



**UNIVERSITY
OF LONDON**

December 2011

Financial Regulations





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1. DEFINITIONS

1.1 Heads of Department comprise:

Department	Head of Department	Direct Accountability
Vice-Chancellor's Office	Vice-Chancellor	Board of Trustees
Central Administration	Chief Operating Officer and University Secretary (COO&US)	Vice-Chancellor
Accommodation and Hospitality	Director	COO&US
Finance & Estates	Director	COO&US
School of Advanced Study	Dean of SAS	Vice-Chancellor
University of London International Academy	Chief Executive of the International Academy	Vice-Chancellor
Human Resources	Director	COO&US
Senate House Libraries	Director	COO&US
The Careers Group	Director	COO&US
University of London Computer Centre	Director	COO&US
ULIP	Dean of ULIP	Vice-Chancellor
UMBSM	Director	Vice-Chancellor
London Deanery	Dean Director	Vice-Chancellor

1.2 Senior Budget Managers comprise:



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Department	Senior Budget Manager	Direct Accountability
University of London International Academy	UoLIA Chief Operating Officer	Chief Executive of the International Academy
University of London International Academy	Director: Global Networks and Communities	Chief Executive of the International Academy
University of London International Academy	Director of Business Transformation	Chief Executive of the International Academy
Conferences	Business Development & Conference Manager	Director of Accommodation and Hospitality
Halls of Residence	Bursars	Director of Accommodation and Hospitality
Housing Services	Head of Housing Services	Director of Accommodation and Hospitality
Finance	Deputy Director of Finance	Director of Finance and Estates
Estates - Facilities	Head of Facilities Management	Director of Finance and Estates
Estates - Projects	Director of Projects	Director of Finance and Estates
Estates - Management	Head of Estate Management	Director of Finance and Estates
The Careers Group	Assistant Director	Director of The Careers Group
School of Advanced Study	SAS Chief Operating Officer	Dean of SAS
Institute for the Study of the Americas	Director	Dean of SAS
Institute of Advanced Legal Studies	Director	Dean of SAS
Institute of Classical Studies	Director	Dean of SAS
Institute of Commonwealth Studies	Director	Dean of SAS
Institute of English Studies	Director	Dean of SAS
Institute of Germanic & Romance Studies	Director	Dean of SAS
Institute of Historical Research	Director	Dean of SAS
Institute of Musical Research	Director	Dean of SAS
Institute of Philosophy	Director	Dean of SAS
Warburg Institute	Director	Dean of SAS
Senate House Libraries	Deputy Director	Director of SHL
UMBSM	Deputy Director	Director of UMBSM
University of London Computer Centre	Head of Corporate Services	Director of ULCC
London Deanery	Chief Operating Officer	Dean Director of Deanery



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- 1.3 The accountability of Heads of Department and Senior Budget Managers for financial management is as indicated on the respective tables above.



2. FRAMEWORK OF REGULATIONS AND PROCEDURES

2.1 Financial Regulations and Procedures

- 2.1.1 The University's Financial Regulations set out the fundamental principles that underpin all transactions undertaken by or on behalf of the University. The Regulations are approved by the Board of Trustees and are binding on all officers and staff of the University. The Director of Finance and Estates has delegated authority to make amendments that are retrospectively ratified at the periodical reviews.
- 2.1.2 These Financial Regulations are subordinate to the University's Charter, Statutes and Ordinances and to any restrictions contained within the University's Financial Memorandum with the Higher Education Funding Council for England (HEFCE) and its code of practice.
- 2.1.3 The Regulations are supported by a more detailed set of Financial Procedures and Related Policies as outlined at Appendix C which provide guidance on how the University's Financial Regulations should be applied.
- 2.1.4 Should there be an apparent conflict between the Regulations and the Procedures, the Regulations shall take precedence.
- 2.1.5 The Director of Finance and Estates shall arrange for the Financial Regulations to be reviewed periodically and for proposed changes to be submitted to the Audit and Risk Committee for onward recommendation to the Board of Trustees (including those changes for retrospective approval). The Director of Finance and Estates may at any time between official submissions for approval make such amendments or additions to these Financial Regulations as may be considered necessary.

2.2 Financial Control Committees

- 2.2.1 The functions and responsibilities of the following are contained in University's Statutes and Ordinances:-
 - The Board of Trustees
 - The Collegiate Council
 - The Audit and Risk Committee
 - The Investments Committee
- 2.2.2 In addition to the above, there is a Budget Review Group chaired by the Director of Finance and Estates and appointed by the Vice-Chancellor's Executive Group following consultation with the Operational Development Group, to both of which it acts in an advisory capacity. The Vice-Chancellor's Executive Group has the role of reviewing the proposed budgets of the various Departments as part of the annual planning cycle; critically evaluating projections of income and expenditure from initial drafts through to the final consolidated budget; and suggesting and agreeing changes to individual plans to ensure these are co-ordinated and consistent across the University. The Budget Review Group assists the Vice-Chancellor's Executive Group in this role.
- 2.2.3 The responsibilities of the Internal and External Auditors and the HEFCE Accountability and Audit Code of Practice (HEFCE 20010/19) are as described in Appendix A of this document.



2.3 Financial Responsibilities of Individuals

2.3.1 Vice-Chancellor

The Vice-Chancellor is the Chief Executive of the University and is the Accountable Officer as required by the HEFCE's Financial Memorandum, and as such is responsible to the Board of Trustees and the HEFCE for the University's financial management and for the protection of its assets. The specific financial responsibilities of the Vice-Chancellor listed in the Financial Memorandum are as follows:-

- To satisfy the Board of Trustees that the conditions upon which funding council grants are made to the University are complied with.
- To advise the Board of Trustees of any action or proposal that is incompatible with the terms of the Financial Memorandum, and to the HEFCE in writing if such advice is ignored.
- To sign the financial statements of the University.

The Vice-Chancellor exercises financial responsibilities by delegation to Heads of Departments who may in turn delegate aspects of their authority. See Schedule of Financial Delegations of Authority at Appendix B.

2.3.2 Director of Finance and Estates

The Director of Finance and Estates is responsible, under the general direction of the Vice-Chancellor and Chief Operating Officer and University Secretary, for controlling the day to day financial administration of the University. The responsibilities include:-

- Promulgating the Financial Regulations (in conjunction with Senior Budget Managers) to ensure that all staff who have financial responsibilities are aware of the content.
- Development of a financial strategy for the University.
- Preparing annual capital and revenue budgets, financial plans and cash flow forecasts.
- Preparing monthly accounts, management information, monitoring of expenditure against budgets and all financial operations.
- Preparing the University's annual financial statements and other financial statements and accounts which the University is required to submit to other authorities.
- Ensuring that the University maintains satisfactory financial systems of controlling and reporting.
- Providing professional advice to the Vice-Chancellor and Heads of Departments on all matters in relation to income, expenditure, budget and cost controls.
- The production and maintenance of Financial Regulations and Financial Procedures and other detailed instructions to supplement the Financial Regulations and to update them on a regular basis.



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The Director of Finance and Estates is responsible for consolidating and despatching financial returns and other periodic financial reports to the HEFCE and other agencies as required. The Director of Finance and Estates is responsible for ensuring that all grants notified by the HEFCE and other bodies are received and appropriately recorded in the University's accounts.

The Director of Finance and Estates is responsible for advising the Vice-Chancellor on issues connected with financial risk and for ensuring that these are discussed by the appropriate University committee. In addition, there is a Risk Management Steering Group which takes an overview on institutional risks, including financial risks and the financial implications of other risks, for onward submission to the Audit and Risk Committee and the Board of Trustees.

Having regard to the responsibilities outlined above it is a requirement that:

- All financial reports produced by the Departments for purposes of formal governance meetings of the University are signed off by the Finance and Estates Department, and
- All appointments within the University which have a substantial (>50%) finance content are made with the knowledge and consent of the Director of Finance and Estates.

2.3.3 *Heads of Departments*

Heads of Departments shall be responsible to the Vice-Chancellor and/or Chief Operating Officer and University Secretary (as indicated in 1.2 above) for the financial management of their areas by achieving the financial targets established during the budget process. Heads of Departments may be called upon together with other supporting Senior Budget Managers to attend the Budget Review Group (see 2.2 above) which meets to review financial performance and any variations to the University budget. Heads of Departments should develop strategic plans for their respective areas within the framework of the University Strategic Plan and Financial Strategy.

Heads of Departments are responsible for the economic, effective and efficient use of resources allocated to them, and are required to establish and maintain clear lines of responsibility for all financial matters within their areas of responsibility.

Heads of Department may delegate the responsibility (but not accountability) for their activities to a Chief Operating Officer or equivalent within the Department with the approval of the Director of Finance & Estates.

2.3.4 *Senior Budget Managers*

Senior Budget Managers are responsible overall to their Head of Department for the financial management and administrative functions in their own areas as follows:-

- Management of their Cost Centre finances within the budget year.
- They shall consult with their Head of Department prior to entering any financial commitment which may affect their ability to operate within their budgetary targets for the current period or which may have an effect on future periods.



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- They shall take steps to ensure the security of buildings, equipment, money and other University assets under their control.

The provision of an appropriate level of guidance and instruction to all their staff to ensure they are fully aware of the application of the Financial Regulations.

2.3.5 *Budget Holders*

Senior Budget Managers may, with the consent of their Head of Department, delegate responsibility for defined parts of their Cost Centre finances to Budget Holders. Where this is the case it will, in no way, reduce the responsibility of the Senior Budget Manager concerned.

2.3.6 *All Staff*

All staff must ensure that they:

- are conversant with these Financial Regulations and the associated Procedures, including procurement policies and procedures relevant to their job and adhere to these at all times;
- ensure that appropriate guidance is sought prior to engaging in financial areas with which they are not familiar.
- use the University's resources economically, efficiently and effectively.

References in these Regulations to staff extend to all holders of senior posts, officers, employees and self employed workers arising out of, or in consequence with, or as a consequence of, work with the University of London. All staff so defined will have responsibility for complying with the Regulations.

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 Trustees will be notified of any such breach through the Audit and Risk Committee. It is the responsibility of Heads of Departments, assisted by Senior Budget Managers, to ensure that their staff are made aware of the existence and content of the University's Financial Regulations.

2.3.7 *Code of Conduct for Staff and External Committee members*

University employees, particularly those with the responsibility for the administration or management of the University, should never use their authority for personal gain and should always seek to uphold and enhance the standing of the University. The University, therefore, expects staff at all levels to observe the code of conduct contained in the detailed Financial Procedures. This reflects the Nolan principles of selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.

Any members of University Committees should declare any relevant interest, financial or otherwise, in matters under discussion and should, if requested by the Chairperson, withdraw from such discussion.



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Any member of staff or external Committee member who has a connection with any outside organisation which sells or buys from the University must declare his/her interest in writing to the Chief Operating Officer and University Secretary and should not in any circumstances be the person who authorises any transaction between the University and that organisation.

These interests are required to be recorded in the University's Register of Interests held by the Chief Operating Officer and University Secretary. Further guidance can be found in the University's policies on conflict of interest and Outside Professional Activities available from the Chief Operating Officer and University Secretary and the Director of Human Resources.

2.4 Budgeting

2.4.1 *Financial Planning*

The Vice-Chancellor has a responsibility to provide the HEFCE with a rolling five-year financial plan. Financial plans and forecasts must be consistent with the University's Strategic Plan and the Financial Strategy approved by the Board of Trustees following any recommendations of the Collegiate Council.

2.4.2 *The Budget Setting Process*

The Director of Finance and Estates, in an annual paper, sets the parameters for the budget setting process incorporating any targets which have been adopted by the Board of Trustees.

After consultation between Heads of Departments and other bodies including local boards and finance committees, and the Budget Review Group, budgets are presented to the Vice-Chancellor's Executive Committee for approval and subsequently to the Collegiate Council in order that any corrective action required can be identified and initiated. The final operating budget is then recommended by the Collegiate Council to the Board of Trustees for its approval.

2.4.3 *Budgetary Control*

(This section is to be reviewed and revised as required following determination of the relative delegated authorities of VCEG, ODG and BRG).

The control of income and expenditure, within an agreed budget, is the responsibility of the Senior Budget Managers in accordance with the schedule of Financial Delegations of Authority.

There should be no planned variations from agreed budgetary targets, expressed as appropriate in monetary terms or percentage margins, without prior approval from the Budget Review Group except where permitted by the schedule of Financial Delegations of Authority. Any significant variations should be reported immediately they are anticipated to the Director of Finance and Estates and, if necessary, any corrective action taken.

Heads of Departments and their Senior Budget Managers should regularly monitor the financial performance of their areas from the monthly management accounts provided by the Finance and Estates Department.

Heads of Departments are also required to conduct a quarterly-year review of the



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anticipated financial out-turn of their areas and to consider any potential impact on existing Departmental Strategic Plans.

Financial performance is also monitored regularly by the Budget Review Group who receive information on capital and revenue expenditure and cash flow.

The Vice-Chancellor, Chief Operating Officer and University Secretary, and Director of Finance and Estates shall have the right of access to information and explanation from any employee with budgetary responsibilities on all financial matters at all times.

2.4.4 *Capital Expenditure Programmes*

Capital Expenditure programmes are developed by reference to the University's Strategic Plan, finance and estates strategies as appropriate.

