



UNIVERSITY OF
LEICESTER

FINANCIAL REGULATIONS

**FINANCE OFFICE
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1 GENERAL PROVISIONS

1.1 Background

- 1.1.1 The University is a chartered corporation. Its structure of governance is laid down in the instruments of its incorporation (charter and statutes). The charter and statutes can only be amended by the Privy Council. The University is accountable through Council, its governing body, which has ultimate responsibility for the University's management and administration.
- 1.1.2 The University is an exempt charity by virtue of the Charities Act 1993.
- 1.1.3 The Financial Memorandum between the Higher Education Funding Council for England (HEFCE) and the University sets out the terms and conditions on which grant is made. Council is responsible for ensuring that conditions of grant are met. As part of this process, the University must adhere to the funding body's audit code of practice, which requires it to have sound systems of financial and management control. The Financial Regulations of the University form part of this overall system of accountability.

1.2 Status of Financial Regulations

- 1.2.1 This document sets out the University's Financial Regulations. It translates into practical guidance the University's broad policies relating to financial control. This document was approved by the Finance Committee in June 2010. It applies to the University and all its subsidiary undertakings.
- 1.2.2 These financial regulations are subordinate to the University's charter and statutes and to any restrictions contained within the University's Financial Memorandum with HEFCE's Accountability and Audit Code of Practice.
- 1.2.3 The purpose of these Financial Regulations is to provide control over the totality of the University's resources and provide management with assurances that the resources are being properly applied for the achievement of the University's strategic plan and business objectives:
- Financial viability
 - Achieving value for money
 - Fulfilling its responsibility for the provision of effective financial controls over the use of public funds
 - Ensuring that the University complies with all relevant legislation
 - Safeguarding the assets of the University.
- 1.2.4 Compliance with the Financial Regulations is compulsory for all staff of 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. Council will be notified of any such breach as appropriate through the Audit Committee. It is the responsibility of each member of staff to be aware of the existence and content of the University's financial regulations, and to seek advice in case of any uncertainty as to how to act.
- 1.2.5 The Finance Committee is responsible for maintaining a continuous review of the Financial Regulations, through the Director of Finance, and for advising Council of any additions or changes necessary.
- 1.2.6 In exceptional circumstances, this committee may authorize a departure from the detailed provisions herein, such departure to be reported to Council at the earliest opportunity.

2 CORPORATE GOVERNANCE

2.1 Financial Responsibilities in the University

2.1.1 **Council** is the governing body of the University and also the principal financial and legal authority of the University. Council is responsible for ensuring that proper books of account are kept, approving the annual budget and financial statements, and having overall responsibility for the University's assets, property and estate. A full statement of Council's responsibilities is available at the following link: [Statement of Primary Responsibilities](#)

The main financial responsibilities of Council are:

- To ensure the solvency of the University.
- To safeguard the University's assets.
- To ensure the effective and efficient use of resources.
- To ensure that the funds provided by the funding body are used in accordance with the terms and conditions specified in the University's Memorandum of Assurance and Accountability with the funding body.
- To ensure that financial control systems are in place and are working effectively.
- To approve the University's strategic plan.
- To approve the University's Financial Forecasts and Annual Budget and the annual financial statements.
- To appoint the University's internal and external auditors.

Council is supported by Council Advisory Committee (CAC). The role of CAC is to develop and recommend to Council the University's corporate strategy and supporting strategies; to monitor the achievement of strategic objectives through the development and implementation of systems of institutional performance monitoring and risk management; and to recommend to Council the University's annual budget and financial forecasts. Council Advisory Committee is supported by Finance Committee in the performance of its financial responsibilities.

- [Council Advisory Committee – Terms of Reference](#)

2.1.2 **Finance Committee** is responsible to Council for overseeing the financial affairs of the University.

- [Finance Committee Terms of Reference](#)

Finance Committee is chaired by the **University Treasurer**, who is appointed by Council from amongst its members.

2.1.3 Chaired by the President and Vice-Chancellor, the **University Leadership Team** (ULT) is responsible for taking day to day decisions and steering and supporting the strategic direction of the University. The ULT reports to Council (and to Senate as required). The **University Executive Board** (UEB) is responsible for giving advice and guidance to the ULT.

- [University Leadership Team Terms of Reference](#)
- [University Executive Board Terms of Reference](#)

2.1.4 **Audit Committee:** appoints and receives reports from the external and internal auditors; monitors implementation of audit recommendations; maintains University policy on fraud and irregularity. (The

terms of reference of the Audit Committee are, with minor changes, as recommended by the Higher Education Funding Council for England (HEFCE) Audit Code of Practice)

- [Audit Committee Terms of Reference](#)

- 2.1.5 The **President and Vice-Chancellor** is first and foremost responsible for leadership of the academic affairs and executive management of the University and is also the University's Accountable Officer for the purposes of HEFCE's Memorandum of Assurance and Accountability. As Accountable Officer, the President and Vice-Chancellor is personally responsible to Council for ensuring compliance with the terms of HEFCE's Memorandum of Assurance and Accountability and for providing HEFCE with clear assurances to this effect.
- 2.1.6 The **Pro-Vice-Chancellors** have a range of duties which include acting for the President and Vice-Chancellor in his absence.
- 2.1.7 The **Registrar and Chief Operating Officer** is responsible to the President and Vice-Chancellor for the University's Corporate Services. In this capacity, he has a major coordinating role in the formulation of policy and in the development of the University's strategic plans, including the integration of academic, financial and estates aspects. The Registrar and Chief Operating Officer also services the Court, the Council and principal committees of Council.
- 2.1.8 Day-to-day financial administration is controlled by the **Director of Finance**, who is responsible to the President and Vice-Chancellor and the Registrar and Chief Operating Officer for:
- The preparation of the University's Financial Statements.
 - Preparing annual capital and revenue budgets and financial plans.
 - The provision of financial advice to Council and the committees of Council.
 - Providing professional advice on all matters relating to financial policies and procedures.
 - Ensuring that the University maintains satisfactory financial systems.
 - Day-to-day liaison with internal and external auditors in order to achieve efficient processes.
 - The development of purchasing policy.
- 2.1.9 The responsibilities of the **Director of Estates & Facilities** include the control and management of all building projects, the maintenance, repair and redecoration of buildings, and overall responsibility across the University for insurance.
- 2.1.10 The financial administration of research grants and contracts and the University's links with industry and commerce are required to be undertaken through the **Research and Enterprise Division**.
- 2.1.11 **Heads of College** are responsible:
- to the President and Vice-Chancellor for all funds disbursed by their College
 - for the management of the College budgets in line with all financial procedures and regulations
 - for providing the Director of Finance with such financial or other information as he or she may deem necessary, from time to time, to carry out the requirements of the governing body.

- for immediately notifying the Director of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the University.

2.1.12 **Heads of Department / Division** are responsible for effective financial control within their area. The Head of Department is responsible to the Head of College for all funds disbursed by the Department or Division and should ensure that all financial procedures and regulations are observed. A Head of Department may delegate specific aspects (but not the concomitant responsibility) of his/her duties under these financial procedures and regulations to other members of staff within the department. The Director of Finance should be informed of all persons so authorised. The Director of Finance may require a Head of Department personally to authorise a specific transaction.

2.1.13 **Individual 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. They should ensure that they are aware of the University's financial authority limits and the values of purchases for which quotations and tenders are required. They shall make available any relevant records or information to the Director of Finance or his or her authorised representative in connection with the implementation of the University's financial policies, these financial regulations and the system of financial control.

2.1.14 The **Students' Union** is established under the University's Charter of Incorporation. It receives financial support from the University but is managed independently. The Students' Union is required to provide financial information to the University on a regular basis and this is reported to the Finance Committee.

2.2 Risk Management

2.2.1 The University acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable / unacceptable by the University will be set out in a separate risk management strategy.

2.2.2 Council has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the University through the development, implementation and embedment within the organisation of a formal, structured risk management process.

2.2.3 In line with this policy, the governing body requires that the risk management strategy and supporting procedures include:

- The adoption of common terminology in relation to the definition of risk and risk management.
- The establishment of University-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis.
- A decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes (see above).
- A decision on the level of risk to be covered by insurance.
- Detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas.
- Development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question.
- Regular reporting to the governing body of all risks above established tolerance levels.

- An annual review of the implementation of risk management arrangements.

The strategy and procedures must be capable of independent verification.

- 2.2.4 Heads of department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the University may be exposed. The Registrar and Chief Operating Officer's advice should be sought to ensure that this is the case.

2.3 Whistleblowing

- 2.3.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

- 2.3.2 Normally, any concern about a workplace matter at the University should be raised with the relevant member of staff's immediate line manager or head of department. However, the University recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.

- 2.3.3 A member of staff may, therefore, make the disclosure to the Registrar and Chief Operating Officer.

- 2.3.4 The full procedure for whistleblowing is set out in the University's whistleblowing policy, which is available through the Division of Human Resources web page.

2.4 Code of Conduct and Declaration of Interests

- 2.4.1 The University is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. These principles are set out at Appendix A. In addition, the University expects that staff at all levels will observe its code of conduct, contained in its detailed financial procedures, which covers:

- Probity and propriety
- Selflessness, objectivity and honesty
- Relationships.

- 2.4.2 Additionally, members of the governing body, senior management or those involved in procurement are required to disclose interests in the University's register of interests maintained by the Registrar and Chief Operating Officer (or other designated officer). They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.

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

- 2.4.4 The procedures for registration and declaration of interests are available from the Governance Section of the Academic & Research Services Office.

- 2.4.5 Staff and members of governing bodies must not accept any personal benefit as an inducement or reward for taking any action (or specifically not taking action) in his or her position in the University or for showing favour (or disfavour) to anyone in his or her position in the University.

The University:

- is committed to carrying out its academic and business activities in an honest, open and ethical manner; and
- is committed to observing the provisions of the Bribery Act 2010, in respect of its conduct both in the UK and internationally.
- will have zero tolerance to any aspect of bribery and corruption both within the University and in respect of any third parties with whom we have dealings.

2.5 Gifts and Hospitality

The provision and receipt of gifts and hospitality to individual members of staff is a sensitive area for a publicly funded institution. Members of staff and members of the governing body may, on occasion, be offered gifts or hospitality simply as a mark of courtesy or gratitude. Such offers can place staff in a difficult position, since to refuse may cause offence but to accept may, in certain circumstances, be open to misinterpretation. The University has therefore drawn up the following regulations to avoid misunderstanding and to provide staff with a framework for dealing with difficult situations.

