

Financial Regulations

Approved by	Board of Governors (via Finance and General Purposes Committee)		
Date approved	December 2018	Status	Approved
Policy owner	Director of Finance	Impact assessed	Yes
Version	5	Date of next review	December 2021

A GENERAL PROVISIONS

1 Background

- 1.1 The Robert Gordon University is constituted and incorporated in its current form by the Central Institutions (Scotland) Amendment Regulations 1981. Its structure of governance is laid down in The Robert Gordon University (Scotland) Order of Council 2006. These instruments of incorporation can only be amended by the Privy Council. The university is accountable through its Board of Governors which has ultimate responsibility for the university's management and administration.
- 1.2 The university is an exempt charity within the meaning of the Charity and Trustee Investment (Scotland) Act 2005. The University is registered with the Office of the Scottish Charity Regulator under number SCO 13781.
- 1.3 The Financial Memorandum between the funding body and the university sets out the terms and conditions on which the public grant funding of education 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 mandatory audit and accounting requirements contained within the Financial Memorandum, which require it to have sound systems of financial and management control. The Financial Regulations of the university form part of this overall system of accountability.

2 Status of Financial Regulations

- 2.1 This document sets out the university's Financial Regulations. This document was approved by the Board of Governors on 2 October 2014. It applies to the university and all its subsidiary undertakings.
- 2.2 These Financial Regulations are subordinate to the university's instruments and articles of government and to any restrictions contained within the university's Financial Memorandum with the funding body.
- 2.3 The purpose of these Financial Regulations is to provide the framework for control over the totality of the university's resources and provide management with arrangements for assurance that the resources are being properly applied for the achievement of the university's strategic plan and business objectives, including:
- 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 disciplinary policy. The Board of Governors will be notified of any such breach through the Audit Committee. It is the responsibility of heads of school/department to ensure that their staff are made aware of the existence and content of the university's Financial Regulations.
- 2.5 The Finance and General Purposes Committee is responsible for maintaining a continuous review of the Financial Regulations, through the Director of Finance, and for advising the Board of Governors of any additions or changes necessary.

- 2.6 In exceptional circumstances, the Finance and General Purposes Committee may authorise a departure from the detailed provisions herein, such departure to be reported to the Board of Governors at the earliest opportunity.
- 2.7 The university's detailed financial procedures set out precisely how these regulations will be implemented and are available on the university's web site.

In particular, these Financial Regulations should be read in accordance with the following detailed policies and procedures;

- risk management policy
- policy on disclosures in the public interest (whistleblowing)
- staff code of conduct
- governors code of conduct
- ethics policy
- conflict of interest policy
- policy on fraud prevention, detection and investigation
- treasury management policy
- consultancy policy
- intellectual property policy
- procurement policy
- contracts policy
- payroll policy
- expenses policy
- policy on investment appraisal

B CORPORATE GOVERNANCE

3 The Board of Governors

3.1 Under the terms of both the statutory instrument, The Robert Gordon University (Scotland) Order of Council 2006, and the Financial Memorandum (including mandatory conditions) with the Scottish Funding Council, the Board of Governors is responsible for the management and administration of the university. Its financial responsibilities are to:

- ensure the solvency of the university;
- safeguard the University's assets;
- ensure the effective and efficient use of resources;
- ensure that the funds provided by the Funding Council are used in accordance with the terms and conditions specified in the university's Financial Memorandum with the Funding Council;
- ensure that financial control systems are in place and are working effectively;
- ensure that the university complies with the Funding Council's audit code of practice;
- approve the university's Strategy;
- approve annual estimates of income and expenditure (Budget) and the annual Financial Forecasts;
- approve the *Annual Report and Financial Statements*;
- appoint the university's internal and external auditors.

4 Committee Structure

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 can be accessed via the following link.

www.rgu.ac.uk/committees

4.1 Finance and General Purposes Committee

The Finance and General Purposes Committee is responsible for considering the following prior to submitting to the Board for its approval;

- ensuring that all the financial implications of the university's strategic plans are taken into account;
- considering the financial implications of the university's capital programme;
- the proposed allocation of resources between academic and non-academic areas.

Monitoring of the university's financial position and financial control systems is also undertaken by the Finance and General Purposes Committee. In pursuit of this the Committee will;

- examine annual estimates and accounts;
- ensure that short term budgets are in-line with agreed longer term plans and that they are followed;
- ensure that the Board of Governors has adequate information to enable it to discharge its financial responsibilities.

The Finance and General Purposes Committee's remit can be accessed via the following link.

www.rgu.ac.uk/financeandgeneralpurposescommittee

4.2 **Audit Committee**

Universities are required by their Financial Memorandum with the funding body to appoint an Audit Committee. The Committee is independent, advisory 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 appropriate arrangements are in place to promote economy, efficiency and effectiveness. The Audit Committee's remit can be accessed via the following link.

The Audit Committee's remit can be accessed via the following link.

www.rgu.ac.uk/auditcommittee

4.3 **Remuneration Committee**

Consideration of senior management's pay and conditions is the responsibility of the Remuneration Committee. It has the power to take decisions on their remuneration, including pay and other benefits, as well as contractual arrangements.

The Remuneration Committee's remit can be accessed via the following link.

www.rgu.ac.uk/remunerationcommittee

5 Designated Officer

- 5.1 The Principal and Vice-Chancellor is the university's designated officer responsible for the financial administration of the university's affairs. In this capacity, the Principal and Vice-Chancellor will advise the Board of Governors if, at any time, any action or policy under consideration by them appears to the Principal and Vice-Chancellor to be incompatible with the Financial Memorandum. If the Board of Governors decides nevertheless to proceed, the Principal and Vice-Chancellor must inform the Chief Executive Officer of the Funding Council in writing.

The Principal and Vice-Chancellor must ensure that annual estimates of income and expenditure are prepared for consideration by the Board of Governors and is responsible for the management of budgets and resources within the estimates approved by the Board of Governors.