Updated authority limits for capital expenditure are contained within the schedule of Financial Delegations of Authority.

2.5 **Record Keeping**

- 2.5.1 Finance and Estates Department retain invoices and expenses records, they must be retained for a six-year period to satisfy HM Revenue & Customs (HMRC).
- 2.5.2 Heads of Departments must ensure, wherever relevant, that files are retained for all research and other grants, including European Union grants. These files must evidence a clear audit trail, capable of retrospective interpretation, to support all claims and expenditure, and must be retained for whatever period is stipulated by the funder, but in any case for not less than six years.
- 2.5.3 The University's records management policies and procedures are developed and maintained by its Records Manager and Freedom of Information Officer who reports to the Legal and Constitutional Adviser within the Vice-Chancellor's Office. The policies are set out on the University's intranet.



3. INCOME AND BANKING

3.1 Overview

- 3.1.1 The University has policies relating to tuition fee income, research and contract income, residences income and commercial and rental income. The underlying aim of these policies is to move towards securing recovery in aggregate of the full economic costs of the University's activities. When staff are determining prices, this should be in the context of understanding a) the full economic cost of the goods or services being provided and b) where applicable the market rate for these goods and services and that where a price is proposed to be charged that falls below a) or b) the prior approval of the Head of Department should be sought
- 3.1.2 All staff are individually responsible for discharging their roles in a way which ensures the prompt collection, security and banking of all income and monies due to and received by the University. Only standard University invoices and receipts should be used.
- 3.1.3 Staff involved in the handling of funds are responsible for ensuring safe custody of cash and cheques in accordance with insurance compliance and cash handling procedures shown at Appendix C.

3.2 Banking Arrangements

- 3.2.1 Only the Director of Finance and Estates may initiate opening or closing a bank account for dealing with the University's funds, following the bank's mandate procedures. All bank accounts shall be in the name of the University or its subsidiary companies.
- 3.2.2 The Director of Finance and Estates is responsible for the development and maintenance of Treasury policy and procedures. The Treasury Management policy is set out in Appendix C.

3.3 Granting of Credit

- 3.3.1 The Director of Finance and Estates is responsible for monitoring the University's credit management exposure.
- 3.3.2 If Cost Centres suspect that payment for goods and services provided shall not be received, or shall be received only after a long delay and much effort on the part of the University, they should consult the Credit Control Section of the Finance Department's Financial Services Unit as soon as possible, and before further goods and services are provided.
- 3.3.3 Where doubts exist about the creditworthiness of a customer, e.g. with a customer whom no previous experience has been gained, or where an existing customer is requesting a higher than normal level of credit, further enquiries should be made with the Credit Control Section before any goods or services are provided.



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3.4 Invoices and Collection of Debts

- 3.4.1 Where goods and services are supplied by the University an appropriate charge must be made in accordance with the policies outlined at 3.1 above by raising an invoice on the University's finance system or local systems where this has been agreed. Invoices must include VAT where applicable and advice on VAT can be obtained from the Finance and Estates Division.
- 3.4.2 The Director of Finance and Estates is responsible for the implementation of debt recovery processes as approved by the Board of Trustees.
- 3.4.3 Should legal action be required to recover monies due, any costs incurred will be borne by the Cost Centre originating the invoice. Similarly, if the invoice becomes uncollectible, the amount owing will be written back to the Cost Centre concerned.
- 3.4.4 The Director of Finance and Estates may approve debt write-offs in accordance with the schedule of Financial Delegations of Authority.



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3.5 Cash and Cheque Receipts

3.5.1 *General*

The following principles apply in relation to cash handling:

Prompt Banking

All monies must be paid within 48 hours of receipt to the Finance and Estates Department's Financial Services Unit or direct to the bank if prior arrangements have been made.

Deductions

In every case the full amount of cash collected will be banked or handed over. No part of the cash collected must be retained by the collecting employee for any purpose, whatsoever.

Insurance Limits

Custody of all cash holdings must comply with the requirements of the University's insurers – see Appendix C.

Internal Mail

Internal mail must not be used to remit cash or cheques to the Financial Services Unit.

Account Payee

Cheques should always be payable to the University of London.

Suspected Loss

Any suspected losses of income should be reported to the Director of Finance and Estates immediately.

Further details on all aspects of cash and cheque requirements are shown at Appendix C.

3.6 Cash Floats

3.6.1 It may be necessary for some Cost Centres to carry an amount of cash as a float for operational purposes. The amount of float should be requested by the Head of Department for the Cost Centre concerned to the Director of Finance and Estates for authorisation. Senior Budget Managers should confirm that they have checked the balance of the float in writing to the Director of Finance and Estates as at 31 January and 31 July each year.

3.6.2 Further guidance is given in the cash handling procedures at Appendix C.



4. RESEARCH GRANTS, CONTRACTS AND OTHER INCOME GENERATING ACTIVITIES

4.1 General

- 4.1.1 Research can be defined as original investigation, undertaken to gain new knowledge and understanding which may be directed towards a specific aim or objective.
- 4.1.2 The term “Research Grant” is restricted to research projects funded by the UK Research Councils, Charities and the Higher Education Funding Councils.
- 4.1.3 Externally funded research projects which are funded from any source not mentioned in paragraph 4.1.2 above, are classified as “Research Contracts”.
- 4.1.4 When approaches are 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 Director of Finance and Estates. Such appraisal is normally undertaken, in the first instance, by the Chief Operating Officer of the School of Advanced Study and the Chief Operating Officer of University of London International Academy where applicable.
- 4.1.5 The Director of Finance and Estates is responsible for examining every application for research funding and shall ensure that there is adequate provision of resources to meet all commitments. The Director of Finance and Estates should ensure that the full cost of Research Contracts is established and the relevant Senior Budget Managers are responsible for ensuring that the Director of Finance and Estates is kept informed of all matters pertaining to the financial administration of their Research Grants and Contracts.
- 4.1.6 All research agreements must be in line with the University’s full economic pricing policy and take account of different procedures for the pricing of research projects depending on the nature of the funding body.
- 4.1.7 Research Grants and Contracts shall be accepted on behalf of the University by the Chief Operating Officer of the School of Advanced Study, or by the Chief Operating Officer of the International Academy, the Dean of the University of London Institute Paris and the Director of University Marine Biological Station Millport if those centres are involved where the arrangements detailed below will be appropriately modified.
- 4.1.8 The Chief Operating Officer of the School of Advanced Study shall ensure that all financial records relating to Research Grants and Contracts are maintained and all claims for reimbursement from sponsoring bodies initiated by the due date.
- 4.1.9 Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific Cost Centre.



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- The named supervisor or grant holder must be made aware of the income and expenditure budget for the grant or contract and must adhere to it.
- Any variation in income or expenditure from the budget must be authorised first by the budget holder.
- Only relevant costs may be charged against a particular grant or contract.
- Accounts for grants and contracts must be closed promptly upon completion with gains or losses being recognised and accounted for (losses should be recognised and provided for as soon as they are anticipated).

4.1.10 Control of expenditure must be exercised within the relevant Cost Centre(s). The Budget Holder may delegate day to day control of the accounts to a Supervisor or Manager or nominated grant holder, but any overspend or under recovery of overheads will be the clear responsibility of the Budget Holder with any loss being a charge on Cost Centre funds. The Budget Holder must inform the Director of Finance and Estates via the Chief Operating Officer of the School of Advanced Study of any delegated authority in this regard. Unless required under the contract to revert to the sponsor, any unspent balances or assets remaining at the completion of a grant or contract will become the property of the University (not the researcher).

4.2 Additional payments to staff arising from research grants and contracts

4.2.1 Any proposal which involves a payment or payments to members of staff, in addition to their salary payment, that arises from work associated with a Research Grant or Contract should be supported by the Budget Holder or relevant University officer and reported to the Director of Human Resources to take such action as necessary to ensure that approved payments are made to the relevant members of staff.

4.3 Intellectual property rights and patents

4.3.1 In this section “invention” means the making, development or modification of an invention, the making of a discovery, or the creation or development of any other intellectual property including copyrights and registrable designs. The expression covers *inter alia* scientific inventions which might be patentable, and literary and artistic works, including computer software, which are the subject of copyright.

4.3.2 Inventions by employees are assumed to have originated in the normal course of their employment and are the property of the University. Any inventions which appear suitable for patenting, registration, or commercial exploitation must be notified to the Head of Department concerned in writing. The Head of Department will in turn notify the Chief Operating Officer and University Secretary.

4.3.3 The Chief Operating Officer and University Secretary will determine in each case whether an invention is to be patented, registered, or otherwise exploited, in accordance with separate policy guidelines.

4.3.4 Under those guidelines, employees responsible for inventions will normally receive a share in the benefits derived from the exploitation of their inventions. The Chief Operating Officer and University Secretary may in certain cases designate categories of inventions for which the University would not wish to exercise its rights as employer.



5. EXPENDITURE

5.1 General

- 5.1.1 The Director of Finance and Estates is responsible for all payments due by the University and must approve all payment procedures.
- 5.1.2 All individuals are responsible for ensuring that the University obtains good value for money and that all purchases are made in accordance with the purchasing policies described at Appendix C.

5.2 Authorities and Authorised Signatories

- 5.2.1 Authorisation of expenditure must be in accordance with the schedule of Financial Delegations (see Appendix B).
- 5.2.2 Heads of Departments and Senior Budget Managers may further delegate authority to purchase goods or services to other members of staff. The Finance and Estates Department maintains a register of staff authorised to commit expenditure on behalf of the University together with specimen signatures. Appropriate staff are also allowed to raise and approve purchase orders in accordance with the Agresso accounting system workflow model. Any changes to these authorities must be immediately notified to the Finance and Estates Department.
- 5.2.3 Authorised staff must ensure that sufficient funds are available within their budget prior to placing a purchase order.
- 5.2.4 With the exception of RBS One Card transactions, all commitments to expend funds should be documented via an approved Purchase Order (and as appropriate additional written contract) with the specific exceptions listed on the intranet page: <https://intranet.london.ac.uk/4236.html>
- 5.2.5 All purchase orders should be made using the system laid down by the Director of Finance and Estates as detailed in the Financial Procedures section dealing with purchases (Appendix C). Personal purchases must not be made using University funds such as via Purchase Order or RBS One Card.



5.3 European Union (EU) Procurement Directives

- 5.3.1 Whilst the University of London is currently less than 50% financed by another Contracting Authority it is exempt from complying with the EU Procurement Directives as implemented through the UK Regulations. This position is assessed on an annual basis and updates to the University of London's Financial Regulations will be published as required to amend the status. It is the responsibility of Heads of Department to ensure that their members of staff notify the Head of Procurement of any purchases likely to exceed £100,000 to ensure that an appropriate value for money procurement process is put in place. In the event that the University becomes subject to the EU Procurement Directives the following in 5.3.2 and 5.3.3 will apply.
- 5.3.2 The Head of Procurement is responsible for ensuring that the University complies with its legal obligations concerning European procurement legislation for the supply of goods, works and services. EU Procurement Directives may apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) where the total value exceeds the threshold value. The current thresholds are £156,442 for supplies and services, and £3,927,260 for works - both amounts excluding VAT. These official sterling equivalents were fixed for two years commencing on 1 January 2010. A breach of these regulations is actionable by a supplier or potential supplier. Perpetual contracts are calculated at 48 times their monthly value for threshold purposes. It is not permissible to split up a contract for the purpose of avoiding the application of the regulations.
- 5.3.3 It is the responsibility of the Heads of Department to ensure that their members of staff comply by notifying the Head of Procurement of any purchases likely to exceed the thresholds noted above (this should already be happening as any procurements in excess of £100k should already be notified to the Head of Procurement). This will need to be done well in advance in order to permit advertisements in the Official Journal, etc.



5.4 Competitive Tendering

- 5.4.1 Subject to any special rules imposed by the funding bodies, the University's competitive tendering procedures contained in the Financial Procedures will apply to all expenditure on products, services and building in excess of £50,000 unless appropriate pre-competed framework agreements are in place (in which case their specific call-off procedures should be followed). For expenditure above £50,000 at least three competitive tenders must be received. Please refer to the procurement intranet pages for advice in the event that fewer than three tenders are received. Competitive tendering is good practice for all expenditure in excess of £5,000. However, as a minimum, written quotations must be obtained for expenditure in excess of £1,000 and up to £50,000 as set out in the table below. It is recognised that there are sometimes occasions when a quote cannot be firmed up until for example after an initial site visit. In these circumstances an "initial price" must be agreed either as pre-approved hourly rates with a capped cost or an initial lump sum charge should be agreed until a firm price can be provided. However even in such circumstances a Purchase Order should be raised and provided to the supplier for the "initial price" prior to the receipt of any goods or services, unless payment can be made by RBS One Card.

Total (NOT Annual) Contract Value (Contracts must not be split to avoid these limits) Ex VAT	Procurement Method
£1,000 - 5,000	Minimum 1 written quotation
£5,001-£10,000	Minimum 2 written quotations
£10,001 -50,000	Minimum 3 written quotations

- 5.4.2 Please refer to Appendix C Purchasing policy and procedures section 6.7.3 for further details.
- 5.4.3 The Director of Finance and Estates may grant an exemption to the requirement to seek annual competitive tenders in the case of certain recurrent services which are a charge on the University's revenue account. This will be reported on an annual basis to the Audit and Risk Committee where the value exceeds £100k.
- 5.4.4 Where tenders are to be invited for expenditure which is to be expected to be in excess of £100,000 the Head of Procurement should be notified and involved as appropriate to ensure a value for money procurement process is followed.

