be used for recording all imprest accounts.

At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by the budget holder.

## 20.15 **Other payments**

Bursary payments and other items paid to the students on behalf of sponsoring organisations shall be made on the authority of the Finance Director, supported by detailed claims approved by the budget holder.

## 20.16 **Late payment rules**

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

- small businesses can charge interest on overdue invoices
- interest is chargeable on sales made after 1 November 1998
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England
- the Act also applies to overseas organisations
- the University can be sued for non-payment

In view of the penalties in this Act, the Board of Governors requires that invoices must be processed for payment promptly.

## **21 Staff Expenditure**

### 21.1 **Remuneration policy**

All University staff will be appointed to the salary scales approved by the Executive and in accordance with appropriate conditions of service. Letters of appointment must be issued to all new staff.

Salaries and other benefits for senior post holders will be determined by the Remuneration Committee of the Board of Governors.

### 21.2 **Appointment of staff**

All contracts of service shall be concluded in accordance with the University's approved Human Resources practices and procedures and all offers of employment with the University shall be made in writing. Principal Budget Holders shall ensure that the Director of Human Resources is provided promptly with all information he or she may require in connection with the appointment, resignation or dismissal of employees. The Finance Director must authorise all applications to recruit staff.

### 21.3 **Salaries and wages**

The Finance Director is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Finance Director.

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

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

The Finance Director is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

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

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

### 21.4 **Superannuation schemes**

The Finance Director is responsible for day-to-day superannuation matters, including:

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

The Director of Human Resources is responsible for administering eligibility to pension arrangements and for informing the Finance Director when deductions should begin or cease for staff.

### 21.5 **Travel, subsistence and other allowances**

All claims for payment of subsistence allowances will be reimbursed via the payroll system. All travelling and incidental expenses must be completed in accordance with the Travel and Expenses Policy and Procedures.

### 21.6 **Allowances for members of the Board of Governors**

Members of the Board of Governors may claim reasonable expenses in connection with their attendance at meetings of the Board and other functions on behalf of the Board. Claims for members of the Board of Governors will be authorised by the University Secretary.

---

## 21.7 **Severance and other non-recurring payments**

Severance payments shall only be made in accordance with relevant legislation and funding body guidance and under a scheme approved by the Board of Governors through the Employment and Finance Committee and, where appropriate, the Executive. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose. All such payments shall be authorised by the Vice-Chancellor and calculations checked by the Finance Director. Any individual amounts that do not fall within the parameters above require approval by the Employment and Finance Committee.

## **22 Assets**

### 22.1 **Land, buildings, fixed plant and machinery**

The purchase, sale, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Employment and Finance Committee or the Board of Governors and with reference to funding body requirements.

### 22.2 **Fixed asset register**

The Finance Director is responsible for maintaining the University's register of land, buildings, fixed plant and machinery.

### 22.3 **Inventories**

Principal Budget Holders are responsible for maintaining inventories, in a form prescribed by the Finance Director, for all plant, equipment, furniture and stores in their Schools and Services with a value in excess of £5,000. The inventory must include items donated or held on trust.

### 22.4 **Stocks and stores**

Principal Budget Holders are responsible for establishing adequate arrangements for the custody and control of stocks and stores under their control. The systems used for stores accounting in Schools and Services must have the approval of the Finance Director.

Stocks and stores of a hazardous nature should be subject to appropriate security checks.

Those Schools and Services whose stocks require valuation in the Balance Sheet must ensure that the stock-taking procedures in place have the approval of the Finance Director.

### 22.5 **Safeguarding assets**

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

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

### 22.6 **Personal use**

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

### 22.7 **Asset disposal**

Disposal of equipment and furniture must be in accordance with procedures agreed by the Employment and Finance Committee and with legal requirements.

Disposal of land and buildings must only take place with the authorisation of the Employment and Finance Committee or the Board of Governors as appropriate. The funding body's consent may also be required if applicable.

## 22.8 All other assets

Deans and Directors are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the University, whether tangible (such as stock – see above) or intangible (such as intellectual property – see section 19), including electronic data.

## 23 Funds Held on Trust

### 23.1 Gifts, benefactions and donations

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

### 23.2 Student welfare and access funds

The Finance Director will make provision for the payment of student welfare funds. The day-to-day management of these funds will be the responsibility of the Director of Student Services who will be responsible for the maintenance of records according to funding body requirements.

## 24 Other

### 24.1 Insurance

The Finance Director is responsible for the University's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy, (see section 7), all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the Finance Director on an annual basis.

The Finance Director is responsible for ensuring the University has the appropriate insurance cover in order to mitigate wherever possible the risk of potential significant financial liabilities. He or she is therefore responsible for negotiating claims and maintaining the necessary records. He or she will also deal with the University's insurers and advisers about specific insurance problems.

