



## UNIVERSITY LEADERSHIP TEAM

# FINANCIAL REGULATIONS

## FOREWORD

To conduct its business effectively, the University needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. Part of this process is the maintenance of financial regulations, which set out the framework within which the financial affairs of the University are to be conducted.

These regulations have been comprehensively reviewed and have been informed by “A Model Set of Financial Regulations for Further and Higher Education Institutions (2003)” published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

These regulations are complemented by a series of [Forms, Guidance & Policies](#) which provide information on how, in practice, the regulations are to be implemented.

Failure to comply with these regulations and the subsidiary guidance may result in disciplinary action.

**March 2014**

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## **A GENERAL PROVISIONS**

### **1 Background**

Edinburgh Napier University was created under the provisions of the Education Reform Act 1988, as amended by the Further and Higher Education (Scotland) Act 1992. Its structure of governance is laid down in the instrument (which can only be amended by primary legislation) and articles of government (which can only be amended by the Privy Council).

The University is accountable through its Court, which has ultimate responsibility for the effectiveness of its management and administration.

The University is an exempt charity by virtue of the Charities Act 2006, as determined by the Office of the Scottish Charity Regulator (OSCR). The University's Scottish Charity Number is SC018373.

The Financial Memorandum between the Scottish Funding Council (SFC) and the University sets out the terms and conditions by which SFC grant is made. The Court is responsible for ensuring that conditions of grant are met. As part of this process, the University must have sound systems of financial and management control. The financial regulations of the University form part of this overall system for accountability.

### **2 Status of Financial Regulations**

This document applies to the University and all its undertakings treated as subsidiary in the university accounts.

These Financial Regulations are subordinate to the University's instruments and articles of government and to any restrictions contained within the University's Financial Memorandum with the SFC, and the latter's code of audit practice.

The purpose of these financial regulations is to provide a framework for control over the University's resources and its diverse activities in pursuit of its strategic goals and plans.

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](#). Any serious breach will be notified to the Court, through the Audit and Risk Committee. It is the responsibility of Deans of Schools and Directors of Professional Services to ensure that their staff are made aware of the existence and content of the University's Financial Regulations.

Through the Director of Finance, the Court will be advised, from time to time, of any additions or necessary amendments.

The Audit and Risk Committee ensures that regulations form part of the systems of internal control and that there is compliance with the regulations.

The University's [Forms, Guidance & Policies](#) set out precisely how these regulations are implemented. The [Forms, Guidance & Policies](#) can be amended from time to time as authorised by the Director of Finance.

References in these Financial Regulations to Deans of School also include the Dean of Learning and Teaching and the Dean of Research and Innovation where appropriate.

## **B CORPORATE GOVERNANCE**

### **3 The Court**

The Court is responsible for determining the mission and overall strategic direction of the University. It establishes the budgetary framework, appoints the Principal & Vice Chancellor and exercises general oversight of the University's performance and development.

Its financial responsibilities include the following –

- Ensure the solvency of the University
- Safeguard the University's assets
- Ensure the effective and efficient use of resources
- Ensure that the funds provided by the SFC are used in accordance with the terms and conditions specified in the University's Financial Memorandum which incorporates the Funding Council's Code of Audit Practice.
- Ensure that financial control systems, including risk assessment and management, are in place and are working effectively
- To approve the University's Strategic Plan
- To approve annual estimates of income and expenditure and the annual financial statements
- To appoint the University's internal and external auditors.

In practice the Court delegates specific powers to Committees of the Court and the Principal in order to fulfil its responsibilities - see Schedule of Delegated Financial Authority in the Annex to these regulations. The Court has reserved to itself certain decisions defined in the Schedule.

### **4 Principal and Vice-Chancellor**

The Principal, in addition to the role of chief executive of the University, is also designated as the Accounting Officer of the University and is ultimately responsible for the financial administration of the University's affairs.

The Principal must ensure that at least annually, estimates of income and expenditure are prepared for consideration by the Court, and that the management of budgets and resources is done within the estimates approved by the Court.

The Principal as chief executive of the University is directly accountable to the governing body for the proper conduct of the institution's affairs, and is also directly accountable to the chief executive officer of the SFC for the institution's proper use of funds deriving from Scottish Ministers and its compliance with the Financial Memorandum from SFC.

The Court has delegated specific financial authority to the Principal as defined in the Schedule of Delegated Financial Authority – see [Annex](#).

## **5 Committee Structure**

The Court has ultimate responsibility for the University's finances, but delegates specific powers and processes to the committees detailed below. These committees are accountable to the Court.

The Finance and Property Committee is responsible, on behalf of the Court, for the financial governance of the University. The Committee examines the annual budgets and financial statements, and recommends their approval to Court. It ensures that short term budgets are in line with agreed longer term plans, and are being followed. It considers and makes recommendations on any other matters relevant to the financial duties of Court. The Committee also ensures that Court has adequate information to enable it to discharge its financial responsibilities.

The Audit and Risk Committee is responsible for providing independent advice and recommendations to Court on the adequacy of internal controls, devising adequate audit plans and measuring the performance of internal and external audit. The committee will recommend for approval the Annual Report and Accounts of the University.

The Remuneration Committee is responsible for reviewing and determining the salary and conditions of the Principal and other members of senior management as agreed by the Court from time to time.