2.5.1 Receipt of Gifts

All offers of gifts, in any way connected to the University activities of a member of staff or member of the governing body, other than those of a small intrinsic value, **MUST** be declined. In this context, small intrinsic value can be taken to include gifts up to the value of £50 in any year, such as for example diaries, mouse mats or bottles of wine at Christmas.

Gifts of money or vouchers, such as book tokens (as they can be translated into cash) **MUST** always be refused, even where they have a value below £50.

Offers of gifts that have been declined **MUST** be reported by email to the Director of Finance. This information will be used to identify individuals or companies who persistently offer inappropriate gifts.

Should a gift with a value of greater than £50 be sent or left for a member of staff or member of the governing body without their knowledge, then such gifts should be returned to the sender with an explanation to indicate that acceptance is not permitted under the University's Financial Regulations. Members of staff are encouraged to contact corporate organizations who are in the habit of sending regular gifts to seek removal from their distribution lists. Where the return of a gift would be likely to cause offense, the gift may be retained centrally by the University. In such instances departments should contact the Director of Finance for instructions.

Gifts offered by students to members of staff of the University **MUST** be declined where there is **ANY** potential for conflict of interest or the appearance of conflict of interest. If students indicate that they, or their family, wish to show their appreciation to the University through philanthropic donations or gifts, they **MUST** be directed to the Development and Alumni Relations Office who will progress matters appropriately in accordance with the University's Acceptance and Refusal of Donations Policy. Small gifts given by students who have completed their studies may be accepted and retained by the

University where refusal would give offence. Heads of department are authorized, on behalf of the University, to decide whether such gifts should be distributed by a raffle, retained centrally by the University or retained by the recipient. Heads of departments should maintain a record of such decisions.

2.5.2 Provision of Gifts

The provision of gifts from the University to third parties must be limited to branded University merchandise, or where circumstances are appropriate, to the presentation of flowers, chocolate, biscuits, etc. Alcohol or Tobacco are expressly prohibited as acceptable gifts from the University to third parties.

No gifts are permitted to be made to University staff or students paid for by University funds other than in the case of the University's long service awards scheme.

2.5.3 Receipt of Hospitality

Members of staff and members of the governing body and its committees may accept meals or equivalent hospitality, only in the course of conducting University business. Offers of hospitality, outside of a working context, such as corporate hospitality events, or offers which are on a scale significantly greater than the University would be likely to provide in return, **MUST** be refused.

Any offers of hospitality that are outwith that permitted under this Financial Regulation must be reported by email to the Director of Finance. This information will be used to identify individuals or companies who persistently offer inappropriate hospitality.

Any member of staff who is unclear as to whether particular circumstances are appropriate should contact their line manager, who may, if necessary, contact the Director of Finance for guidance.

2.5.4 Provision of Hospitality

Where the provision of hospitality is offered to visitors to the University, one of the following **MUST** be offered the business:

- the University's Residential and Commercial Services Division;
- the College Court Conference Centre
- the catering services offered by the Students' Union; or
- catering services offered on NHS premises.

In the rare event that none of the above suppliers are able to provide the required service, a third party supplier such as a local restaurant may then be used. Expense claims requesting reimbursement of costs for non-University provided hospitality services will only be processed when accompanied by evidence that none of the above University services had been able to provide the required service.

In the rare event that a third party service is to be provided on University premises and food and drink brought in, the provider of the service **MUST** have been approved in advance by Residential and Commercial Services.

With the exception of formal executive University events, the cost of hospitality provided should not normally exceed £40 per head on any one occasion. There is an expectation that the number of University staff should not normally exceed the number of visitors.

The following information must be collected and retained for all hospitality events.

- a) The name(s) of all attendee(s);
- b) The organisation(s) which they represent; and
- c) The reason of the hospitality (for example, "lunch following negotiation of contract").

Wherever possible the internal ordering and recharging system should be used and the above information **MUST** be included on the internal invoice. Where it is not possible to use these arrangements the expense claim form (EC1) **MUST** include the above information.

Where hospitality is provided by the University away from Leicester, necessary hospitality costs will be reimbursed on production of receipts. These costs should not normally exceed £40 per head on any one occasion. Prior approval should be sought from the Director of Finance where it is clear that these limits may be breached when the hospitality is being arranged. Director of Finance is permitted under the regulations to limit excessive claims to the £40 limit. There is an expectation that the number of University staff should not exceed the number of third parties. Reimbursement claims, which must be made on the expenses claim form (EC1) **MUST** include the following information:

- a) The name(s) of all attendee(s);
- b) The organisation(s) which they represent; and
- c) The purpose of the hospitality (for example, "negotiation of contract").

The University will not reimburse costs incurred on hospitality offered at the home of members of staff. Nor will it reimburse gifts or financial contributions in recognition of hospitality offered by third parties to members of staff, for example where members of staff stay the homes of friends in the locality of University business visits. Both of these are deemed by the University to be private arrangements.

2.5.5 Provision of Hospitality to Students

With the exception of light refreshments at meetings and other events in which students participate as partners in their learning and career development, it is the general expectation that the provision of hospitality to students should be limited to refreshments at a welcome or post-graduation event. It is permitted to make a contribution from departmental funds to a course social event at a weekend school. All refreshments **MUST** be sourced from the University's Residential and Commercial Services Division.

2.6 Prevention of Bribery and Corruption

2.6.1 Summary

The University requires its employees:

- to act in the best interests of the University at all times; and
- to act with care and impartiality in all dealings with other parties; and
- to follow the seven Nolan Principles of Public Life:

Selflessness;
Accountability;
Leadership.

Integrity;
Openness;

Objectivity;
Honesty;

As such, the University of Leicester:

- is committed to carrying out its academic and business activities in an honest, open and ethical manner; and
- is committed to observing the provisions of the Bribery Act 2010, in respect of its conduct both in the UK and internationally.
- will have zero tolerance to any aspect of bribery and corruption both within the University and in respect of any third parties with whom we have dealings.

The Policy applies to all individuals working at all levels and grades, including senior managers, officers, members of the University's Council, University employees (all staff whether on permanent, fixed term or temporary employment contracts), consultants, contractors, trainees, seconded staff, homeworkers, casual workers and agency staff, volunteers, interns, sponsors or any other person associated with the University wherever located (collectively referred to as "**Workers**" within this policy).

2.6.2 Background

On 1st July 2011, the Bribery Act came into being. The Act has created a number of new bribery and corruption offences and makes it an offence either directly or through a third party to:

- offer, promise or give a bribe;
- request, agree to receive or accept a bribe;
- offer, promise or give a bribe to a foreign public official in order to obtain, or retain, business, or an advantage in the conduct of business.

In addition there is also a new corporate offence of failing to prevent bribery.

Bribery and corruption are serious criminal offences. Under the Act, offences committed by individuals can carry a maximum of 10 years imprisonment and an unlimited fine. In addition, if the University is found to have engaged in corruption then it could face an unlimited fine, face significant reputational damage and could impact of the University's future ability to conduct business.

The University recognises that such events are likely to be rare. Nevertheless it commits itself to the robust implementation of the Act to ensure that it has adequate and proportionate procedures in place for the governance of the University's business affairs.

2.6.3 Aim of the Policy

The aim of this Policy is to detail how the University will implement and enforce effective systems to prevent bribery and corruption. As such the policy:-

- Sets out the University's responsibilities, together with those of its Workers in observing and upholding the University's position on bribery and corruption.
- Provides information and guidance for its Workers on how to recognise and deal with bribery and corruption issues.

2.6.4 The University's responsibilities, together with those of its employees and contractors, in observing and upholding the University's position on bribery and corruption.

- The University has a responsibility to promote its overarching view on avoiding bribery and corruption. The University has made clear that it has a zero-tolerance to bribery and corruption and that any employee of the University who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct.
- In relation to non-employees and contractors engaged with the University under any other form of contractual relationship, we reserve our right to terminate such contracts in the event of breach of this policy.
- The University recognises that all its Workers have a role in the prevention and detection of bribery and corruption.
- The University's Colleges and its Divisions of Corporate Services should undertake a periodic risk assessment of the vulnerability of their operations in this area and the potential for bribery.
- The University has a responsibility to ensure that its terms of business with agents and contractors carry an avoidance of bribery provision which, if breached, will lead to termination of the contract and possible further legal action.
- Colleges and Corporate Services should keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.
- All Workers must ensure that all hospitality or gifts, either received or given, fall within the University's Gifts and Hospitality regulations as set out in section 2.7 of the Financial Regulations. Where there is an element of doubt then authority should be sought from the Registrar and Chief Operating Officer.
- All Workers have a duty to declare any instances where there may be a conflict of interest in the operation or establishment of business relations with the University.
- All Workers have a duty to share any concerns they may have with the University. For employees this will initially be with their line manager. Other third parties such as contractors should raise concerns directly with the Registrar and Chief Operating Officer. The line manager may require further guidance which can be obtained from the Registrar and Chief Operating Officer.

2.6.5 Information and guidance for employees, and third parties on how to recognise and deal with bribery and corruption issues

Recognition and definition of bribery.

A bribe is defined as an inducement or advantage offered, promised or provided in order to influence someone to act improperly. Under the Act, improper performance entails breach of an obligation of good faith, impartiality or abuse of a position of trust. The bribe is normally to gain some form of commercial, contractual, regulatory or personal advantage.

Key aspects of the Act are that:-

- The bribe can take the form of a financial or other advantage. In this context an advantage has its ordinary literal meaning.
- The act of offering or requesting a bribe is enough to commit an offence. It does not have to be paid or received.
- The bribe does not have to go to the person being influenced. A donation to a third party even a charity can be held to be a bribe.
- The bribe does not have to be substantial. There is no materiality threshold in the Act.

- It is no defence to say that the payment was customary in that area of the world for that activity (see facilitation payments below).
- The definition of “foreign public official” includes not just members of foreign governments but such people as state sector education employees such as teachers, police and customs officials and providers of visas.

Examples of bribery or corruption in higher education are extremely rare but the following hypothetical examples provide a flavour:-

Offering a bribe

An employee is undertaking applied research and offers to pay multiple times the normal cost to a small local testing company to play down some defects in a product for which future sales benefiting the member of staff and the University have been agreed.