Principal Budget Holders must ensure that for any agreements negotiated with external bodies cover any legal liabilities to which the University may be exposed, the advice of the Finance Director and the University Secretary should be sought in these circumstances. Deans and Directors must give prompt notification to the Finance Director of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Deans and Directors must advise the Finance Director immediately of any event that may give rise to an insurance claim. The Finance Director will notify the University's insurers and, if appropriate, prepare a claim in conjunction with the Dean or Director for transmission to the insurers.

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

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

---

## 24.2 Companies and joint ventures

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

The Employment and Finance Committee is responsible for approving the establishment of all companies or joint ventures and the procedure to be followed in order to do so. This will have regard to any guidance provided by the funding bodies.

It is the responsibility of the Employment and Finance Committee to approve the shareholding arrangements and nominate University directors of companies wholly or partly owned by the University.

For all companies where the University is the majority shareholder a report must be submitted via the Executive, to the Employment and Finance Committee. The companies must also submit business plans or budgets as requested to enable the committee to assess the risk to the University. The University's internal and external auditors shall also be appointed to act as auditors to such companies.

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

## 24.3 Security

Keys to safes or other similar containers shall be kept in secure locations at all times. The loss of such keys must be reported to the Finance Director immediately.

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

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

## 24.4 Students' Union

The Students' Union is responsible to the Board of Governors. The Union is a separate legal entity and not a subsidiary of the University and it is therefore not bound by the University's Financial Regulations.

Subject to any constraints imposed by the funding body, the Board of Governors via the Employment and Finance Committee shall determine the level of grant to be paid annually to the Students' Union and approve its budget for the year.

The Students' Union is responsible for maintaining its own bank account and financial records and preparing its own annual Financial Statements.

In accordance with an agreement between the University and the Students' Union, the Union will provide monthly statements of income and expenditure to the Finance Director and the Employment and Finance Committee on a prompt basis to enable them to ensure that financial disciplines are maintained.

At the year end the Students' Union accounts will be audited by a firm of auditors approved by the University and will be presented to the Employment and Finance Committee for information.

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

#### 24.5 **Use of the University's seal**

Where a deed or document requires the University's seal, it must be sealed by the University Secretary or, in his or her absence, by the University's Legal Adviser.