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

### **6.1 The Director of Finance**

The Director of Finance is responsible for controlling the day-to-day finances of the University and is responsible to the Principal for -

- Preparing financial plans and the University's annual accounts
- Preparing regular reports and accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- Preparing returns and other financial statements and accounts which the University is required to submit to other authorities
- Ensuring that the University maintains satisfactory financial systems
- Providing professional advice on all matters relating to financial policies and procedures including procurement.

The Director of Finance has delegated authority as described in the [Schedule of Delegated Financial Authority](#).

### **6.2 University Leadership Team (ULT)**

The University Leadership Team, who lead the main academic and support groupings of the University, are responsible to the Principal for the financial management of the areas or activities they control. The Director of Finance has responsibility for advising Senior Managers of their financial duties, as well as supervising and approving the financial systems operating within each School and

Professional Service area, including the form in which accounts and financial records are kept.

In practice, the Principal may delegate elements of financial responsibility to Deans of Schools and Directors of Professional Services but members of ULT remain accountable to the Principal for the management and control of the financial affairs under their span of control.

Budget holders will provide, directly or indirectly through their staff, such information to the Director of Finance as may be required to enable –

- Compilation of the University's annual report and accounts
- Detailed financial planning
- Audit and financial review, projects approval and value for money studies.

### **6.3 All members of staff**

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

Each member of staff should ensure that they are aware of the University's financial authority limits and the value of purchases for which quotes and tenders are required. Further information is available from the [Procurement Team](#).

All members of staff will immediately notify the Director of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning cash or property of the University. The Director of Finance will take such steps as considered necessary by way of investigation and report in accordance with the relevant policies. (see [Fraud Policy](#) and [Public Interest Disclosure Policy](#)).

Whistle-blowing in the context of the Public Interest Disclosure Act 1998 is the disclosure by an employee (or other party) about malpractice in the workplace. The University has addressed this issue in detail in the [Public Interest Disclosure Policy](#).

## **7 Code of conduct and register of interests**

### **7.1 Code of conduct**

The University is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the [principles](#) established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels and any associates acting on behalf of the University are expected to observe and adhere to. All our activities must be conducted within the legal framework of Scottish and

UK law including the [Bribery Act 2010](#) and as detailed in the [Forms, Guidance & Policies](#)

## **7.2 Register of interests**

Members of the Court are required to promptly disclose interests in the [University's Court Members register of interests](#) maintained by the University Secretary.

If any member of staff is aware that they have any pecuniary, family or personal interest in a matter related to the University, then they should advise their immediate line manager, in writing, of such interest. If any such contract or proposed contract is discussed at any meeting at which the member is present, they may be asked to withdraw from the meeting while the contract is being discussed.

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

## **C FINANCIAL MANAGEMENT**

### **8 Financial planning**

The Director of Finance is responsible for preparing annually a financial plan, designed to achieve the financial strategy, for consideration by the Finance and Property Committee.

The time period covered by the plan should be sufficient to deal with the financial consequences of decisions already made and those about to be made, particularly in relation to capital investment and consequent returns.

The Finance and Property Committee will consider the plan and make recommendations to the Court.

Financial plans should be consistent with the corporate strategy, other strategic plans, the estates strategy and any other longer term planning documents approved by the Court.

The Director of Finance is also responsible for the preparation of the Strategic Plan Forecasts and seeking their approval by Court for submission to the SFC. The annual detailed budget will in total be equal to the first year of the above financial forecasts, will be prepared by the Director of Finance in liaison with the Vice Principal, Assistant Principals, Deans of Schools and Directors of Professional Services. The Principal will agree annually, prior to collation of the detailed budget, a resource allocation model which will be used to assist in deciding on budget allocations.

### **9 Other major developments**

The Director of Finance must ensure that a proper framework exists for testing the feasibility of any major developments and that a rigorous regime is in place which ensures such developments are authorised in accordance with the delegated authorities issued by Court.

The Schedule of Delegation details the levels at which specified officers of the University are authorised by Court to sign contractual or quasi-contractual relationships or agreements.

## **D FINANCIAL CONTROL**

### **10 Budgetary control**

Budget management and accountability will operate through a financial and management control framework approved by the Principal and subject to a value for money strategy approved by the Audit and Risk Committee.

#### **10.1 Budget management**

The basic structure of budget management levels and accountability –

**Level 1** The Principal to whom all direct reports are accountable

**Level 2** Vice Principal, Director of Finance, Assistant Principals and University Secretary

Accountable to the Principal for delivering the corporate objectives within the available resources, allocating resources within their areas of responsibility, ensuring financial targets are achieved or exceeded and that resources are utilised effectively in the development and effective operation of the University.

**Level 3** Deans of Schools, Director of Schools Support Services and Directors of Professional Services

Accountable to the relevant Level 1 or Level 2 manager for delivering the corporate objectives within the available resources, ensuring financial targets are achieved or exceeded and ensuring that resources are utilised effectively in the development and effective operation of the University.

Deans of Schools are additionally accountable for the development of Research and Knowledge Transfer activity including the generation and effective utilisation of research and commercial funds.

Delegation below this level is subject to the express agreement of the Director of Finance.

