

GOLDSMITHS

University of London

FINANCIAL REGULATIONS 2006-07

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FINANCIAL REGULATIONS

A GENERAL PROVISIONS

1 Background

- 1.1 The College is a chartered corporation. Its structure of governance is laid down in the instruments of its incorporation (Charter and Statutes) granted on 1 January 1990. The Charter and Statutes can only be amended by the Privy Council. The College is accountable through its Governing Body (Council), which has ultimate responsibility for the College's management and administration.
- 1.2 The College is an exempt charity by virtue of the Charities Act 1993.
- 1.3 The Financial Memorandum between the Higher Education Funding Council for England (HEFCE) and the College together with the Funding Agreement with the Teacher Development Agency for Schools (TDA) in respect of initial teacher training, and a similar agreement with the Learning and Skills Council (LSC) sets out the terms and conditions on which grant is made. Council is responsible for ensuring that conditions of grant are met. As part of this process, the College must adhere to HEFCE's Audit Code of Practice, which requires it to have sound systems of financial and management and control. The Financial Regulations of the College form part of this overall system of accountability.

2 Status of Financial Regulations

- 2.1 This document sets out the College's Financial Regulations. It translates into practical guidance the College's broad policies relating to financial control. This document was approved by Council on 29 June 2006. It applies to the College and all its subsidiary undertakings.
- 2.2 These Financial Regulations are subordinate to the College's Charter and Statutes, any restrictions contained within the College's Financial Memorandum with HEFCE, and HEFCE's Audit Code of Practice.
- 2.3 The purpose of these Financial Regulations is to provide control over the totality of the College's resources and provide management with assurances that the resources are being properly applied for the achievement of the College's approved strategic and business objectives and in terms of:
- 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 College complies with all relevant legislation;
 - safeguarding the assets of the College.
- 2.4 Compliance with the Financial Regulations is compulsory for all staff connected with the College. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the College's disciplinary policy. Council will be notified of any such breach through the Audit Committee. It is the responsibility of heads of department to ensure that their staff are made aware of the existence and content of the College's Financial Regulations.
- 2.5 Finance and Resources Committee is responsible for maintaining a continuous review of the Financial Regulations, through the Director of Finance, and for advising Council of any additions or changes necessary.
- 2.6 The College's detailed Financial Procedures set out how these regulations will be implemented.

B CORPORATE GOVERNANCE

3 Council

3.1 *Financial Powers under the Statutes*

The general financial powers of the Council are summarised by the Charter as: "to govern and regulate the finances, accounts, investments, property, business, and all the financial affairs of the College and for these purposes to make appropriate arrangements for the appointment of bankers and other agents." (Statutes, 4(2).)

3.2 *Reserved Powers*

Council is responsible for the management and administration of the College. It delegates some of its responsibilities to committees, but has approved reserved powers for itself as follows.

- to ensure high standards of corporate governance to include integrity, objectivity, openness and transparency;
- to approve the College's Strategy and Corporate Plan and contribute towards the planning process;
- to approve policies and strategies aimed at ensuring delivery of the College's approved Strategy and Corporate Plan;
- to monitor the College's delivery against the previously approved Strategy and Corporate Plan;
- to approve the College's Annual Report;
- to receive the Annual Operating Statement following submission to the Higher Education Funding Council for England (HEFCE) in the previous July;
- to monitor progress against the approved budget and Annual Operating Statement;
- to approve the annual budget;
- to ensure that funds provided by the Higher Education Funding Council for England (HEFCE) are used in accordance with the Financial Memorandum, and that the conditions of funding of any other funding bodies, including the Teacher Development Agency for Schools (TDA) and the Learning and Skills Council (LSC) are similarly met;
- to ensure that the College complies appropriately with other regulatory documents from the Higher Education Funding Council for England which are for the time being in force, including the Audit Code of Practice;
- to approve borrowing or loans above an agreed value;
- to accept grants above an agreed value;
- to approve contractual commitments over an agreed value and authorise College signatories and use of the College Seal;
- to approve the audited accounts;
- to approve the appointment of the College's bankers, and internal and external auditors;
- to approve and monitor the College's Risk Register;
- to approve policies and strategies designed to ensure good financial and risk management;
- to approve the constitution of the Goldsmiths Students Union and to approve the Memorandum of Understanding between the College and the Goldsmiths' Students Union;
- to approve the College's Health and Safety Policy and Procedures and to monitor their implementation;
- to approve the sale, purchase and lease of College land over an agreed value and/or an agreed period of time;
- to approve building projects over an agreed value and monitor their progress;
- to approve employment policies and strategies to ensure compliance with employment legislation and guidance and to monitor their implementation;
- to approve recommendations made by a properly-constituted Redundancy Committee to make academic staff redundancies;

- to appoint the Warden, the College Secretary, the Director of Resources and Planning and the Director of Finance, and to approve recommendations for the appointment of Pro-Wardens and the Senior Pro-Warden;
- to ensure compliance with all legislation affecting the College;
- to act as charity trustees as appropriate for an exempt charity and to ensure the College complies with charity law;
- to agree proposed changes to the College's Statutes, Ordinances and General Regulations.

4 Committees

A diagram of the committee structure is available on the College's webpages concerning the Committee system.

4.1 Finance and Resources Committee

Monitoring of the College's financial position and financial control systems is undertaken by Finance and Resources Committee. The Committee will examine annual estimates and periodic management accounts and recommend their approval to Council. 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 Council and make recommendations accordingly. The Committee will also ensure that Council has adequate information to enable it to discharge its financial responsibilities. For further information about the financial and other responsibilities of Finance and Resources Committee, please see its terms of reference.

4.2 Audit Committee

Institutions are required by their Financial Memorandum with HEFCE and by its Audit Code of Practice to appoint an Audit Committee. The committee is independent, advisory and reports to Council. 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 satisfactory arrangements are in place to promote economy, efficiency and effectiveness. For further information about the financial and other responsibilities of Audit Committee, please see its terms of reference, which are approved by HEFCE, in line with its Audit Code of Practice.