As the designated officer the Principal and Vice-Chancellor may be required to justify any of the university's financial matters to the Chief Executive Officer of the Funding Council.

6 Other Senior Managers with Financial Responsibility

6.1 **The Vice Principal: Corporate Operations**

The Vice Principal: Corporate Operations is responsible to the Principal and Vice Chancellor for the overall financial management of the university.

6.2 **The Director of Finance**

Strategic financial planning and control is led by the Director of Finance who is responsible to the Vice Principal Corporate Operations for the overall financial management of the university, including;

- 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 and accounts 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

6.2 **Primary Budget Holders**

Primary budget holders are responsible to the Principal and Vice-Chancellor for financial management for the areas or activities they control. They are advised by the Director of Finance in executing their financial duties. The Director of Finance will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept.

Primary budget holders are responsible for establishing and maintaining clear lines of responsibility within their schools and departments for all financial matters. Where resources are devolved to secondary budget holders, they are accountable to their primary budget holder for their own budget.

Primary budget holders shall provide the Director of Finance 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

7 Risk Management

- 7.1 The university acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. A risk management policy outlines the manner in which the university takes decisions on what is considered acceptable and unacceptable risk.

A copy of the university risk management policy can be accessed via the link below.

<https://you.rgu.ac.uk/org/finance/Pages/Policies.aspx>

- 7.2 The Board of Governors has overall responsibility for ensuring there is a risk management strategy and associated policies and a common approach to the management of risk throughout the university through the development, implementation and embedment within the organisation of a formal, structured risk management process.

- 7.3 In line with this the Board of Governors requires that the risk management policy and supporting procedures include:
- The adoption of common terminology in relation to the definition of risk and risk management
 - The establishment of university-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis
 - A decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes
 - A decision on the level of risk to be covered by insurance
 - Detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
 - Development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question
 - Regular reporting to the Board of Governors of all risks above established tolerance levels
 - An annual review of the implementation of risk management arrangements

8 Disclosures in the Public Interest (Whistleblowing)

- 8.1 The university recognises that from time to time employees, students and members of the public may have concerns about malpractice which they believe to be a matter of public interest which should be investigated. All disclosures, from whoever and whomever they originate, will be acted upon promptly, sensitively, fairly and properly. The university is committed to take any necessary corrective action.
- 8.2 A policy and procedure on disclosures in the public interest (Whistleblowing) has been developed by the university. Its principal purpose is to ensure that individuals are enabled to raise genuine concerns about possible improprieties and other malpractice at the earliest opportunity and in an appropriate manner.

A copy of the full policy and procedure can be accessed via the following link.

www.rgu.ac.uk/about/planning-and-policy/policies/general-policies

9 Ethics

- 9.1 The university embraces and endorses the highest principles in regard to Ethics. It embraces the values and high professional standards enshrined in the Nolan Principles, which members of staff at all levels are expected to uphold.

- 9.2 The university has articulated an anti-bribery and corruption statement which prohibits the offering, the giving, the solicitation or the acceptance of any bribe, whether cash or other inducement to or from any person or company, wherever they are situated and whether they are a public official or body or private person or company. The full statement is included within the university's ethics policy.

Link to ethics policy:

www.rgu.ac.uk/about/planning-and-policy/policies/general-policies

- 9.3 Additionally, and in accordance with the university conflict of interest procedure, all staff are expected to follow the procedures for ad hoc and annual declarations of interest as outlined in this procedure. This includes disclosing relevant interests in the university's register of interests which is maintained by the Secretary to the Board (for governors) and the Director of Human Resources (for staff). All staff are responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly.

Link to the conflict of interest procedure:

<https://you.rgu.ac.uk/org/res/SitePages/Policies%20and%20Procedures.aspx>

In particular, no person shall be a signatory to a university contract where he or she also has an interest in the activities of the other party.

9.4 **Receiving or Offering Gifts or Hospitality**

It is an offence under the Prevention of Corruption Act 1906 for members of staff or members of the Board of Governors 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 are:

- 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 which 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 neither accept nor offer any gifts, rewards or hospitality (or have them given to or offered by members of their families) from any organisation or individual with which 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 offering or accepting such gifts or hospitality. The frequency and scale of hospitality offered or accepted should not be significantly greater than would be expected as a part of normal business relationships. These regulations also apply to members of the Board of Governors when acting in their role as a member of the university Board.

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant head of department or the Director of Finance. Guidance on acceptable hospitality is contained in the detailed financial procedures. For the protection of those involved, the Director of Finance will maintain a register of gifts and hospitality offered or received where the value is in excess of £100. Members of staff offering or receiving such gifts or hospitality are obliged to notify the Director of Finance promptly. In addition the Director of Finance will maintain a register for Board members.

9.5 **All Members of Staff**

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

They should ensure that they are aware of the university's financial authority limits and the values of purchases for which quotations and tenders are required. They shall make available any relevant records or information to the Director of Finance, or his or her 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 Director of Finance 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.

Staff shall immediately notify their head of school or department or a member of the fraud investigation group (in accordance with the university policy on fraud prevention, detection and investigation) whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the university. The fraud investigation group shall take such steps as it considers necessary by way of investigation and report.

Link to the university policy on fraud prevention, detection and investigation:

<https://you.rgu.ac.uk/org/finance/Pages/Policies.aspx>

C FINANCIAL AND OTHER MANAGEMENT CONTROLS

The university requires sound systems of financial and other management controls. They are the systems of controls devised by management to ensure that:

- The university's objectives are achieved.
- There is compliance with relevant legislation and regulations, the Financial Memorandum between the university and the Scottish Funding Council, management policies and directives, and with terms attached to funding.
- The activities of the university are carried out in an orderly and effective manner.
- The university's assets and interests are safeguarded from losses of all kinds, including those arising from fraud, impropriety or corruption.
- The integrity and reliability of accounting records, other information and data is secured, as far as is reasonably practicable.