### **11 Financial information**

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

Significant departures from agreed budgets must be reported immediately to the Director of Finance by the Deans of Schools, Director of Schools Support Services, or Directors of Professional Services concerned and, if necessary, corrective action taken. The Director of Finance is responsible for supplying regular information on all aspects of the University's finances to the Finance and Property

Committee.

## **12 Accounting Arrangements**

### **12.1 Financial year**

The University's financial year is from 1 August until 31 July the following year.

### **12.2 Basis of accounting**

The consolidated financial statements are prepared on the historical cost basis of accounting and consolidate the financial statements of the University and all of its subsidiary undertakings, except where the subsidiary activities are not material.

### **12.3 Format of the financial statements**

The financial statements are prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007, applicable law and relevant UK accounting standards and include any specific requirements of the SFC as defined in the annual accounts direction.

### **12.4 Accounting records**

The Director of Finance is responsible for the retention of financial documents excluding payroll related financial documents, which are the responsibility of the Director of Human Resources & Development.

These should be kept in a form and for a duration that is acceptable to the relevant authorities.

The Director of Finance and the Director of Human Resources & Development will make appropriate arrangements for the retention of records in electronic format.

Members of staff responsible for externally funded projects should ensure that retention arrangements comply with any specific requirements of funding bodies.

### **12.5 Public access**

The [financial statements](#) of the University are made available via the corporate web site of the University.

### **12.6 Taxation**

The Director of Finance and the Director of Human Resources & Development are responsible for advising Deans of Schools and Directors of Professional Services, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on taxation issues, to the University.

The Director of Finance and the Director of Human Resources & Development will issue instructions to Heads of Schools and Directors of Professional Services on compliance with relevant statutory requirements including those concerning VAT, PAYE, National Insurance, Corporation Tax and Import Duty.

The Director of Finance and the Director of Human Resources & Development are

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

To ensure compliance with the charitable aims of the University and to ensure minimum Corporation Tax liabilities all commercial related activities must be accounted for through Napier University Ventures Ltd. The profits of this company are transferred tax free, under Gift Aid legislation to the University.

## **13 Audit**

### **13.1 General**

External and internal auditors will have authority, for the purposes of their audit, to –

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

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

The Finance and Property Committee should review the results for the year as presented in the annual financial statements prior to submission to the Court and make appropriate recommendations.

The Finance and Property Committee will also decide and recommend accounting policies.

The Audit and Risk Committee should review the external auditors' management letter and the management response, discuss with the external auditors any matters arising from the audit, and report to Court as appropriate.

The Audit and Risk Committee should carry out a formal review of the external audit arrangements, including the quality and the extent to which they provide value for money, at least every three years.

The Audit and Risk Committee should conduct a market testing exercise of the external audit service every five years, at least.

The Committee should review the value for money of the internal audit function annually and periodically formally subject the service to market testing and performance assessment.

### **13.2 External audit**

The Court appoints external auditors on the recommendation of the Audit and Risk Committee, after a tendering process. The appointment will normally be for a period of three years, but with the possibility of an extension of up to a further two years, subject to satisfactory performance.

The primary role of external audit is to report on the University's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds.

Their duties will be in accordance with advice set out in the SFC annual accounts direction and the Auditing Practices Board's statements of auditing standards.

External audit remains independent in its planning and operation, and has direct access to the Court, Principal and Convenor of the Audit and Risk Committee.

### **13.3 Internal audit**

The Court appoints internal auditors on the recommendation of the Audit and Risk Committee, after a tendering process. The appointment will normally be for a period of three years, but with the possibility of an extension of up to a further two years, subject to satisfactory performance.

The University's Financial Memorandum with the SFC requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with the requirements of the SFC.

The main responsibility of internal audit is to provide the Court, the Principal and the senior management with assurances on the adequacy of the internal control system.

Internal audit remains independent in its planning and operation, and has direct access to the Court, Principal and Convenor of the Audit and Risk Committee.

The internal auditor will comply with the Auditing Practices Board's auditing guideline Guidance for Internal Auditors.

### **13.4 Fraud and corruption**

It is the duty of all members of staff, management and the Court to bring to the attention of the Director of Finance or University Secretary immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety in accordance with the University's [Fraud Policy](#) and the [Bribery Act 2010 Policy Statement](#).

### **13.5 Best value**

It is a requirement of the Financial Memorandum that the Court strives to achieve best value from its use of public funds from all sources. It should keep under review its arrangements for managing all the resources under its control, taking into

account guidance on good practice issued from time to time by the SFC, the National Audit Office, Audit Scotland, the Public Accounts Committee and other relevant bodies.

## **14 Treasury Management**

### **14.1 Treasury management**

The University Court delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Finance and Property Committee, and for the execution and administration of treasury management decisions to the Director of Finance, who will act in accordance with the University's policy statement.

Any borrowing activities are subject to SFC rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the Financial Memorandum.

All executive decisions concerning borrowing, investment or financing (within the [Treasury Management Policy](#) parameters) will be delegated to the Director of Finance and reported to the Principal and Finance and Property Committee.

All borrowing will be undertaken in the name of the University and will conform to the SFC's requirements.

The University has adopted the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 4 of that Code. Accordingly, the University will create and maintain a [Treasury Management Policy](#) statement, stating the policies and objectives of its treasury management activities.

The content of the policy statement will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the University. Such amendments will not result in the University materially deviating from the Code's key recommendations.