This would be an offence as the employee is making the offer to induce the testing company to act improperly leading to an advantage (Financial remuneration and commercial benefit). The University could also be found to have committed an offence of failing to prevent bribery as the offer has been made by an associated person to obtain business for the University in addition to any personal benefit derived by the staff member.

Receiving a bribe

A contractor/supplier gives a family member of an employee a job, but makes it clear that in return they expect the employee to use his/her position to influence the chances of obtaining University business or another advantage to them in return.

It is an offence for a supplier to make such an offer. It would be an offence for the member of staff to accept the offer as it results in an advantage albeit for the benefit of a third party (the family member).

Bribing a foreign public official

An employee is recruiting overseas students and through an overseas agent makes arrangements to pay a goodwill payment to a government official so that the University can have preferential access to schools where there are high quality students who wish to undertake study in the UK.

The offence of bribing a foreign public official has been committed as soon as the offer is made. This is because it is made to gain a business advantage for the Worker and the University.

2.6.6 Facilitation Payments

In some countries it is sometimes a requirement to have to make payments or gifts of small value to junior government officials in order to speed up or facilitate a routine action or process. Such payments are unlawful under the Act and as such must not be made. The University does not permit the offer, promise or the making of a facilitation payment by any Worker carrying out business on the University's

behalf. In addition all Workers should avoid any activity that may lead to, or suggest that a facilitation payment will be made by the University.

However, if a payment is being extorted or a Worker is asked to make such a payment in circumstances where there is no alternative (such as where safety or liberty are under threat) then the payment should be made. Where this happens a clear record should be made of the reason for the payment and reported to your line manager on return (for employees), who may wish to then report it to the Registrar and Chief Operating Officer. Non-employees should report this to the Registrar and Chief Operating Officer directly.

2.6.7 Dealing with Possible Bribery Events

The University commits itself to deal with any issues of bribery and corruption through two key principles:-

- All Workers are **ENCOURAGED** to raise concerns about any issue or suspicion of malpractice at the earliest possible stage.
- The Registrar and Chief Operating Officer is the University's Compliance Officer for Prevention of Bribery Act. In addition, the Registrar and Chief Operating Officer also has a key role in the University's Policy on Whistle-blowing. In the event that an employee has concerns that acts of bribery or corruption are being committed they may wish to bring forward their concerns under the protection offered through that policy.
- Where an employee has concerns, these should be raised, in the first instance, with the employee's line manager. If those concerns involve the employee's line manager, then the Registrar and Chief Operating Officer should be contacted directly. Non-employees should approach the Registrar and Chief Operating Officer directly.
- The University is committed to ensuring that **NO ONE SUFFERS DETRIMENTAL TREATMENT** as a result of reporting, in good faith, their suspicion that an actual or potential offence of bribery has taken place. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If an employee believes that he/she has suffered any such treatment, he/she should inform their line manager who will in turn inform the Registrar and Chief Operating Officer. If the matter is not remedied, the employee may then raise it formally using the University's Grievance Procedures. Non-employees should approach the Registrar and Chief Operating Officer directly.

2.6.8 Further Information

- All Workers are responsible for the success of this policy and should ensure they use it to disclose any suspected danger or wrongdoing.
- Workers are invited to comment on this policy and suggest ways in which it might be improved. Comments and suggestions and queries should be made to the Registrar and Chief Operating Officer.
- This policy does not form part of any employee's contract of employment, and it may be amended from time to time.

2.7 Money Laundering

2.7.1 The University is required, by law, to examine the nature of any income transaction involving the receipt of an unusually large amount of cash (€15,000 or £10,000 and above), and has nominated the Treasury Accountant to act as individual responsible for monitoring money laundering.

2.7.2 Members of staff must inform the Treasury Accountant (or the Director of Finance, if the Treasury Accountant cannot be contacted) if any of the following occur:-

- A single cash payment of this value is received
- A series of lesser cash payments, amounting in total to this value, is received
- A cash payment (of any value over £1,000) is received which is above the due debt, such that a cheque or BACS refund would be required to be made.

Failure to report a suspicious receipt of income is regarded as a criminal offence which may result in prosecution of an individual.

2.8 Policy and Procedures on Fraud Response

2.8.1 University Policy on Fraud

The University adopts a zero tolerance approach towards fraud.

The University's response will include the involvement of both the internal audit service and, where necessary, the police in investigations, as well as taking action through its disciplinary procedures. In all cases where there is sufficient evidence the University will work with the police to pursue a prosecution.

The governance of fraud response falls to Audit Committee but action remains with management.

All members of staff have a duty to protect the University from the possibility of fraud by remaining vigilant and by reporting any suspected instances of fraud to the University's Director of Finance. In reporting their suspicions, members of the University will be protected by the University's Policy on Whistleblowing (see link).

2.8.2 Procedures in the event of a suspected fraud

As soon as practicable after notification of a suspected fraud a meeting of the Fraud Incident Group will be convened. This will comprise:

- Director of Finance (chair)
- A senior representative of the University's internal audit service
- Director of Human Resources, or senior representative

At this initial meeting the Group will review the information presented and decide whether further investigation is warranted.

Where it is decided that the incident merits further investigation the Fraud Incident Group will then:

- Decide whether the University's internal audit service be commissioned to conduct a formal investigation or whether an investigation should be undertaken by University staff.
- Where the Fraud Incident Group decide that there is a need for a formal investigation by the internal audit service the Group will define the terms of reference for the internal auditor's investigation team. The investigation team must ensure that the investigation:
 - is undertaken to professional audit standards ;

- operates within the University's disciplinary procedures;
 - collects evidence and conducts interviews within the scope of the Police and Criminal Evidence Act;
 - considers all breaches of legislation that may have occurred; and
 - ensure that individuals receive the protection offered by legislation.
- Ensure that management and staff of the University cooperate with the investigation and that any information required by investigation team is provided expeditiously.
 - Assess whether the information currently available to them warrants the involvement of the police and review this on a regular basis.
 - At the earliest possible opportunity, notify the following that an investigation is taking place.
 - Chair of Audit Committee;
 - Chair of Council;
 - President and Vice Chancellor
 - Registrar and Chief Operating Officer
 - The University's external auditors
 - In conjunction with the Investigation Team, manage whatever short term remedial action is deemed appropriate to recover lost funds or prevent further losses. This may involve liaison with the University's suppliers, customers, bankers, insurers and other relevant parties, as well as the police where it has been decided that the incident merits police involvement.
 - Arrange for those suspected of involvement in the alleged fraud to be suspended from the University where it is considered that this is necessary to prevent destruction or removal of evidence that may be needed to support future disciplinary or criminal action. This must be led by the Division of Human Resources who must formally suspend the suspect(s) in line with the University's Ordinance on Discipline. Staff from the University's Security Office should also be present, if appropriate.
 - Contact the Director of Information Technology Services to request the withdrawal of the suspended individuals' access rights to the University's computer systems.
 - Ensure the coordination, where appropriate, of internal disciplinary, criminal prosecution and professional sanctions for relevant employees.
 - Determine whether the circumstances are such that the University should inform HEFCE, as required by the HEFCE's Memorandum of Accountability and Assurance and action this.
 - Take responsibility for liaising with other relevant external bodies such as research councils.

In the event of any press enquiries, the Fraud Incident Group will refer these to the Director of External Relations, who will be briefed by the Chair of the Group.

2.8.3 The Investigation and Report to Audit Committee

The Fraud Incident Group will liaise with the investigation team throughout their investigation and provide regular updates to the Chair of Audit Committee; the Chair of Council; the President and Vice-Chancellor and the University's external auditors.

On completion of the Internal Audit investigation, a written report shall be submitted to the Audit Committee containing:

- a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud;
- the measures taken to prevent a recurrence; and
- any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken.

This report will normally be prepared by the Internal Audit service.

2.8.4 Whistleblowing arrangements

As stated above, information about a fraud may be brought forward under the umbrella of the University's whistle blowing policy, provided under the Public Interest Disclosure Act 1998. All disclosures made will be treated under the terms of the policy which can be found at Link.

2.8.5 Other potential criminal activity

Members of the University who have concerns regarding potential instances of bribery or corruption should report their concerns to the Registrar & Secretary under the terms of the University's Policy on Bribery & Corruption. All other suspected criminal activity, for example, theft of University or personal property, vandalism or intruders on University property should be reported to the University's Security Office directly.

2.9 **Audit Requirements**

2.9.1 External auditors and internal auditors shall have authority to:

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

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

2.9.2 Following consideration by the Finance Committee, the financial statements should be reviewed by the Audit Committee. On the recommendation of the Finance Committee and Audit Committees they will be submitted to Council for approval.

2.9.3 The appointment of external auditors is the responsibility of Council. Council will be advised by the Audit Committee.

2.9.4 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 HEFCE's Accountability and Audit Code of Practice and the Auditing Practices Board's statements of auditing standards.

- 2.9.5 The award of non-audit work to the external auditors is managed in order to ensure that the auditors are able to conduct an independent audit and are independent of the University. The performance of non-audit work by the external auditors should be agreed only after careful consideration.
- 2.9.6 The external auditors may not perform internal audit work or any work where their independence in forming an audit opinion could be compromised.
- 2.9.7 Non-audit work may be awarded to the external auditors when, by virtue of their knowledge, skills or experience, the external auditors are clearly to be preferred over alternative suppliers or are judged to be the best available to the University in specialist areas, such as aspects of taxation.
- 2.9.8 The areas of work additional to their normal external audit duties covered by their main appointment by the University where the external auditors can be engaged without reference to Audit Committee are: -
- a. Any regulatory reports related to the audited entities and generally completed by the auditors
 - b. Reports/certificates to regulatory/other bodies in respect of grants for research funding or other sums received by the University or its associates
 - c. Advice on the application of accounting policies to specific transactions (including closely related tax advice – see below)
 - d. Advice on changes to accounting policies (including the application of IFRS)
 - e. Tax advice on a fixed fee/time and materials basis up to £10,000 per project (not contingent fee work)
- In all other cases the Chair of Audit Committee will be consulted, irrespective of the cost of work.
- 2.9.9 In any case, work costing more than £20,000 must be approved in advance by the Chair of the Audit Committee. Work on a contingent fee basis will be allowed only with explicit approval by the Chair of Audit Committee who may consult other members of Audit Committee on the award of work if it is felt necessary, and also with the external audit partner.
- 2.9.10 The nature and cost of all non-audit work awarded to the external auditors will be reported annually to Audit Committee, together with an explanation as to why the auditors were the preferred supplier. This report will be presented to the same meeting of Audit Committee which considers the draft Financial Statements and the report from the external auditors on the Financial Statements.
- 2.9.11 The internal auditor is appointed by Council on the recommendation of the Audit Committee.
- 2.9.12 The University's financial memorandum with HEFCE, requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in HEFCE's Accountability and Audit Code of Practice. The main responsibility of internal audit is to provide Council, the President and Vice-Chancellor and senior management with assurances on the adequacy of the internal control system.
- 2.9.13 The prime responsibility of the internal audit service is to provide the Council, the designated officer and the other managers of the institution with assurance on the adequacy and effectiveness of the internal control system, including risk management and governance. Responsibility for internal control remains fully with management, who recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management to improve systems of internal control and so to reduce

the potential effects of any significant risks faced by the institution. Risk management provides the opportunity for internal audit work to be efficient and focused. It does not necessarily imply that internal audit activity has to be increased.