10 Financial Planning

The annual planning cycle is the series of meetings and events which form an important part of management's control systems within the University.

10.1 Budget Preparation

The Director of Finance is responsible for preparing each year an annual resource estimate and budget for consideration and approval by the Principal and Vice-Chancellor. The Principal and Vice-Chancellor will present the budget for consideration by the Finance and General Purposes Committee before submission to the Board of Governors. The budget should also include cash flow forecasts for the year and a projected year-end balance sheet.

During the year, the Director of Finance is responsible for submitting revised budgets to the Finance and General Purposes Committee for consideration before submission to the Board of Governors for approval.

10.2 Major Projects and Capital Equipment

The annual budget will include provision for the funding of major project and capital equipment requirements, unless these funding requirements are not met out of annual resource budgets but out of cash reserves, third party loans or other funding sources, in which case the financial forecast, and in particular the cash flow forecast, will include provision for the full effects of these projects.

The Principal and Vice Chancellor will establish a list of major projects to be funded for the year and this list, whether it be estates maintenance, estates development, IT, capital equipment or other project type, will be reviewed with the Executive before being presented to the Finance and General Purposes Group, who shall recommend the major project funding plan to the Board of Governors for approval.

The Director of Finance will, on behalf of the Principal and Vice Chancellor, establish protocols for the preparation, the submission and the assessment of competing bids for major project resources

Link to protocols

<http://www.intranet.rgu.ac.uk/finance/teams/page.cfm?pge=21752>

Link to Investment Decision Making

<http://www.intranet.rgu.ac.uk/finance/policies/page.cfm?pge=32178>

The Director of Finance will also establish procedures for the notification of large variations to the funding body, wherever these are laid down in funding body guidelines.

The Executive will also, on behalf of the Principal and Vice Chancellor, monitor the progress towards implementation of all major projects and capital equipment purchases resourced as a consequence of the Principal and Vice-Chancellor's decisions. Finance and General Purposes Committee will be provided with regular progress statements to aid the monitoring process.

In respect of major projects costing in excess of £1.0m, or individual building projects costing in excess of £5.0m, a post-project evaluation or final report should be submitted to the Principal and Vice Chancellor who will review the report before submitting it for the consideration of Finance and General Purposes Committee. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines.

10.3 **Budget Allocations to Budget Holders**

Budgets are allocated annually by the Board of Governors on the recommendation of the Finance and General Purposes Committee. Budget holders are responsible for the economic, effective and efficient use of resources allocated to them.

10.4 **Financial Plan and Forecast**

The Director of Finance, on behalf of the Principal and Vice Chancellor, is responsible for preparing annually a rolling financial plan and forecast for approval by the Board of Governors on the recommendation of the Finance and General Purposes Committee and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans and estates strategy approved by the Board of Governors.

11 Financial Control

11.1 **Transaction Approval**

All expenditures incurred by the university must be authorised before they can properly be recorded on the university's financial systems. All such expenditures must be authorised in accordance with the university's scheme of delegated authorities. This scheme is maintained by the Director of Finance. All primary and secondary budget holders must provide the Director of Finance with up to date records of authorised staff, in a format prescribed by the Director of Finance, to ensure this scheme is kept up to date.

11.2 **Budgetary Control**

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Secondary budget holders are responsible to their primary budget holder for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the Director of Finance by the primary budget holder concerned and, if necessary, corrective action taken.

11.3 **Financial Information**

Budget holders are assisted in their duties by management information provided by the Director of Finance.

The Director of Finance is responsible for supplying budgetary reports on all aspects of the university's finances to the Finance and General Purposes Committee on a basis determined by the Committee. The relevant extracts of the overall position are reported to each primary budget holder so that they are aware of their own financial performance against budget. These reports are presented to the Board of Governors, which has overall responsibility for the university's finances.

Changes proposed to the approved budget will be first considered by the Finance and General Purposes Committee, which will make proposals to the Board of Governors, unless they fall within the delegated approval arrangements:

- Principal and Vice Chancellor up to £250,000
- Finance and General Purposes Committee up to £1m

11.4 **Treatment of Year-End Balances**

At the year end, budget holders will not normally have the authority to carry forward a balance on their budget to the following year unless a specific scheme for carrying forward all or part of unspent amounts has been approved by the Principal and Vice-Chancellor on the recommendation of the Director of Finance.

11.5 **Month End and Year end Instructions**

Instructions for the performance of the detailed tasks required at month and year end will be communicated by the Director of Finance to all interested parties in a timely manner. In order to ensure the smooth operation of accounting procedures it is important that these instructions are fully complied with.

12 **Accounting Arrangements**

12.1 **Financial Year**

The university's financial year will run from 1 August until 31 July the following year.

12.2 **Basis of Accounting**

The *Financial Statements* are prepared under the historical cost convention, as modified by the revaluation of endowment and fixed asset investments and land and buildings.

12.3 **Format of the Financial Statements**

The *Financial Statements* are prepared in accordance with both the Statement of Recommended Practice 'Accounting for Further and Higher Education Institutions', subject to any specific requirements of the funding body, and in accordance with the provisions of the Companies Act 1985, where appropriate.

12.4 **Capitalisation and Depreciation**

Existing land and buildings are recorded in the balance sheet at deemed cost as of 1st August 2014, less accumulated depreciation and impairment losses . except for assets deemed surplus to requirements which are held at open market value.

New land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal instalments over their estimated remaining useful life. Land will not be depreciated.

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

Expenditure incurred on desktop IT equipment, IT peripherals and desktop audio visual equipment is not capitalised but is written off in the year of purchase.

Expenditure incurred on the acquisition of assets other than the above will be recorded in the balance sheet where the acquisition cost per item is £10,000 or more. Grouped items with a group value of £10,000 or more will also be capitalised. Capitalised assets other than land and buildings will be depreciated over their useful lives commencing in the year of acquisition.