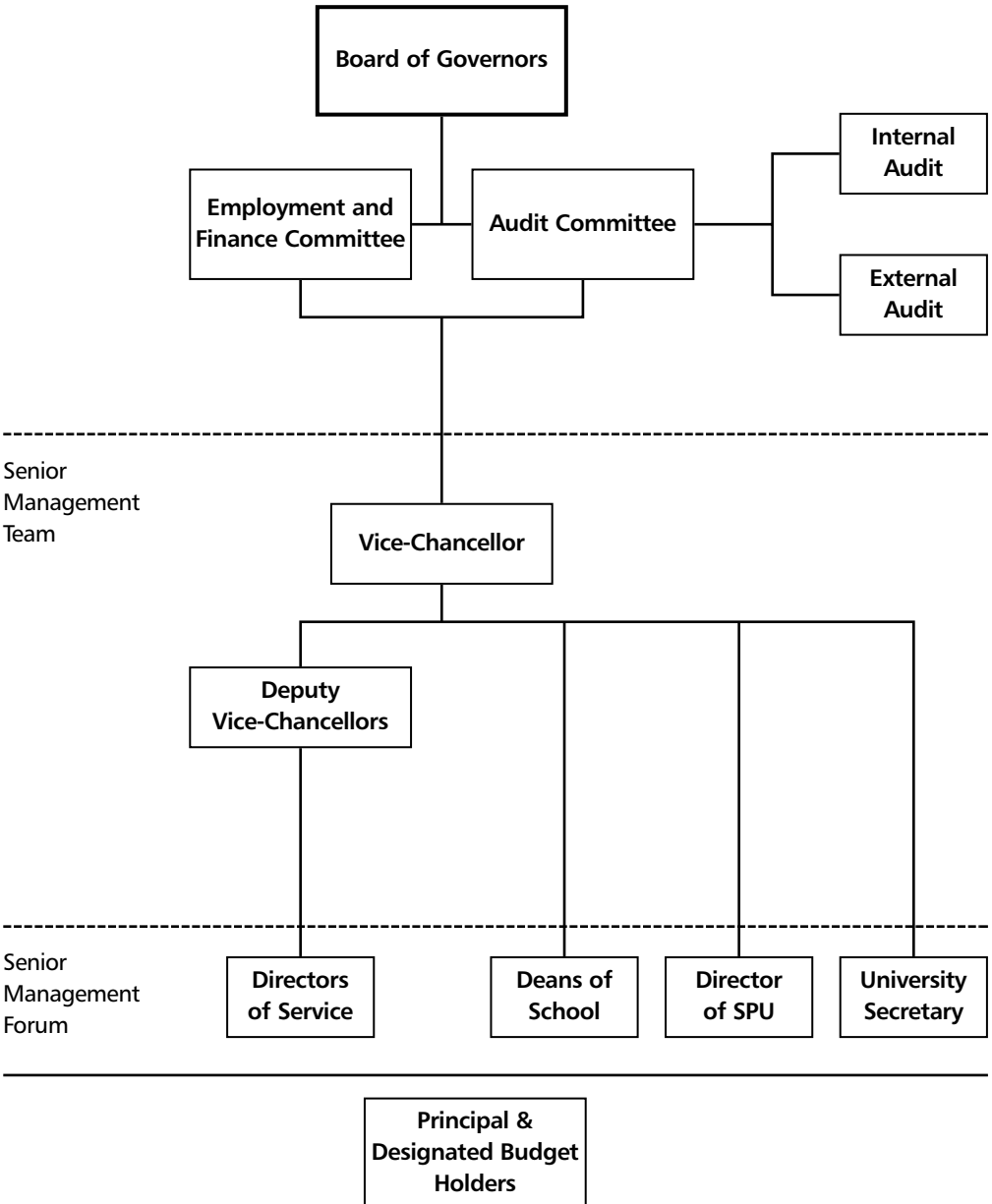
#### 24.6 **Provision of indemnities**

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

### **25 Appendices**

Appendix A	Committee Structure
Appendix B	Employment & Finance Committee Responsibilities
Appendix C	Audit Committee Terms of Reference
Appendix D	Key Contacts in the Finance Department
Appendix E	Main Features of the Public Interest Disclosure Act 1998
Appendix F	The Seven Principles of Public Life from the Report of the Committee for Standards in Public Life (The Nolan Report)
Appendix G	Summary of Protocols for Proposed Capital Expenditure
Appendix H	Summary of Protocols for Proposed Major Developments
Appendix I	Internal Audit Responsibilities
Appendix J	Fraud Response Plan
Appendix K	Authorised Bank Signatories
Appendix L	List of Approved Suppliers
Appendix M	Authorised Expenditure Exceptions
Appendix N:	Main Points Included in the University's Code of Tendering Practice
Appendix O:	EU Procurement Thresholds
Appendix P:	Authority Levels for Purchasing, Delegated Authority and Contracts
Appendix Q:	University Policy on Corporate Gifts and Hospitality

# APPENDIX A: COMMITTEE STRUCTURE



# APPENDIX B: EMPLOYMENT & FINANCE COMMITTEE RESPONSIBILITIES

- Ensuring that the University maintains proper accounts and related records.
- Ensuring that systems are in place for all employees and creditors to be paid by their due date and that such systems are effective.
- Ensuring that all income received is correctly accounted for and that income receivable is collected promptly.
- Receiving and commenting on the University's revenue and capital budgets.
- Ensuring that the requirement of the financial memorandum with the funding council to maintain financial solvency is fulfilled.
- Managing the University's investments.
- Overseeing
  - cash management and borrowing policies
  - the University's banking arrangements
  - the University's insurance arrangements.
- Approving on an annual basis all fees and charges for University services.
- Approving all University Human Resources strategies and receiving regular reports on all significant aspects of their delivery.
- Approving the University's Estate Strategy and receiving regular reports on all significant aspects of its delivery.
- Any other matters as directed by the Board of Governors.

## **REPORTING PROCEDURES**

- A report of all meetings of the Committee will be presented to each meeting of the Board of Governors.

---

# APPENDIX C: AUDIT COMMITTEE TERMS OF REFERENCE

## DUTIES

- To advise the Board of Governors on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors and any questions of resignation or dismissal of the external auditors.
- To discuss if necessary with the external auditors, before the audit begins, the nature and scope of the audit.
- To discuss with the external auditors problems and reservations arising from the interim and final audits, including a review of the management letter incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management).
- To consider and advise the Board of Governors on the appointment and terms of engagement of the internal audit service (and the head of internal audit, if applicable), the provision of any non-audit services by the internal auditors and any questions of resignation or dismissal of the internal auditors.
- To review the internal auditors' needs assessment and the audit plan; to consider major findings of internal audit investigations and management's response; and to promote co-ordination between the internal and external auditors. The committee will ensure that the resources made available for internal audit are sufficient to meet the University's needs (or make a recommendation to the Board of Governors, as appropriate).
- To keep under review the effectiveness of internal control and risk management systems, and in particular to review the external auditors' management letter, the internal auditors' annual report, and management responses.
- To monitor the implementation of agreed audit-based recommendations, from whatever source.
- To ensure that all significant losses have been properly investigated and reported to the internal and external auditors and, where appropriate, the HEFCE accounting officer.
- To oversee the University's policy on fraud and irregularity, including notification of any action taken under that policy.
- To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.
- To receive any relevant reports from the National Audit Office, HEFCE and other organisations.
- To monitor annually the performance and effectiveness of external and internal auditors, and to make recommendations to the Board of Governors concerning their reappointment, where appropriate.
- To consider elements of the annual Financial Statements in the presence of the external auditor, including the auditor's formal opinion, the statement of members' responsibilities and any corporate governance statement. This responsibility should be extended to include consideration of internal control and risk management statements.