### **14.2 Money laundering**

The Director of Finance is responsible for making appropriate staff aware of the provisions of the Money Laundering Regulations (1993) and associated legislation such as the Terrorism Act 2000 and the Proceeds of Crime Act 2002, and ensuring (as far as is possible) that adequate procedures are in place to ensure effective compliance with them. These provisions are included in the University's [Anti-Money Laundering Policy](#).

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

The Finance and Property Committee is responsible for the appointment of the University's bankers and other professional financial advisers (such as investment managers), following a competitive tendering process. The appointments will be

for specified periods after which consideration will be given by the Finance and Property Committee to competitively tender the service.

#### **14.4 Banking arrangements**

The Director of Finance is responsible, on behalf of the Finance and Property Committee, for liaising with the University's bankers in relation to the University's bank accounts and their use.

Only the Director of Finance, with the authority of the Finance and Property Committee, may open or close a bank account for dealing with the University's funds.

All bank accounts will be in the name of the University or one of its subsidiary companies and must be operated within the direction and control of the Director of Finance.

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

### **15 Income**

#### **15.1 General**

The Director of Finance is responsible for ensuring that appropriate procedures are in operation to enable the University to receive and bank all income to which it is entitled promptly and securely.

All receipt forms, invoices, or other official documents in use and electronic collection systems must have the prior approval of the Director of Finance. The Director of Finance is responsible for ensuring that all grants notified by the SFC and other bodies are received and appropriately recorded in the University's accounts.

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

#### **15.2 Maximisation of income**

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

#### **15.3 Receipt of money**

All monies received within any part of the University from whatever source must be recorded, using procedures approved by the Director of Finance, on a daily basis together with the form in which they were received, for example cash,

cheques and other negotiable instruments.

Where monies are received by debit or credit card, the University is bound by the Payment Card Industry Data Security Standard, which is designed to ensure that Cardholder information is stored, processed and transmitted securely.

All monies received must be accounted for and banked promptly in accordance with a timetable prescribed by the Director of Finance and set out in the [Receipt of Monies Guidance](#). The custody and transit of all monies received must comply with the requirements of the University's insurers.

#### **15.4 Collection of debts**

Debtor invoices must be raised promptly on official invoices, in respect of all income due to the University, and in accordance with the [Debt Management and Credit Control Guidance](#).

The Director of Finance should ensure that –

- Invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account
- Any credits granted are valid, properly authorised and completely recorded
- VAT is correctly charged where appropriate, and accounted for
- Monies received are posted to the correct debtor account
- Swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the [Debt Management and Credit Control Guidance](#).
- Outstanding debts are monitored and reports prepared for management.

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

Requests to write off any debts must be referred to the Treasury and Transactions Manager, who, if satisfied will submit these in writing to the Director of Finance for approval.

#### **15.5 Student fees**

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

Any student who has not paid an account for fees or any other item owing to the University will be subject to sanctions which could culminate in not receiving the certificate for any degree, diploma or other qualification awarded by the University or expulsion until all outstanding debts have been cleared.

### **16 Research Grants and Contracts**

#### **16.1 General**

Where approaches are to be made to outside bodies for support for research

projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the Dean of School or Director of Professional Service to ensure that appropriate procedures are followed as described in the [Research Support](#) guidance.

A Research Project Approval (RPA) Questionnaire must be completed, and as part of any application, the full economic (FEC) cost of research must be established.

The Director of Finance is responsible for the maintenance of all financial records relating to research grants and contracts.

## **16.2 Recovery of overheads**

Indirect costs will be charged to projects and must be included in any costing when research bids are prepared. Further information is contained in the [Research Support](#) guidance.

## **16.3 Grant and contract conditions**

It is the responsibility of the named supervisor or grant holder to ensure that conditions of grant funding are met.

Any loss to the University resulting from a failure to meet conditions of funding is the responsibility of the budget holder, and may be charged against School funds.

All claims for funds relating to research projects will be completed and signed by the Director of Finance or delegate.

## **17 Other Income-Generating Activity**

### **17.1 European Union (EU) and other matched funding**

Any such project must be subject to the project proposal and approval process.

Such approval will be dependent upon the relevant Dean of School being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the University's costing and pricing arrangements.

If the University sub-contracts such work to external providers, the relevant Dean of School or equivalent will ensure that –

- This is on the basis of a written contract, which allows for full audit access to detailed records
- Appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality
- Payments are only made against detailed invoices.

Advice on financial administration must be obtained from the Assistant Director of Finance – Planning and Analysis.

## **17.2 Profitability and recovery of overheads**

All other income-generating activities must be approved by the Dean of School or Director of Professional Service.

Annual net returns from all income generating activity must meet budgetary targets.

Other income-generating activities organised by members of staff must be costed and agreed with the Dean of School or Director of Professional Service.

Activities with a material annual turnover require the approval of the Director of Finance before any commitments are made.

Provision must be made for including in the price both direct and indirect costs in accordance with the University's costing arrangements.

## **17.3 Additional payments to staff**

All proposed additional payments to staff for work done must be approved in advance by the relevant budget holder in a format determined by the Director of Human Resources & Development and certified on completion prior to payment through the payroll system.

All payments to staff for work done, whether within or additional to their main contract will be paid through the payroll system.