4.3 Remuneration Committee

Remuneration Committee has the power to agree the Senior Management Team's remuneration and any severance payments. (Other conditions are approved by Council directly or by the Chair of Council on its behalf.)

4.4 Estates Committee

Estates Committee considers strategic planning matters relating to the College's Estate and monitors the implementation of College strategy as approved by Council.

4.5 Academic Board

Academic Board, which has powers defined by Ordinance, is responsible for overseeing the academic affairs of the College, and Council must by Statute consult Academic Board before "determining any question or taking any decision on the allocation of resources which the Council considers to affect the academic policy of the College".

5 Responsibilities

5.1 The Warden

The Warden is the College's Designated Officer responsible for the financial administration of the College's affairs. In this capacity, the Warden must advise Council if, at any time, any action or policy under consideration by them appears to the Warden to be incompatible with the Financial Memorandum with HEFCE. If Council decides nevertheless to proceed, the Warden must immediately inform the Chief Executive of HEFCE in writing. The Warden must ensure that annual estimates of income and expenditure are prepared for consideration by the Council and for the management of budgets and resources within the estimates approved by the Council. As the Designated Officer, the Warden may be required to justify matters relating to College's financial position to the Public Accounts Committee at the House of Commons.

The duties of the Warden are also defined in the Statutes (Statute 10) and the Warden's specific duties in relation to Council were confirmed by Council in December 2003.

5.2 Senior Management Team

The Warden chairs the College's Senior Management Team, comprising the three Pro-Wardens, the College Secretary, the Director of Resources and Planning and the Director of Finance. The Senior Management Team is responsible for advising the Warden on the day-to-day management of the College. It also has delegated authority in making some day-to-day resource allocation decisions, as indicated by its terms of reference.

5.3 Senior Pro-Warden

One of the Pro-Wardens may be designated by Council as Senior Pro-Warden for a fixed but renewable term. The Senior Pro-Warden deputises for the Warden and assumes the role of Designated Officer under the terms of the Financial Memorandum with HEFCE if the Warden is absent from the College for a prolonged period. Under all other circumstances the Senior Pro-Warden will have the same obligations as a Pro-Warden for the purposes of these Financial Regulations.

5.4 Pro-Wardens

Pro-Wardens are appointed by Council for fixed terms and report directly to the Warden. Duties, including the line management of a specific list of heads of academic departments, are allocated by the Warden. Pro-Wardens coordinate financial, staffing and resource planning of the departments for which they are responsible. For the purposes of these Financial Regulations, the Pro-Wardens shall have the same obligations as placed on heads of departments in respect of budgets and financial activity over which they have control.

5.5 Director of Finance

Day-to-day financial administration is controlled by the Director of Finance, who is responsible to the Warden for:

- preparing the College's Financial Strategy;
- preparing annual capital and revenue budgets and financial plans;
- preparing financial management information, monitoring and control of expenditure against budgets and all financial operations;
- preparing the College's annual accounts, and other Financial Statements and accounts which the College is required to submit to other authorities;
- ensuring that the College maintains satisfactory financial systems;
- providing professional advice on all matters relating to financial policies and procedures;
- management of the Finance Department.

He/she has direct access to the College's Council to report on financial matters should circumstances warrant it.

5.6 Director of Resources and Planning

The Director of Resources and Planning is responsible to the Warden for the strategic management of the resource allocation process, and of the work of the Planning Department, the Estates and Facilities Department, Health and Safety and the Personnel Department. He/she leads on the development and implementation of the College's Risk Management Strategy and also has responsibility for day-to-day liaison with internal and external auditors.

5.7 College Secretary

The College Secretary is responsible for the College's legal affairs, and has powers of signing contractual and other documents on behalf of the College. He/she is also responsible to the Warden for the strategic management of the Registry, the Residences Conferences and Catering service, the Communications and Publicity Department, the Quality Affairs Office, the Secretariat and the IT (Computer Services) Department.

The College Secretary simultaneously holds separate appointment as Secretary to Council, and for the relevant duties is directly responsible to the Chair of Council, in accordance with the CUC Code of Practice on governance.

5.8 Heads of Department

Heads of Department are responsible to the Warden for financial management for the areas or activities they control. They are responsible for ensuring that the resources controlled by the department are used effectively and efficiently and are managed in accordance with the College's Financial Regulations. They are advised by the Director of Finance in executing their financial duties. The Director of Finance will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Heads of Department are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved to budget-holders, they are accountable to their Head of Department for their own budget. Heads of Department shall provide the Director of Finance with such information as may be required to enable:

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

5.9 All Members of Staff

All members of staff should be aware and have a general responsibility for the security of the College's property, for avoiding loss and for due economy in the use of resources. They should ensure that they are aware of the College's financial authority limits and the values of purchases for which quotations and tenders are required (see 19.6). They shall make available any relevant records or information to the Director of Finance or his/her authorised representative in connection with the implementation of the College'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/she may deem necessary, from time to time, to carry out the requirements of the Council. They shall immediately notify the Director of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the College. The Director of Finance shall take such steps as he/she considers necessary by way of investigation and report.

6 Risk Management

- 6.1 The College 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. Detailed guidance on the level of risk considered to be acceptable/unacceptable by the

College will be set out in a separate Risk Management Policy, and the Corporate Plan also contains a section on Risk, to ensure that strategic risk management is strongly linked to planning.

- 6.2 The Council has overall responsibility for ensuring that there is an appropriate strategic approach to the management of risk throughout the College through the development, implementation and embedding within the organisation of a formal, structured risk management process.
- 6.3 Key principles observed by Council in determining the College's approach to risk management are:
- the adoption of common terminology in relation to the definition of risk and risk management;
 - the establishment of College-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 (see 23.1);
 - 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 Council of all risks above established tolerance levels;
 - an annual review of the implementation of risk management arrangements;
 - strategy and procedures capable of independent verification.
- 6.4 Heads of Department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the College may be exposed. The College Secretary's advice should be sought to ensure that this is the case.