5.5 Advance Payments

- 5.5.1 Advance payments for goods and services outside of normal commercial practice should not be entered into without the permission of the Director of Finance and Estates. If in doubt as to whether the advance payment is acceptable, please refer to the Director of Finance and Estates.



5.6 Reimbursement of Travel, Subsistence and Other Allowances

- 5.6.1 The University has an Expenses Manual giving full details of the regulations governing the reimbursement of expenses (see Appendix C).

5.7 Stocks and Stores

- 5.7.1 Heads of Departments are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their control and for ensuring that systems are commensurate with Health and Safety guidelines.
- 5.7.2 Those Heads of Department whose units of stock require valuation in the University's Financial Statements must ensure that the stock taking procedures have the approval of the Director of Finance and Estates.

5.8 University appointed caterers

- 5.8.1 Cost Centres adjacent to Senate House and without their own dining or catering facilities shall consider the use of the Senate House services provided by the University's appointed caterers before entertaining or organising functions. Outside caterers may not be engaged to provide a service in Senate House or Stewart House without the prior approval of the Director of Finance and Estates. Please refer to the intranet page as below:

<https://intranet.london.ac.uk/3656.html>



6. SALARIES AND WAGES PAYMENTS

6.1 Responsibilities

- 6.1.1 The Payroll Office, which is part of the Human Resources Department, is responsible under the Director of Human Resources for all payments of salaries and wages to staff, including payments for overtime or services rendered. All time sheets and other pay documents, including modifications in respect of leaver processing, casual and occasional staff, should be in a form approved by the Director of Human Resources and as set out on the Human Resources section of the intranet.
- 6.1.2 All staff appointments have to be approved in accordance with the HR procedures published from time to time by the Director of Human Resources. All staff, except honorary staff, must be appointed to the salary scales approved by the Board of Trustees from time to time and in accordance with the appropriate conditions of service. All letters of appointment and employment contracts must be issued by the Director of Human Resources. The Director of Human Resources is responsible for informing the Director of Finance and Estates of all financial matters relating to staff for payroll purposes, for approving payments thereto and ensuring adherence to the University's payroll procedures.
- 6.1.3 Examiners' fees and expenses are dealt with by the University of London International Academy Fees Office and the Finance and Estates Department's Financial Services Unit. All payments must be made in accordance with HMRC's regulations. The Director of Finance and Estates is required by law to inform HMRC of any payment made to an individual for a service performed where there is either an actual or an implied contract of service. If a person is deemed to be self employed, they will be liable for the deduction of tax and national insurance from fees, unless they can produce their VAT number or other evidence of self-employed status. Any additional payment to an employee (e.g. for extra work performed out of hours) must also be paid via the payroll.
- 6.1.4 Full information regarding employment matters can be found on the Human Resources section of the intranet.

6.2 Paid work outside the University

- 6.2.1 When undertaking paid work outside the University, whether the payment is made for the direct benefit of the member of staff or into a discretionary fund held in the University, members of staff must comply with the University's rules as set out in their terms and conditions of employment.
- 6.2.2 In accordance with the terms and conditions of employment, employees are only entitled to be employed, engaged, concerned or interested in another business, occupation or appointment if it does not interfere with the employee's normal duties for the central University, if there is no conflict of interest with the central University, and if the employee has the express written consent of their line manager, which will not be unreasonably withheld.
- 6.2.3 A member of staff undertaking work outside the University must make it clear to all relevant persons that the work is undertaken in a private capacity, that the University is not involved, and that the University accepts no liability in connection with the work done.



7. ASSETS

7.1 Land, Buildings and Equipment

7.1.1 *General*

The purchase, lease, rent or sale of land and buildings can only be undertaken with the authority of the Board of Trustees and with reference to HEFCE requirements where exchequer funded assets or exchequer funds are involved. The Director of Finance and Estates is responsible for maintaining the University's register of land and buildings including leases and other documents of title.

7.1.2 *Responsibility for Inventories*

Heads of Departments are responsible for maintaining inventories for all plant, equipment and furniture not maintained by the Finance & Estates Department or University of London Computer Centre, and stores in their Departments in accordance with the University's security policy.

7.1.3 *Loan of University Property*

No property should be removed from the University premises without the prior permission of the Head of Department concerned.

Any private use of University owned assets (e.g. vehicles, computer equipment removed to home addresses) must be reported by the Head of Department to the Finance and Estates Department and may result in a tax liability for the individual concerned. Please refer to Appendix C Expenses Manual paragraph 20.1 for further details.

7.1.4 *Losses of University Property*

Any losses must be notified immediately to the Director of Finance and Estates. The Estates Accountant should also be advised so that an insurance claim can be made where appropriate.

7.1.5 *Disposal of Assets*

Sales, scrapping and other disposals of stocks, stores, equipment, plant and furniture shall be strictly in accordance with the Financial Procedures.

The Estates Accountant should be informed of any item which has previously required special insurance cover, which is sold, or otherwise disposed of, as the insurance arrangements may need to be amended or unexpired premiums recovered.



7.2 Estates

- 7.2.1 Arrangements allowing other organisations or their staff to use any University buildings or facilities can only be made with approval from the Director of Finance and Estates.

7.3 Treasury Management

- 7.3.1 The University has a Treasury Policy (see Appendix C), which is approved by Board of Trustees. This covers the areas of:
- 1) Liquidity Management
 - 2) Investing Surplus Funds
 - 3) Interest Rate Risk
 - 4) Foreign Exchange Risk
 - 5) Legal and Regulatory Risk
 - 6) Capital Finance.



8. MISCELLANEOUS ITEMS

8.1 *Financial Irregularity*

8.1.1 *Introduction*

The University is committed to preventing fraud and corruption and to promoting the detection of fraudulent activity, which might be attempted from within the University, or from outside. The main responsibility for preventing and detecting fraud lies with management.

The University is also committed to taking prompt action to investigate fully and address any suspected fraudulent act; the details of which are set out in Ordinance 27 – the Fraud Response Plan.

8.1.2 *Responsibilities of University staff*

The University defines fraud as:

“Any action deliberately designed to cause loss to the University, or to obtain any unauthorised benefit, whether or not this is received personally or by others.”

- i.e. Gaining an advantage, personally and/or for family or friends; or
Causing financial loss to the University or one of its subsidiary companies.

The definition of fraudulent conduct applies equally to staff, students, members of University committees, suppliers, partners, subsidiaries, associates, and any other individuals or organisations who have dealings with the University.

8.1.3 *Types of Fraudulent Activities*

The main types of irregularity are:

- (a) Theft - this may include the removal or misuse of funds, assets or cash.
- (b) False accounting – dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with the intent to cause loss to the University or furnishing information which is or may be misleading, false or deceptive.
- (c) Abuse of position – abusing authorities and misusing University resources or information for personal gain or causing loss to the University.

Other sections of these Financial Regulations set out the University's controls to minimise the risk of the above occurring.

Additionally, examples of fraud, which are neither exclusive nor exhaustive, include the following:

- (a) Misappropriation of cash, e.g. theft of cash from cash boxes, cash registers, and takings from trading outlets, vending machines, or from staff social funds.
- (b) Theft of stock.



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- (c) Fraudulent encashment of payable orders or cheques.
- (d) Misappropriation of other assets including information and intellectual property. This would also include theft of stationary for private use, unauthorised use of University property, e.g. vehicles, computers, other equipment.
- (e) Purchasing or purchase ledger fraud (e.g. approving/paying for goods not received, approving/paying bogus suppliers, approving/paying inflated prices for goods and services, accepting any bribe).
- (f) Travel and Subsistence claims overstated or falsely claimed. This may include advances not recovered or forging of counter-signatories.
- (g) Accepting pay for time not worked (e.g. false claim for hours worked, failing to work full contracted hours by any member of staff, false overtime claims, or falsification of sickness self-certification).
- (h) Computer fraud (e.g. altering or substituting records, duplicating or creating spurious records, or destroying or suppressing records).

8.1.4

Signs of Potential Fraudulent Activity

Whilst by no means being proof on their own, the circumstances below (warning signs) may indicate fraud, and should therefore put managers, staff and students on the alert:

- (a) altered documents (correcting fluid, different pen or handwriting);
- (b) claim form details not readily checkable;
- (c) changes in normal patterns, of cash takings or travel claim details (for example);
- (d) text erratic or difficult to read or with details missing;
- (e) delay in completion or submission of claim forms;
- (f) lack of vouchers or receipts in support of expense claims, etc;
- (g) staff seemingly living beyond their means;
- (h) staff under constant financial or other stress;
- (i) staff choosing not to take annual leave (and so preventing others becoming involved in their work), especially of solely responsible for a 'risk' area.
- (j) complaints from public or staff;
- (k) always working late;
- (l) refusal of promotion;
- (m) insistence on dealing with a particular individual.

If fraudulent activity is suspected, it should be reported immediately to the Director of Finance and Estates who will initiate the necessary action as set out in the Fraud Response Plan (Ordinance 27). If the suspected fraud directly involves the Director of



Financial Regulations

Finance and Estates, it should be reported immediately to the Vice-Chancellor.

8.1.5

Fraud Prevention

The University recognises the importance of fraud prevention and utilises a range of management procedures to deny opportunities for fraud.

In particular, financial systems and procedures are subjected to internal checks and controls, and staff are required to receive training in the operation of all financial systems.

The potential for misusing information technology is minimised by physically and electronically restricting access to terminals and systems. Additionally, although access control is the first line of defence against the misuse of IT for fraud, the University also uses intruder detection and access/activity review measures.

The following policies and procedures are used to ensure the highest standards of conduct and behaviour of the Board of Trustees, the Collegiate Council, their Committees, and senior managers:

- (a) The Commercial Ethics Policy (see Financial Regulations Appendix C).
- (b) The Registration and Declaration of Interests set out in Ordinance 8.
- (c) Accepting of hospitality and gifts (see Financial Regulations Appendix C).
- (d) The prosecution of offenders as set out in Ordinance 27, the Fraud Response Plan. All staff are expected to follow any code of conduct related to their professional qualification and/or employment at the University and this should be emphasised at staff induction sessions.

The University's Audit and Risk Committee provides an independent and objective view of internal controls by: monitoring the work of the Internal and External Auditors; reviewing reports of systems and procedures; and monitoring the University's compliance with its Financial Regulations and the requirements of the Higher Education Funding Council of England (HEFCE).

Where new systems are introduced, or existing systems modified, the Internal Auditors may advise management on ways of preventing or detecting fraud and ensuring robust internal controls.

The review of the University's systems by the Internal Auditors is designed to deter attempted fraud and should result in continuous improvements in control. The risk of fraud is a factor in all audit plans and in particular the frequency of audits.

The External Auditors annually review and test financial systems and controls (e.g. checks and balances), and provide advice about further systems development/good practice.

Staff recruitment is required to be in accordance with University procedures. References are routinely 'taken up' and candidates are required to provide evidence of their qualifications.

Potential recruits are also required to declare any connections with existing University managers or members of staff. Members of recruitment/interview panels are also required



to declare such connections.

Employees and students are expected to familiarise themselves with the University's policies on email and internet use.

8.1.6 *Detecting Fraudulent Activity*

Whilst it is accepted that no systems of preventative measures can guarantee that frauds will not occur, the University has in place detection measures to highlight irregular transactions and activities. All internal management systems are designed with detective checks and balances including:

- (a) segregation of duties;
- (b) reconciliation procedures;
- (c) random checking of transactions; and
- (d) review of management accounting information including exception reports.

Additionally, the University's Internal and External Auditors undertake their own detection measures and advise management on appropriate action as required.

8.1.7 *Culture*

The University is conscious of the high degree of external awareness of its affairs by a variety of bodies and the need to act in all matters with probity and propriety. Students and members of staff at all levels are expected to act with integrity and to lead by example in ensuring adherence to the University's policies and regulations, and that all procedures and practices are above reproach. The University also expects individuals and organisations that it comes into contact with will act towards the University with integrity and without thought or actions involving fraud or corruption.

The staff and students of the University are an important element in its stance on fraud and corruption and are encouraged to raise any concerns, following the steps laid out in Ordinance 23 – Public Interest Disclosure. However, a malicious or vexatious complaint may result in disciplinary action.

8.1.8 *Review*

The University has in place a clear network of systems and procedures to assist it in avoiding opportunities for fraud and corruption and for dealing with such cases if they arise. These arrangements will be regularly reviewed to keep pace with future developments in both prevention and detection techniques and with developments related to the introduction of new systems within the University. A continuous overview of the arrangements and developments will be maintained by the Director of Finance and Estates and the Audit and Risk Committee in conjunction with Internal and External Auditors.