All individual appointments claiming to be self-employed or consultants will be subject to a status check by the Finance department to determine whether they should properly be paid through the payroll system for tax and NI purposes.

## **18 Intellectual Property Rights and Patents**

### **18.1 General**

The intellectual capital assets of the University are a valuable resource. Within the spectrum of activity across the University, certain activities can lead to ideas, designs, inventions, discoveries and copyright material.

Where appropriate and for whatever reason, the University may choose to seek appropriate protection for such ideas, designs, inventions, discoveries and copyright materials. Further guidance is available from the University's IP Policy available from the [Research Policies and Guidance site](#).

## **19 Expenditure**

### **19.1 General**

The Director of Finance is responsible for making payments to suppliers of goods

and services to the University.

## **19.2 Financial authorities**

The Court delegates specific expenditure authorities to the Principal, as detailed in the Schedule of Delegated Financial Authority – see Annex.

In exercising this delegated authority, budget holders are required to observe the requirements contained in the [Forms, Guidance & Policies](#).

The Director of Finance will maintain a register of authorised signatories and Deans of Schools and Directors of Professional Services must complete an authorised signatory list at least annually with specimen signatures of those authorised to sign appropriate documents as specified in the [Forms, Guidance & Policies](#).

Deans of Schools and Directors of Professional Services and other budget holders must ensure they manage their expenditure and control their activities within budgetary limits at all times.

Deans of Schools, Directors of Professional Services and other budget holders are not authorised to commit the University to expenditure without ensuring that there are sufficient funds to meet the purchase cost.

## **19.3 Procurement**

The University requires all budget holders, irrespective of the source of funds, to ensure that funds under his/her control are properly spent in accordance with these regulations and in accordance with Scottish, UK and EU procurement law.

The achievement of 'value for money' must be the paramount objective of all budget holders and all spending must be kept within budget limits and opportunities for misappropriation of funds eliminated.

Schools and Services should make use of contracts and framework arrangements established by the Procurement Office or by the Advanced Procurement for Universities and Colleges (APUC). Where no contract or framework exists, the Procurement Office must be contacted immediately.

### **19.3.1 Purchase orders**

The requisitioning and ordering of goods and services will be in accordance with the [Procurement Journey](#).

Official University purchase orders must be placed for the purchase of all goods or services, except those made using purchasing cards, corporate cards or travel related transactions paid via a Funds Requisition.

Special order arrangements are in place for ordering specific types of goods/services within Property and Facilities Services, Information Services and Catering Services.

It is the responsibility of the Director of Finance to ensure that all purchase orders include the University's standard conditions of purchase.

### **19.3.2 Purchasing cards**

The operation and control of the University's purchasing cards is the responsibility of the Director of Finance, which in practice is delegated to the Head of Procurement.

Holders of purchasing cards must use them only for the purposes for which they have been issued and within the authorised purchase limits.

Cards must not be loaned to another person, nor may they be used for personal or private purchases. Further guidance is in the [Purchase Card - Quick Guide](#).

### **19.3.3 Tenders and quotations**

All staff must comply with the University's tendering procedures contained in the [Procurement Journey](#).

The Director of Finance, as advised by the Head of Procurement, sets the level of purchasing thresholds at appropriate levels consistent with good sector practice.

## **19.4 Payments**

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

### **19.4.1 Staff reimbursement**

The University's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured either by purchase order or by a purchase card thus minimising the need for staff to incur expenses.

However, on occasion, staff may incur modest out of pocket expenses, related to travel.

Travel and related claims must be authorised by the Dean of School or Director of Professional Service (or delegate), and must be incurred on the basis set out in the University's Travel and Expenses Policy **(a link will be activated here when the University Travel and Expenses Policy update is approved)**

In exceptional circumstances staff can reclaim for other non-travel related expenditure, using the [\(FIN5\) GBP Funds Requisition](#).

All claims for payment of out of pocket expenses such as subsistence, travelling and incidental expenses will be completed in a form approved by the Director of Finance. The Chairman of the Court will approve arrangements for travel by the Principal and Members of the Court.

#### **19.4.2 University corporate credit cards**

Where appropriate, the Director of Finance may approve the issuing of University corporate credit cards to staff.

Such credit cards will be used for the payment of valid out of pocket business expenses only, and the misuse of such cards will be grounds for disciplinary action.

Instructions on the use of corporate credit cards are contained in the [Corporate Card Guide](#).

#### **19.4.3 Petty cash**

The Director of Finance will make available a petty cash imprest account where appropriate.

The granting of such a facility is mostly reserved for areas such as catering where there is a need to run cash till floats.

### **20 Gifts and Hospitality**

#### **20.1 Providing hospitality**

Staff entertaining guests from outside bodies on campus should use the University's catering facilities or services.

#### **20.2 Receiving gifts or hospitality**

Members of staff or associates or consultants, acting on behalf of the University or any of its subsidiaries are normally expected to refuse:

- Gifts other than items of small and token value and of limited frequency (no more than once or twice a year).
- Any offer of hospitality other than that which the University might reasonably reciprocate - for example a moderately priced business lunch.

### **21 Staff Pay Expenditure**

#### **21.1 Remuneration**

All University staff will be appointed to the salary scales approved by the Court and in accordance with appropriate conditions of service.