- 2.9.14 Internal audit can also provide independent and objective consultancy advice specifically to help management improve the internal control system, including value for money, risk management and governance. In such circumstances, internal auditors apply their professional skills in a systematic and disciplined way to contribute to the achievement of corporate objectives. Such advisory work contributes to the opinion that internal audit provides on internal control, including risk management and governance.
- 2.9.15 The internal audit service remains independent in its planning and operation but has direct access to Council, the President and Vice-Chancellor and the chair of the Audit Committee. The internal auditor will also comply with the Auditing Practices Board's auditing guideline Guidance for Internal Auditors.
- 2.9.16 It is a requirement of the Financial Memorandum that Council is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by HEFCE, the National Audit Office, the Public Accounts Committee or other relevant bodies.
- 2.9.17 To fulfil this responsibility, Council will develop and revise periodically a plan for value for money work that will provide evidence of compliance with HEFCE's requirements. It will be used to enable the Audit Committee to refer to value for money in their annual report.
- 2.9.18 The University may, from time to time, be subject to audit or investigation by external bodies such as HEFCE, National Audit Office, European Court of Auditors, HM Revenue and Customs. They have the same rights of access as external and internal auditors.

2.10 Treasury Management

- 2.10.1 The Finance Committee is responsible for approving a Treasury Management Policy statement setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with HEFCE's rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Finance Committee has a responsibility to ensure implementation, monitoring and review of such policies. The Policy should be considered as part of the Financial Regulations and a copy is attached as Appendix C.
- 2.10.2 Council is responsible for the appointment of the University's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Finance Committee. The appointment shall be for a specified period after which consideration shall be given by the Finance Committee to competitively tendering the service.
- 2.10.3 Only the Director of Finance may open or close a bank account for dealing with the University's funds. All bank accounts shall be in the name of the University or one of its subsidiary companies.
- 2.10.4 All cheques drawn on behalf of the University must be signed in the form approved by the Finance Committee.
- 2.10.5 All automated transfers on behalf of the University, such as BACS must be authorized in the appropriate manner and on the basis approved by the Finance Committee.

3 FINANCIAL MANAGEMENT AND CONTROL

3.1 Determination of Budgets

- 3.1.1 Each College (and the Corporate Services) is required to formulate a detailed annual plan, including budgetary estimates, which will then be agreed with the University Leadership Team. The agreed plans will then inform the University's annual budget, which is determined by the University Leadership Team, scrutinized by Finance Committee and then approved by Council.

3.2 Management of Budgets - General Principles

- 3.2.1 Agreed budgets (income, pay and non-pay and the resulting contribution) are managed at College and corporate Services level in line with the provisions made in the agreed annual plans.
- 3.2.2 Subject to these overall requirements, financial responsibility is delegated to various levels as described elsewhere in these Regulations.
- 3.2.3 The Personnel Services Office is responsible for issuing contracts of appointment for all University staff in accordance with approved University recruitment and personnel policies. Staff appointments can be made only to posts whose funding has been approved in the University's budget, as appropriate; or by the Research Support Office in respect of posts directly financed from research grants or contracts from external sources.
- 3.2.4 The Estates Office is responsible for all building work in the University, including the maintenance and redecoration of buildings, and its compliance with statutory and safety requirements.
- 3.2.5 Heads of Department are responsible for the financial control of all expenditure within their Department and all funds held by the Department, including research projects carried out by individual members of staff. The Head of Department may delegate the duty, but not the responsibility, of budgetary control to other individuals within the Department.
- 3.2.6 Budget holders are required to ensure that:
- Funds are expended on the purposes for which they were given.
 - Expenditure does not lead to overspending, unless previously authorised.
 - All steps are taken to ensure that goods and services are obtained economically and expeditiously.
 - All commitments to expenditure entered into by the placing of orders are recorded centrally.
 - Where control is delegated to members of staff, such delegation is given in writing and indicates limits of authority.
- 3.2.7 No individual may approve the issue of purchase orders or payments for any University expenditure, whether pay or non-pay, where the request for approval has originated from another individual with whom the approver has a personal relationship as defined in the [Personal Relationships Guidelines](#) on the HR division website.
- 3.2.8 The primary mechanism to aid budgetary control within the University is through the use of the central finance system, which records all expenditure and holds budgets. At Department level, budgets are entered and maintained on the system by the Finance Office to ensure that the total allocated does not

exceed the total available to the Department; below this level, Departments are free to create subsidiary statistical internal order codes and to set budgets against these as they wish. Departments have on-line access to the central finance computer system and may produce budget monitoring reports at different levels at any time. There is no central distribution of hard copy reports.

- 3.2.9 Non-pay budgets are available to be spent by budget holders on any items which are appropriately chargeable to public funds. In cases of doubt as to whether an item can be charged against the non-pay budget the Head of Department should consult the Director of Finance.
- 3.2.10 Colleges are required to inform the Director of Finance of the detailed breakdown of budgets which have been allocated to them, so that these may be entered onto the central computer system.
- 3.2.11 Academic Departments sometimes make payments to postgraduate students to offset expenditure necessarily incurred by them in carrying out their research, but not for normal welfare or maintenance. The principles are:
- Departments are not permitted to make welfare payments or to make loans to any students
 - Payments to postgraduate students to support their research, or to enable them to contribute to the general research output of the department, may be made on the authority of the Head of Department who should take account of the availability of Research Training Support Grants and other Research Council funds for which students might be eligible.
- 3.2.12 Departments should regularly review the expenditure they have incurred and are likely to incur up to the end of the financial year and compare the forecast expenditure with the authorised budgets. Departments must report in detail on the disposal of funds allocated by the University, if required.

3.3 Departmental development funds

- 3.3.1 In addition to recurrent non-pay budgets, departments are encouraged to earn external income which can be placed within departmental development funds. The funds are available for deploying at the discretion of the department within the acknowledged teaching and research objectives of the department.
- 3.3.2 Examples of income which would be placed in the departmental development fund are:
- Income due to an individual member of staff as part of a University consultancy service
 - Department share of overheads on research contracts and other services rendered
 - Special funds for drug trials etc.
 - Gifts and donations which are not for a specific purpose
- 3.3.3 The overhead and surplus amounts transferred to departmental funds from Research Grants and

Contracts will be transferred to departmental development funds. Departments have discretion as to how far the funds should be used for the various potential purposes, and how far the funds should be placed at the disposal of the groups, the individuals and activities which generated them, or whether they should be pooled for the general benefit of the department. A good practice guide for the operation of departmental development funds is included as **Appendix B**.

- 3.3.4 Funds are part of normal University finances and may only, therefore, be used for items properly chargeable to public funds. The funds are not available for personal payments.

- 3.3.5 As with all University funds, it is an audit requirement that invoices and other supporting documents be obtained and that appropriate documentation is provided to support any accounting transaction (including journal transfers). All expenditure from departmental development funds must be authorised in accordance with the normal procedures for any University expenditure.
- 3.3.6 Within the departmental development fund departments may choose to set up Miscellaneous Income Fund (MIF) accounts for holding funds for groups and individuals within the department.
- 3.3.7 MIF accounts may be spent at the discretion of the Head of Department. They can only hold funds relating to University departments and expenditure from them is subject to any overarching University policies.
- 3.3.8 Departmental development funds and MIF accounts may not be used to provide financial assistance to students or to pay their fees, except in the case of scholarships advertised competitively. Fee waivers for research students must be approved in advance by the Research Committee (or the Chairman of the Committee). Cases of student financial hardship should be referred to the Welfare Services Office who administer the various hardship funds. Miscellaneous Income Funds cannot be used to provide scholarships for named individuals on a non-competitive basis.

3.4 Accounting Arrangements

- 3.4.1 The University's financial year runs from 1 August until 31 July the following year.
- 3.4.2 The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.
- 3.4.3 The financial statements are prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education, subject to any specific requirements of HEFCE, and in accordance with the provisions of the Companies Act 1985, if that is appropriate.
- 3.4.4 The Director of Finance is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities. The University is required by law to retain prime documents for the current year and the previous six years. These include:
- official purchase orders (held in departments)
 - paid invoices (held in the Finance Office)
 - sales invoices raised (held in the Finance Office and in departments)
 - bank statements (held in the Finance Office)
 - copies of income remittances (held in the Finance Office)
 - paid cheques (held in the Finance Office)
 - payroll records, including part-time lecturers' contracts (held in the Finance Office).
- 3.4.5 Goods delivery notes should be retained in departments for eighteen months after the end of the financial year, i.e goods delivery notes for the financial year 2010/11 should be destroyed on 31 January 2013.
- 3.4.6 The Director of Finance will make appropriate arrangements for the retention of electronic records.
- 3.4.7 Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies.

3.4.8 Under the terms of the Charities Act 1993, Council is required to supply any person with a copy of the University's most recent financial statements within two months of a request. The Act enables Council to levy a reasonable fee and this will be charged at the discretion of the Director of Finance. The University will also allow members of the public to inspect the statement of accounts during normal working hours, provide copies to local libraries and make a summary available on the University's website.

3.5 Income

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

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

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

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

3.5.5 All monies received must be paid to the Cashiers Office promptly. The custody and transit of all monies received must comply with the requirements of the University's insurers.

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

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

3.5.8 Requests to write off debts in excess of £5,000 must be referred in writing to the Director of Finance. Debts between £1,000 and £5,000 may be written off by the Deputy Director of Finance and the Director of Residential Services.