8.2 *Financial IT Systems*

8.2.1 The use of the University's IT equipment and systems shall be in compliance with the Code of Conduct which is set out on the intranet. Access relating to the University's financial



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systems, including the Agresso system, shall be operated within guidelines and regulations on the use of Information Technology facilities and systems. Access to the on-line financial systems shall be authorised by the designated Systems Manager, who will provide each authorised user with a personal profile, user name, and initial personal password. Any attempt to gain unauthorised access to the University's financial systems will be regarded as a disciplinary offence.

8.2.2 Authorised users should immediately change the personal password supplied to them by the Systems Manager to one known only to themselves. Personal passwords should be changed on a regular basis, and whenever it is believed that they may have been compromised.

8.2.3 All users, with the exception of certain designated user names which have been given special profiles in order to perform specific authorised functions, shall access the financial systems under their own personal user name and password. They must not use the user name and password of another user, nor allow their own password to become known or to be used by anyone else. Terminals shall not be left unattended whilst logged into the financial systems, thus leaving them useable by someone else. Failure to observe these requirements will be regarded as a disciplinary offence.

8.3 ***Gifts and Benefits to Members and Former Members of Staff***

University funds shall not normally be used to purchase gifts or provide benefits in kind to members and former members of staff. In exceptional circumstances, such as retirement after long service, Heads of Departments may authorise appropriate levels of expenditure.

8.4 ***Hospitality***

8.4.1 Goods, services, vouchers, payments, etc, received from suppliers or agents (other than goods officially ordered) shall be declared to Heads of Department who will maintain records in accordance with 8.4.3 below. This rule is waived in respect of small items, such as diaries, provided that they have a value not exceeding £20.

8.4.2 Hospitality including entertainment beyond that deemed to be of a similar frequency and scale to that provided by the University shall be declared to the Head of Department, or in the case of such Heads to the Director of Finance and Estates in accordance with 8.4.3 below.

8.4.3 The Director of Finance and Estates shall maintain a register of notified hospitality and shall require each Head of Department to keep such a register and provide an annual return to the Director of Finance and Estates. Please refer to intranet page below:

<https://intranet.london.ac.uk/4238.html>

8.4.4 Staff are reminded of the need to be mindful of the provisions of the Bribery Act and to take account of the University's policies and procedures relating to this – please see intranet page below:

<https://intranet.london.ac.uk/3966.html>



8.5 *Donations to the University*

- 8.5.1 Donations must be evaluated carefully by the Chief Operating Officer and University Secretary prior to acceptance for:
- ethical considerations around donors or the provenance of funds or assets; and
 - donations accompanied by unacceptable or onerous and potentially costly conditions
- In some cases donations may need to be tactfully rejected or renegotiated.
- 8.5.2 Charitable donations, where the full amount of the donation is to be expended and there is no restriction to a particular objective by the donor, are treated as income in the year in which they are received.
- 8.5.3 Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.
- 8.5.4 Where the University receives a donation with the condition that the capital element must be maintained but the income thereon can be applied, the donation is accounted for as a permanent endowment. There are two main types:
- Restricted permanent endowment - the capital fund is maintained and the income must be applied to a particular objective specified by the donor.
 - Unrestricted permanent endowment - the capital fund is maintained but the income thereon can be applied to the general purposes of the institution and is therefore unrestricted.
- 8.5.5 Where the trustees have the power of discretion to convert endowed capital into income, and the donation is restricted to a particular objective specified by the donor, the donation is treated as a restricted expendable endowment.
- 8.5.6 The receipt of a donation by a Department should be referred to the Director of Finance and Estates who will ascertain if it meets the requirements for treatment as a donation or endowment and ensure that appropriate accounting treatment is applied.
- 8.5.7 The Finance and Estates Department are responsible for ensuring that endowments are tracked accordingly within the University's financial system. This will include the recording of receipts, their investment, and the proper expenditure of any income generated. This will be recorded in such a way as to distinguish the various funds received both by the restrictions placed upon their use and by the rules applying to their investment.
- The Director of Finance and Estates, subject to the wishes of the donors, will be permitted to pool the various endowment funds received so as to achieve the most effective investment.
- The Investments Committee will advise the Director of Finance and Estates on the investment policy of the funds. The detailed decisions on buying and selling particular holdings will be made by investment managers appointed by Board of Trustees, who will adhere to the remit set by the Investments Committee.



8.6 Insurance

8.6.1 University

The Director of Finance and Estates is responsible for ensuring that the University has appropriate levels of insurance cover. The Director of Finance and Estates will recommend to the Audit and Risk Committee the type of protection required to cover insurance risks on an annual basis. The Audit & Risk Committee will subsequently recommend the type of protection required to the Board of Trustees.

Heads of Departments must ensure that they advise the Director of Finance and Estates, through the Estates Accountant, immediately of any event which may give rise to an insurance claim, for example, fire, flood, lightning, malicious damage or any other major incident. The Director of Finance and Estates must notify the University's insurers and, if appropriate, prepare a claim in conjunction with the appropriate Head of Department for submission to the insurers. Heads of Department must also inform the Director of Finance and Estates of any new circumstances affecting risk in order that they can be accommodated from an insurance perspective.

8.6.2 Staff Insurance Issues

Travel insurance, motor vehicle insurance and 'time on risk' insurance for equipment being used abroad, can be arranged for Cost Centres by the Director of Finance and Estates or any of their designated staff. Senior Budget Managers are reminded that they should notify the Director of Finance and Estates or any of their designated staff in good time for such cover to be arranged.

For insurance issues relating to travel, use of private cars for business mileage and use of University equipment, please refer to the Manager's Handbook and the Financial Procedures.

8.7 University Companies

8.7.1

In certain circumstances it may be advantageous to the University to establish a wholly owned company to undertake services on its behalf. Establishing a University Company requires approval of the Board of Trustees. Each company has a Memorandum of Understanding, approved by the Vice-Chancellor and business plans are presented annually to the Board of Trustees.



8.8 ***University Telephones***

- 8.8.1 It is recognised that there will be occasions when employees need to make short, personal calls on University telephones, fixed lines, mobiles, PDAs and similar devices in order to deal with occasional and urgent domestic crises. Equally, it is legitimate to receive personal calls about domestic crises and arrangements, and occasional, short, non-urgent calls can be received providing they do not interfere adversely with work requirements.
- 8.8.2 The use of University telephones for either private or University purposes, which are in any way excessive (i.e. outside of the limits defined above), defamatory, obscene or otherwise inappropriate, will be treated as misconduct under the appropriate disciplinary procedure. In serious cases this could be regarded as gross misconduct and may lead to dismissal.



Financial Regulations

Appendix A – Audit

Appendix A - Audit

A.1 HEFCE – Accountability and Audit Code of Practice

- (a) The following are mandatory requirements of the Financial Memorandum and the Accountability and Audit Code of Practice ('the Code'). The HEFCE will assess compliance with these.
- (b) The governing body must ensure that the institution meets its responsibilities as set out in paragraphs 11 to 29 of the Financial Memorandum (HEFCE 2010/19) which are as set out in the following link:

http://www.hefce.ac.uk/pubs/hefce/2010/10_19/

A.2 External Audit

- (a) The Board of Trustees is required to appoint professional External Auditors to hold office on an annual basis. The External Auditors are expected to report to the University at least once a year and this will normally take the form of an opinion on the Annual Statement of Accounts prepared by the Director of Finance and Estates. The External Auditors have unrestricted rights of direct access to the Audit and Risk Committee, the Collegiate Council and the Board of Trustees, if in their opinion, the circumstances justify it.
- (b) The External Auditors have the right of access to all accounting records and other documentation. They are also entitled to require further information and explanations as they see fit from officers, staff, and any other constituent body of the University.

A.3 Internal Audit

The Internal Auditors should remain independent in the planning and operation of the University. The Internal Auditor will also comply with the Auditing Practices Board's auditing guideline for Internal Auditors and the HEFCE's Accountability and Audit Code of Practice. Their formal responsibilities and terms of reference are available from the Director of Finance and Estates and are as follows:-

- (a) The responsibility to report on:-
 - the soundness, adequacy, and application of internal controls.
 - the extent to which the University's assets and interests are accounted for and safeguarded from losses of all kinds arising from:-
 - fraud and other offences,
 - waste, extravagance and inefficient administration, poor value for money or other causes.
 - the suitability and reliability of financial and other management data developed within the



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Appendix A – Audit

University.

- the extent of compliance with established policies.
- (b) The Internal Auditor, or authorised representative, shall have a right of access at all times to property and such documents as appear necessary for the purpose of audit, and shall be entitled to require from any Officers of the University such information and explanation as deemed necessary for that purpose.
- (c) The Internal Auditor shall give an opinion to the Audit and Risk Committee on the status and reliability of internal controls within the University.
- (d) Heads of Department and Senior Budget Managers must respond to draft Internal Audit reports within 28 days of the date of issue of the relevant draft report.

A.4 Other Auditors

The University may be subject to audit or investigation from time to time by external bodies such as the National Audit Office, the HEFCE, the European Court of Auditors and HMRC. Each body has statutory obligations to carry out their visits and, therefore, have similar rights of access that apply to the External and Internal Auditors.



Financial Regulations Appendix B – Financial Delegations of Authority

Appendix B – Financial Delegations of Authority

B.1 Schedule of Primary Financial Delegations of Authority

1. The schedule covers those matters reserved by the Board of Trustees for its own authorisation and those matters delegated to the Vice-Chancellor. It is for the Vice-Chancellor (advised by the Director of Finance and Estates) to ensure that there is a schedule of secondary delegations in place reflecting the authority of individual managers. This schedule of secondary delegations should be updated on an annual basis and reported to the Board of Trustees.
2. Where the Board of Trustees is required to give approval in principle it is for the Vice-Chancellor and University management to arrange the operational details of the transaction. In these circumstances it would be normal practice for a group of specified officers to be charged by the Board of Trustees with completing the transaction (within a set of guidelines).
3. If expenditure on any Capital Proposal is expected to exceed the approved amount by more than 5%, a supplementary Capital proposal needs to be authorised at the same level as the original proposal. Such a proposal should be raised as soon as the likelihood of over expenditure is identified.
4. Where a grant application implies a commitment to Capital Expenditure then the submission of the grant application will require approval in line with Capital Proposal authorisation limits.
5. From time to time, management may wish to bring additional matters to the attention of the Board of Trustees, either because of their profile or the level of risk for the institution. This will inevitably be a matter of judgement and discussion between officers.



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Appendix B – Financial Delegations of Authority

	Board of Trustees	Vice-Chancellor
Financial Strategy	Approves	-
Changes to borrowing	Approves	-
Headline revenue and capital budgets	Approves	-
Amendments to revenue budget	Approves all changes in priorities that involve changes from the original net budget surplus/deficit over £150k	Approves all changes in priorities that involve changes from the original net budget surplus/deficit up to £150k
Amendments to capital budget	Approves	-
Tuition Fees	Approves policy	-
Purchase, sale or lease of property	Approves	Delegation as described in Ordinance 6, Annex 2, paragraph 5.
Sale of IPR	-	Recommends to Collegiate Council
Establishment of companies and trusts	Approves in principle	-
Appointment of Directors to University Companies	Approves, where the proposed Director is not an employee of the University	Approves, where the proposed Director is an employee of the University
Joint ventures and corporate membership of external organisations	Approves in principle	Recommends to the Board of Trustees
Appointment of Auditors	Approves (subject to first approval by the Audit and Risk Committee)	-
Contracts for supply of goods/services to third parties	Approves over £1m	Approves up to £1.0m
Capital proposals	Approves over <ul style="list-style-type: none"> - £1m in budget - £250k out of budget 	Approves up to <ul style="list-style-type: none"> - £1.0m in budget - £250k out of budget



Financial Regulations

Appendix B – Financial Delegations of Authority

	Board of Trustees	Vice-Chancellor
Purchase Orders / Contract awards for purchase of goods and services (except Consultancy services)	Approves competitive contracts over £1m and non-competitive contracts over £0.1m	Approves up to - competitive contracts £1.0m - non-competitive contracts £0.1m
Consultancy services	Approves over Consultancy services over £250k	Approves Consultancy services up to £250k



Financial Regulations

Appendix B – Financial Delegations of Authority

B.2 Schedule of Secondary Financial Delegations of Authority

Attached is an updated schedule of financial authorities, which has been agreed by the Vice-Chancellor. The following should be noted.

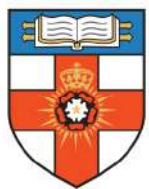
1. The schedule covers secondary delegations from the Vice-Chancellor to officers of the University. As such it is a management document, subject to review by the Vice-Chancellor and annual reporting to the Board of Trustees.
2. The document should be read in conjunction with the Primary schedule of financial authorities approved by the Board of Trustees.
3. Delegators must explain the terms of the delegation to the recipient and ensure that the recipient is familiar with the Financial Regulations. Delegators remain responsible for how delegated powers are used, and thus should maintain an oversight to ensure delegated powers are used appropriately. Delegators are responsible for the methodology employed to retain this oversight, which may include all or some of the following: random checking of expenditure, regular reporting, exception reporting, regular audits, and compliance monitoring methodologies
4. Delegations by Heads of Department to Senior Budget Managers (up to £100k) and by Senior Budget Managers to Budget Holders (up to £15k) must be approved by the Director of Finance and Estates before they may become effective.
5. From time to time, management may wish to bring additional matters to the attention of the Board of Trustees, either because of their profile or the level of risk for the institution. This will inevitably be a matter of judgement and discussion between officers.
6. For the purpose of this document Heads of Departments are as set out at paragraph 1.1 and Senior Budget Managers are as set out at paragraph 1.2 of these Financial Regulations.
7. Supplementary process descriptions may exist or will be developed for many of the areas covered by this document. For example, while this document sets out financial limits for approval of research grant applications a number of other conditions need to be satisfied, such as minimum overhead requirements.
8. If expenditure on any Capital Proposal exceeds the approved amount by more than 5%, a supplementary Capital Proposal needs to be authorised at the same level as the original proposal. Such a proposal should be raised as soon as the likelihood of over expenditure is identified.
9. Budget limits on travel and subsistence, expenses, overtime and teaching support fees relate to claims by a single individual in the course of a month.
10. Virements between budget headings are subject to the restriction that movements from non-pay to pay budgets in excess of £10k have to be approved by the Director of Finance and Estates.
11. Further delegations of authority are only possible with the written agreement of the Director of Finance and Estates.