7 Whistleblowing

- 7.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 7.2 Normally, any concern about a workplace matter at the College should be raised with the relevant member of staff's immediate line manager or Head of Department. However, the College recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.
- 7.3 A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, for example the College Secretary.
- 7.4 The full procedure for whistleblowing is set out in the College's Whistleblowing Policy, which is available on the College website or through the Personnel Department. The Public Interest Disclosure Act is also relevant.

8 Conflicts of Interest

- 8.1 The College 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 values 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.

8.2 Additionally, members of Council, Senior Management or those involved in procurement are required to disclose interests in accordance with the College's Conflict of Interests Policy, which includes provision for the College's Register of Interests for Council members and senior officers and a section on declaring personal interest in tendering and contracts.

9 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:

- that 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. (The College's Policy on Corporate Gifts and Hospitality is designed to ensure that these principles are followed in practice.)

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. The frequency and scale of hospitality accepted should not be significantly greater than the College would be likely to provide in return, and should be in line with the Policy on Corporate Gifts and Hospitality.

C FINANCIAL MANAGEMENT AND CONTROL

10 Financial Planning

10.1 General

The Director of Finance is responsible for preparing annually a rolling five-year financial plan for approval by Council on the recommendation of the Finance and Resources Committee and for preparing Financial Forecasts for submission to HEFCE. Financial plans should be consistent with the College's strategy as approved by Council.

10.2 Budget Objectives

Council will, from time to time, set budget objectives for the College. These will help the Director of Finance in preparing his/her more detailed financial plans for the College.

10.3 Resource Allocation

Resources are allocated annually by Council on the recommendation of the Finance and Resources Committee, and on the basis of the above objectives. Heads of Department are responsible for the economic, effective and efficient use of resources allocated to them and for ensuring they are managed in accordance with the Financial Regulations.

10.4 Budget Preparation

The Director of Finance is responsible for preparing each year an annual revenue budget and capital programme for consideration by Finance and Resources Committee before submission to Council. The Director of Finance must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Heads of Department as soon as possible following their approval by Council.

During the year, the Director of Finance is responsible for submitting revised budgets to Finance and Resources Committee for consideration before submission to Council for approval.

10.5 Capital Programme

The Capital Programme includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the College's Financial Statements. Expenditure of this type can only be considered as part of the Capital Programme approved by Council. The Director of Finance will establish protocols for the inclusion of capital projects in the Capital Programme for approval by Council. These will set out the information that is required for each proposed project as well as the current sectoral guidelines and any other criteria that they are required to meet. They are shown in more detail in the Financial Procedures. The Director of Finance will also establish procedures for the approval of variations, including the notification of large variations to the funding body, as laid down in HEFCE guidelines. The Director of Finance is responsible for providing regular statements concerning all capital expenditure to Finance and Resources Committee (and/or other committees where appropriate), for monitoring purposes.

The Director of Resources and Planning is responsible for liaising with the Funding Council to ensure that Capital expenditure is carried out in accordance with College guidelines and the guidelines of the Funding Council. He/she will also ensure that projects are monitored and completed and, if appropriate, audited in the timescale specified by the funding body.

Following completion of a capital project, a post-project evaluation or final report should be submitted to Finance and Resources Committee and/or another appropriate committee (normally Estates Committee under current arrangements), including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant

funding body, as laid down in HEFCE guidelines. The Director of Resources and Planning is responsible of post-project evaluation or final reports (supported by the Head of Estates).

10.6 Overseas Activity

In planning and undertaking overseas activity, the College must have due regard to the relevant guidelines issued by HEFCE and the QAA.

10.7 Other Strategic Initiatives

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than an amount agreed from time to time in any given year should be presented for approval to the Finance and Resources Committee. For these major developments Finance and Resources Committee will approve protocols, proposed by the Director of Finance, setting out the information required for formal consideration of any proposed development, as well as the financial criteria which must be met. The requirements are shown in more detail in Financial Procedures and a summary is also produced by the Finance Department.

11 Financial Control

11.1 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. Budget holders are responsible to their Head of Department 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 Head of Department concerned and, if necessary, corrective action taken.

11.2 Financial Information

The budget holders are assisted in their duties by management information provided by the Director of Finance. The types of management information available to the different levels of management are described in the detailed Financial Procedures, together with the timing at which they can be expected.

The Director of Finance is responsible for supplying budgetary reports on all aspects of the College's finances to Finance and Resources Committee on a basis determined by Finance and Resources Committee but subject to any specific requirements of the funding body. Periodic reports are also presented to Council, which has overall responsibility for the College's finances.

11.3 Changes to the Approved Budget

Changes proposed to the approved budget will be first considered by Finance and Resources Committee, which will make proposals to Council, unless they fall within the delegated approval arrangements for either Finance and Resources Committee or the Warden.

11.4 Virement

Where a budget holder is responsible for more than one budget, virement may be permitted of up to 10% of the budget from which virement is sought, with the written approval of the Head of Department. However virement from the established staff budget and other "College-wide" budgets such as Security is not usually permitted and, if requested, requires the written approval from the Director of Finance. Virement between budgets held by different budget holders is permitted up to 5% of the budget from which virement is sought with the written approval of the transferring budget holder and the Head of Department. All virements affecting Research income and expenditure and earmarked grants including funds for capital are subject to the funding council or award body regulation. Further details of the rules for virement are in the Budget Manual (part of the Financial Procedures).

11.5 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 Finance and Resources Committee has approved a specific scheme for carrying forward all or part of unspent amounts. (Details of carry forward arrangements are in the Budget Manual (part of the Financial Procedures).)