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

3.6 Pay Expenditure

3.6.1 All staff must be appointed under the procedures set out by the Personnel Services Office and all letters of appointment must be issued by that office.

- 3.6.2 The Director of Finance is responsible for all payments to staff, including payments for overtime or services rendered. All staff must be paid centrally through the Payroll Section of the Finance Office.
- 3.6.3 Additional payments to members of academic staff for additional academic responsibilities (such as involvement in the teaching of distance learning), are only allowed in exceptional circumstances.

Where payments in the academic year 2011/12 are expected to be above the limits shown below, authorisation should be obtained in advance of the work being performed. It is expected that academic departments will plan their activities in advance, normally through a workload planning model, and therefore will be able to predict the extent of any payments expected.

The levels of authorization are:-

<u>Total payment value in financial year 2011/12</u>	<u>Person required to authorise payment</u>
Up to £1,000	Head of Department
Between £1,000 and £3,000	Head of College
Above £3,000	Chair of Staffing Policy Committee
<u>Total payment value in financial years 2012 -</u>	
Up to £1,000	Head of College
Above £1,000	Chair of Staffing Policy Committee

3.7 Non-pay Expenditure

- 3.7.1 The Director of Finance is responsible for making payments to suppliers of goods and services to the University.
- 3.7.2 Invoices for goods and services should be sent to the Finance Office for payment at least once a week. The Finance Office should be informed of any invoices held by the departments which are the subject of delay, e.g. because of dispute with the supplier. All invoices for payment must be made out to the University of Leicester.
- 3.7.3 Invoices should be signed by the budget holder in the department, or a member of staff with delegated authority. The member of staff (or budget holder) authorising an invoice for payment must be different from the member of staff responsible for signing the purchase order form.
- 3.7.4 The budget-holder's signature signifies that he or she is satisfied that:
- the goods have been received, examined and approved as to quality and quantity or the work has been carried out satisfactorily
 - prices are correct and in accordance with contracts or quotations where appropriate, also that arithmetic is correct and available discounts have been deducted
 - an invoice has not previously been passed for payment for the same supply
 - the invoice constitutes a proper charge against the account code to be charged
 - the amount of the invoice is within the budget of the account code to be charged
 - where appropriate, an equipment inventory entry has been completed.
- 3.7.5 It is the University's general policy to pay for goods and services only after they have been received. If in exceptional circumstances a supplier requires payment in advance, the budget holder is responsible for ensuring that the goods or services are actually provided. If a substantial sum of money is involved

the supplier should be asked to provide an advance payment bond (which is issued by the supplier's bankers and will allow the University to recover the advance payment if delivery is not made on time). If a bond is required departments should contact the Purchasing Manager for guidance.

- 3.7.6 Invoices relating to travel arrangements and hotel or conference bookings must be authorised in accordance with the rules for expense claims and must be annotated to show the purpose of the visit, the period of the visit (start and end dates) and the names of the members of staff to which the invoice relates.
- 3.7.7 Payments to suppliers should always be made on the basis of an official invoice. There are circumstances, however, where a payment needs to be made but there is no supplier invoice - the payment of a conference attendance fee is a possible example. On such occasions form CP1 (available on the Finance Office website) should be completed and submitted to the Finance Office for payment. Each form must be properly authorised and contain sufficient supporting details to substantiate the name of the payee and the amount of the payment.
- 3.7.8 Budget holders wishing to make payments in foreign currency should notify the Accounts Payable Office in good time. Wherever possible two weeks clear notice should be given before any foreign transaction. If this is genuinely not possible the budget holder should consult the Accounts Payable Office to discuss the best procedure for payment.
- 3.7.9 All cheques will be sent out by the Accounts Payable Office direct to the recipient, unless there are exceptional circumstances (as detailed below). Any relevant documentation to accompany the cheque, e.g.. conference registration documents, subscription renewal forms, orders, etc., must be sent to the Finance Office which will then ensure that it is enclosed with the cheque.
- 3.7.10 There will be a some exceptional situations where the cheque is required by a department, for example where cheque for prizes, elective loans, deposit returns etc are to be distributed in a controlled manner or where payment is required on delivery of goods. Any cheques that are not to be sent directly to the recipient must be collected from the Finance Office by a departmental representative.
- 3.7.11 Cheques for reimbursement of expenses or payment of fees will be sent direct to the person to whom they are due, either at a departmental or home address and must not go via a third party.
- 3.7.12 Cheques in excess of £15,000 require two signatures, or a lower figure if the Director of Finance considers it to be necessary.
- 3.7.13 Where appropriate, the President and Vice-Chancellor or the Director of Finance may approve the issuing of University credit cards to senior staff. Such credit cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. Purchasing cards may also be issued to staff in departments and this is covered in the Purchasing Policy section of this document.

3.8 Assets

3.8.1 Acquisition of assets

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken by the Director of Estates and Facilities in line with the University's approved capital programme.

All assets purchased using University funds remain the property of the University and not the Department / Division or individual that uses them.

Heads of Department /Division are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control.

3.8.2 Asset Registers

The University shall maintain two asset registers:

- A fixed asset register of land, buildings, and fixed plant and equipment costing over £25,000 which will form part of the University's statutory accounts; and
- a departmental/divisional equipment inventory of all tangible equipment costing in excess of £500

The Director of Finance is responsible for maintaining the institution's fixed asset register. Heads of Department/Division are required to provide the Director of Finance with any information he or she may need to maintain this register.

Heads of Department/Division are required to maintain a departmental equipment inventory by recording all equipment held by the Department/Division, costing in excess of £500 .

The format of this inventory register can be determined by the Department/Division, although use of the asset management module of the University's finance system SAP is encouraged.

IT equipment provided by Central IT Services for use in departments should not be included on the register. This data will be maintained and submitted by IT Services.

Heads of Department/Division MUST also arrange for inventories to be checked and brought up to date by the end of each financial year. A register as at 31 July, signed off by the Head of Department will be requested by Central Finance annually.

3.8.3 Disposal of Assets

When assets become redundant, the Department / Division holding that asset MUST ensure that the asset is disposed of in the most economically efficient manner, aiming to maximise sale proceeds for the University. Disposals should be conducted in such a way as to rebut any possible allegations of waste of public funds or of showing undue preference to any party.

It is the University's policy not to sell plant or equipment, including redundant IT equipment, to an employee.

Following the disposal of any asset, either by sale or as scrap, the Department / Division MUST ensure that the departmental equipment inventory is updated or, if the initial purchase cost of the equipment was over £25,000, that Finance Office is notified of the need to update the fixed asset register.

3.8.4 Asset Security

Heads of Department / Division are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control. They should consult the Director of Estates in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

3.9 Taxation

3.9.1 The Director of Finance is responsible for advising heads of department, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the University. Therefore, the Director of Finance will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty. Departments and staff may not seek advice directly from the tax authorities, but must route enquiries through the Director of Finance.

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

3.10 Research Grants and Contracts

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

3.10.2 The research agreement must be in line with the University's policy with regard to indirect costs and other expenses and taking account of different procedures for the pricing of research projects depending on the nature of the funding body.

3.10.3 Research grants and contracts shall be accepted on behalf of the University by the Research Support Office.

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

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

3.10.6 Any overspend or under-recovery of overheads is clear responsibility of the department with any loss being a charge on departmental funds.

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

3.10.8 The Estates Office should be notified of any activity which might affect the University's insurance liabilities.

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

3.11 Services to business and the community

3.11.1 Non-award bearing academic services will normally comprise non-award bearing short courses, conferences and consultancy work. Departments are encouraged to engage in academic services to business and the community, especially where this will generate new external income.

- 3.11.2 Non-award bearing academic services must be coded appropriately within the financial system to ensure that activity across the University can be measured. Therefore departments engaging in such activities should contact the Management Accounting section of the Finance Office for guidance on the codes to use.
- 3.11.3 Further guidance and support on the establishment of non-award bearing short courses and conferences is available from the Institute of Lifelong Learning, CPD section.
- 3.11.4 All non-award bearing academic services are expected to be self-financing or surplus-generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the head of department and the Director of Finance.
- 3.11.5 Services must be costed and agreed with the Director of Finance before any commitments are made. Provision must be made for charging both direct and indirect costs in accordance with the University's costing and pricing policy, in particular for the recovery of overheads.
- 3.11.6 Any unplanned deficits incurred on other income-generating activities will be charged to departmental funds.
- 3.11.7 Distribution of profits on other income-generating activity between central funds of the University and individual departments will be in accordance with the policy approved by the Finance Committee.
- 3.11.8 Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the head of department, and in the case of a head of department, the President and Vice-Chancellor.

3.12 Endowed Funds

- 3.12.1 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.
- 3.12.2 The Director of Finance is responsible for maintaining a record of the requirements for each trust fund and for advising the Finance Committee on the control and investment of fund balances.
- 3.12.3 The Finance 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.

3.13 Insurance

- 3.13.1 The Director of Estates is responsible for the University's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. Further details on insurance can be found on the Insurance Section web page.
- 3.13.2 Heads of Department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the University may be exposed. The Director of Estates' advice should be sought to ensure that this is the case. Heads of Department must give prompt notification to the Director of Estates of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Heads of Department must advise the Director of Estates immediately of any event that may give rise to an insurance claim. The Director of Estates will notify the University's insurers and, if appropriate, prepare a claim in conjunction

with the Head of Department for transmission to the insurers. Non-disclosure of any agreements can invalidate the University's insurance covers.

3.13.3 All staff using their own private vehicles on behalf of the University must notify their motor insurers and maintain appropriate insurance cover for business use.

3.13.4 Staff may sometimes be asked to sign indemnity forms, particularly when visiting third party sites. All such documents should be referred to the Insurance Section of the Estates Office for agreement and authorization.

3.14 Companies, joint ventures, intellectual property rights and patents

Certain activities undertaken by the University including research, teaching and consultancy may give rise to intellectual property that can be utilized by the University in its own core business and/or in a commercial venture.

Arrangements for the utilization and ownership of such intellectual property are detailed in the University's [Policy for the Treatment and Governance of Intellectual Property](#) and all staff of the University are required to read and comply with this policy.

Where members of staff believe that they have exploitable intellectual property they should, at the earliest possible opportunity, seek the advice of the Director of Enterprise & Business Development to discuss the best approach to exploiting this. Where the University determines that the formation of a Spin-Out Company is the preferred method of exploitation for intellectual property, this must be undertaken in line with the University's [Policy on Spin-Out Company Formation](#).