12.5 **Accounting Records**

The Director of Finance 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:

- Copies of purchase orders
- Paid invoices
- Accounts raised
- Bank statements
- Copies of receipts
- Paid cheques
- Payroll records, including part-time lecturers' contracts.

The Director of Finance 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.

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

12.6 **Information Governance**

The university has an Information Governance Policy to address its responsibilities under the General Data Protection Regulations 2018, the Freedom of Information (Scotland) Act 2002 and the Environmental Information (Scotland) Regulations 2004. All staff members are required to adhere to this policy.

Link to Information Governance Policy

<https://www3.rgu.ac.uk/about/planning-and-policy/policies/policies>

In respect of finance,, and in accordance with the Freedom of Information (Scotland) Act, the Director of Finance will establish a Publication Scheme, as part of the university's overall Publication scheme, which will comprise a list of financial and other information that is to be freely available to the public on the university's web-site. This scheme will include, inter alia, the university's annual statutory *Financial Statements*.

12.7 **Taxation**

The Director of Finance is responsible for advising budget holders, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to the university, on all taxation issues. Therefore, the Director of Finance will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

The Director of Finance 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.

13 **Audit Requirements**

13.1 **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 or her control
- Access records belonging to third parties, such as contractors, when required.

The Director of Finance is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

The audited *Financial Statements* should be reviewed by the Finance and General Purposes Committee and the Audit Committee. On the recommendation of the former they will be submitted to the Board of Governors for approval.

13.2 **External Audit**

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

The primary role of external audit is to report on the institution'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 Financial Memorandum (as explained on the funding body's own website) and the Auditing Practices Board's statements of auditing standards.

13.3 **Internal Audit**

The internal auditor is appointed by the Board of Governors on the recommendation of the Audit Committee.

The institution'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 memorandum. The main responsibility of internal audit is to provide the Board of Governors, the Principal and Vice-Chancellor and senior management with assurances on the adequacy of internal control systems.

The internal audit service remains independent in its planning and operation but has direct access to the Board of Governors, Principal and Chair of the Audit Committee. The internal auditor will comply with the Auditing Practices Board's auditing guideline Guidance for Internal Auditors.

13.4 **Value for Money**

It is a requirement of the Financial Memorandum that the Board of Governors of the university systematically reviews management's arrangements for securing value for money. It should 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 will develop a value for money strategy which will include the development of a plan for value for money work that will provide evidence of compliance with the funding body's requirements. The value for money work will be carried out in conjunction with internal audit and will be used to enable the Audit Committee to refer to value for money in their annual report.

13.5 **Other Auditors**

The institution 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, HM Revenue and Customs. They have the same rights of access as external and internal auditors.

14 **Treasury Management**

14.1 **Treasury Management Policy**

The Finance and General Purposes Committee is responsible for approving a treasury management policy statement setting out a 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 Financial Memorandum. The

Finance and General Purposes Committee has a responsibility to ensure implementation, monitoring and review of such policies.

A copy of the treasury management policy and procedure can be accessed via this link:

<https://you.rgu.ac.uk/org/finance/Pages/Policies.aspx>

All executive decisions concerning borrowing, investment or financing shall be delegated to the Principal and Vice-Chancellor and the Director of Finance in accordance with treasury management policy parameters and an appropriate reporting system will be set up. All borrowing shall be undertaken in the name of the university and shall conform to any relevant funding body requirements.

The Director of Finance will report to the Finance and General Purposes Committee regularly 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.

14.2 **Appointment of Bankers and Other Professional Advisers**

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

14.3 **Banking Arrangements**

The Director of Finance is responsible, on behalf of the Finance and General Purposes Committee, for liaising with the university's bankers in relation to the university's bank accounts, processing BACS payments and issuing cheques.

Only the Director of Finance or the Group Financial Controller, in accordance with treasury management policy parameters, may open or close a bank account for dealing with the university's funds. All bank accounts shall be in the name of the university or one of its subsidiary companies.

Cheque stationery shall only be ordered on the authority of the Director of Finance, who shall make proper arrangements for its safe custody.

All automated transfers on behalf of the university, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Finance and General Purposes Committee. Details of authorised persons and limits shall be provided for in the university's treasury management policy and procedures.

All automated transfers and manual payments made on behalf of the university must be signed in the form approved by the Finance and General Purposes Committee and in accordance with the scheme of delegation set out in the Treasury Management Policy.

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

15 Revenues and Debtors

15.1 General

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

Fees for tuition, accommodation and other services provided to students, levels of charges for contract research, services rendered, goods supplied and rents and lettings are reviewed and determined by procedures approved by the Principal and Vice-Chancellor on the recommendation of the Director of Finance.

The Director of Finance is responsible for the prompt collection, security and banking of all income received.

The Director of Finance is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the university's accounts.

The Vice-Principal Research and the Director of Finance are responsible for ensuring that all claims for funds for research, including research grants and contracts, are made by the due date.

15.2 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 Director of Finance of sums due so that collection can be initiated.

15.3 Receipt of Cash, Cheques and Other Negotiable Instruments

All monies received from within departments from whatever source must be recorded by the department on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments.

All monies received must be paid to the cashier promptly for banking, or banked directly, and in accordance with a timetable prescribed by the Director of Finance. The custody and transit of all monies received must comply with the requirements of the university's insurers.

All sums received must be banked 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 institution.

15.4 Debit and Credit card payments in person or online

The university may only receive payments using procedures approved by the Director of Finance.

15.5 **Collection of Debts**

The Director of Finance will put arrangements in place to ensure that:

- Sales invoices are raised promptly on official invoices, in respect of all relevant incomes due to the university.
- Invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account.
- Any credits granted are valid, properly authorised and completely recorded.
- VAT is correctly charged where appropriate, and accounted for.
- Monies received are posted to the correct debtors account.
- Swift and effective action is taken in collecting overdue debts,
- Outstanding debts are monitored and reports prepared for management.