The Remuneration Committee will determine salaries and other benefits for the Principal & Vice Chancellor and other senior staff as agreed by the Court.

#### **21.2 Payment of remuneration**

The Director of Human Resources & Development is responsible for processing payments of salaries and any additional payments to staff.

All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Director of Human Resources & Development.

The Director of Human Resources & Development is responsible for maintaining appropriate records relating to payroll including those of a statutory nature.

All payments made through the payroll must be made in accordance with the University's [Payroll Financial Procedures](#) and comply with HM Revenue and Customs regulations.

### **21.3 Pension schemes**

In line with current UK legislation, the University will auto-enrol all new staff members into an appropriate pension scheme. The Director of Human Resources & Development is responsible for day-to-day pension matters, including –

- Paying contributions to authorised pension schemes
- Preparing the annual returns to pension schemes
- Liaison with the University's pension funds.

### **21.4 Severance payments**

Severance payments payable to senior staff may require the approval of the Remuneration Committee in accordance with guidelines issued and updated from time to time by the SFC.

Other severance payments require to be approved by the Principal, advised by a panel of the ULT members established to review individual cases.

## **22 Assets**

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

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken in accordance with the Schedule of Delegated Authority.

### **22.2 Fixed asset register**

The Director of Finance is responsible for maintaining the University's register of land, buildings, fixed plant and machinery (costing over the capitalisation level per individual item or group of related items specified in the Accounting Policies).

Deans of Schools and Directors of Professional Services will provide the Director of Finance with any information he or she may need to maintain this register.

### **22.3 Inventories**

Deans of Schools and Directors of Professional Services are responsible for maintaining inventories, in a form prescribed by the Director of Finance, for all plant, equipment, furniture and stores in their areas with a value in excess of £1,000 including fixed plant and machinery (costing over the capitalisation level per individual item or group of related items specified in the [Accounting Policies](#)).

The inventory must also include items donated or held on trust. Inventories must

be checked regularly as described in [Guidance on Inventories](#). When transferring equipment, etc. between Schools or Professional Services, a transfer record must be kept and the inventories amended accordingly.

#### **22.4 Stocks and stores**

Deans of Schools and Directors of Professional Services are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their areas.

The systems used for stores accounting must have the approval of the Director of Finance.

Deans of Schools and Directors of Professional Services (or delegate) are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

#### **22.5 Safeguarding assets**

Deans of Schools and Directors of Professional Services are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc., under their control.

They will consult the Director of Finance and the Director of Property and Facilities Services in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

#### **22.6 Personal use of assets**

Assets owned or leased by the University should not normally be used for personal purposes, except as permitted by relevant policies or agreements. Further information on the use of equipment or machinery taken out of the University is contained [here](#).

#### **22.7 Asset disposal**

Disposal of equipment and furniture must be in accordance with the guidance for [Redundant Equipment](#). Disposal of land and buildings must only take place as detailed in the Schedule of Delegation as approved by the Court.

#### **22.8 All other assets**

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

### **23 Funds held in Trust**

#### **23.1 Gifts, benefactions and donations**

The Director of Finance is responsible for maintaining financial records in respect

of gifts, benefactions and donations made to the University and initiating claims for recovery of tax where appropriate.

### **23.2 Student welfare and access funds**

The Director of Finance will prescribe the format for recording the use of student welfare funds. Records of Discretionary and Childcare funds will be maintained according to the funder's requirements.

### **23.3 Trust funds**

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

Where there are no formally appointed trustees the Finance and Property Committee is responsible for ensuring that all the University's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

### **23.4 Voluntary funds**

No funds must be held in the name of the University other than official funds authorised by the Director of Finance.

## **24 Other**

### **24.1 Insurance**

The Director of Finance is responsible for the University's insurance arrangements and for a register of all insurances held by the University and the property and risks covered.

Deans of Schools and Directors of Professional Services must ensure that any agreements negotiated within their areas with external bodies cover any legal liabilities to which the University may be exposed. The Director of Finance's advice should be sought to ensure that this is the case.

Deans of Schools and Directors of Professional Services must give prompt notification to the Director of Finance of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks.

Deans of Schools and Directors of Professional Services must advise the Director of Finance immediately of any event which may give rise to an insurance claim.

The Director of Finance is responsible for notification to the University's insurers and, if appropriate, will prepare a claim in conjunction with the Dean of School or Director of Professional Service for transmission to the insurers.

The Director of Property and Facilities Services is responsible for keeping suitable records of plant, which is subject to inspection by an insurance company, and for

ensuring that inspection is carried out in the periods prescribed.

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

## **24.2 Companies and joint ventures**

In certain circumstances it may be advantageous to the University to establish a company, Trust or a joint venture to undertake services on behalf of the University.

Any member of staff considering the use of this type of undertaking should first seek the advice of the Director of Finance, who should have due regard to guidance issued by the SFC.

The University Court has devolved responsibility to the Finance and Property Committee for approving the establishment of all companies, Trusts or joint ventures. This will have regard to any guidance provided by SFC.

It is the responsibility of the University Court, through the Finance and Property Committee, to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the University. The directors of companies where the University is the majority shareholder or where the university exercises a dominant interest must submit, via the Finance and Property Committee, an annual report to the University Court.

They will also submit business plans or budgets as requested to enable the committee to assess the risk to the University.