3.15 Approval process for the employment of temporary clerical staff (Management and Administration grades 1-6)

3.15.1 Temporary clerical staff, whether employed directly or through an agency, may be engaged for temporary purposes only. Examples of the appropriate use of temporary clerical staff include:

- Cover for vacancies between staff leaving post and replacement appointees joining the University.
- Cover for temporary absences caused by staff illness or maternity leave.
- Assistance with peaks of additional workload (which might be planned but seasonal or unplanned but unavoidable)

3.15.2 If the total remuneration for the engagement is likely to exceed £5,000 in any 12-month period or four weeks in duration (regardless of cost) approval must be sought from the Head of College or the Registrar and Chief Operating Officer. Appointments approved for up to 13 weeks can be made using a casual contract. Appointments approved for longer periods will be offered on standard conditions of service, with salary and other benefits pro rata to an equivalent full-time post.

3.15.3 In all cases, departments must satisfy themselves before engaging temporary staff that there is an adequate budget to meet the cost (including the employer's National Insurance Contribution of approximately 10%) either from departmental funds, or from an approved budget.

3.16 General advice on the employment of temporary staff

3.16.1 It is important to note that temporary staff, even when paid on the basis of claim forms, have the right to join the occupational pension scheme offered by the University to equivalent "regular" employees. If a temporary employee exercises their right to join the pension scheme, this will increase the total cost of employment significantly.

- 3.16.2 Most temporary engagements will be deemed to be “employment” in law. Many legal protections apply as soon as employment commences, indeed protection can begin before the employment starts. The full range of employment protection does not become available until twelve months continuous service has been completed. Departments should be mindful that it is possible that a continuous series of short-term engagements within the University might together exceed twelve months. Wherever this seems likely to be a possibility, departments should seek advice from Personnel Services.
- 3.16.3 In the majority of cases, and almost invariably in relation to teaching, the Inland Revenue will regard payments due a temporary worker as being liable for the deduction of tax under PAYE. The individual’s general tax status, including acceptance of self-employed status by the Inland Revenue in relation to other activities, does not affect this position. Normally, the only exceptions to this general principle are where an individual provides their services through a limited company. In these instances, the contract will be “for services” rather than “of service” and payment will be on the submission and authorisation of invoices, provided that HMRC have approved this method.
- 3.16.4 The Head of Department or nominee must ensure that the necessary checks are carried out within the Department to ensure that the individual to be engaged on a temporary basis has permission to work in the UK before (s)he starts work at the University and that a copy of the necessary evidence is kept in the Department. If checks have been made previously and they proved satisfactory, it is not necessary to repeat these checks again.
- 3.16.5 The University provides many services in-house and it is the normal expectation that departments utilise these services rather than seek external suppliers. Temporary employment, particularly that involving students, across the University which may otherwise have been resourced from an outside agency, paid through the fees payroll or through a casual contract should be sourced through Unitemps. If Unitemps confirm that they are unable to provide suitable candidates, for example for specialist professional roles, outside agencies may be used.

3.17 Students’ Union

- 3.17.1 The Students’ Union is a separate legal entity from the University, but is recognised to fulfil a valuable role in relation to the University’s students. The constitution of the Students’ Union is subject to approval by Council
- 3.17.2 Subject to any constraints imposed by HEFCE, Council shall determine the level of grant to be paid annually to the Students’ Union. Council requires the Union to provide, for information, details of its proposed budget to assist in determining the appropriate level of grant.
- 3.17.3 The Students’ Union is responsible for maintaining its own bank account and financial records and preparing its own annual financial statements. The Students’ Union may not borrow money from its bank or elsewhere, without approval from Finance Committee.
- 3.17.4 In accordance with an agreement between the University and the Students’ Union, the Union will provide monthly statements of income and expenditure to the Director of Finance and the Finance Committee for information purposes only.
- 3.17.5 At year end the Students’ Union financial statements will be audited by an appropriately qualified firm of auditors and will be presented to the Finance Committee for information.
- 3.17.6 In accordance with an agreement between the University and the Students’ Union, the University’s internal auditor shall have access to records, assets and personnel within the Students’ Union in the same way as other areas of the University.

3.17.7 The Students' Union is responsible for maintaining their insurance arrangements. These must be declared to and agreed with the Director of Estates.

3.18 Other items

3.18.1 Where a deed or document requires the University's seal, it must be sealed by the Registrar and Chief Operating Officer or, in his or her absence, the Director of Finance, in the presence of a member of Council.

3.18.2 The Registrar and Chief Operating Officer is responsible for submitting a report to each meeting of Council detailing the use of the University's seal since the last meeting.

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

3.18.4 Keys to safes or other similar containers are to be carried on the person of those responsible at all times and must not be left on University premises overnight or outside of business hours. The loss of such keys must be reported to the Director of Finance and the Director of Estates immediately.

3.18.5 Petty Cash advances may be made by the Director of Finance to a Head of Department or to an authorised member of staff. Petty Cash advances are intended only for urgent or minor day to day expenses of the department. Petty Cash should not be used for making payments to suppliers with whom the University has credit account facilities. Petty Cash Accounts should be records only of expenditure. In no circumstances should cash received be paid into these accounts.

4 PROCUREMENT REGULATIONS

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4.1. GENERAL

The Procurement Regulations form part of the University's Financial Regulations. The responsibility for formulating the Procurement Regulations rests with the University's Finance Committee. The purpose of the Regulations is to ensure that the University gains value for money when undertaking its procurement activity, reflect the principles of the Treaty on the Functioning of the European Union (i.e. equal treatment, non-discrimination, mutual recognition, proportionality and transparency, so driving competition), and ensure compliance with public procurement law. The Regulations include the University's approval levels when accepting tenders, awarding Contracts, placing orders, varying and extending Contracts, and gaining exceptions to the Regulations.

4.1.1. Compliance

Staff must comply with these Regulations. Failure to do so may result in disciplinary action.

4.1.2. Allocation of Responsibilities

Heads of Department may allocate their responsibilities under these Regulations to members of their Staff, following the details of these allocated responsibilities having been provided to the Head of Procurement.

4.1.3. Interpretation

Words and expressions used in these Regulations are to be interpreted in accordance with the provisions of Section 4.8 Interpretation.

4.1.4. Application

(a) These Regulations apply to every procurement Contract made by or on behalf of the University except Contracts:

- (i) for only the acquisition or disposal of any interest in land;
- (ii) for the lending or borrowing of money;
- (iii) of employment (making an individual a direct employee of the University).

(b) These Regulations apply where a University Spin-out Company could deliver the Contract.

4.1.5. General Requirements

(a) Every Contract or official order for works, supplies or services made by the University shall be for the purpose of implementing the University's policies and must be made in accordance with the University's Procurement Strategy (2014-17).

(b) When proposing to procure or making arrangements for procuring a service Contract where the Estimated Value exceeds the EU Threshold then consideration must be given as to how the Contract might improve the economic, social and environmental wellbeing of Leicestershire, as required by the Public Services (Social Value) Act 2012.

(c) The Procurer must consider what Risks the Contract presents ahead of any Procurement Exercise, taking proportionate account of any Risks identified during the subsequent Procurement Exercise and within the resultant Contract. The types of Risk for the Procurer to consider include those relating to Business Continuity, compliance with the Equality Act 2010 and the Modern Slavery Act 2015, and Information Security. In considering Information Security it is important to ensure compliance with the University's Outsourcing and Third Party Access Policy.

- (d) The Procurer must contact, and take advice from, the University's appropriate Professional Services before commencing the Procurement Exercise, where relevant to the Contract. For example:
- (i) The Estates & Facilities Management Division must be contacted where the Contract will have a dependency and/or impact on University buildings, building services or infrastructure;
 - (ii) The Head of Financial Operations must be contacted where the Contract involves the collection of income on behalf of the University; and
 - (iii) The IT Services Division must be contacted where the works, services or goods to be procured have an IT element and/or interface with the University's IT systems. In particular, where the product or service being procured is based on Cloud Services then IT Services should be contacted and compliance with the IT Services Policy for Selection and Use of Cloud Services should be ensured.
- (e) The Procurer must ensure that Contracts approved as Mandatory Contracts by a Category Manager are used to order the respective supplies, services and works, unless it is agreed by the Category Manager that better value for money can be clearly demonstrated outside of these approved Mandatory Contracts.
- (f) The following services must be delivered by the University's in-house provision unless the Head of Procurement approves a Procurement Exercise being undertaken or an exception being sought in accordance with Regulation 4.1.6:-
- (i) Print Services to be provided by the Print Unit;
 - (ii) Conference Services to be arranged using University facilities;
 - (iii) Overnight accommodation for visitors to be arranged using University facilities, for example College Court;
 - (iv) Catering Services to be provided by Campus Services;
 - (iv) Managed IT Services to be delivered by IT Services; and
 - (vi) Buildings, building services and infrastructure to be delivered by the Estates & Facilities Management Division.
- (g) Before commencing a Procurement Exercise for research equipment and specialist machines the Procurer must first check whether such equipment is available to be used from elsewhere within the University or amongst the other members of the Midlands Innovation Partnership, by consulting the online Kit-Catalogue.
- (h) Procedures set out in the relevant EU Directives, EU Treaties, Acts of Parliament and UK legislation must be complied with at all times.
- (i) Based on criteria laid down by the Head of Procurement, the Procurer will be responsible for evaluating the financial status of Tenderers and suppliers.
- (j) The Procurer must ensure that sufficient budget provision has been agreed with the budget holder prior to any Procurement Exercise being undertaken, and must provide evidence of there being a budget to the appropriate Category Manager where the Procurement Unit is to undertake the Procurement Exercise.
- (k) All Procurement Exercises for Contracts with an Estimated Value of £50,000 or more must be undertaken using an electronic tendering system approved by the Head of Procurement, unless otherwise agreed with the Head of Procurement.

- (l) Subject to the provisions of Regulation 4.5.1(b) (Framework Agreements) Contracts shall not be longer than four years (including extensions) or of indeterminate length without the written approval of the appropriate Category Manager. Any such approval shall be sought prior to the commencement of the Procurement Exercise.
- (m) For all Contracts dependent on grant funding the Procurement Exercise and Contract must adhere to, and reflect, all relevant grant conditions that stipulate requirements that go beyond these Regulations.