Only the Director of Finance can implement credit arrangements and indicate the periods in which different types of invoice must be paid.

Requests to write off debts must be referred in writing to the Director of Finance. Debts in excess of £1000 must be submitted to the Finance and General Purposes Committee for consideration. Debts below this level may be written off with the permission of the Director of Finance.

15.6 **Student Fees**

The procedures for collecting tuition and accommodation fees must be approved by the Director of Finance.

The university will take appropriate academic and legal sanctions against any student who has not paid any account for fees or any other item owing to the university. These sanctions may include preventing the student from using university facilities, refusing progression to the next stage of a course, withholding the certificate for any degree, diploma or other qualification awarded by the university or taking legal action against the student unless satisfactory arrangements are made to clear the debt.

15.7 **Student Loans**

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

15.8 **Emergency Loans**

The university's scheme for emergency loans must be approved by the Director of Finance. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payment be made other than in accordance with the approved scheme.

The Director of Academic Administration 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

16 Research Grants and Contracts

16.1 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 budget holder to ensure that the financial implications have been appraised by the Research Support Office. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

Research grants and contracts shall be approved on behalf of the institution by the appropriate Head of School, by the Vice Principal Research and by the Director of Finance in accordance with a scheme of delegation set up and approved by both the Vice Principal Research and the Director of Finance.

The Director of Finance shall ensure that the full economic cost of all research contracts is established and shall ensure regular reporting to management of progress on all such projects. He/she shall also arrange for the maintenance of all financial records relating to research grants and contracts. The Vice Principal Research shall arrange for all claims for reimbursement from sponsoring bodies to be initiated by the due date.

Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific primary or secondary budget holder.

Control of pay and non-pay expenditure will be contained within the budget centre. The budget holder may delegate day-to-day control of the account to a supervisor or grant holder, but any overspend or under-recovery of overheads is to be the clear responsibility of the budget centre with any loss being a charge on School or Research Institute funds as appropriate.

16.2 Recovery of Overheads

Overheads will be charged to research activity whether or not the funding arrangements permit full recovery.

16.3 Costing/Transparency

The university has agreed to adopt the principles on costing and pricing recommended by the Transparent Approach to Costing (TRAC) guidelines.

Staff undertaking research activity will maintain the records specified by the Director of Finance to enable compilation of returns to the funding body which meet the requirements of the Transparency Review.

16.4 **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 secondary budget holder, and will be charged against the relevant School.

17 **Other Income-Generating Activity**

The following three principles underlie the university's approach to all such activities;

Any other income generating activity is expected to be priced at a level to cover the full costs of that activity, including indirect costs, and provide a return to the University.

All such activity requires to be approved by the relevant primary budget holder.

Details of the performance of any such activity are to be provided for the review and consideration of the Principal and Vice-Chancellor whenever such review is requested.

17.1 **Accommodation, Catering and Sports Centre**

These activities are all considered to be closely linked to the quality of the overall student experience. As such they shall be managed and accounted for separately within the university's systems.

The university's accommodation portfolio will be reviewed regularly by the Executive. This review will include performance monitoring, rental levels and annual rent increases and major developments in the accommodation portfolio.

The Executive will review and approve the arrangements for catering provision throughout the University on a regular basis. These arrangements shall be submitted for consideration by the Executive by the Directors of Estates and Finance.

The Sports Centre's pricing for both memberships (across all categories of membership) and occasional usage will be subject to the approval of the Executive, who shall delegate this responsibility if appropriate.

17.2 **University Consultancy**

Staff undertaking consulting projects do so in accordance with the university's Consultancy Policy.

This policy can be accessed via the following link under Commercialisation.

<http://www.rgu.ac.uk/about/planning-and-policy/policies/policies>

or,

<https://you.rgu.ac.uk/org/res/SitePages/Policies%20and%20Procedures.aspx>

17.3 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. Short courses must be priced at full economic cost and, where credit rated, approved by Academic Development Committee.

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

The term 'services rendered' includes testing and analysis of materials, components, processes and other laboratory services or the use of existing facilities in order to gain additional information. Any staff wishing to render such services must have the permission of their head of school.

17.4 European Union (EU) and Other Matched Funding Projects

It is expected that any such project is to be costed at full economic cost. Any such projects will require approvals in accordance with the scheme of delegation explained in section 16.1 above.

17.5 Deficits

Any unplanned deficits on other income-generating activities will be charged to the school/departmental cost centres where the deficit was incurred.

17.6 Additional Payments to Staff

Any proposal that involves additional payments to members of staff shall be supported by a schedule of names and values and must be approved by the primary budget holder, and in the case of a primary budget holder, the Principal and Vice-Chancellor.

18 Intellectual Property Rights

18.1 General

Certain activities undertaken within the university including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property.

The Finance and General Purposes Committee is responsible for establishing procedures to deal with any intellectual property accruing to the university from inventions and discoveries made by staff in the course of their research.

18.2 **Commercialisation of IP**

In the event of the university deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the university which can be accessed via the attached link under Commercialisation.

<http://www.rgu.ac.uk/about/planning-and-policy/policies/policies>

19 **Expenditure and Procurement**

19.1 **General**

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

19.2 **Scheme of Delegation and Financial Authorities**

Budget holders are not authorised to commit the university to expenditure without first reserving sufficient funds to meet the expenditure.

The budget holder is responsible for purchases within his or her area of management responsibility and for adherence to the university's procurement policy and *Financial Regulations*.