## **24.3 Security**

Keys to safes or other similar containers are to be kept securely at all times by appropriate personnel. A register of keyholders must be maintained by the Finance Department.

## **24.4 Provision of indemnities**

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

## **24.5 Students' Association (NSA)**

The Students' Association is a separate legal entity from the University and is recognised as fulfilling a valuable role in relation to the University's students.

The Students' Association is responsible for maintaining its own bank account and financial records and preparing its own annual financial statements.

## **E RELATED POLICIES and STRATEGIES**

The following policies and other documents have a direct relationship to these Financial Regulations -

- [Accounting Policies](#)
- [Forms, Guidance & Policies](#)
- [Ethical Financial Investment Policy](#)
- [Financial & Management Control Framework](#)
- [Fraud Policy](#)
- [Anti-Money Laundering Policy](#)
- [Travel and Expenses Policy](#)
- [Public Interest Disclosure Policy \(whistle-blowing\)](#)
- [Risk Management Policy](#)
- [Treasury Management Policy](#)
- [Code of Ethics - Purchasing](#)

These Regulations were approved by the University Court on 22 October 2012.

**ANNEX**

## Schedule of Delegated Financial Authority

### **1 Preamble**

- 1.1** The University Court is the body responsible for ensuring the proper conduct of the University's affairs. By virtue of the Principal's authority and responsibilities as the Chief Accounting Officer of the University, the Court recognises the need to empower the Principal to discharge her or his duty to ensure the orderly conduct of the business of the University in a timely and efficient manner. Subject to certain conditions and reservations set out below, the Court delegates full authority to the Principal to act on its behalf in all matters affecting the well-being of the University. All further delegation to members of staff derives from the Principal.

### **2 General principles and arrangements**

- 2.1** This Schedule lists those people or bodies who are authorised to commit the University to a contractual or quasi-contractual relationship (i.e. normally with an external body or person, such as the award of capital contracts or the offer of a place to an individual student).
- 2.2** Subject to any restrictions imposed by the Court, those to whom authority is delegated can delegate it further if they so wish and are responsible for approving formal schemes of sub-delegation as appropriate. Such delegation does not diminish the personal responsibility to the Court of the office holder to whom that body has made the initial delegation.
- 2.3** All authorities are subject to policies approved by or on behalf of the Court and where relevant to budget availability, and must be exercised in accordance with relevant current procedures and applicable statutory requirements.
- 2.4** The Schedule covers the authority to make a commitment with resource implications whereas operational transactions, which give effect to such decisions are covered by operating procedures.
- 2.5** In respect of new business contracts, full delegation is granted on the basis that Court expects that in all cases:
- a) the business case will be properly assessed before any contractual commitment is entered into, including a full assessment of the project risks, both reputational and financial.
  - b) the full costs of the project will be identified, including any matched funding costs, any additional overhead cost, including estates costs.
  - c) where a new business proposal would commit the university to additional costs, the contract will not be signed until a decision has been made about where these additional costs are to be funded from.

- d) all contracts will normally be expected to make an appropriate contribution to central university overheads in accordance with University policy and the University finance strategy, although the Principal has authority to choose to cross subsidise projects within the overall budgetary limits agreed annually by the Court.
- e) a legal opinion must be sought on all non-standard contracts.

### **3. Reserved areas of business**

**3.1** There are areas of business that the Court reserves to itself for decision, whether directly or through powers delegated to its Committees as set out from time to time in the remits for those Committees or through powers delegated to specific officers as determined by the Court from time to time. These at present are:

- a) The appointment and terms of reference of Court Committees.
- b) The appointment or removal of members of Court.
- c) The appointment of Court representatives on other bodies.
- d) The appointment of senior officers, namely the Principal and Vice Chancellor, and, after consultation with the Principal and Vice Chancellor, the Secretary and such Vice-Principals and Assistant Principals as the Court may consider necessary for the discharge of its functions.
- e) The remuneration of the Principal, University Secretary, Vice-Principals and Assistant Principals.
- f) Severance terms for the Principal.
- g) The appointment of the External Auditor.
- h) The University's Strategic Plan and Budget.
- i) The promulgation of the Standing Orders.
- j) Acquisition and disposal of property, and commitments to other major projects, where the value of the transaction, or of a group of linked transactions of which it is part, exceeds £500,000.
- k) Statement of Accounts, accounting policies, and the Annual Report.
- l) Indemnities for members of Court.
- m) This schedule of reserved matters.

**3.2** The Court will be informed about major litigation.

### **4. Delegation to the Principal**

**4.1** Subject to the reserved areas (set out in paragraph 3) the Court delegates full authority to the Principal to act on its behalf in all matters affecting the well-being and effective working of the University, subject to the following principles:

- a) The Principal will act within the terms of the prescribed conditions of her or his appointment.
- b) The Principal's actions will be:
  - i. consistent with the University's budgets approved by the Court

- ii. consistent with the University's strategic plans and objectives
  - iii. in conformity with relevant legislation and externally prescribed conditions, including the Principal's responsibilities as the designated accounting officer under the Scottish Funding Council Financial Memorandum.
- c) The Principal's actions will be consistent with the 9 principles of public life identified in the report on Standards in Public Life (the Nolan Report) as amended.
  - d) The Principal will at all times act in accordance with the best interests of the University, its staff and students, and will be mindful of the importance of preserving and enhancing the University's reputation.
  - e) The Principal will report to the Court all significant decisions thus taken, and will be accountable to the Court for such decisions.
  - f) In cases of doubt, for example in regard to novel or potentially contentious matters, the Principal will consult with the Chair of the Court, whom failing an external member of the Court nominated for the purpose by the Chair of Court.
  - g) In her or his absence, the Principal may delegate authority to an appropriate senior officer, acting on her or his behalf.