## **REPORTING PROCEDURES**

- The minutes (or a report) of meetings of the Committee will be presented at each meeting of the Board of Governors.
- The Committee will prepare an annual report for the University's financial year. The report will be addressed to the Board of Governors and designated officer, summarising the activity for the year. It will give the Committee's opinion on the extent to which the Board of Governors may rely on the internal control and risk management system and the arrangements for securing economy, efficiency and effectiveness. (This opinion should be based upon the information presented to the Committee.) The Audit Committee Annual Report should normally be submitted to the Board of Governors before the members' responsibility statement in the annual Financial Statement is signed.

---

# APPENDIX D: KEY CONTACTS IN THE FINANCE DEPARTMENT

## INTRODUCTION

- 1 The main services of the Finance Department are listed on the following pages together with appropriate contacts. For general Finance enquiries, please contact extension: 4090.

## FINANCIAL ACCOUNTING

- 2 Many of the functions under this heading will not directly affect Schools and Services. They include preparation of final and other accounts, tax returns, treasury management, which encompasses borrowing and lending, cash flow forecasting and management of the bank accounts. There are, however, several services, which are for the specific benefit of users as follows:
  - 3 **Expenditure.** This section pays all sums owed by the University other than payroll items. Payments are made mainly to suppliers of goods and services but the section also administers access fund and emergency loan payments to students. Payments can be made to any country and in most currencies. For payments queries please contact Expenditure Section on extension: 4093.
  - 4 **Cash Office.** All income due to the University must be banked through the Finance Department. Payments are received by BACS, cheque, cash, credit cards or debit cards and can be in sterling or foreign currencies. For cash queries please contact the Cash Office Team on extension: 4092.
  - 5 **Debt Management.** All aspects of invoicing, credit control and debt collection activities are undertaken, including student, commercial and franchise debtors. Overdue debts are pursued in accordance with the University's Credit Control and Debt Management Policy. For advice on invoicing or debt collection please contact the Credit Control and Debt Management Team on extension: 4778.
  - 6 **Payroll.** The University's three payrolls are managed by the payroll section, which is situated in Ellison Terrace. All standing data and adjustments are affected through the Finance Department, which is also responsible for submission of all PAYE returns. For payroll queries please ring extension: 4767.
  - 7 **Insurance.** All aspects of insurance cover and claims are handled by the Finance Department. Prompt notification of all losses by the use of the appropriate form is essential if claims are to be processed effectively. Failure to notify the police in cases of theft or criminal damage can also invalidate cover. For insurance queries please call extension: 4266.
  - 8 **Major capital projects.** Assistance in capital expenditure, the preparation of bids for funding, investment appraisals and monitoring of schemes are all included within the service. It is mandatory for the negotiation of funding packages to be carried out by Finance Department staff. For queries relating to capital schemes and grant claims please contact extension: 7591.
  - 9 **VAT.** This section is responsible for the clear and accurate treatment of VAT rules and regulations as outlined by HM Revenue and Customs. For VAT queries, please call extension: 3346.

- 10 **SAP system.** Advice and training is provided for users to access and use the data held in the accounting system. For queries relating to the operation of the accounting system please contact the Systems Team extension 7169.

## **MANAGEMENT ACCOUNTING**

- 11 The role of the Management Accounts team is to support the University in planning, managing and maximising the value and use of its financial resources, in order to achieve its objectives in a sustainable, controlled and accountable way. It provides professional advisory support to the University in its educational aims and business requirements.
- 12 **Management Accounts.** Management accounts provides a comprehensive management accounting service to all Schools and Service Departments covering monthly management reporting, budgets, forecasts and project accounting. In addition we provide support in the pricing and costing of new projects and programmes. For queries please contact extension: Management Accountant (Schools) 3392, Management Accountant (Services) 3390.
- 13 **Management Information.** Management Information is responsible for the transformation of University data into useable information to support planning and decision making for Management and the Executive. For queries please contact the Financial Planning and Reporting Manager extension 3006.

## **MANAGEMENT CONTROL**

- 14 A range of services provided by the Finance Department relate to the overall control of the University's systems. Some of these are mandatory.
- 15 **Internal audit.** All Universities must have an independent internal audit function, which operates in conjunction with the audit committee. The Finance Department is responsible for the receipt and co-ordination of responses to audit reports and for the implementation of audit committee projects.
- 16 **Procedures and regulations.** Financial Regulations and detailed financial procedures are maintained and disseminated by the finance department. Again, their existence is a HEFCE and Audit Committee requirement. For queries relating to management control matters please contact the Deputy Finance Director (Accounting) extension 7369.