A budget holder may delegate purchasing authority to named individuals in his/her department. The scheme of delegation proposed by the budget holder must, however, comply with the university's procurement policies and *Financial Regulations*, and in particular:

- The authority delegated to an individual must be appropriate, as regards the nature of the authority delegated and the financial limit set, to the individual.
- The role of authoriser (of purchase orders/suppliers' invoices) must be separate from that of goods receiver so that no one individual may act in both capacities.
- In accordance with the university wide scheme of delegation, expenditure in excess of £50,000 on any one item requires to be approved by the Principal and Vice-Chancellor or the Vice Principals of Corporate Operations or of Research or the Director of Finance.

The budget holder must supply the Director of Finance with details – name, nature and financial extent of delegate authority and specimen signature – of all staff with delegated authority and must notify the Director of Finance immediately of any change to the authorities delegated.

19.3 **Procurement**

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

The Director of Finance is responsible to the Vice Principal Corporate Operations for:

- Ensuring that the university's procurement policy is known and observed by all involved in purchasing for the university.
- Advising on matters of university procurement policy and procedures.
- Advising and assisting departments where required on specific departmental purchases.
- Developing appropriate standing supply arrangements on behalf of the university to assist budget holders in meeting their value for money obligations.
- Ensuring that the university complies with EU regulations on public procurement.

All budget holders are required to procure goods and services in accordance with the university's Procurement Policy and Procedures.

A copy of the university's procurement policy and procedures can be accessed via the attached link.

<https://you.rgu.ac.uk/org/procurement/SitePages/Strategy%20and%20Policy.aspx>

19.4 **Contracts**

All formal written contracts will be prepared and authorised in accordance with the university's contracting policy and procedure a copy of which can be accessed via the following link under Planning, Finance and Estates.

<http://www.rgu.ac.uk/about/planning-and-policy/policies/policies>

The achievement of value for money will be an objective in the letting of all contracts.

19.5 **EU Procurement Regulations**

The Director of Finance is responsible for ensuring the university complies with EU Procurement regulations, implemented into UK law as the Procurement Reform (Scotland) Act 2014. The regulations apply to all forms of procurement, purchase or hire (whether or not hire purchase) where the total value exceeds a threshold value.

The Director of Finance will advise budget holders 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 budget holders to ensure that their members of staff comply with EU regulations by notifying the Director of Finance, or his or her nominee, of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisement in the *Official Journal of the European Union* (OJEU).

19.6 **Purchase Orders**

The ordering of goods and services shall be in accordance with the university's procurement policy and procedures.

Official university orders must be placed for the purchase of all goods or services at the time the commitment is made, except for those made using purchasing cards or petty cash or for purchases of categories of goods and service which are exempt from the requirement to raise official purchase orders. In exceptional circumstances, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.

When transferring goods or services between departments, an interdepartmental transfer form must be used.

It is the responsibility of the Director of Finance to ensure that all purchase orders refer to the university's conditions of contract.

19.7 **Purchasing Cards**

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

Holders of purchasing cards must use them only for the purposes for which they have been issued and within the authorised purchase limits (the current transaction limit being £1000 (excluding VAT)). Cards must not be used for personal or private purchases. The Director of Finance shall determine what information is required on purchases made with purchasing cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained and cardholders must provide that information.

All purchasing card expenditures will be approved in accordance with a scheme of delegation established by the Director of Finance.

Purchasing card transactions incurred by the executive must be approved by the Principal. The Principal's purchasing card transactions must be approved by the Chair of the Board or his/her nominee.

19.8 **Petty Cash**

The Director of Finance shall make available to departments such petty cash floats as he or she considers necessary for the disbursement of petty cash expenses. The petty cash float may be used to purchase individual items costing up to £50.

The petty cash float holder is responsible for its proper use and safekeeping at all times. All petty cash expenditure items must be supported by internal vouchers evidencing approval and receipt of the goods or services and, where available, by external receipts for the sums paid.

Requisitions for reimbursements must be sent to the Director of Finance, 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 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. The cash balance should be subject to periodic checks by the budget holder or by another person nominated by him or her.

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

At the end of each financial year the Director of Finance must be provided with a certificate of the balance held prepared by the member of staff responsible for the float and counter-signed by the budget holder.

19.9 **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 shall be entered onto an appropriate goods received document or electronic receipting system on the day of receipt. If the goods are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

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

19.10 **Payment of Invoices**

Where an official purchase order is used to procure goods or services the supplier should be instructed by the budget holder to submit invoices directly to the finance department. The finance department will, on receipt of an invoice from the supplier, match it on the finance system to the purchase order quantities and prices and to delivery note quantities. Payment will then be made to the supplier on the due date taking into account the settlement terms agreed with the supplier.

The Director of Finance is responsible for deciding the most appropriate method of payment for categories of invoices and supplies. Payments to UK suppliers will normally be made by BACS transfer or computer cheque each week. In exceptional circumstances the Director of Finance may sanction urgent payments to be made by CHAPS transfer or manual cheque.

Only in specific circumstances, and as detailed in the procurement procedures, may goods or services be procured without an official purchase order. Suppliers should then be instructed by the budget holder to submit invoices for goods or services to the department concerned. When the budget holder receives the invoice he is responsible for checking it before approval to ensure:

- The goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory.
- It matches the goods or services ordered.
- Invoice details (quantity, price discount) are correct.
- The invoice is arithmetically correct.

- The invoice has not previously been passed for payment.
- Where appropriate, an entry has been made on a stores record or departmental inventory.
- An appropriate cost centre 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.

Invoices will only be paid by the Director of Finance after they have been certified for payment by the appropriate authorised signatory.

19.11 **Staff Reimbursement**

The university's procurement procedures enable the university to purchase the goods and services it requires to conduct its business without the need for staff having to incur personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement. The university's expenses policy will be adhered to in all such instances.

Where such purchases by staff are planned, the primary budget holder may approve cash advances to staff who are going to incur expenditure on the university's behalf. Upon completion of the travel or project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

19.12 **Other Payments**

Payments for maintenance to students on behalf of sponsoring organisations shall be made on the authority of the Director of Finance.