Financial Regulations

Appendix B – Financial Delegations of Authority

	Vice-Chancellor	Director of Finance and Estates	Heads of Department	Senior Budget Managers	Budget Holders
Amendments to revenue budget	Approves all changes in priorities that involve changes from the original net budget surplus/deficit up to £150k	Approves virements between budget headings within own area of responsibility and all changes in excess of £10k between pay and non pay expenditure	Approves virements between budget headings within own area of responsibility with the exception of changes in excess of £10k between pay and non-pay expenditure	Approves virements between budget headings within own area of responsibility with the exception of changes between pay and non-pay expenditure	-
Appointment of Directors to University Companies	Approves, where the proposed director is an employee of the University	-	-	-	-
Contracts for supply of goods/services to third parties	Approves up to £1.0m	Approves up to £250k	Approves up to £250k	Approves up to £100k	Approves up to £15k
Capital proposals	Approves up to - £1.0m in budget - £250k out of budget	Approves up to £250k in budget (with same delegation to Director of Projects)	Approves equipment purchases up to £250k in budget	Approves equipment purchases up to £100k in budget	



Financial Regulations

Appendix B – Financial Delegations of Authority

	Vice-Chancellor	Director of Finance and Estates	Heads of Department	Senior Budget Managers	Budget Holders
Purchase Orders / Contract awards for purchase of goods and services (except Consultancy services)	Approves up to <ul style="list-style-type: none"> - competitive contracts £1.0m - non-competitive contracts £0.1m 	Approves competitive contracts up to £250k Approves non-competitive contracts up to £50k	Approves competitive contracts up to £250k	Approves competitive contracts up to £100k	Approves competitive contracts up to £15k
Consultancy services	Consultancy services up to £250k	Consultancy services up to £100k	Consultancy services up to £50k	-	-
Bad debt write offs	Over £100k	Up to £100k	-	-	-
Travel, subsistence and expenses claims – excluding RBS One Card and PO transactions (monthly per capita limit)	Approves over £2,500	Up to £2,500	Up to £1,500	Up to £1,000	£500
Short term investments	-	Managed in line with Treasury Policy	-	-	-



UNIVERSITY OF LONDON

Financial Regulations

Appendix C – Financial Procedures and Related Policies

Appendix C – Financial Procedures and Related Policies

Section

1. Expenses Manual
2. Purchasing Policy and Procedures
3. Treasury Management Policy
4. Nolan Principles
5. Conflicts of Interest
6. Commercial Ethics Policy
7. Money Laundering
8. Cash Handling Procedures
9. Business Case Template



Financial Regulations

Appendix C: Expenses Manual

C.1 Expenses Manual

1. SCOPE

- 1.1 This manual is intended for use by employees authorising or processing payments to other employees and by employees who are making expense claims. It sets out the tax treatment of payments made in accordance with University policy. Any claims made outside of University policy should be referred to the Head of the Financial Services Unit or the Payroll Manager.
- 1.2 When the manual states that receipts are required these should, wherever possible, be valid VAT receipts.
- 1.3 This Expenses Manual does not apply where separate regulations apply for international travel within the University of London International Academy.

2. GENERAL

- 2.1 Travelling and subsistence expenses incurred on University business journeys and other expenses which are "wholly, exclusively and necessarily incurred in the performance of an employee's duties" will not be liable to tax or national insurance. If you have any queries about authorising or claiming items of expenditure incurred on business trips please contact the Head of the Financial Services Unit or the Payroll Manager for advice but in all cases, employees should endeavour to exercise the same care in incurring expenses as if travelling for personal reasons.
- 2.2 Expenses should only be claimed or authorised if expenditure has actually been incurred. Whenever possible, this will be evidenced by a receipt (unless stated elsewhere within this manual).
- 2.3 If these procedures are not followed, the individual will be liable for tax and National Insurance on non-qualifying expenses.

3. EXPENSE CLAIM FORM

- 3.1 Where appropriate a member of staff will be issued with a University RBS One Card for travel and subsistence usage. Please refer to paragraph 4 below for further details.
- 3.2 If expenses are incurred, claim forms should be completed on at least a monthly basis. The University will not reimburse authorised claims if the claim is submitted more than three months after the expense is incurred. Claim forms are available on the University intranet at:

<https://intranet.london.ac.uk/2439.html>
- 3.3 Details must be shown on the expense claim form in accordance with this manual.
- 3.4 The form must be signed by the claimant before authorisation.
- 3.5 The claim form should be approved by an authorised signatory prior to payment being made.



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4. UNIVERSITY RBS ONE CARDS

- 4.1 A University RBS One Card is provided by the University to those employees who make frequent and/or large expense claims. These cards are issued to authorised employees on the recommendation of the Head of Department and subject to the approval of the Director of Finance and Estates. These cards operate like a credit card and the University pays them by direct debit monthly for the previous month's expenditure.
- 4.2 Employees may apply to their Head of Department for a RBS One Card if they think they have a business case why one should be issued. If the Head of Department supports the request, it should be forwarded to the Director of Finance and Estates for consideration.
- 4.3 The University requires employees to complete on-line documentation claims for expenditure incurred on the University RBS One Card. The claim should show the same detail as if it were a normal claim using the reimbursement form at <https://intranet.london.ac.uk/2439.html>. No private expenditure should be charged to the University RBS One Card. Receipts must be made available on request for authorisation or audit purposes. Employees should submit receipts to the Financial Services Unit on a monthly basis where they will be retained for six years for audit and tax purposes. The RBS One Card and any outstanding receipts must also be returned to the Head of Department or the Financial Services Unit when a member of staff leaves the University's employment.
- 4.4 The online statement will be sent by workflow to the appropriate delegated authority for authorisation. Head of Departments' claims require the authorisation of the Vice-Chancellor or the Chief Operating Officer and University Secretary. The claims of Directors within the School of Advanced Study are submitted to the Dean of the School for authorisation. The Chief Operating Officer and University Secretary is responsible for approving the Vice-Chancellor's expenses and also those of the Board of Trustees. The Vice-Chancellor approves the Chief Operating Officer and University Secretary's expenses.
- 4.5 The Director of Finance and Estates reserves the right to refuse to issue an RBS One Card if it is considered inappropriate.
- 4.6 The Director of Finance and Estates also reserves the right to withdraw an RBS One Card from anyone to whom it has been issued.
- 4.7 **Heads of Departments and cardholders are reminded of the following:**
- **That use of the RBS One Card for personal purchases is absolutely forbidden. In the event that the card is used in error, then this must be brought to the attention of the budget holder and reimbursement arranged immediately.**
 - **That the cardholder is responsible for the custody and security of the card at all times.**
- 4.8 Two tiers of RBS One Cards will be issued: Tier 1 – Travel, Subsistence and Basic Expenses and Tier 2 – Buyer Level (including Travel, Subsistence and Expenses).
- 4.9 Tier 1 – T&S
This will be the standard level of card issued and should be used within allocated one-off and monthly total card limits for travel, subsistence and basic expenses purposes only (e.g.: rail and air tickets, lunch/dinner, hotels etc). In exceptional circumstances, and with the prior approval of the Director of Finance and Estates, the card can be used for cash withdrawal.
- 4.10 Tier 2 – Buyer Level
This will be the enhanced level of card issued, and will only be available to those who attain "Buyer" status through appropriate training. A limited number of Buyers will be trained in each Department



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across the University to ensure that this function retains an understanding of the responsibilities associated with the role. The Buyers will generally also be those staff who are authorised to raise Requisitions/Purchase Orders and undertake Goods Receipting.

4.10.1 Tier 2 Buyer level cards should be used (within allocated one-off and monthly total card limits) in the following situations:

- For one-off purchases where the supplier will accept card payment
- For the purchase of goods and services through GeM (LUPC frameworks etc)
- For all purchases below £250 (net of VAT) where the supplier will accept card payment
- For travel and subsistence requirements
- In exceptional circumstances, and with the prior approval of the Director of Finance and Estates, the card can be used for cash withdrawal.

4.10.2 Tier 2 Buyer Level Cards should not be used in the following situations:

- For purchases in excess of the allocated card limit. Orders should not be split in order to avoid the card limits. If a higher limit is required on an occasional or regular basis approval to a higher limit should be sought through the same route as for the initial card application,
- For personal use
- For the purposes of avoiding the use of existing UoL, LUPC or similar frameworks or contracts

4.10.3 Examples of purchases that may be made with a Buyer Level Card include:

- Books
- DVDS/CDs
- Online payment where card payment may be the only option (e.g.: GeM)
- One-off specialised furniture requirements
- Web domains
- IT consumables (using the agreed framework)

4.11 A set of answers to RBS One Card Frequently Asked Questions is maintained on the Procurement intranet pages – see link below:

<https://intranet.london.ac.uk/4240.html>

5. PAYMENT

5.1 Expense claims should be submitted to the Financial Services Unit and will be paid by bank transfer (BACS).

6. AUTHORISATION PROCEDURES

6.1 The authoriser should ensure that an employee has provided sufficient information to check that all expenses were incurred on business activities. Expense claims should normally be authorised by a person senior in authority to the claimant. However, in exceptional circumstances, delegation for authorisation to a person less senior than the claimant may be made with the prior approval of the Director of Finance and Estates.



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- 6.2 An authorising officer will be an individual noted on the Authorised Signatory Form as maintained by the Finance and Estates Department.
- 6.3 An authorising officer would be expected to reject any claim if a receipt is not provided unless there are specific and justifiable reasons why one has not been obtained, for example, certain parking meters.
- 6.4 If a receipt has been lost or mislaid, full details should be disclosed on the expense claim.

7. OVERNIGHT ACCOMMODATION

- 7.1 The authoriser should check that:
- it was necessary for the employee to stay overnight given the distance travelled and the time that the journey commenced or finished.
 - the standard of accommodation chosen was reasonable in relation to business needs and the employee's circumstances.

- 7.2 The guideline rates excluding VAT which may be claimed are:

For each period of 24 hours	London	£100.00
	UK elsewhere	£75.00

Wherever possible accommodation should be pre-booked using the University's current preferred supplier as advised on the procurement intranet pages:

<https://intranet.london.ac.uk/2399.html>

8. PERSONAL INCIDENTAL EXPENSES

- 8.1 If an employee is required to stay away overnight on business for tax purposes personal incidental expenses can be claimed up to £5 per night on average in the UK and £10 per night on average overseas. These expenses include private telephone calls, laundry, newspapers etc. This allowance is the maximum permitted by HMRC and if, for example, an employee is away for 4 nights and claims £21 (as opposed to £20), the full amount would be liable to tax and National Insurance.

9. MEALS (OTHER THAN ENTERTAINING)

- 9.1 If an employee is away from their permanent workplace on a business journey, the guideline rates for subsistence expenses on production of receipts are detailed below.

Lunch	£7.50
Dinner	£20.00



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10. ENTERTAINING

10.1 General

- 10.1.1 This section of the manual sets out the University's policy in relation to entertaining expenses incurred in the course of your duty as an employee of the University.
- 10.1.2 In addition, employees should be aware of the tax consequences before incurring any entertaining expenses. Inappropriate entertaining costs may lead to a tax charge on the University or the employee himself/herself (via the P11D form returned annually to HMRC).

10.2 Business entertaining

- 10.2.1 Entertaining expenses can only be described as "business" entertaining if they have genuinely been incurred wholly for the furtherance of the University and it has been incurred as a reward for business contacts or as part of a reciprocal arrangement. In addition, if more employees are in attendance than customers or suppliers HMRC may take the view that the entertainment is not genuine business entertaining. HMRC state that business entertaining includes hospitality of any kind and also expenditure on gifts.
- 10.2.2 In accordance with the above, necessary business entertaining costs must be supported by proof of payment, i.e.; invoices or VAT receipts.
- 10.2.3 Generally where employees entertain third parties (e.g.: customers or suppliers) the total cost of the entertainment must be identified and coded as business entertaining.
- 10.2.4 The following information must be shown on the expense claim form or invoice or purchase card reimbursement form if applicable to differentiate business entertaining from staff entertaining (see below):
- The name(s) of the attendees (including employees present – typically, this should be no more than 1 employee to every 3 customers unless with specific prior approval from the Finance and Estates Department)
 - The organisation which they represent; and
 - The purpose of the entertaining
- 10.2.5 Costs for alcoholic beverages should be kept to a reasonable level, as a rule, half a bottle of wine (or equivalent) per person, with a meal would be considered reasonable. Excessive costs relating to alcohol will not be reimbursed.
- 10.2.6 Service charges and tips up to a maximum of 15% are allowable.
- 10.2.7 No tax or national insurance liability will arise for the employee and the University in respect of entertaining expenses by adherence to these rules.