12 Accounting Arrangements

12.1 Financial Year

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

12.2 Basis of Accounting

The consolidated Financial Statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

12.3 Format of the Financial Statements

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

12.4 Capitalisation and Depreciation

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 the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item (or a related group of items) is above the capitalisation value indicated in the College's Financial Statements annually). Capitalised assets other than land and buildings will be depreciated over a period of up to 10 years 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 College 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 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 such as regional development agencies. Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder.

12.6 Public Access

The Charities Act 1993 imposes specific obligations on Council as regards making the Financial Statements available to the public. In practice, the more general requirements of the Freedom of Information Act 2000 will normally be more stringent: in particular, since this Act came into force, the published Financial Statements have been an item in the College's Publication Scheme.

12.7 Taxation

The Director of Finance is responsible for advising Heads of Department, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the College. 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 College'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 College premises at any time;
- access all assets, records, documents and correspondence relating to any financial and other transactions of the College;
- require and receive such explanations as are necessary concerning any matter under examination;
- require any employee of the College to account for cash, stores or any other College property under his/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 Financial Statements should be reviewed by the Audit Committee. On the recommendation of the Audit Committee they will be submitted to Council for approval.

13.2 External Audit

The appointment of external auditors will take place annually and is the responsibility of Council. Council will be advised by the Audit Committee. The primary role of external audit is to report on the College'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 HEFCE's Audit Code of Practice and the Auditing Practices Board's Statements of Auditing Standards.

13.3 Internal Audit

The internal auditor is appointed by Council on the recommendation of the Audit Committee. The College's Financial Memorandum with the HEFCE requires that it has an effective internal audit function, the duties and responsibilities of which must be in accordance with advice set out in the HEFCE Audit Code of Practice. The main responsibility of internal audit is to provide Council, the Warden and Senior Management with assurances on the adequacy of the internal control system and measures to secure efficiency, effectiveness and value for money. The internal audit service remains independent in its planning and operation but has direct access to Council, the Warden and the Chair of the Audit Committee. The internal auditor will also comply with the Auditing Practices Board's auditing guideline Guidance for Internal Auditors.

13.4 Fraud and Corruption

It is the duty of all members of staff, management and Council to notify the Director of Finance immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. The College's Fraud Policy should be followed.

13.5 Value for Money

It is a requirement of the Financial Memorandum that Council of the College is responsible for delivering value for money from public funds. 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 HEFCE, the National Audit Office, the Public Accounts Committee or other relevant bodies. To fulfil this responsibility, the Senior Management Team will present to Audit Committee each year a plan for value for money work that will provide evidence of compliance with HEFCE's requirements. It will be used to enable the Audit Committee to refer to value for money in their annual report.

13.6 Other Auditors

The College 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 Customs and Excise and the Inland Revenue. They have the same rights of access as external and internal auditors.

14 Treasury Management

14.1 Treasury Management Policy

Finance and Resources Committee is responsible for recommending to Council approval of a Treasury Management Policy Statement (based on CIPFA's Treasury Management in the Public Services: Code of Practice together with cross-sectoral guidance and sector-specific guidance) setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with HEFCE rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the Financial Memorandum. Finance and Resources 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 Director of Finance and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the College and shall conform to any relevant HEFCE requirements. The Director of Finance and his/her staff are required to act in accordance with the approved Treasury Management Policy. The Director of Finance will report to Finance and Resources Committee in accordance with the Treasury Management Policy on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him/her.

14.2 Appointment of Bankers and other Professional Advisers

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

14.3 Banking Arrangements

The Director of Finance is responsible, on behalf of Finance and Resources Committee, for liaising with the College's bankers in relation to the College's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Director of Finance, who shall make proper arrangements for their safe custody. Only the Director of Finance may open or close a bank account for dealing with the College's funds. All bank accounts shall be in the name of the College or one of its subsidiary companies. All cheques drawn on behalf of the College must be signed in the form approved by Finance and Resources Committee. Cheques up to an agreed

amount, specified in the College's detailed Financial Procedures, shall normally require one pre-printed signature. Cheques over the agreed amount must be signed by two authorised persons, of which only one may be that of an authorised member of staff in the Finance Department. Details of authorised persons and limits shall be provided for in the College's detailed Financial Procedures. All automated transfers on behalf of the College, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by Finance and Resources Committee. Details of authorised persons and limits shall be provided for in the College's detailed Financial Procedures. 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 Income

15.1 General

The Director of Finance is responsible for ensuring that appropriate procedures are in operation to enable the College 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. Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by Finance and Resources Committee, and are approved by Council. 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 HEFCE and other bodies are received and appropriately recorded in the College's accounts. The Director of Finance is responsible for ensuring that all claims for funds, 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 College 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 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, and in accordance with a timetable prescribed by the Director of Finance and set out in Financial Procedures. The custody and transit of all monies received must comply with the requirements of the College'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 College.

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

Internet receipts: any member of staff wishing to arrange for payment to be made to the College by the internet should seek guidance from the Director of Finance at an early stage.

15.4 Collection of Debts

The Director of Finance should ensure that:

- debtors' invoices are raised promptly on official invoices, in respect of all income due to the College;
- 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, in accordance with the protocols noted in the Financial Procedures;
- 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.

15.5 Student Fees

The procedures for collecting tuition and residence fees must be approved by the Director of Finance. He/she is responsible for ensuring that all student fees due to the College are received. Any student who has not paid an account for fees or any other item owing to the College shall not receive the certificate for any degree, diploma or other qualification to which he/she is entitled, until all outstanding debts have been cleared. Students in debt to the College shall be prevented from re-enrolling at the College and from using any of the College's facilities unless appropriate arrangements have been made.