---

## PURCHASING

- 17 The purchasing function is generally devolved, with authority to purchase granted to budget holders within the threshold framework stipulated in section 20.2 The primary purpose of the purchasing section of the Finance Department is to produce, advise on and co-ordinate the operation of the University's purchasing activities, including:
- **Contract development.** Commodity/service research; contract strategy; supplier appraisal and approval; supplier and contract management.
  - **Tender process.** Production and issue of documentation; tender evaluation; contract award recommendations; European Procurement Directive application.
  - **Operational issues.** Purchasing advice and guidance on the acquisition of goods/services; assistance with compiling specifications; quotations; sourcing of vendors; negotiations and maintenance of guidance notes.
  - **Low-value purchasing.** A purchasing card system for the procurement of low-value goods/services is in operation. The Finance Department manages the operation of this system.
  - **Purchasing consortium.** The University is a member of the local universities' purchasing consortium.

For all purchasing queries please contact the purchasing office on extension 4334.

# APPENDIX E: MAIN FEATURES OF THE PUBLIC INTEREST DISCLOSURE ACT 1998

## **SUMMARY**

The Act came into force on 2 July 1999. It encourages people to report or “blow the whistle” about malpractice in the workplace and is designed to ensure that organisations respond by acting on the message rather than against the messenger. The Act applies to employees blowing the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It applies whether or not the information is confidential and extends to malpractice occurring in the UK and any other country or territory.

## **INTERNAL DISCLOSURES**

A disclosure in good faith to a manager or the employer will be protected if the whistleblower has a reasonable suspicion that the malpractice has occurred, is occurring or is likely to occur.

## **REGULATORY DISCLOSURES**

The Act protects disclosures made in good faith to prescribed bodies such as the Health and Safety Executive, the Financial Services Authority and HM Revenue and Customs, where the whistleblower has a reasonable belief that the information and his or her allegation(s) are substantially true.

## **WIDER DISCLOSURES**

Wider disclosures (e.g. to the police, the media, MPs, and non-prescribed regulators) are protected if, in addition to the tests for regulatory disclosures, they are reasonable in all the circumstances and they meet one of the three preconditions. Provided they are not made for personal gain, these preconditions are that the whistleblower:

- reasonably believed they would be victimised if they raised the matter internally or with a designated regulator
- reasonably believed a cover-up was likely and there was no regulator
- had already raised the matter internally or with a prescribed regulator.

An employee who makes a wider, public disclosure is more likely to be protected if there was no internal procedure set up.

## **FULL PROTECTION**

Where the whistleblower is victimised in breach of the Act he or she can bring a claim to an employment tribunal for compensation or other remedy. Awards are uncapped and based on the losses suffered. Additionally, where an employee is sacked, they may apply for an interim order to keep their job. Where an employee reasonably suspects malpractice (and this includes any crime), he or she will be protected from victimisation where he or she raises the matter in good faith with a person who is legally responsible for whistleblowing.

---

## **QUALIFYING AREAS**

The qualifying areas consist of information that the employee reasonably believes tends to show one or more of the following matters is either happening now, took place in the past, or is likely to happen in the future:

- a criminal offence
- the breach of a legal obligation
- a miscarriage of justice
- a danger to the health or safety of any individual
- damage to the environment
- deliberate covering up of information tending to show any of the above five matters.

# APPENDIX F: THE SEVEN PRINCIPLES OF PUBLIC LIFE FROM THE REPORT OF THE COMMITTEE FOR STANDARDS IN PUBLIC LIFE (THE NOLAN REPORT)

## **SELFLESSNESS**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

## **INTEGRITY**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties.

## **OBJECTIVITY**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

## **ACCOUNTABILITY**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

## **OPENNESS**

Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

## **HONESTY**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

## **LEADERSHIP**

Holders of public office should promote and support these principles by leadership and example.

---

# APPENDIX G: SUMMARY OF PROTOCOLS FOR PROPOSED CAPITAL EXPENDITURE

Proposed capital projects should be supported by:

- A statement that demonstrates the project's consistency with the strategic plans and estates strategy approved by the Board of Governors.
- An initial budget for the project for submission to the Employment and Finance Committee and the Estates Committee. The budget should include a breakdown of costs including professional fees, VAT and funding sources.
- A financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans.
- An investment appraisal in an appropriate format which complies with funding body guidance on option and investment appraisal.
- A demonstration of compliance with normal tendering procedures and funding body regulations. This will require careful consideration where partnership arrangements are in place.
- A cash flow forecast.

More detail on these protocols can be obtained from the Assistant Financial Accountant on extension 7591.

## APPENDIX H: SUMMARY OF PROTOCOLS FOR PROPOSED MAJOR DEVELOPMENTS

The proposal should be supported by a business plan which sets out:

- a demonstration of the proposal's consistency with the strategic plans approved by the Board of Governors and with the University's powers under current legislation
- details of the market need and the assumptions (based on reference data) of the level of business available
- details of the business and what product or service will be delivered
- an outline plan for promoting the business to the identified market and achieving planned levels of business
- details of the staff required to deliver, promote and manage the business, together with any re-skilling or recruitment issues
- details of any premises and other resources required
- a financial evaluation of the proposal together with its impact on revenue and surplus, plus advice on the impact of possible alternative plans and sensitivity analyses in respect of key assumptions
- contingency plans for managing adverse sensitivities
- consideration of taxation and other legislative or regulatory issues
- a three-year financial forecast for the proposal including a cash flow forecast and details of the impact on the University cash flow forecast for the financial years in question.