10.3 Staff entertaining

- 10.3.1 Entertainment for University staff (i.e.: not involving third parties) must not be charged to the University and is not reimbursable in whole or in part. For example, the University will not pay for



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wine at a function where staff have paid for food or vice versa, nor will it pay for food/drinks paid for from a grocery store or similar so that a function can be held in an office. This applies whether on or off-campus and includes:

- Celebratory functions (e.g.: Christmas meals, engagement parties etc)
- Functions for members of staff who are leaving the University (but note that if the member of staff is leaving due to retirement, then expenditure of a trivial sum per head may be reimbursed provided the function is widely available for staff to attend).
- Sampling proposed venues for future functions designed to entertain third parties.

10.3.2 Where a department arranges an Away-day or similar to discuss departmental business/plans, reasonable expenditure for refreshments is allowed. When the claim for reimbursement or a supplier invoice is submitted, it must be accompanied by an agenda and a full list of delegates, and wherever possible notes of the meetings or reports about sessions. Similarly, legitimate “working lunches” are acceptable provided that claims can be supported by agendas and either meeting notes or reports from sessions.

11. GUESTS ACCOMPANYING STAFF

11.1 If guests accompany University staff on business trips, the costs associated with the guests must be reimbursed by the employee.

11.2 The only exception to this rule is if the guest accompanies the employee because:

- the employee is too ill to travel alone; or
- the guest has a specific skill or qualification which stops the University from having to pay someone to perform a specific duty, for example a foreign language which enables the guest to act as a translator.

11.3 Where an employee is working abroad for periods in excess of sixty consecutive days, up to two flights per tax year for the spouse and family may be paid tax free.



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12. PERMANENT WORKPLACE

- 12.1 All University employees have a permanent workplace. Broadly, this will be where an employee works regularly.
- 12.2 No University staff are home based unless this has been specifically agreed in writing. Therefore, expenses should only be claimed from home in the circumstances set out under 17.

13. DETACHED DUTY/SECONDMENT

- 13.1 If an employee works away from his or her permanent workplace for a period which is not expected to and does not exceed 24 months he or she can claim for travel and subsistence expenses.
- 13.2 If it is known that the secondment will last for more than 24 months all of the expenses will be liable to tax and national insurance and need to be paid through the payroll.
- 13.3 If the secondment unexpectedly lasts for more than 24 months, the expenses will become taxable from the date that it is known that the secondment will exceed 24 months.
- 13.4 If the secondment is for the whole or the majority of the period of the employment, the expenses will also be liable to tax and national insurance, for example, if an employee resigns part way through the secondment.

14. TRAVEL

- 14.1 The authoriser must be satisfied that the journey is business related and that there is no claim for private element to the travel.
- 14.2 Persons travelling overseas on University business are advised to notify the Estates Accountant (who administers the University's insurance arrangements) in advance to ensure the necessary travel insurance is in place.
- 14.3 Employees should provide full details of the dates of absence from the University and the destination and purpose of each visit.

15. BUSINESS MILEAGE

Employees with a permanent workplace

- 15.1 When employees with a permanent workplace are required to travel to a temporary workplace (for example, to attend a training course), this is business mileage. Employees may claim the whole journey even when this starts or finishes at home provided the journey is not "broadly similar" to their normal journey from home to work.



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16. PRIVATE CARS

- 16.1 Employees who use their own cars for business journeys may claim mileage allowances in accordance with the University's private car mileage rates, below.

For cars, the current rates which apply are:

Up to 10,000 business miles per year	40p per mile
Over 10,000 business miles per year	25p per mile

For motor cycles and cycles that rates are 24p per mile and 20p per mile respectively.

- 16.2 When making a claim, full details should be included i.e. the starting point, all destinations, the finishing point and the purpose for each journey.
- 16.3 A record of the cumulative business mileage from the previous 6 April should also be noted on the claim form by the employee.
- 16.4 If an employee uses their own vehicle for business he or she must ensure that it is road-worthy and that the motor insurance policy includes business cover. The University reserves the right to check insurance policies and driving licences annually to ensure drivers are correctly insured and qualified to drive.
- 16.5 For journeys over 100 miles employees should consider the use of hire cars using one of the supplier agreements negotiated by LUPC. In these circumstances the employee is also advised to contact the Estates Accountant to ensure that appropriate insurance arrangements are put in place.

Records/details required on expense claim forms

- 16.6 Employees should provide sufficient detail against a claim so that compliance with these rules can be checked by both the authoriser and the payment processor.
- 16.7 Claims with rounding of mileage, for example to the nearest five/ten miles, should be rejected. However, provided there is a valid business reason, business mileage does not need to be restricted to the shortest route. For example, a claim can be made for a longer but faster route.

17. HOME TELEPHONE BILLS

- 17.1 Employees who use their home or mobile telephones for business use are entitled to reclaim the costs of business calls.
- 17.2 Certain employees are entitled to reclaim 100% of the bill if a second dedicated business line is installed. This expenditure requires to be authorised by the Head of Department. In such cases, the dedicated line must be in the name of the University of London.
- 17.3 In either of the above circumstances no tax or national insurance will be due.



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18. UNIVERSITY PROVIDED MOBILE TELEPHONES

- 18.1 If the University provides an employee with a mobile telephone for business use any private use other than as described in paragraph 8.8 of the Financial Regulations must be reimbursed in accordance with the appropriate tariff.
- 18.2 The procurement of mobile phones should also utilise supplier agreements negotiated by LUPC which can be seen on the Procurement intranet pages at <https://intranet.london.ac.uk/2399.html>.

19. USE OF UNIVERSITY ASSETS

- 19.1 If the University provides assets or equipment to an employee for private use the following information must be supplied to the Payroll Manager
- name of employee;
 - description of asset;
 - period of use.
- 19.2 The period of assessment is 6 April to 5 April. Computer equipment loaned to employees where the total value of the loan is less than £500 in the tax year is currently exempt. For more information on this contact the Payroll Manager.
- 19.3 In such circumstances the user will be liable for any loss or damage and all such equipment must be covered by the individual's home contents insurance policy.

20. EDUCATIONAL COURSES AND CONFERENCES

- 20.1 An employee will not be liable for tax in respect of training courses which are designed to impart, instil, improve or reinforce any knowledge, skills or personal qualities likely to be useful to, or better qualify the employee for the job he does, or may do, for the University.
- 20.2 In any of the above circumstances, the cost of course fees, essential books and any additional travelling and subsistence expenses incurred as a result of attending the course will not be taxable.
- 20.3 Any part of the expenditure included in the following categories will result in a tax liability for the employee:
- entertainment or recreation unconnected with the training;
 - to reward the employee for performing his duties;
 - as an employment inducement unconnected with the training.



UNIVERSITY OF LONDON

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Appendix C: Purchasing policy and procedures

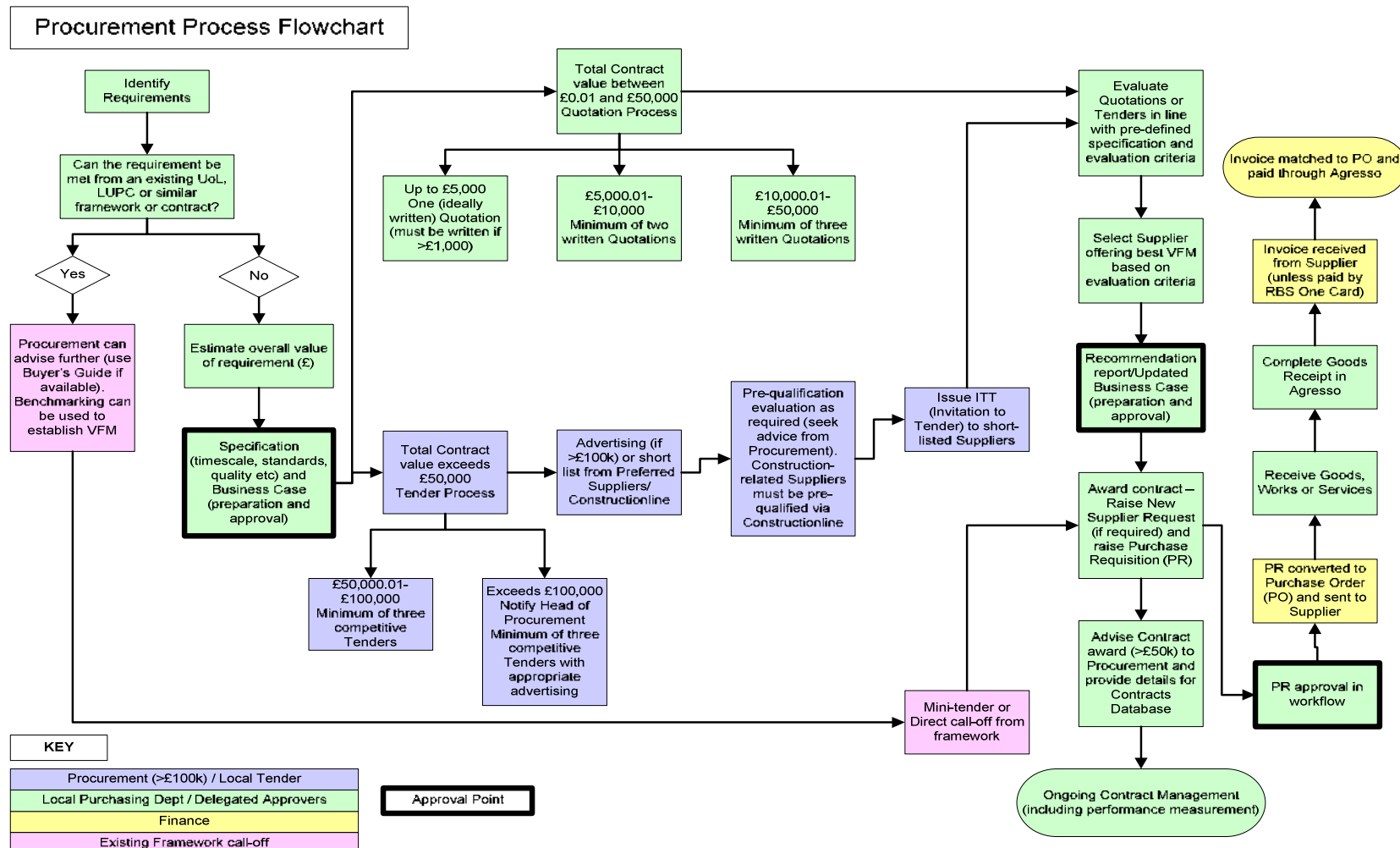
C.2 Purchasing policy and procedures

- 1 The flowchart below sets out the University procurement process – further details on each step can be found on the Procurement intranet pages at <https://intranet.london.ac.uk/2399.html>.



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Appendix C: Purchasing policy and procedures





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- 2 It is the University's policy to support wherever possible the purchasing arrangements made by the London Universities Purchasing Consortium (LUPC) or other consortium agreements to which higher education institutions have access providing these offer value for money (which can be tested as required by benchmarking). Details of current University or other framework agreements are provided on the Procurement intranet pages at:

<https://intranet.london.ac.uk/2399.html>

3 HOW PROCUREMENT IS TO BE CARRIED OUT

3.1 Introduction

- 3.1.1 This section of the Financial Procedures is intended to help staff maximise the value for money that the University and Senate House Services Limited obtain.

The rationale for this is that, more than ever before, universities must nowadays be able to show that they spend money wisely. HEFCE, the National Audit Office and many other external bodies take an interest in university procurement, particularly when public money is being spent. We as taxpayers should also expect our money to be used wisely and well, and when we have purchasing responsibilities we can do something to make sure that it is.

3.2 Procurement within the central University

- 3.2.1 Day-to-day procurement responsibility is delegated to Heads of Departments and they, in turn, may delegate to Senior Budget Managers. The central University is subject to the general supervision of the Director of Finance and Estates and may be scrutinised by internal or external auditors.

General queries on purchasing and on sources of supply may be directed to the Head of Procurement (contact details available on the Procurement intranet pages: <https://intranet.london.ac.uk/2399.html>).

- 3.2.2 Briefly,

- Heads of Departments are responsible for ensuring that procurement is carried out in a professional manner and that the correct procedures are followed...
- By those who are authorised to commit funds...
- Within the limits of their financial authority...
- Below the threshold (£100k) for involvement of the Head of Procurement in formal tendering procedures

- 3.2.3 The University's procurement strategy is to obtain the best value for money at the lowest administrative cost, and to be able to demonstrate the University's effectiveness in procurement.

- 3.2.4 These aims will be achieved by the use of a devolved procurement structure and by the use of local and national purchasing agreements negotiated by organisations such as LUPC (these can be found on GeM at www.gem.ac.uk) or the Government Procurement Service (Buying Solutions). Where purchasing agreements exist, they are to be used unless the Director of Finance and Estates has given written approval to the contrary via an approved waiver form available at <https://intranet.london.ac.uk/2408.html>. Approval will not be given unless a clear benefit, such as better value for money can be shown.