4.1.6. Exceptions

- (a) Subject to the requirements of EU Directives, EU Treaties, Acts of Parliament and UK Regulations the following Contracts may be placed by direct negotiation with one or more suppliers, Contracts:-
 - (i) for supplies, materials, services or works which are available only as proprietary or patented articles, services or works from one Contractor or supplier and for which the Head of Department and the Head of Procurement decide that there is no reasonably satisfactory alternative available in the European Union and for repairs to, or the supply of, parts of existing proprietary or patented articles or works, including machinery or plant;
 - (ii) for works of art, museum specimens or historical documents;
 - (iii) which constitute a variation or extension of an existing Contract, as permitted by the Contract and/or the University's Financial Regulations subject to the provisions of Regulation 4.6.2 (Contract Variations), Regulation 4.6.3 (Contract Extensions) and 4.6.4 (Novation of Existing Contracts).
- (b) Other exceptions to these Regulations may only be made within the relevant law and with the authority of the appropriate Category Manager where the Estimated Value of the proposed Contract is between £10,000 and £49,999, and the Head of Procurement and the Registrar and Chief Operating Officer where the Estimated Value of the proposed Contract is £50,000 or more. In requesting authority for an exception to these Regulations the Exception Form must be completed and submitted to the appropriate Category Manager or Head of Procurement, depending on the Estimated Value of the proposed Contract.

4.1.7. Financial Thresholds and Delegation

- (a) Financial limits and thresholds within these Regulations may be varied from time to time by the Finance Committee.
- (b) Arrangements for delegation of functions to members of Staff within these Regulations may be varied from time to time by the Registrar and Chief Operating Officer.

4.1.8. Annual Reporting

The Head of Procurement shall at least once in each financial year submit a report to the Finance Committee in relation to the operation of these Regulations, including, among other things, details of the approved exceptions to these Regulations and approved extensions to Contract, where not provided for in the Contract, and proposed revisions to these Regulations and/or changes required to accommodate the requirements of UK and EU procurement law as may be necessary from time to time.

4.1.9. Ethical Procurement

- (a) Regulations 2.6 (Code of Conduct and Declaration of Interest), 2.7 (Gifts and Hospitality) and 2.8 (Prevention of Bribery and Corruption) of the Financial Regulations, and the Corporate Code of Ethics of the Chartered Institute of Purchasing & Supply apply to any Procurement Exercise.

- (b) Every written Contract will include the standard Prevention of Bribery and Corruption clause included within the University’s Standard Terms and Conditions for Goods and Services, or a clause that is substantially similar.

4.2. PROCUREMENT EXERCISE

4.2.1. Pre-Estimate

- (a) Before any Procurement Exercise is begun the Procurer must calculate its Estimated Value in accordance with this clause.
- (b) The Estimated Value shall be calculated as follows:
- (i) Where the Contract period is fixed the Estimated Value shall be the total estimated maximum value of the supplies, services or works to be supplied over the period covered including any extensions to the Contract;
 - (ii) Where the Contract period is indeterminate the Estimated Value shall be calculated by multiplying the estimated average monthly value by 48;
 - (iii) For Concessions the Estimated Value shall be the estimated gross value of the service before income over the Contract period;
 - (iv) The Estimated Value must exclude Value Added Tax (VAT) but must include all other taxes and duties;
 - (v) Periodic purchases for the same requirement, whether that is from the same or different suppliers, must be aggregated over a minimum of a 48 month period;
 - (vi) Where the University may be contributing only part of the Total Value of a Contract, it is nevertheless the total Estimated Value that should be applied in determining the correct procedures to be applied under these Regulations.
- (c) Where there is any doubt as to the Estimated Value then the procedure for the higher threshold in Regulation 4.2.2 must be used.
- (d) Where the Estimated Value is £25,000 or more the Procurer must notify in writing the appropriate Category Manager of the Estimated Value before proceeding. A written record of that Estimated Value must then be kept on file by the Procurer.

4.2.2. Procurement Exercise Process

- (a) Based on the Estimated Value, as identified in Regulation 4.2.1, Table 1 below makes provision for the minimum requirements for the subsequent Procurement Exercise.

Table 1: Minimum requirements for a Procurement Exercise (for exceptions see Regulation 4.1.6):

Estimated Contract Value	Procurement Process	Minimum Contract Opportunity Publication	Documentation
£0 – £9,999	Obtain one written Quotation	None	Record details
£10,000 – £24,999	Seek three written Quotations (where practical)	When requesting quotations the Procurer should consider the benefits of including a local supplier, where appropriate or applicable to the Contract*	Record details <i>(If three Quotations cannot be obtained, despite them being sought, a record of the reasons for this must be</i>

Estimated Contract Value	Procurement Process	Minimum Contract Opportunity Publication	Documentation
			<i>maintained and forwarded to the appropriate Category Manager)</i>
£25,000 – £49,999	Obtain three written Quotations (to be based on a Request for Quotation document where practical) For exceptions see Regulation 4.1.6(b)	When requesting quotations the Procurer should consider the benefits of placing a Contract Opportunity Publication on a website approved by the Head of Procurement to notify the supply market. The University's electronic tendering system, provides this functionality and ensures that a Contract Opportunity Publication is also placed on the Contracts Finder website (where Contract Opportunity Publications for all openly advertised Contracts with an Estimated Value of £25,000 or more must be placed). <i>(If the specified number of Tenders to be received based on the Estimated Contract Value is not obtained, but a Contract Opportunity Publication was placed, then this does not constitute an exception to these Regulations)</i>	Request for Quotation issued by the Procurer and Quotations received
£50,000 – £99,999	Obtain three written Tenders (Tender process to be undertaken by the Procurement Unit**, unless agreed otherwise by the Head of Procurement)		Invitation to Tender issued and Tenders received
£100,000 – EU Threshold***	Obtain five written Tenders (Tender process to be undertaken by the Procurement Unit**, unless agreed otherwise by the Head of Procurement)		
Above the EU Threshold*** or £589,148 if Social and Other Specific Services, as defined by the Public Contracts Regulations 2015	Formal Tender Process (to be undertaken by the Procurement Unit, unless agreed otherwise by the Head of Procurement)	OJEU**** and also consider the benefits of placing a Contract Opportunity Publication on a website approved by the Head of Procurement to notify the supply market. A Contract Opportunity Publication can be placed via the University's electronic tendering system, which will also place a Contract Opportunity Publication on the Contracts Finder website (where Contract Opportunity Publications for all openly advertised Contracts with an Estimated Value of £25,000 or more must be placed).	

* The University cannot give preference to local suppliers, as this would contravene procurement law and one of its primary underpinning principles of non-discrimination. However, the University recognises that there can be barriers limiting the ability of smaller suppliers to compete for its business. The University will seek to reduce the impact of such barriers, where it can do so legally, without discrimination, and without placing unacceptable levels of risk on the University

** The Formal Tender Process for Works below the EU Threshold (£4,104,394) may be undertaken by the Estates & Facilities Management Division, rather than the Procurement Unit

*** EU Thresholds are currently £164,176 for Supplies and Services and £4,104,394 for Works and Concessions

**** Where following the Restricted Procedure or Competitive Procedure with Negotiation the call for competition may be made by way of a Prior Information Notice or an OJEU notice

(b) Where any Mandatory Contracts have been set up for supplies, services or works then these Regulations are deemed to have been satisfied when the arrangement was set up and do not have to be further

applied, if appropriately used. When the Mandatory Contract is a Framework Agreement then the Procurer must comply with Regulation 4.5.1(c).

- (c) Where the Estimated Value exceeds the relevant EU Threshold, consideration must be given as to whether to subdivide the Contract into lots. If the decision is made not to subdivide the Contract into lots then the reason for this decision must be formally documented.
- (d) The Procurer must ensure that the appropriate Category Manager is involved from the outset of the Procurement Exercise for equipment with an Estimated Value of £25,000 or more, where funded by a Research Council.

4.2.3. Selection and Award Evaluation Criteria

- (a) A Procurement Exercise must include both selection and award criteria.
- (b) Selection criteria must be included in the evaluation process where employing the Open Tendering procedure (Regulation 4.3.1) or must be the only criteria used for the shortlisting methodology where employing the Restricted procedure (Regulation 4.3.2).

4.2.4. Award Methodology and Evaluation Criteria

- (a) The award methodology must determine the most economically advantageous Tender based on a range of predetermined evaluation criteria which must be set out in the Invitation to Tender.
- (b) Before a Contract can be awarded the supplier must meet the minimum standard for the selection criteria where included in the evaluation process, where employing the Open Tendering procedure (Regulation 4.3.1) or where the only criteria used for the shortlisting methodology where employing the Restricted procedure (Regulation 4.3.2).
- (c) In the case of a Procurement Exercise with an Estimated Value of £50,000 or more the process for identifying the most economically advantageous Tender, including selection and award criteria, must be agreed in consultation with the appropriate Category Manager and included in the Invitation to Tender and a copy retained on file.
- (d) The Procurer must notify all Tenderers of the award methodology and evaluation criteria being used in the case of the Contract in question. If weightings are to be applied to the criteria then the Procurer must ensure that these are also incorporated into the Invitation to Tender.
- (e) Where the decision is made to subdivide the Contract into lots, having followed Regulation 4.2.2(c), it is necessary that the OJEU notice detail the number of lots for which Tenderers may bid, the number of lots that may be awarded to any one Tenderer, and the award criteria and rules to be used in awarding the lots.

4.2.5. Contract Opportunity Publication

- (a) The Procurer must consider the benefits of placing a Contract Opportunity Publication on a website approved by the Head of Procurement (functionality currently provided by the University's electronic tendering system) to notify the supply market where the Procurement Exercise has an Estimated Value of £25,000 or more.
- (b) Where a Contract Opportunity Publication is to be placed then this should be on the Contracts Finder website or placed on the Contracts Finder website before or within 24 hours of any other Contract Opportunity Publication.