---

# APPENDIX I: INTERNAL AUDIT RESPONSIBILITIES

## **FROM HEFCE'S *AUDIT CODE OF PRACTICE***

The prime responsibility of the internal audit service is to provide the Board of Governors, the designated officer and the other managers of the University with assurance of the adequacy and effectiveness of risk management, control and governance arrangements. Responsibility for these arrangements remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management to improve risk management, control and governance, so reducing the effects of any significant risks faced by the University.

Internal audit can also provide independent and objective consultancy advice specifically to help management improve risk management, control and governance, so contributing to the achievement of corporate objectives. Such advisory work contributes to the opinion which internal audit provides on risk management, control and governance.

# APPENDIX J: FRAUD RESPONSE PLAN

## PURPOSE

- 1 The purpose of this plan is to define authority levels, responsibilities for action, and reporting lines in the event of a suspected fraud or irregularity. The use of the plan should enable the University to:
  - Prevent further loss
  - Establish and secure evidence necessary for criminal, civil and disciplinary action
  - Notify HEFCE, if the circumstances are covered by the mandatory requirements of the Audit Code of Practice
  - Recover losses
  - Punish the culprits
  - Deal with requests for references for employees disciplined or prosecuted for fraud
  - Review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud
  - Keep all personnel with a need to know suitably informed about the incident and the University's response
  - Inform and establish lines of communication with the police
  - Assign responsibility for investigating the incident
  - Establish circumstances in which external specialists should be involved

## INITIATING ACTION

- 2 Suspicion of fraud or irregularity may be captured through a number of means, including the following:
  - The requirement placed on staff under the Financial Regulations to report fraud or irregularity to Finance Director
  - The University's Policy and Procedure for Public Interest Disclosures to the University Secretary ('whistle-blower's charter')
  - Planned audit work
- 3 The management within the University is responsible for dealing with actual or suspected incidents, and reporting without delay to the University Secretary, who shall involve the University's internal auditors. Wherever possible, within 24 hours, the University Secretary shall inform the Vice-Chancellor and Deputy Vice-Chancellors, and convene a meeting of the Fraud Response Group to decide on the initial response. The Fraud Response Group shall comprise of the following persons:
  - University Secretary (chair)
  - Head of the University's Internal Audit Service
  - Director of Human Resources

- 
- Finance Director
  - University Legal Adviser

The Fraud Response Group will determine the action to be taken. This will normally be an investigation, which shall include the University's internal auditors, and such other officers as are appropriate.

The University Secretary, advised by the Group, and after consultation with the Vice-Chancellor and Finance Director, shall give authority to the internal auditor to use time provided in the internal audit plan for special investigations, or contingency time, or to switch internal audit resources from planned audits.

If a meeting is not feasible, the University Secretary shall consult members of the Fraud Response Group before determining action.

## **PREVENTION OF FURTHER LOSS**

- 4 Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the Response Group will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects. It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.
- 5 In these circumstances, the suspect(s) shall be approached unannounced. They should be supervised at all times before leaving the University's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the University. Any security passes and keys to premises, offices and furniture should be returned.
- 6 The Head of University Security shall be required to advise on the best means of denying access to the University, while suspects remain suspended (for example by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, the Director of IT Services shall be instructed to withdraw without delay access permissions to the University's computer systems.
- 7 The authorised investigator(s) shall consider whether it is necessary to investigate systems other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the University's assets.

## **ESTABLISHING AND SECURING EVIDENCE**

- 8 A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The University will follow disciplinary procedures against any member of staff who has committed fraud. The University will normally refer the matter to the police for a criminal investigation.
- 9 In order to assist in fraud investigations, the University's internal auditors will:
  - Maintain familiarity with the University's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation
  - Recommend the establishment and maintenance of contact with the police
  - Advise, with the University's Legal Adviser, whether there is a need for audit and other staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act

- Ensure, by reference to the University's Legal Adviser, that University's internal auditor staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

## **NOTIFYING THE FUNDING BODY**

- 10 The circumstances in which the University must inform HEFCE about actual or suspected frauds are detailed in HEFCE Audit Code of Practice (HEFCE 04/27 paragraphs 34–35). The Vice-Chancellor of the University is responsible for informing HEFCE of any such incidents, and the University Secretary shall ensure that the Vice-Chancellor is kept informed of matters potentially involving report to HEFCE.