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Appendix C: Purchasing policy and procedures

- 3.2.5 It should be remembered that value for money does not mean lowest cost. Value for money is the optimum combination of whole life costs and quality to meet the user's requirements. Whole life costs include the administrative costs to the University associated with the procurement.
- 3.2.6 RBS One Cards should be used where appropriate and within individual limits, to minimise the processing costs of transactions. (see guidance at <https://intranet.london.ac.uk/4240.html>). Where RBS One Card is not used, a Purchase Order should always be raised when placing an order with a supplier, irrespective of whether another form of contract is in place. This requirement is waived for certain expenditure as set out in the link below:
<https://intranet.london.ac.uk/4236.html>
- 3.2.7 The University's standard payment terms are 30 days and this must not be varied without the prior consent of the Director of Finance and Estates.

4 The Financial Regulations

- 4.1 University employees are bound by the University's Financial Regulations. These regulations govern all the University's financial business, whatever the particular source of funds being spent. Therefore Heads of Departments are required both to ensure that the Financial Regulations are being implemented locally and to bring them to the attention of their staff.
- 4.2 The Financial Regulations apply everywhere other than at the University of London Union, for which separate regulations exist. Failure to abide by the Financial Regulations may lead to disciplinary action, which in serious cases may result in dismissal.

5 A Code of Ethics

- 5.1 The Financial Regulations are not by themselves a sufficient guide to proper conduct. Therefore in addition to these Regulations and the University's policy in response to the Bribery Act 2010 (<https://intranet.london.ac.uk/3966.html>), the following Code of Ethics should be observed.
- 5.2 Staff should always seek to uphold and enhance the standing of the University and Senate House Services Limited, and should never use their authority or office for personal gain.
- 5.3 Staff must respect the confidentiality of information received in the course of employment. Similarly, information given out should be true and not intended to mislead.
- 5.4 A close and co-operative relationship with a supplier is often mutually beneficial. Staff must, however, maintain impartiality and not compromise fair competition.
- 5.5. Staff are reminded of the duty to disclose personal interests:
- Employees becoming aware of any personal financial or other beneficial interest in a transaction or financial arrangement of the University shall immediately disclose the fact and nature of the interest to the Director of Finance and Estates.
 - Employees shall declare to the Director of Finance and Estates any interest in a business which may supply or trade with the University and any other matter which might reasonably be thought by others to influence their actions or decisions as employees.
 - A member of staff who is in doubt whether a declarable interest exists should consult the Director of Finance and Estates.



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Appendix C: Purchasing policy and procedures

- 5.6 Goods, vouchers, payments etc. received from suppliers or agents (other than goods officially ordered) must be declared to the Director of Finance and Estates. This rule is waived in respect of small items such as diaries provided that they do not exceed £20 in value (Financial Regulation 8.4.1).
- 5.7 Modest hospitality is acceptable provided that it cannot be deemed to have influenced a business decision. The frequency and scale of hospitality received should not be significantly greater than what the University would provide. Hospitality deemed to be beyond this must be declared to the Head of Department. When Heads of Department themselves receive such hospitality, they must declare it to the Director of Finance and Estates (Financial Regulation 8.4.1). If the Director of Finance and Estates receives such hospitality, he must declare it to the Chief Operating Officer and University Secretary.
- 5.8 It follows that the receipt of gifts and/or inappropriate hospitality during a procurement process **is absolutely forbidden**. Failure to abide by this could result in legal action against the University and against individual employees. Employees who are found to have accepted such gifts or hospitality will be dealt with under the disciplinary procedure, which in serious cases may result in dismissal. Those staff engaged in procurement activities should ensure they are familiar with the anti-bribery policy <https://intranet.london.ac.uk/3966.html> and declare any conflict of interest – this should be extended to any external consultants engaged in procurement activities on behalf of the University (including taking part in tender evaluation).
- 6 The Procurement Process**
- 6.1 Before proceeding to purchase externally, four things should be established:
- that the desired goods or services are not already available elsewhere in the central University;
 - that the desired goods or services are necessary for operational requirements;
 - that sufficient authorised funding exists; and
 - that the University does not already have a pre-tendered framework or contract in place that could provide the goods or services.
- 6.2 It is University policy always to support the agreements negotiated by LUPC and similar consortia or agreements to which higher education institutions have access, providing they offer value for money (which may be demonstrated through benchmarking). See 3.2.4 above.
- 6.3 When EU Procurement Directives apply (these do not apply in 2011-12 – the Financial Regulations will be updated if there is any change in this position), any contract of supply to a publicly funded organisation for goods or services with a value greater than £156,442 (net of VAT) must be advertised in the Official Journal of the European Union (OJEU) and tenders must be sought. The same applies to contracts for works with a value greater than £3,927,260 (net of VAT). These thresholds are valid until 31 December 2011.
- 6.4 Whenever a contract meets the criteria for advertising in the OJEU, the Head of Procurement is to be consulted at the outset. Heads of Department are not permitted to make their own OJEU arrangements. Note – 6.5 below means this should already be covered.
- 6.5 All proposed procurements in excess of £100k should be reported to the Head of Procurement at the earliest opportunity to ensure a value for money procurement process is established from the outset.
- 6.6 All orders for goods, services and works must be made on the official Purchase order forms of the University or of Senate House Services Limited, as the case may be.



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Appendix C: Purchasing policy and procedures

6.7 Tendering Thresholds

- 6.7.1 All contracts to be made outside an LUPC or similar agreement are to be made on the basis of competitive tender or quotations as set out in the table below.
- 6.7.2 Where quotations are obtained, in accordance with the limits set out below, these should be obtained on file for a period of no less than 12 months with a note giving the reasons for the selection of the preferred quotation.
- 6.7.3 The following limits apply in respect of quotations or tenders, except:
- those through existing frameworks where the competition requirements of the specific framework should be followed.
 - those requirements that are variations to existing contracts see 6.7.5 below.

Total (NOT annual) Contract Value (Contracts must not be split to avoid these limits) Ex VAT	Procurement Method	Additional Notes
£1,000-£5,000	Minimum 1 written quotation	Additional (i.e.: 2 or 3) written quotations should be sought, where it appears that the benefits of competition are commensurate with the administrative and other costs involved.
£5,001-£10,000	Minimum 2 written quotations	Additional (i.e.: 3) written quotations should be sought, where feasible within time and market constraints.
£10,001 -50,000	Minimum 3 written quotations	Where feasible within time and market constraints three written competitive tenders should be sought as opposed to quotations (please refer to the Procurement intranet pages for advice on the process for quotations versus competitive tenders and tender board procedures).
£50,001 - £100,000	3 Competitive Tenders	Please refer to Procurement intranet pages for tender procedure guidance. Requirement to be advertised if time and market constraints permit (please refer to the Head of Procurement for advice)
£100,000+	3 Competitive Tenders	Head of Procurement to be notified and involved in value for money procurement process. Advertising to be used unless waiver approved to the contrary. When EU Procurement Directives apply to UoL (not in 2011-12) EU Tendering Procedures may apply to contracts in excess of £150k, except for <i>Works contracts where the EU limit is raised to contracts with a value exceeding £3.9m.</i>



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Appendix C: Purchasing policy and procedures

- 6.7.4 The prior approval of the Director of Finance and Estates is required before entering into any contract which lasts, or has the potential to last, for more than two years. This rule does not apply when the contract contains a provision to terminate it within the two-year period.

6.7.5 Contract Variations (including extensions)

Contract variations are only permitted where they are catered for in the original contract. An existing contract should not be extended by more than 40% of its original value in total. The contract variation may increase or decrease the amount of services/goods provided, increase/decrease the contract length or widen or narrow the scope of services/goods (providing this has been allowed for in the contract drafting). In the event that variations cannot be priced from the tendered contract rates, benchmarking should be used wherever feasible to ensure variations offer value for money. Variations between £50k and £250k require the approval of the Director of Finance and Estates, those between £250k and £1m require approval by the Vice-Chancellor, and those in excess of £1m require the approval of the Board of Trustees. Variations may also be subject to the additional approval requirements in Appendix B.1 paragraph 3 (and Appendix B2 paragraph 8) in respect of increases in excess of 5% on Capital proposals.

6.8 Building Contracts and Appointment of Consultants

- 6.8.1 All building/construction related procurements must be authorised by the Director of Projects or Head of Facilities Management as appropriate, and utilise Constructionline as part of the pre-qualification process. Please refer to the Head of Procurement for further information or to arrange access to Constructionline <http://www.constructionline.co.uk/static/>
- 6.8.2 Additional written quotations above the minimum stated in the table in 6.7.3 may be required if the work is the subject of an insurance claim.
- 6.8.3 Details of the procedure for tendering may be obtained from the Head of Procurement. Permanent records will be kept of all tenders.
- 6.8.4 An individual supplier awarded more than £50,000 (net of VAT) work through non-competitive arrangements in any one University financial year will be subject to a value for money review by the Head of Procurement. An exception to this is in respect of approved contract variations to existing pre-tendered contracts where such variations are catered for in the original contract (please refer to paragraph 5.7.5 above).
- 6.8.5 All contractors and subcontractors for building works must comply with the HMRC Construction Industry Scheme (CIS). This rule also applies to consultants and similar professionals insofar as their work falls within the scope of CIS. ***The use of non-registered contractors or subcontractors for work that falls within CIS is strictly forbidden.***
- 6.8.6 Contracts for building works shall embody the terms of the current editions of one of the following as appropriate to the nature of the work being undertaken:



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Appendix C: Purchasing policy and procedures

- (i) the RIBA Small Building Works contract
- (ii) the General Conditions of Contract recommended by the Institutions of Electrical and Mechanical Engineers and the Association of Consulting Engineers
- (iii) the General Conditions of Contract recommended by the Institution of Civil Engineers
- (iv) the Joint Contracts Tribunal Standard, Intermediate or Minor Works Contracts
- (v) the appropriate contract from the New Engineering Contract Version 3 suite of contracts
- (vi) any other form of contract which has first been approved by the Director of Finance and Estates, the Head of Procurement and the Director of Projects.



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Appendix C: Treasury Management Policy

C.3 Treasury Management Policy

Introduction

1. The University of London (the University) adopts the key recommendations of Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice*.
2. This statement sets out the University's policy concerning raising finance and investment of surplus monies. The University defines its treasury management activities as:
'The management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

Risk Management

3. The Director of Finance and Estates will endeavour to identify and control risk with particular reference to the following areas.

Counterparty Limits

4. Security of the University's funds will be achieved by restricting placements to organisations that satisfy a minimum threefold rating which would be (using Fitch):

Long-term rating: minimum AA- (ie midway between low (A) and a very low (AA) expectation of credit risk indicating that the capacity for timely payment of financial commitments is considered strong)

Short-term rating: minimum F1+ (where F1 indicates the strongest capacity for timely payment of financial commitments (the + denotes any exceptionally strong credit features)

Support rating floor: minimum B which assesses how the bank would be viewed if it were entirely independent and could not rely on external support. B indicates a strong bank with no major concerns.

The placements will be restricted to banks, building societies or the sterling money market. Investments with a single organisation will not exceed £5 million with the proviso that the limit may be exceeded on a daily basis solely with our principal bankers, The Royal Bank of Scotland (RBS).

When placing funds on deposit the above policy should be followed but, in addition, regard should be had to any downgrade or negative outlook indicators issued by the credit agencies.

Where a discretionary mandate has been given to an external manager, they should adhere to a policy which is consistent to that set out above.

Liquidity Risk

5. The University will ensure it has adequate, though not excessive, cash resources, borrowing requirements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.
6. This will be achieved by the preparation of regular cash flow statements both daily and longer term over one and two years. Also, the Five-Year Forecast indicates cash balances. These will give an early warning and allow timely action to be taken.



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Appendix C: Treasury Management Policy

Interest Rate Risk

7. The University will manage its exposure to fluctuations in interest rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.
8. This will be achieved by considering different counterparties and by varying maturity dates.

Exchange Rate Risk

9. Limited funds are held in foreign currencies so exchange risks are minimal.

Legal and Regulatory Risk

10. Where necessary, independent advice will be followed prior to entering into agreements ensuring that this risk is minimised.

Fraud, Error and Corruption

11. The University's system of internal control ensures that relevant duties are segregated within the Finance and Estates Department. Also, the Audit and Risk Committee, together with various audits, acts to further protect against this risk.

Market Fluctuation

12. The overriding aim of the investment policy is security of the University's capital. Also, only financial institutions with excellent credit ratings are used.

Approved Methods of Raising Capital Finance

13. The Director of Finance and Estates has the authority to undertake the borrowing activities of the University, subject to approval by the Board of Trustees.
14. The Director of Finance and Estates will prepare for the Board of Trustees a report for each proposed capital borrowing. The report may include the following:
 - (i) Borrowing Requirements
 - (ii) Proposed Lender
 - (iii) Interest Rate Structure – fixed, variable, variable with options to fix, index linked, deferred interest
 - (iv) Interest Rate – base plus lender's margin
 - (v) Arrangement Fees
 - (vi) Security Arrangements
 - (vii) Purpose (with cash flows)
 - (viii) Comparisons with Alternatives
 - (ix) Arrangements for Draw-down
 - (x) Legality
 - (xi) Arrangements for compliance with the Financial Memorandum with the Higher Education Funding Council for England
 - (xii) Any other matters which might assist the Board of Trustees in considering the proposal



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Appendix C: Treasury Management Policy

Approved Sources of Finance

15. In raising capital, the Director of Finance and Estates is authorised to approach any bank or financial institution in the UK.