## **5. Budget authority framework**

- 5.1** Each year the Court will approve the annual budget including a schedule of planned capital expenditure and receipts. Individual projects with a value of > £500,000 will be separately identified and require specific approval of the Finance and Property Committee. Individual capital items over £10,000 will be identified in the annual School or Professional Service plan.
- 5.2** All proposed transactions involving heritable property with a cost or a net present value >£500k (including acquiring, altering, extending, selling, conveying, exchange/granting security over or leasing) should be considered and approved by the Finance and Property Committee, which will have final delegated authority to approve all such transactions on behalf of Court.
- 5.3** In approving the annual budget the Court or its delegated Committee will grant full delegated authority to the Principal. Where the proposed commitments have not yet been subject to a full investment appraisal including consideration of a costed business case, the Court may be asked for authority in principle (subject to appropriate business plans being prepared and approved by the Principal during the year). It will be assumed the business case has been reviewed and agreed by the Principal unless otherwise disclosed.
- 5.4** Within the approved budget, the Principal has delegated authority to vire between budget headings and between capital and revenue.
- 5.5** The Court may, via Finance and Property Committee, additionally delegate to the Principal authority to contractually commit the University beyond the agreed budget in a given year. The extent of this further discretionary delegation will vary and shall be informed by the advice of the Director of Finance depending on the

prevailing financial position of the University at the time. Under such circumstances, normal University tendering procedures would be followed, no commitment being made without investment appraisal having been undertaken and the Director of Finance's advice having been sought and where the transaction is one which would otherwise under this schedule have required Court approval, this will still be required.

## **6. Contractual or legal requirements**

- 6.1** All deeds and other documents relating to heritable property transactions in the name of the Court shall be valid only if they are subscribed by one member of the Court and the Secretary and sealed with the Common Seal of the University, or by one member of the Court and the Secretary and a witness. The Secretary will require to be satisfied that the commitment has been agreed by a person or body authorised to do so in the Schedule of Delegation, and shall be responsible for the safe custody of all deeds and other documents relating to heritable property transactions.
- 6.2** If there is a legal requirement, or if it is specifically required by the other party to the contract, for documents other than those which relate to heritable property transactions to be formally executed in the name of the Court, these shall be valid only if they are subscribed by one member of the Court and the Secretary and a witness. The Secretary will require to be satisfied that the commitment has been agreed by a person or body authorised to do so in the Schedule of Delegation, and that arrangements are in place for the safe custody of all such documents.
- 6.3** Where there is no requirement for a contract or agreement to be formally executed in the name of the Court, it may be signed by the person to whom authority to make the commitment has been delegated in the Schedule of Delegation, and may be delegated further where this is permitted by the Schedule of Delegation. The person to whom authority to make the commitment has been delegated in the Schedule of Delegation shall be responsible for ensuring that arrangements are in place for their safe custody of all such contracts and agreements.

## **7. Specific delegated financial authority**

### **1. Heritable property**

a) Transactions up to £500k	Principal with agreement of the Director of Finance following consultation with the Director of Property & Facilities and subject to an appropriate business case
b) Transactions or a group of linked transactions over £500k	Finance and Property Committee
<b>2. Other expenditure</b>	
a) <£20k	Level 3 budget holders
b) <£100k	Level 2 budget holders
c) <£500k	Principal with agreement of the Director of Finance and subject to an appropriate business case
d) £500k or more	Finance and Property Committee
<b>3. Financial Transactions, Borrowing, Lending and Investment</b>	
a) Treasury Management, within agreed borrowing consent limits	Principal, who will delegate full authority to the Director of Finance
b) Secured or Unsecured Loans to Third Parties	Finance and Property Committee
c) Investments and dis-investments in Subsidiaries, Non-Subsidiaries, Joint Ventures and Spin-Out Companies	Finance and Property Committee, on the recommendation of the Principal
Any borrowings above existing SFC approved levels must be approved by SFC in advance. All requests to increase SFC borrowing levels must be approved in advance by Finance and Property Committee on behalf of Court.	
<b>4. New Business Contracts</b>	
All new business contracts (including commercial research, consultancy contracts, grants, collaborative agreements, agreements to provide training to other agencies, and other funding bids and covering renewal, extensions of existing arrangements where a new legal obligation is being entered into)	Principal, on the advice of the relevant Level 2 budget holder, who may delegate as seen fit, from time to time
<b>5. Endowments (excluding funds donated to Development Trust)</b>	
a) Release to Fund Managers for investment	Director of Finance

b) Release of income to beneficiary as a budget for specified purposes
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Director of Finance
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Level 1      The Principal to whom all direct reports are accountable

Level 2      Vice Principal, Assistant Principals and University Secretary

Level 3      Deans of Schools, Head of Schools Support Services and Directors of Professional Services

Delegation below this level is subject to the express agreement of the Director of Finance.