15.6 Student Loans

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

15.7 Short-term Emergency Loans

The College's scheme for short-term emergency loans must be approved by Council or a committee with delegated powers. 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 Finance 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

Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which may be directed towards a specific aim or objective. It can use existing knowledge in experimental development to produce new or substantially improved materials, devices, products and processes including design and construction. It excludes routine testing and analysis of materials, components and processes.

Where approaches are to be made to outside bodies for support for research projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the Head of Department, in conjunction with the Pro-Warden responsible for Research, to ensure that the financial implications have been appraised by the Director of Finance. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance. The Director of Finance is responsible for examining every formal application for grant and shall ensure that there is adequate provision of resources to meet all commitments. The Director of Finance should ensure that the full cost of research contracts is established. The research agreement must be in line with the College's policy with regard to indirect costs and other expenses and take account of different procedures for the pricing of research projects depending on the nature of the funding body. After financial appraisal by the

Director of Finance, the application for funding should be approved by the Pro-Warden (Research and Enterprise).

Research grants and contracts shall be accepted on behalf of the College by the Director of Finance after appropriate approval by the Head of Department or, if required, the Warden. The Director of Finance 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 specific budget holder. Control of pay and non-pay expenditure will be contained within the budget centre. The head of the budget centre 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 departmental funds.

16.2 Recovery of Residual Income

A proportion of the residual income recovered is used to contribute to the cost of central services and the balance is credited to the department within which the research is located. The basis for the sharing of the departmental residual income on collaborative projects should be agreed by the relevant Heads of Departments at the grant/contract application stage. The precise arrangements for the distribution of residual income are approved by Finance and Resources Committee and included in the Finance Department's detailed Financial Procedures.

16.3 Costing/Transparency

The College has agreed to adopt the principles on costing and pricing recommended by the Joint Costing and Pricing Steering Group (JCPSG). Staff undertaking research activity will maintain the records specified by the Director of Finance to enable compilation of returns to the HEFCE 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 College 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 College resulting from a failure to meet conditions of funding is the responsibility of the budget holder, and will be charged against departmental funds.

17 Other Income-Generating Activity

17.1 Private Consultancies and other Paid Work

The College's policy on private consultancies and other paid work is as set out in Ordinances. This ensures that adherence to it is a contractual obligation for staff.

The Ordinance is designed to ensure:

- that specific approval from line managers is obtained for outside work (with the exception of certain specified types of academic work commonly undertaken);
- that private work does not interfere with the normal duties of the member of staff concerned;
- that the College's name is not mis-used in connection with activities carried out by staff in a private capacity;

- that College resources (in terms of materials, facilities or staff time) are not used for private work unless appropriate arrangements for compensation or re-imburement are approved by the College in advance;
- that the College avoids incurring legal liability for private work undertaken by its staff, whilst also encouraging staff to insure themselves against any risks which they may incur through such work.

17.2 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 department. Any member of staff wishing to run a short course must have the permission of their Head of Department. The course organiser will be responsible to the Head of Department 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 income.

17.3 Off-site Collaborative Provision

Any contract or arrangement whereby the College provides education to students away from College premises, or with the assistance of persons other than the College's own staff, or with independent contractors (partner organisations), must be subject to the following procedure.

There shall be a contract signed by the Warden and on behalf of any partner organisation that shall comply at least with the HEFCE model contract (as amended from time to time) in place before any provision is made.

The content and form of the contract shall be scrutinised before signature by the Learning and Teaching Quality Committee in relation to assuring the quality and standards of the College's awards, and approved by Academic Board. In relation to the financial considerations scrutiny will be by Finance and Resources Committee or Council, depending on whether the contract falls within the limits of authority of Finance and Resources Committee.

Any proposed significant changes to the contractual arrangements for collaborative provision shall be the subject of a new contract which should meet the requirements of the paragraph above.

The impact of the contract(s) shall be subject to scrutiny by the Finance and Resources Committee or Council. The format for regular reports shall be as stated in HEFCE guidance. They shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the College's Financial Forecast.

Where a proposed partnership would represent a significant departure from the College's Corporate Plan, Council shall approve the departure, and the Warden shall seek the views of and inform the funding body.

17.4 European Union (EU) and other Matched Funding

Any such project requires the approval of the Director of Finance prior to any commitment being entered into. Such approval shall be dependent upon the relevant Head of Department being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the College's Costing and Pricing Policy. If the College sub-contracts such work to external providers, the relevant Head of Department shall ensure that:

- this is on the basis of a written contract 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.

17.5 Profitability and Recovery of Overheads

All income-generating activities must be self-financing or surplus-generating unless there are grounds, agreed by the Head of Department and Director of Finance, for a time-limited subsidy. All subsidies arrangements must not continue into a third year and must be reviewed at least annually. A case for a long term (over two years) or permanent subsidy must be made by the Head of Department and sent to the Director of Finance for presentation to the Senior Management Team. Income-generating activities organised by members of staff must be costed and agreed with the Director of Finance before any commitments are made. Provision must be made for charging both direct and indirect costs, including all overheads, in accordance with the College's Costing and Pricing Policy. **[As at July 2006 there is no Costing and Pricing Policy available as a formal statement. It is envisaged that such a statement will be produced, and this may form part of the Financial Procedures.]**

17.6 Deficits

Any unplanned deficits incurred on other income-generating activities will be charged to departmental funds.

17.7 Additional Contributions to Departments

Distribution of profits on other income-generating activity between central funds of the College and individual departments will be in accordance with the policy approved by Finance and Resources Committee.

17.8 Additional Payments to Staff

Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Head of Department and in the case of a Head of Department, the Warden. The proposal will not be accepted unless it clearly establishes that the work is in addition to that expected under the terms of the member of staff's existing contract of employment and is in accordance with Personnel Department guidance.

18 Intellectual Property Rights and Patents

18.1 General

Certain activities undertaken within the College including research and consultancy may give rise to ideas, designs and inventions which may be patentable. In this respect the specification of ownership of intellectual property is particularly important.

The College's policy on intellectual property is set out in the General Regulations.