19.13 **Late Payment Rules**

The Late Payment of 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 Act also applies to overseas organisations.
- The institution can be sued for non-payment.

In view of the penalties in this Act, the Board of Governors requires that invoices must be passed for payment as soon as they are received.

19.14 **Project Advances**

The Director of Finance and the relevant budget holder may jointly approve cash advances for projects carried out away from the institution where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment.

Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to a project or individual is outstanding.

20 Employee Expenditures

20.1 Remuneration Policy

All university staff will be appointed to the salary scales approved by the Board of Governors and in accordance with appropriate conditions of service. All letters of appointment must be issued by the human resources department.

The Board of Governors will determine what other benefits, if any, are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available.

Salaries and other benefits for senior management will be determined by the Remuneration Committee set up by the Board of Governors.

20.2 Appointment of Staff

All contracts of employment shall be concluded in accordance with the university's approved human resource practices and procedures and all offers of employment with the university shall be made in writing by the Director of Human Resources or his/her nominee.

20.3 Salaries

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

- Appointments, resignations, dismissals, supervisions, secondments and transfers.
- Changes in remuneration.
- Annual pay awards.
- Information necessary to maintain records of service for pensions, income tax and national insurance.

Budget holders will be responsible for providing the Director of Finance with the information required for payroll purposes on all staff absences from duty for sickness or other reasons, apart from approved annual leave.

The Director of Finance is responsible for paying all duly authorised salaries to staff including payments for overtime, standby, additional duties etc after deductions for PAYE, NI, pensions and any other authorised deductions. All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Director of Finance.

All payments must be made in accordance with the university's payroll procedures and must comply with HMRC and Pensions regulations.

The university's payroll procedures can be accessed via the attached link.

<https://you.rgu.ac.uk/org/hr/SitePages/HR%20Policies.aspx>

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

20.4 **Pension Schemes**

The Board of Governors is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

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

- Paying contributions to various authorised pension schemes.
- Preparing the annual return to the various pension schemes.

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

20.5 **Travel, Subsistence and Other Expenses**

The university's procurement procedures enable the university to purchase the goods and services it requires to conduct its business without the need for staff having to incur personal expense. However, on occasion staff may incur expenses, most often in relation to travel, which they are entitled to reclaim from the university.

Detailed guidance on how staff may minimise their personal outlay when they are on university business, what expenditure the university will reimburse and how to make claims is provided in the Expenses Policy which can be accessed via the attached link.

<https://you.rgu.ac.uk/org/finance/Pages/Accounting-Services.aspx>

All claims for reimbursement of expenses incurred shall be made in a form approved by the Director of Finance.

Claims made by members of staff must be authorised by their budget holder (or the Principal or his/her nominee in the case of primary budget holders) or by an employee to whom the budget holder has delegated authority to approve the claim. Budget holders must supply the Director of Finance with specimen signatures and details of the extent of their authority for all staff to whom he has delegated authority to approve employees' expense claims. The Director of Finance shall maintain a register for all such staff and must be notified immediately of any change to their authorities.

The officer authorising such a claim must be satisfied that, as far as he or she can reasonably ascertain, the expenses claimed:

- Relate to authorised journeys for which due regard was given to value for money considerations in making travel arrangements for the journeys.
- Were incurred by the claimant and are adequately supported by receipts.

- Are properly payable, in accordance with university policy, to the claimant.

Expenses incurred by the Principal and Vice-Chancellor shall be approved in the first instance by either the Deputy Principal and Vice-Chancellor or by a Vice-Principal and will thereafter, on a regular and timely basis, be reviewed and approved by the Chair of the Board of Governors.

Expenses incurred by members of the Board of Governors shall be approved by the Chair of the Board of Governors, or by the Secretary to the Board, as nominee of the Chair. Arrangements for the Chair shall be approved by the Finance and General Purposes Committee, or by the Secretary to the Board, as nominee of the Finance and General Purposes Committee.

20.6 **Overseas Travel**

All arrangements for overseas travel must be in accordance with both university strategy and with budgets approved by the Board of Governors. All approvals required shall be obtained in advance of committing the university to those arrangements or confirmation of any travel bookings.

Where partners, family or other persons unconnected with the university intend to participate in a trip, this must be clearly identified in advance. None of the additional costs attributable to this travel shall be borne by the university.

20.7 **Severance and other Non-Contractual, Non-Statutory Payments**

All payments shall be in accordance with university policies and schemes which shall from time to time be approved by the Board of Governors through both the Finance and General Purposes and Staff Governance committees. In the case of senior managers, the relevant committee is the Remuneration Committee.

Where any individual is to be in receipt of such a payment the relevant budget holder must seek approval for the payment by providing a business case detailing the full costs and savings associated with the transaction. The business case will be approved in accordance with the relevant university policy/scheme which will normally include approval by the Directors of Finance and Human Resources or their nominees. In certain instances e.g. for senior employees such business cases may also require the approval of the Board.

Any severance, non-contractual or non-statutory payments will be paid via the payroll system.

21 **Assets**

21.1 **Land, Buildings, Fixed Plant and Machinery**

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the Board of Governors and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved.

21.2 **Fixed Asset Register**

The Director of Finance is responsible for maintaining the institution's register of land, buildings, fixed plant and machinery. Primary budget holders will provide the Director of Finance with any information he or she may need to maintain the register.

21.3 **Inventories**

Primary budget holders are responsible for maintaining inventories, in a form prescribed by the Director of Finance, for all plant, equipment and furniture in their departments with a value in excess of £1,000. The inventory must include items donated or held on trust.

Inventories which have been capitalised must be checked at least annually and cross referenced against the asset register.

When transferring equipment, etc between departments, primary budget holders must keep a transfer record and amend the inventories accordingly before forwarding the information to financial services.

21.4 **Stocks and Stores**

Budget holders are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their schools/departments. The systems used for stores accounting in schools/departments must have the approval of the Director of Finance.