## **RECOVERY OF LOSSES**

- 11 Recovering losses is a major objective of any fraud investigation. The University Secretary shall ensure that in all fraud investigations, the amount of any loss will be quantified. Restitution of misappropriated assets shall be sought in all cases.
- 12 Where the loss is substantial, legal advice shall be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice shall also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The University will normally expect to recover costs in addition to losses.

## **REFERENCES FOR EMPLOYEES DISCIPLINED OR PROSECUTED FOR FRAUD**

- 13 The University's Staff Management Procedures shall include a requirement that any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall in all cases be referred to the Director of Human Resources. The Director of Human Resources shall prepare any answer to a request for a reference having regard to employment law.

## **REPORTING TO GOVERNORS**

- 14 Any incident matching the criteria in the HEFCE Audit Code of Practice (as in paragraph 10 above) shall be reported without delay by the Vice-Chancellor, or on his behalf, to the Chairmen of the Board of Governors and the Audit Committee.
- 15 Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the Chairmen of both the Board of Governors and the Audit Committee.
- 16 On completion of a special investigation, a written report shall be submitted to the Audit Committee containing:
- A description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud
  - The measures taken to prevent a recurrence
  - Any action needed to strengthen future responses to fraud, with a follow-up report on whether the actions have been taken.

The University Secretary, assisted by the Head of the University's Internal Auditors shall normally prepare this report.

---

## **RESPONSIBILITY FOR INVESTIGATION**

- 17 The University's internal auditors shall be involved in the conduct of special investigations, within the arrangements in paragraph 4 above. University management shall co-operate with requests for assistance from the authorised investigator(s) in the conduct of fraud investigations.
- 18 Some special investigations may require the use of technical expertise, which the authorised investigator(s) does not possess. In these circumstances, the Fraud Response Group may approve the appointment of external specialists to lead or contribute to the special investigation.

## **REVIEW OF FRAUD RESPONSE PLAN**

- 20 This plan will be reviewed for fitness of purpose at least annually or after each use. Any need for change will be reported to the Audit Committee for approval.

## APPENDIX K: AUTHORISED BANK SIGNATORIES

- Finance Director
- Deputy Vice-Chancellor (Development)
- Deputy Finance Director (Planning)
- Deputy Finance Director (Accounting)
- Financial Accountant

---

# APPENDIX L: LIST OF APPROVED SUPPLIERS

- Purchases outside of this schedule must be supported with a clear explanation detailing why the approved supplier was not used. It is important to note that:
  - All IT purchases MUST be directed through IT Services
  - All estates expenditure MUST be directed through the Estates Department
  - All printing MUST be directed through Corporate Development (Trading Services)
  - All procurement of external legal advice must be directed through the University Secretary's Office
- Pre-negotiated contracts are in place for the following goods and services:
  - Advertising
  - Temporary Agency Staff
  - Stationery
  - Examination Stationery
  - Paper
  - Furniture
  - Photocopiers
  - Royal Mail
  - International Mail
  - Debt Collection
  - Londis (Campus shop)
  - Confectionery
  - Cleaning Materials
  - Computer Consumables
  - Catering Provisions
    - Frozen Foods
    - Meat
    - Bakery
    - Dairy Products
    - Fruit & Vegetables
    - Soft Drinks

- Transport
  - Vehicle Contract hire
  - General
  - Sport Northumbria
- Insurance
- Audit Services
- Secure Cash Collection
- Nurses' Uniforms
- Occupational Health
- Travel Contract
- Smart Card System
- HR Training

If you need further information on any of the above, please call the Purchasing Office on extension 4334.

---

# APPENDIX M: AUTHORISED EXPENDITURE EXCEPTIONS

The following items are exempt from the purchasing requirements in terms of quotations and tendering outlined in the Financial Regulations of the University:

- International Office – Commission Payments
- HEIST – Prospectus Distribution Operating costs of international offices
- Rental payments for property
- Rental payments for equipment, including maintenance, under a contract
- Payments for interest and capital on finance agreements
- Payments to academic institutions relating to academic programmes
- Payments to project partners where the University acts as lead partner
- Postage by Telephone
- Salary Recharges
- Students’ Union Block Grant
- Teaching materials purchased from professional bodies
- Utilities

## **Mandatory Annual Subscriptions and Fees, including:**

- Annual Graduation Ceremonies BTEC/EdExcel
- BUSA (Athletic Union Membership Fee)
- City Hall for UK Congregations
- Community of Science
- Copyright Licensing Agency
- Council for Validating Universities
- Criminal Record Bureau
- Education Recording Agency Ltd
- English National Board
- Franchise agreements
- HESA
- Higher Education Academy
- General Council of the Bar
- Jisc Pas Project
- The Law Society

- Network charges – UKERNA
- NEUPG membership
- Office of the Independent Adjudicator for Higher Education
- Quality Assurance Agency
- Research Fortnight
- Student Placements
- Talis Information Ltd
- UCAS (Universities and Colleges Admissions Service)
- UCEA (University and Colleges Employers Association)
- Universities UK