18.2 Patents

Council is responsible for approving procedures to deal with any patents accruing to the College from inventions and discoveries made by staff in the course of their research.

18.3 Intellectual Property Rights

In the event of the College deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the College's General Regulation on Intellectual Property.

19 Expenditure

19.1 General

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

19.2 Scheme of Delegation/Financial Authorities

The Head of Department is responsible for purchases within his/her department. Purchasing authority may be delegated to named individuals within the department. In exercising this delegated authority, budget holders are required to observe the provisions relating to purchasing in the College's Financial Procedures. The Director of Finance shall maintain a register of authorised signatories and Heads of Department must supply him/her with specimen signatures of those authorised to certify invoices for payment (for paper-based systems). Under procedures agreed by the Director of Finance, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits (for electronic systems). The Director of Finance must be notified immediately of any changes to the authorities to commit expenditure. Heads of Department and budget holders are not authorised to commit the College to expenditure without first reserving sufficient funds to meet the purchase cost. The member of staff (or budget holder) authorising the invoice for payment must be different from the member of staff responsible for signing the purchase order form. Unless written permission is obtained from the Director of Finance, departments must requisition goods and services to enable orders to be prepared and countersigned by appropriately authorised staff within the Finance department.

The Authority Limits for purchasing by departmental signatories and by College officers and committees shall be as set out in a separate document approved by Council.

19.3 Procurement

The College 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. Factors to be considered in determining lowest cost are noted in the Financial Procedures. The Purchasing Officer is responsible to the Director of Finance for:

- ensuring that the provisions relating to purchasing in the College's Financial Procedures are known and observed by all involved in purchasing for the College;
- advising on matters of College policy and practice in relation to purchasing;
- advising and assisting departments where required on specific departmental purchases;
- developing appropriate standing supply arrangements on behalf of the College to assist budget holders in meeting their value for money obligations;
- vetting all orders above the lowest authority limit specified in the Financial Limits statement approved by Council before they leave the College;
- supervision of the tendering process and ensuring strict adherence to the procedures;
- the drafting and negotiation of all large-scale purchase contracts (generally in excess of the EU threshold) undertaken by the College, in collaboration with the responsible department;
- ensuring that the College complies with EU regulations on Public Purchasing Policy.

19.4 Purchase Orders

The ordering of goods and services shall be in accordance with the provisions relating to purchasing in the Financial Procedures. Official College orders must be placed for the purchase of all goods or services, except those made using purchasing cards, company credit cards or petty cash. 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. All official orders must be approved by the finance department before being dispatched unless they are below the limit in the College's Conditions of Contract for the Purchase of Goods and the department has been given the authority to approve orders locally. When transferring goods or services between departments, an inter-departmental transfer form must be used. It is the responsibility of the Director of Finance (through the College's Purchasing Officer) to ensure that all purchase orders refer to the College's conditions of contract. Staff contravening these rules may be personally liable for the costs of the goods involved.

19.5 Purchasing Cards

The operation and control of the College'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. Cards 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 should ensure that there is sufficient budget available to meet the costs. 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. Details of the operation of the scheme are set out in the Financial Procedures. Staff contravening these rules may be personally liable for the costs of the goods involved. The misuse of purchasing cards shall be grounds for disciplinary action.

19.6 Tenders and Quotations

Heads of Department and delegated budget holders must comply with the College's tendering procedures contained in the College's Code of Tendering Practice. Only partnership arrangements for the supply of goods or services specifically approved by Finance and Resources Committee or Council will fall outside these arrangements for tenders and quotations. The main points covered by the College's code of tendering practice are described in a separate document.

19.7 Contracts

Building contracts are the responsibility of the Head of Estates and are monitored by the Estates Committee. All contracts must be subject to the College's tendering procedure. Proposals will normally be initiated by the Head of Estates in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments. Consultants may be appointed if the project, as determined by Estates Committee, is too large or too specialised for Estates and Facilities Department resources. Appointments shall be subject to tendering and other procedures where appropriate. Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Director of Finance as appropriate for Estates Committee consideration. Investment appraisals should comply with appropriate HEFCE guidance. Contracts must be covered by an approved budget. Variation of the orders which would increase the total contract price require the prior approval of the Director of Finance. HEFCE guidance on best practice should be followed even when HEFCE approval is not required. The achievement of value for money will be an objective in the letting of all contracts. Conditions of contract for the purchase of goods will be followed as described in the College's detailed Financial Procedures. The main points are described in a separate document.

19.8 EU Regulations

The Purchasing Officer is responsible for ensuring the College complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value. The Purchasing Officer will advise Heads of Department on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier. It is the responsibility of Heads of Department to ensure that their members of staff comply with EU regulations by notifying the Purchasing Officer of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as the *Official Journal of the European Communities* (OJEC). The Purchasing Officer is also required to submit to HEFCE annually, details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by Heads of Department to the Purchasing Officer.

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.

The details of all goods received shall be recorded 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 College must be independent of those who negotiated prices and terms and placed the official order.

19.10 Payment of Invoices

The procedures for making all payments shall be in a form specified by the Director of Finance. The Director of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by computer cheques or BACS transfer each week. In exceptional circumstances the Director of Finance will prepare cheques manually for urgent payments. Heads of Department are responsible for ensuring that expenditure within their departments does not exceed funds available. Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Finance Department (Payments section). Care must be taken by the budget holder to ensure that discounts receivable are obtained. Payments will only be made by the Director of Finance against invoices that have been certified for payment by the appropriate Head of Department or authorised signatory. Payments for the departments that have been given the authority to order goods electronically using the Finance system (*Agresso*) will be made when the ordered goods or services have been receipted on *Agresso*.

Certification of an invoice or receipting of an electronic order signifies 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;
- 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.

19.11 Staff Reimbursement

The provisions relating to purchasing and payments within the Financial Procedures are to be used for the procurement of nearly all non-pay supplies. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 20.5).