Budget holders are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

Those budget holders whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Director of Finance and that detailed instructions to appropriate staff within their departments are issued.

21.5 **Safeguarding Assets**

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

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

21.6 **Personal Use**

Assets owned or leased by the university shall not, without prior authorisation, be subject to personal use except where such use is incidental to university business.

21.7 **Asset Disposal**

Disposal of equipment and furniture must be in accordance with procedures agreed by the Finance and General Purposes Committee.

Disposal of land and buildings must only take place with the authorisation of the Board of Governors. Funding body consent may also be required if exchequer funds were involved in the acquisition of the asset.

21.8 **All Other Assets**

Budget holders 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 18), including electronic data.

22 Liabilities

22.1 Trade and Other Creditors

The Director of Finance is responsible for ensuring that all trade and other creditors are paid by the day the debt becomes payable, but not materially before that date.

22.2 Taxation

The Director of Finance is responsible for ensuring all direct or indirect taxes due, including payroll taxes and value added tax, are paid on or before the due date for payment.

22.3 Inter Company Debtors

All such balances are to be reconciled on a monthly basis and the Director of Finance is responsible for ensuring these accounting controls are maintained in a rigorous manner.

22.4 Bank Debt

Loans obtained from banks can only be approved in accordance with the university's treasury management policy and procedure. The Director of Finance is responsible for ensuring that any such debt is supported by future cash flows, that the interest burden is appropriately risk managed and that all such debt is raised in line with the requirements of university strategy.

22.5 Estimates and Provisions

Where the exact amount of a liability cannot be known the Director of Finance is responsible for ensuring that a prudent estimate is made for this liability and that it is recorded as a provision in the university's *Financial Statements*.

22.6 Providing Indemnities

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

23 Trust Funds

23.1 Gifts, Benefactions and Donations

The Director of Finance 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 appropriate.

23.2 Student Support Funds

The Director of Finance will prescribe the format for recording the use of these funds.

Records of these funds will be maintained according to funding body requirements.

23.3 **Endowment Funds**

The Director of Finance is responsible for maintaining a record of the requirements for each trust fund and for advising the Finance and General Purposes Committee on the control and investment of fund balances.

The Finance and General Purposes Committee is responsible for ensuring that all the university's trust funds are operated within any relevant legislation and the specific requirements for each trust. It will also be responsible for investment of fund balances.

23.4 **Other Funds**

The Director of Finance shall be informed of any fund that is not an official fund of the university which is controlled wholly or in part by a member of staff in relation to their function in the university.

The accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body. The Director of Finance shall be entitled to verify that this has been done.

24 **Insurance**

The Director of Finance is responsible for the university's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy (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 university's executive group on a regular basis.

The Director of Finance is responsible for effecting insurance cover as determined by the executive group. He or she is, therefore, responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Director of Finance will keep a register of all insurances effected by the university and the property and risks covered. He or she will also deal with the university's insurers and advisers about specific insurance problems.

Budget holders must ensure that any agreements negotiated within their schools/departments with external bodies cover any legal liabilities to which the university may be exposed. The Director of Finance's advice should be sought to ensure that this is the case. Budget holders must give prompt notification to the Director of Finance of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Budget holders must advise the Director of Finance immediately of any event that may give rise to an insurance claim. The Director of Finance will notify the university's insurers and, if appropriate, prepare a claim in conjunction with the budget holder 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.

25 Other Matters

25.1 Major Developments - 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 Director of Finance, who should have due regard to guidance issued by the funding body.

The Board of Governors is responsible for approving the establishment of all companies or joint ventures. The process involved in forming a company or a joint venture and arrangements for monitoring and reporting on the activities of these undertakings are to be approved by the Finance and General Purposes Committee.

It is the responsibility of the Board of Governors to establish the shareholding arrangements and appoint directors to companies wholly or partly owned by the university.

The directors of companies where the university is the majority shareholder must submit, via the Finance and General Purposes Committee, an annual report to the Board of Governors. They will also submit business plans, budgets and management and annual accounts as requested to enable the committee to assess performance and risk. The university's internal and external auditors shall also be appointed to such companies.

Where the university is the majority shareholder in a company, that company's financial year shall be consistent with that of the university.

25.2 Other Major Developments

Any new aspect of business which will require an investment in buildings, resources or staff time of more than £0.5m should be presented for approval to the Board of Governors on the recommendation of the Finance and General Purposes Committee.

Any new aspect of business involving an investment of less than £0.5m will be considered for approval by:

- New accredited academic developments –Academic Development Committee.
- New other developments – Principal and Vice Chancellor.

Such proposals will be submitted in accordance with the principles and in the specific formats approved from time to time for course costings, investment appraisal, etc.

The Director of Finance has established protocols for these major developments to enable them to be considered for approval by the Board of Governors. These protocols are set out in the university's policy on investment decision making, copies of which can be accessed via the attached links.

Link to Investment Decision Making

<http://www.intranet.rgu.ac.uk/finance/policies/page.cfm?pge=32178>

25.3 **Security**

Keys to safes or other similar containers are to be carried on the person of those responsible at all times. The loss of such keys must be reported to the Director of Finance immediately.

An officer 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. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

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

25.4 **Student Association**

The Student Association is a separate legal entity from the university but is recognised to fulfil a valuable role in relation to the university's students.

The Board of Governors, as part of its normal budget setting arrangements, shall determine the level of grant to be paid annually to the student association. In so doing the Board will require that specific conditions of grant are met by the Association.

The Student Association 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 institution and the Student Association, the Association will provide monthly statements of income and expenditure to the Director of Finance for information purposes only.

At year end the Student Association financial statements will be audited by an appropriately qualified firm of auditors and will be presented to the Finance and General Purposes Committee for information.

In accordance with an agreement between the university and the Student Association, the university's internal auditor shall have access to records, assets and personnel within the Student Association in the same way as other areas of the institution.

October 2018

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