---

# APPENDIX N: MAIN POINTS TO BE INCLUDED IN THE UNIVERSITY'S CODE OF TENDERING PRACTICE

- Duty to comply by the University's staff.
- Compliance with EU directives.
- Competitive tendering procedure, which will:
  - ensure fairness of competition
  - ensure that companies invited to tender are financially and technically able to meet the University's requirements
  - indicate the terms of the contract
  - outline the appropriate British and International Standards to be complied with.
- Quotation procedure, which will indicate:
  - the minimum number of firms that should be expected to provide quotations
  - lists of available firms in existence which have been approved by the University that might undertake the work specified
  - the terms by which the contractors will be paid
  - the national requirements concerning good practice that should be followed.
- Submission of tenders (e.g. time, date, etc).
- Receipt and safe custody of tenders and records.
- Admissibility and acceptance of tenders.
- Justification of acceptance of tenders not at the lowest price.

# APPENDIX O: EU PUBLIC PROCUREMENT THRESHOLDS

The University is bound by the following EU regulations. In order to comply the Finance Director MUST be notified immediately of any purchase that is likely to exceed these thresholds:

The Thresholds from **31 January 2006**:

<b>Regulations/Values</b>	<b>Standard Threshold</b>
Public Supply Contracts	£144,371
Public Services Contracts	£144,371
Public Works Contracts	£3,611,319

**Minimum Number of Supplier Bids per Contract Notice:**

Under the Restricted Procedure	5
Under the Negotiated Procedure	3

# APPENDIX P: AUTHORITY LEVELS FOR PURCHASING, DELEGATED AUTHORITY AND CONTRACTS

Value	Purchasing levels for Tenders and Quotations	Delegated Authority Levels	Contracts Authorisation Levels
<b>Section Reference</b>	20.6	20.2	10
<b>Up to £100</b>	Petty Cash		
<b>Up to £1,000</b>	Purchase Card		
<b>Less than £5,000</b>	Demonstrate local Value for Money		
<b>£5,000–£50,000</b>	3 Written Quotations		
<b>Up to £25,000</b>		Principal Budget Holder	Principal Budget Holder
<b>£25,000–£100,000</b>		Finance Director	
<b>£50,000–£100,000</b>	3 Formal Competitive Tenders		
<b>£100,000–£500,000</b>	4 Competitive Tenders (unless subject to EU levels) Reported to Executive and Employment and Finance Committee	Vice-Chancellor	Up to £500,000 Finance Director or Vice-Chancellor
<b>Over £500,000</b>	5 Competitive Tenders (unless subject to EU levels) Reported to Executive and approved at Employment and Finance Committee	Employment and Finance Committee.	Employment and Finance Committee.
<b>Notes:</b>	NB: All pre-negotiated contracts in appendix L must be used prior to commencing a tender/ quotation process. When competitive tenders/ quotations cannot be obtained a Purchase Order Exemption must be completed and Authorised, prior to the PO being raised.		

# APPENDIX Q: UNIVERSITY POLICY ON CORPORATE GIFTS AND HOSPITALITY

## **Principle**

The University's policy on acceptance of Corporate Gifts and Hospitality is founded on the principle that staff should not allow self-interest or personal factors to interfere with decisions made on behalf of the University. Additionally it is important for staff within the Public Sector to understand that they need to exhibit behaviour, which is not open to misinterpretation as acting in anything other than the University's and public best interest. At no time should a member of staff engage in acceptance of gifts or hospitality where a conflict of interest may be deemed to occur or where it may be suggested that the gift or hospitality has been an inducement to show favour to the contractor or supplier.

## **Gifts**

No gifts, other than items of small intrinsic value such as business diaries or calendars (normally carrying the giver's logo) shall be accepted. If in doubt about the level of a proposed gift staff shall consult their Dean or Director, in the case of Deans and Directors or above, the Finance Director, and in the case of the Deputy Vice-Chancellors, the Vice-Chancellor.

In cases where a refusal of a significant gift might cause offence (e.g. a visiting overseas dignitary) the gift should be accepted on behalf of the University and passed to the Vice-Chancellor who will determine with the Finance Director to what use the gift may be put.

## **Hospitality**

Staff may accept conventional hospitality – meals etc. at a level and frequency which the University would provide for its guests.

Acceptance of travel must be clearly demonstrable to be of benefit to the University and should under no circumstances include arrangements, which may be interpreted as holiday. Prior to acceptance approval must be given by the Dean or Director.

In all cases of doubt, the staff member should consult either his or her Dean or Director, in the case of Deans and Directors or above, the Finance Director and in the case of the Deputy Vice-Chancellors, the Vice-Chancellor.

## **General**

Deans, Directors, Deputy Vice-Chancellors and the Vice-Chancellor are required to maintain a record of all gifts/hospitality they have approved for acceptance. All gifts, other than items of small intrinsic value, and hospitality received shall be acknowledged in writing by the recipient, with a copy provided to the person approving the acceptance.