Investing and Depositing of Surplus Funds

16. The overriding principle guiding the investment of surplus cash balances is the preservation of capital. The Director of Finance and Estates is responsible for monitoring the creditworthiness of approved deposit takers, using appropriate external sources of information including credit agency reports and limiting exposure where appropriate.

Review and Reporting

17. The Director of Finance and Estates reports as and when required to the Board of Trustees. A report on internally managed cash is presented to the Investments Committee at each meeting and the Annual Report of the Investments Committee reports on internally managed cash.

Systems and Procedure

18. A detailed procedure has been prepared of the daily cash flow exercise, enabling any member of the Financial Services Unit to perform the exercise.
19. The University will periodically review the performance and competitiveness of the investment fund managers.
20. The target in terms of the investment placements is to match the monthly average of the seven-Day London Interbank Bid Rate (LIBID).



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Appendix C: Nolan Principles

C.4 Nolan Principles

1. The 'Nolan Principles' code of practice has been written with regard to the seven principles of public life identified by the Nolan Committee in their First Report on Standards in Public Life in May 1995 and subsequently endorsed by the Government. The University of London actively promotes and strives to adhere to the principles set out below.
2. The Seven Nolan Principles:

Selflessness

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

Integrity

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

Objectivity

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

Accountability

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

Openness

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

Honesty

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

Leadership

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



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Appendix C: Conflicts of Interest

C.5 Conflicts of Interest Policy

Preamble

1. The University of London considers that the establishment of links between members of the Board of Trustees, the Collegiate Council, Committees, the University's senior staff, and outside bodies is in the public interest and benefits the University in terms of achieving its objectives. It is however, possible that such links in some circumstances may give rise to conflicts of interest. In this context, the University requires Board and Council members, Committee members, and senior staff to avoid financial, ethical, legal, or other conflicts of interest. All such actual, perceived or apparent and potential conflicts must be disclosed.
2. Any activity or action is considered a conflict of interest when a Board or Council member, Committee member or senior member of staff has an interest, or incurs an obligation, in a business, organisation, transaction, individual, or professional activity which could unduly interfere with the proper discharge of their duties as a Board or Council member, Committee member or senior member of staff of the University. Conflict of interest exists when a Board or Council member, Committee member or senior member of staff personally benefits, or is perceived to benefit personally, from an activity, transaction or interaction with an individual or business. A member has a perceived or apparent conflict of interest if there is a reasonable perception, which a reasonably well informed person could properly have, that the Board or Council member's, Committee member's or senior staff member's integrity or ability to exercise an official power, or perform an official duty or function is likely to have been affected by his or her private interest. Perceptions of a conflict not only arise in relation to Board or Council members', Committee members' or senior staff members' interests or obligations in businesses, organisations, transactions and individuals doing business with the University. They may also arise where the member is a purchaser of services from the University.

Application

3. This policy applies to all Board or Council members, Committee members, senior members of staff and other staff as defined below. This policy should be read in conjunction with the "University's declaration of interest form" and "register of interests" and the anti-bribery policy at:
<https://intranet.london.ac.uk/3966.html>

Other staff covered by the policy

4. All direct reports to the Vice-Chancellor or Chief Operating Officer and University Secretary as set out in paragraph 1.1 to the Financial Regulations.

Scope of the policy

5. The members and staff covered by this policy have a duty to act in the best interests of the University, and in accordance with the University's Statutes and Ordinances and Regulations for the Board of Trustees, the Collegiate Council and their Committees.
6. An actual, perceived or potential conflict arises when an individual's business, personal or family interests and/or loyalties conflict with those of the University. Such problems can inhibit objective discussion and debate. They may also result in decisions being made that may not be in the interests of the University and give the impression that the University has acted improperly.



Financial Regulations

Appendix C: Conflicts of Interest

7. The aim of the policy and its associated documentation is to protect the University and the members/staff involved from any appearance of impropriety.

The Declaration of Interest

8. There is a general obligation on all members of the Board of Trustees and the Collegiate Council, members of their Committees and senior University staff to disclose at the earliest practicable opportunity any financial or other beneficial interests (including substantial gifts or hospitality – see below) that they or a family member or any organisation in which they hold office or employment, may have in any transaction under consideration between the University and a third party. The circumstances in which such a declaration is appropriate are:
- when the Board of Trustees and the Collegiate Council or any of their committees has business, which is materially relevant to those interests; or
 - when in the course of a meeting the member becomes aware that they have or may have a financial or other beneficial interest in the specific item of business to be discussed or decided upon.
9. These circumstances will vary from case to case, and between the Board of Trustees members, the Collegiate Council members, the Committee members and senior members of staff. The Board and Council members and Committee members by definition will not be directly involved in making management decisions but will have links with many of the organisations with which the University has dealings. The extent to which these dealings constitute actual, potential or perceived conflicts of interest in the context of a Board of Trustees member's, a Collegiate Council member's and/or a Committee member's participation in the Board of Trustees' business and Collegiate Council's business will also vary. The Board of Trustees' members, the Collegiate Council's members and Committee members should apply the test of 'reasonableness' outlined in paragraph two above in deciding whether a potential or perceived conflict exists. The proper manner of indicating an actual, potential or perceived conflict of interest is to inform the Chief Operating Officer and University Secretary (or his/her delegate in sub-committees) in advance of the meeting or to draw it to the attention of the Chairman of the meeting once the Member becomes aware of a conflict during the course of discussion. That Member should then withdraw and take no further part in the subsequent discussion. Members may not participate in decision-making processes that affect their own interests.
10. In the case of senior staff they should report the conflict as soon as is practicable to their line manager.
11. If a conflict arises or if a decision is taken under a conflict of interest it will be recorded by the Chief Operating Officer and University Secretary (or his/her delegate in the Board of Trustees' and/or Collegiate Council's sub-committees) and the following reported in the minutes of that meeting:
- the nature and extent of the conflict (including the nature of the member's relationship with the business, organisation, transaction, individual or professional body, where appropriate);
 - a summary of the associated discussion; and
 - a record of the actions taken to manage the conflict.

Acceptance of Gifts

12. Acceptance of gifts, entertainment, travel, and services for personal use from people or companies who do business with the University could impede the objectivity of the Board of Trustees member, the Collegiate Council member, Committee members and senior members of staff, and create a conflicting obligation to that person or company, contrary to their obligation to the University.



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Appendix C: Conflicts of Interest

13. The receipt of a gift in the course of performing official duties raises an issue of ethical conduct if the acceptance of the gift places the member in a real or apparent conflict of interest situation. In this context, the most significant feature of any gift is its extrinsic value. Any value above that which is nominal may be perceived to suggest an ulterior motive. The safest approach is to allow only the receipt of gifts valued at a nominal amount. Other gifts received must be declared.

The Register of Interests

14. In line with Ordinance 8, the Chief Operating Officer and University Secretary maintains a register of interests declared by members of the Board of Trustees, the Collegiate Council and their committees and by senior officers of the University. The register will consist of information provided by each member and be returned in a standard format issued by the Chief Operating Officer and University Secretary.
15. New members and senior officers on appointment will be asked by the Chief Operating Officer and University Secretary to complete the declaration of interests form; all members and senior officers will be sent by the Chief Operating Officer and University Secretary, at least annually, a copy of their entry. In order to be current, an annual return is required. The register of declared interests will be available for inspection by appointment during normal office hours.

Data Protection

16. All the information provided will be covered by the principles of the Data Protection Act, 1998. This data will only be used to ensure that the individuals covered by the policy act in the best interests of the University and will not be used for any other purpose.

Monitoring

17. The register will be randomly checked against the award of contracts to confirm the effectiveness of the register and policy. This policy will be reviewed in line with the periodic review of the Financial Regulations.



C.6 Commercial Ethics Policy

1. In the interests of probity, openness and public accountability, staff and members of the University must ensure that, in all dealings with commercial partners, members of the public, colleagues, etc, the interests of the University are paramount, and that personal or family gain, or the perception thereof, must be avoided.
2. The University will not do business with companies, organisations, individuals, etc, that knowingly seek to circumvent its procurement, tendering, recruitment policies, etc, or that offer or provide any inducements whatsoever to the University's staff and members. In the event of any breach of this condition, the University shall, without prejudice to any other rights it may possess, be at liberty forthwith to terminate the relationship with the organisation or individual concerned and to recover from it any loss or damage resulting from such termination. Similarly, should any employee, member or any other agent from the University be found to have knowingly breached these conditions, the University shall, without prejudice, to any other rights it may possess, be at liberty to terminate the contract or relationship with the individual/s concerned and to recover any losses which the University may have incurred as a result of such breach of these conditions.
3. All University standard tender and contract documentation should include the following anti-corruption clause:

'The Supplier shall not knowingly give, provide, or offer to the University's staff, members and agents any loan, fee, reward, gift or any emolument or advantage whatsoever. In the event of any breach of this condition, the University shall, without prejudice to any other rights it may possess, be at liberty forthwith to terminate the contract and to recover from the Supplier any loss or damage resulting from such termination.'



C.7 Money Laundering

1. The University shall comply at all times with the Proceeds of Crime Act (2002) and any other regulations on suspected money laundering. Should staff have cause to suspect that any transaction with the University may be a cover for such activity, they must inform the Director of Finance and Estates without delay. Money laundering is defined as **any** transaction which involves handling the proceeds of crime.

2. Possible signs of money laundering include:

A person or company makes a large cash payment to the University, but fails to provide proper evidence to confirm their identity and address.

A person(s) or company doing business with the University lacks proper paperwork. (Examples may include invoices that exclude VAT, fail to quote a VAT number or invoices issued by a limited company that lack the company's registered office and number. Such information can be verified on the Companies House website, www.companies-house.gov.uk).

A person(s) or company attempts to engage in "circular transactions", where a payment to the University is followed by an attempt to obtain a refund from the University's accounts. (This may occur where a student pays a significant sum in fees, and then withdraws and seeks a refund).

Unusual or unexpected large payments are made into the University's accounts.

3. Please note that the list above is not exclusive, and money laundering takes many forms.
4. The Director of Finance and Estates shall report all suspected incidents of money laundering to the competent authorities. Under the Proceeds of Crime Act, this requires a Suspicious Activity Report to be forwarded to the National Criminal Intelligence Service.



Financial Regulations Appendix C: Cash Handling

C.8 Cash Handling

University departments collect cash from many different sources and for many reasons. The following procedures can be used as a guide for the control, receipt and banking of miscellaneous cash – in this context; cash is also taken to include cheques, and credit/debit card remittances.

1. Each department should centralise the collection of cash; preferably, only two people within the department should be responsible for handling cash.
2. All cash collected / cash and petty cash floats should be held securely, either in a till, or in a locked cash box at all times. In the latter case, the cashbox should be kept out of sight at all times in a locked cabinet or drawer. When cash has to be stored in a safe, wherever the facility is available.
3. All cash income should be held intact. Under no circumstances should deductions be made, or personal or other cheques be cashed from any cash collected on behalf of the University.
4. Keys to the till, cashbox or safe, should be given to a designated person, who should keep the keys secure and ensure that they are not left unsecured in the office overnight. Sensible precautions should be taken to ensure that any room in which cash is regularly stored is locked when unoccupied.
5. Where cash is being counted by staff, this should be done out of sight.
6. All staff members responsible for collecting cash should issue a receipt and a copy, should be retained as a record supporting daily cash collected.
7. All departments should reconcile cash received to supporting records on a daily basis. Either on a weekly or a daily basis, (influenced by the sums involved), the department should prepare the cash to be deposited with the Finance Services Unit. Ideally, someone other than the person responsible for cash collection should complete the task. Failing that however, in order to ensure separation of duties, another member of staff should check that the cash collected agrees with supporting records, e.g. duplicate receipts / till control totals and to the pay in documentation submitted with the cash collected to the Finance Services Unit.
8. Members of staff involved in the cashing up process should countersign the reconciliation.
9. The original reconciliation document, e.g., a memo detailing the breakdown of the sales, should be copied and the copy should be retained as the departmental record.
10. The original reconciliation document plus the cash should be placed in a secure cash bag and taken to the Cash Office as soon as is practicable, but at least weekly.
11. The department should retain correspondence receipts from the cash office to the departmental copy document to ensure that the cash banked agrees to the amount collected. These records should be filed sequentially and retained.



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12. A member of staff not involved in the cash collection process should be made responsible for ensuring the all cash banked appears in a timely manner and accurately on the monthly management accounts. In many departments the most appropriate person to perform this task will be the budgetary control officer within the department.
13. The overriding principle is that, in order to achieve an adequate separation of duties, and to reduce risk, it is necessary to ensure that no one individual is responsible for all activities.



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Financial Regulations Appendix C: Business Case Template

C.9 Business Case Template

A Business Case template can be found on the intranet at: <https://intranet.london.ac.uk/4239.html>