19.12 College Credit Cards

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

19.13 Petty Cash

The Director of Finance shall make available to a department on request a limited cash floats for disbursement of petty cash expenses within the department although normally petty cash transaction will be reimbursed through the Finance Department's Cash Office. For security purposes petty cash imprest floats are kept to a minimum. Items costing more than £50 must not be reimbursed by petty cash. Petty cash claims must be supported by receipts or vouchers where practicable and authorized by an approved signatory. The Head of Department has overall responsibility for the safekeeping of the float allocated to his/her department. However, he/she

may delegate the day to day administration of the float to another member of staff. The person with responsibility for the day-to-day administration of the float is expected to keep accurate up to date records in accordance with Finance procedures and will be accountable for losses. The petty cash box must be kept locked in a secure place in compliance with the requirements of the College's insurers when not in use and will be subject to periodic checks by the Head of Department or another person nominated by him/her. Standard College petty cash forms are supplied by the Director of Finance 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 Head of Department.

19.14 Other Payments

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Director of Finance, supported by detailed claims approved by the Head of Department.

19.15 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 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 College can be sued for non-payment.

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

19.16 Project Advances

The Director of Finance and the relevant Head of Department may jointly approve cash advances for projects carried out away from the College 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. Where the sum required is large, arrangements will be made to pay the advance in instalments.

Original receipts or paid invoices must 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 and supported by original receipts, an expenditure report 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.

19.17 Providing Hospitality

Staff entertaining guests from outside bodies at lunch time should normally use the College's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement. The limits concerning acceptable expenditure for entertaining guests are set out in the College's detailed Financial Procedures.

20 Pay Expenditure

20.1 Remuneration Policy

Where College staff are appointed on salary scales, these must be approved by Council and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Personnel Department. Council will determine what other benefits are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available. Salaries for members of the Senior Management Team will be determined by the Remuneration Committee of Council.

20.2 Appointment of Staff

All contracts of service shall be concluded in accordance with the College's approved human resources practices and procedures and all offers of employment with the College shall be made in writing by the Director of Human Resources. Budget holders shall ensure that the Director of Finance and the Director of Human Resources are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

Established staff may only be appointed to formally released posts. The Warden or his/her nominee must authorise the release of posts.

20.3 Salaries and Wages

The Director of Finance is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Director of Finance. The Director of Human Resources will be responsible for keeping the Director of Finance informed of all matters relating to Human Resources 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 Director of Finance 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 Director of Finance 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 section of the College's Financial Procedures relating to the Payroll, and comply with Inland Revenue regulations.

20.4 Superannuation Schemes

Council 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 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 Director of Finance when deductions should begin or cease for staff.

20.5 Travel, Subsistence and other Allowances

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Director of Finance and in accordance with the College Expenses Policy. Claims by members of staff must be authorised by their Head of Department or an authorised signatory, the Pro-Warden with the appropriate managerial responsibility (or Warden for those staff he/she directly line manages). The certification by the Head of Department or authorised signatory shall be taken to mean that:

- the journeys were authorised;
- the expenses were properly and necessarily incurred;
- the allowances are properly payable by the College;
- consideration has been given to value for money in choosing the mode of transport.

Arrangements for travel by the Warden or members of Council shall be approved by the Chair of Council. Arrangements for travel by the Chair shall be approved by the Finance and Resources Committee.

20.6 Overseas Travel

All arrangements for overseas travel must be in accordance with the appropriate scheme approved by Council. Any approvals required must be obtained in advance of committing the College to those arrangements or confirmation of any travel bookings. Where spouses, partners or other persons unconnected with the College intend to participate in a trip, separate arrangements must be made unless there are exceptional circumstances and there is approval by the Head of Department in advance. The extra cost of travel for persons unconnected with the College must be reimbursed in advance of travel. The expenses of the persons unconnected with the College must be excluded from all subsequent claims for reimbursement of the cost of the journey by the member of staff.

20.7 Allowances for Members of Council

Claims for members of Council will be authorised by the College Secretary. Reasonable expenses will be reimbursed, in accordance with rates in the College Expenses Policy.

20.8 Severance and other Non-recurring Payments

Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by Council through the Finance and Resources Committee and, where appropriate, the Human Resources Committee. 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 Senior Management Team and calculations checked by the Director of Human Resources or Director of Finance. Any individual amounts that do not fall within the parameters above or are in excess of either two years' salary or the limit specified in the scheme approved by Council, also require the approval by the Remuneration Committee. In exceptional circumstances this approval may be given by the Chair of Human Resources Committee and the Chair of the Remuneration Committee in consultation with the Warden, to be reported to the next meeting of the relevant committee. Amounts paid should be declared in the Financial Statements. ***[The foregoing will require a change in committee terms of reference, and the approval by Council of a scheme as referred to above, in order to be fully implemented.]***

All matters referred to an Employment Tribunal shall be notified to the Director of Human Resources and, depending on the likely budgetary implications, the Finance and Resources Committee at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

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 Council and with reference to HEFCE requirements where exchequer-funded assets or exchequer funds are involved. Negotiations leading to the approved acquisition (including lease) of premises will be lead by the Director of Resources and Planning, assisted by the Head of Estates. The legal aspects of all land and building purchasing or leasing must be referred to the College Secretary and the Director of Finance will be responsible for application of capital receipts and funding arrangements.

21.2 Fixed Asset Register

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

21.3 Inventories

Heads of Department are responsible for maintaining inventories, in a form prescribed by the Director of Finance, for all plant, equipment, furniture and stores in their departments. The inventory should contain:

- Items with an original cost above the limit specified in the Financial Procedures. (Different limits may be specified for different categories of item.)
- Items that have an original cost of less than the limits stated but that are considered vulnerable to theft. (The entry of these items is at the discretion of the Head of Department.)

The inventory must include items purchased, donated, held on trust or leased. Inventories must be checked at least annually as described in the College's detailed Financial Procedures. When transferring equipment etc between departments, a transfer record must be kept and the inventories amended accordingly.

21.4 Stocks and Stores

Heads of Department are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting in departments must have the approval of the Director of Finance. Heads of Department 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 Heads of Department 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 instructions to appropriate staff within their departments are issued in accordance with advice contained in the College's detailed Financial Procedures.

21.5 Safeguarding Assets

Heads of Department are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control. They will consult the Director of Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed. Assets owned by the College shall, so far as is practical, be effectively marked to identify them as College property.

21.6 Personal Use

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

21.7 Asset Disposal

Disposal of equipment and furniture must be in accordance with procedures agreed by Finance and Resources Committee and contained in the College's detailed Financial Procedures.

Disposal of items purchased from general funds shall not be made without the approval of the Director of Finance who shall be supplied, by the Head of Department involved, with details of the proposed sale price and to whom it is intended to dispose of the item(s). On receipt of approval, the Inventory shall be amended accordingly. Proceeds from low value asset sales will normally be credited to the department concerned if the item was purchased using departmental funds.

Disposal of items purchased from specific external research grant or similar sponsored activity shall only be made within the rules and with the approval, if required, of the sponsoring body. Disposal of land and buildings must only take place with the authorisation of Council. HEFCE consent may also be required if Exchequer funds were involved in the acquisition of the asset.

21.8 All Other Assets

Heads of department are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the College, whether tangible (such as stock – see above) or intangible (such as intellectual property – see section 18), including electronic data.

22 Funds Held in Trust

22.1 Gifts, Benefactions and Donations

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

22.2 Student Welfare and Access Funds

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

Records of access funds will be maintained according to HEFCE requirements.

22.3 Trust Funds

The Director of Finance is responsible for maintaining a record of the requirements for each trust fund and for advising Finance and Resources Committee on the control and investment of fund balances. Finance and Resources Committee is responsible for ensuring that all the College's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

22.4 Voluntary Funds

The Director of Finance shall be informed of any fund that is not an official fund of the College which is controlled wholly or in part by a member of staff in relation to their function in the College. No such fund may be established without the written approval of the Director of Finance. 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. The College reserves the right to charge for any assistance provided in operating the fund.

23 Other

23.1 Insurance

The Director of Finance is responsible for the College's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall strategy for the management of risk (see section 6), 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. The Director of Finance is responsible for effecting insurance cover. He/she is therefore responsible for obtaining quotations, negotiating claims and maintaining the necessary records. The Director of Finance will keep a register of all insurances effected by the College and the property and risks covered. He/she will also deal with the College's insurers and advisers about specific insurance problems. Heads of Department must ensure that any activities carried out within their departments are properly insured. The advice of the Director of Finance should be sought to ensure that this is the case, and where a contract is involved (see section 6.4) the College Secretary should also be consulted. Heads of Department 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. Heads of Department 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 College's insurers and, if appropriate, prepare a claim in conjunction with the Head of Department for transmission to the insurers. The Head 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 College shall maintain appropriate insurance cover for business use.

23.2 Companies and Joint Ventures

In certain circumstances it may be advantageous to the College to establish a company or a joint venture to undertake services on behalf of the College. Any member of staff considering the use of a company or a joint venture should first seek the advice of the Director of Finance and the College Secretary, who should have due regard to guidance issued by HEFCE. Council 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 HEFCE. No Company shall be set up to exploit any College activity to which the College has rights, or to act in any way on behalf of the College, without the specific approval of the Council on the recommendation of the Finance and Resources Committee. The process involved in forming a company or a joint venture and arrangements for monitoring and reporting on the activities of these undertakings will be based on the advice of the Director of Finance and the College Secretary. It is the responsibility of Council to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the College.

There must be annual financial reporting to Finance and Resources Committee on the position of all separate legal entities in which the College has a legal interest. Where the College is the majority shareholder, the directors will also submit business plans or budgets as requested, to enable Finance and Resources Committee to assess the risk to the College. The College's internal and external auditors shall also be appointed to such companies, and their financial years shall be consistent with that of the College.

23.3 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.

The Director of Information Technology shall be responsible for maintaining proper security and privacy of information held on the College's computer network. Appropriate levels of security will be provided, such as passwords for networked personal computers together with restricted physical access for network servers.

Information relating to individuals will be subject to the provisions of the Data Protection Act 1998 and the College's Data Protection Policy and Guidelines. Responsibilities for compliance with the Act are set out in a Management Framework approved by Council.

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

23.4 *Students' Union*

The Students' Union has a separate legal status from the College but is recognised to fulfil a valuable role in relation to the College's students. Subject to any constraints imposed by the HEFCE, Council shall determine the level of grant to be paid annually to the Students' Union. Council requires the Union to provide for information details of its proposed budget to assist in determining the appropriate level of grant. The Students' Union is responsible for maintaining its own bank account and financial records and preparing its own annual Financial Statements. By agreement between the College and the Students' Union, the Union provides quarterly statements of income and expenditure to the Director of Finance for information purposes only. At year end the Students' Union Financial Statements are audited by an appropriately qualified firm of auditors and will be presented to Finance and Resources Committee and Council for information. The College's internal auditor shall have access to records, assets and Human Resources within the Students' Union in the same way as other areas of the College.

23.5 *Use of the College's Seal*

Where a deed or document requires the College's seal, its use must be authorised by Council and signed in accordance with the provisions of the College Statutes. The College Secretary is responsible for authorising and keeping records of the use of the seal.

23.6 *Provision of 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.

23.7 *College Name*

The College's name shall not be used in connection with any activity of the College not falling within its approved programmes without the specific approval of the Warden or Secretary. Publications from the College shall be prepared with regard to standards approved by the College from time to time and the advice of the Head of Communications and Publicity may be sought.