- (c) Unless agreed otherwise with the Category Manager, for all proposed Contracts where the Total Value is below the EU threshold, a period of at least ten working days should be allowed between the closing date for requests for the Invitation to Tender and either:
 - (i) the deadline for receipt of Tenders where an Open Tendering procedure is being used; or
 - (ii) the deadline for receipt of Selection Questionnaires or Expressions of Interest, where a Restricted Tendering procedure is being used.
- (d) The Contract Opportunity Publication must express the nature and purpose of the Procurement Exercise, stating where further details may be obtained and inviting Tenders in response to the Contract Opportunity Publication.
- (e) If the Estimated Value exceeds the relevant EU Threshold the Procurer must ensure that the Contract Opportunity Publication is first published in the OJEU before the Contracts Finder website or any other website approved by the Head of Procurement. The same applies to Social and Other Specific Services, as defined by the Public Contracts Regulations 2015, with an Estimated Value exceeding £589,148.
- (f) Under no circumstances must a Contract Opportunity Publication appear in any form before publication in the OJEU and neither should any advertisement contain any more information than that published in the OJEU.
- (g) All procurement documents must be available by means of a website approved by the Head of Procurement from the date of the publication of the OJEU notice (or Prior Information Notice, where used as a call for competition where following a Restricted Procedure or Competitive Procedure with Negotiation).

4.3. FORMAL TENDER PROCESS

4.3.1. Open Tendering

Under Open Tendering, Procurers must send Invitations to Tender to all those Persons who respond to the Contract Opportunity Publication and who meet the requirements stated therein.

4.3.2. Restricted Tendering

- (a) Regulation 4.3.2 applies to Tenders where the Estimated Value is equal to or exceeds the EU Threshold. Restricted Tendering is not to be used where the Estimated Value is below the EU Threshold.
- (b) Under Restricted Tendering, Procurers need only send Invitations to Tender to:
 - (i) not less than five of the Persons who respond to the Contract Opportunity Publication and who best meet the shortlisting methodology agreed in Regulation 4.2.4(b); or
 - (ii) where fewer than five Persons have applied or are considered suitable, to all those Persons who equal or exceed the minimum requirements for the shortlisting methodology agreed in Regulation 4.2.4(b).
- (c) The shortlisting criteria and process must be prepared (in consultation with the Category Manager) in advance of the issue of the Selection Questionnaire and a copy retained on file.
- (d) All Persons that do not qualify for inclusion on the shortlist to receive an Invitation to Tender must receive notice that they have been excluded from the Procurement Exercise. Any Person requesting in writing the reasons why they were unsuccessful shall be informed by the Procurer of the reasons for the University's decision.

4.3.3. Competitive Procedure with Negotiation, Competitive Dialogue and Innovation Partnership

- (a) Where the Competitive Procedure with Negotiation or Competitive Dialogue or Innovation Partnership procedures are used the requirements of the EU Directive and where appropriate these Regulations shall be followed.
- (b) The Competitive Procedure with Negotiation and the Competitive Dialogue and Innovation Partnership procedures must only be used with the prior approval of the Head of Procurement.

4.3.4. Invitations to Tender

- (a) Every Invitation to Tender must specify the latest day and hour for the receipt of Tenders and, for Tenders where the Estimated Value is £50,000 or more, must state the effect of Regulation 4.3.5.
- (b) Procurers must give all Tenderers the same information about the Procurement Exercise and in particular information relating to the Tender process, specification, award methodology and evaluation criteria.
- (c) Procurers must also give all Tenderers the same information relating to questions, answers and clarifications raised during the Procurement Exercise unless they relate solely to another Person's Tender.

4.3.5. Irregular Tenders

- (a) An Irregular Tender must not be accepted by either the Category Manager or the Procurer, other than in accordance with this Regulation.
- (b) A Tender is not valid unless it has been submitted in accordance with Regulation 4.3.4.
- (c) Where a Tender has been received which is an Irregular Tender in that it does not fully comply with the instructions given in the Invitation to Tender and/or because it is received after the appointed time for receipt or does not comply with Regulation 4.3.5(b), the provisions of Regulations 4.3.5(e) and 4.3.5(f) apply.
- (d) Where hardcopy Tenders are received, subsequent to the appropriate approval having been gained in accordance with Regulation 4.1.5(k), a Tender received after the closing date and time may be opened and evaluated in accordance with Regulation 4.3.6 if there is clear evidence of it having:-
 - (i) been posted by first class post at least a day before the closing date; or
 - (ii) been posted by second class post at least three days before the closing date.
- (e) If in other cases of Irregular Tenders the Head of Procurement considers that there are exceptional circumstances and that the Tenderer who submitted the Irregular Tender has gained no advantage from its irregularity he may determine to accept the Irregular Tender and authorise that it be opened and evaluated together with any other Tenders in accordance with Regulation 4.3.6. The Head of Procurement shall record in writing the reasons why each Irregular Tender has been accepted or rejected.
- (f) Irregular Tenders that the Head of Procurement has rejected under this Regulation must be returned to the Tenderer by the Procurer or Category Manager with a covering letter stating the reason for their rejection.

4.3.6. Errors or Discrepancies in Tenders

- (a) Tenderers are not allowed to alter their Tenders after opening save in accordance with this Regulation or Regulation 4.3.7.
- (b) Where it is suspected that there has been an error in a Tender and following the closing date for receipt of Tenders but before acceptance of any Tender discussions may take place with Tenderers in order to:

- (i) ensure that the Tender is constructed correctly; or
 - (ii) ensure that the Tenderer has fully understood the specification; or
 - (iii) seek clarification from Tenderers of cost, quality and performance indicators.
- (c) Where a Tender appears to be abnormally low the Procurer shall require the Tenderer to explain the price or costs proposed in the Tender. If the explanation subsequently provided by the Tenderer is deemed not to satisfactorily account for the low level of the price or costs then the Procurer may reject the Tender.
- (d) A written note of the discussions must be made to record the suspected error, date, time, detail of the discussion and any agreement reached.

4.3.7. Discussions and Post Tender Negotiations

- (a) In the case where the Estimated Value was below the EU Threshold, and following the closing date for receipt of Tenders, but before acceptance of any Tender, the Procurer in consultation with the appropriate Category Manager may carry out Post Tender Negotiations in an attempt to secure improvements in the price or economic advantage in one or more of the following circumstances:
- (i) where the most competitive Tender (according to the pre-determined award methodology and evaluation criteria) submitted exceeds the Estimated Value;
 - (ii) where it is considered that the price of the most competitive Tender submitted does not represent the best value for money that can reasonably be obtained;
 - (iii) where Tenders have been invited only on the basis of unit prices or a schedule of rates and the lowest in aggregate is not the lowest on all items;
 - (iv) where the most competitive Tender contains conditions, trading terms, guarantees, or provisions relating to performance or service delivery less favourable than in other Tenders, or than stipulated for and this defect appears capable of being remedied by Post Tender Negotiations.
- (b) When conducting Post Tender Negotiations, as part of a Procurement Exercise where the Estimated Value is £50,000 or more (but below the EU Threshold), only the Tenderer submitting the most competitive Tender in accordance with the award methodology and evaluation criteria (Regulation 4.2.4) may be invited to participate in Post Tender Negotiations.
- (c) When conducting Post Tender Negotiations, the following additional regulations shall apply:
- (i) At no time during the negotiations must a Tenderer be informed of the detail of any other Tender submitted or as to whether or not the Tender he submitted was the lowest.
 - (ii) During negotiations in person there must always be present at least two members of staff of the University. Where the Estimated Value of the Contract is £50,000 or more, one of these members of Staff must be a Category Manager.
 - (iii) A note of the negotiations will be made by one of the members of Staff present recording those present, the time and location of the negotiations, detail of the discussion and any agreement reached.
 - (iv) Post Tender Negotiations shall not enable any material departure from the published specification. The Category Manager shall determine whether any proposed change to the specification constitutes a material departure and whether as a consequence other Tenderers shall be permitted to participate in Post Tender Negotiations and/or whether new Tenders should be invited, to avoid any potential allegations of competition being distorted.

- (d) Post Tender Negotiations are not allowed in the case of Contracts with an Estimated Value exceeding the relevant EU Threshold. However, clarifications of errors or discrepancies in Tenders may take place in accordance with Regulation 4.3.6.

4.4. AWARD OF CONTRACT

4.4.1. Acceptance of Tenders

- (a) A Tender can only be accepted in accordance with the initial award methodology and evaluation criteria as set out in Regulation 4.2.4. Any evaluation sheets must be maintained on file in accordance with Regulation 4.7.1.
- (b) The Head of Department must approve the acceptance of all Tenders for Contracts with an Estimated Value of below £50,000. The Head of Department and Head of Procurement must approve the acceptance of all Tenders for Contracts with an Estimated Value of £50,000 or more.
- (c) If the Tender to be accepted exceeds the budget which was agreed in accordance with Regulation 4.1.5(j) the Procurer must ensure that sufficient funds are available and approved by the appropriate budget holder or Head of Department prior to accepting the Tender.
- (d) An abnormally low Tender may not be rejected without first giving the Tenderer the opportunity to explain the tendered price.

4.4.2. Notification of Contract Award

- (a) The Procurer must notify the successful Tenderer of the acceptance of their Tender and for all Procurement Exercises with an Estimated Value of £10,000 or more this notification must be in writing.
- (b) In the case where the Estimated Value is £25,000 or more the Procurer must notify in writing all Tenderers who submitted a Tender of the decision as soon as possible after the decision has been made.
- (c) In the case where the Estimated Value is equal to or above the appropriate EU Threshold the following additional regulations shall apply:
 - (i) The notice in Regulation 4.4.2(b) shall include the award criteria, the reasons for the decision, including the successful Person's score, the score (if any) of the Person receiving the notice, and the characteristics and (if appropriate) relative advantages of the successful Person's Tender, any reasons why the recipient of the notice did not meet the technical specification, the name of the Person awarded the Contract, as well as the date when the standstill period required in accordance with Regulation 4.4.2 (c)(ii) will come to an end.
 - (ii) A minimum period of 10 calendar days must elapse between the day of sending the notice in Regulation 4.4.2(b) and the date on which the University enters into a Contract, if the notice is sent electronically. Where the notice is sent by other means then either, 15 days from the day of sending the notice, or 10 days from the day of receipt of the notice by the last Tenderer to receive the notice must elapse. In all cases the day after sending the notice should be counted as day 1. The standstill period must end on a working day.
 - (iii) The appropriate Category Manager shall ensure that an OJEU Contract award notice is placed within 30 days of the Contract award.
- (d) Where a Contract Opportunity Publication was placed on the Contracts Finder website, the Procurer must ensure that an award notice is placed on the Contracts Finder website within 90 calendar days of the Contract award.

- (e) The Procurer must notify the appropriate Category Manager in writing of any Contract that has been awarded with a Total Value of £25,000 or more.

4.4.3. Form of Contract

- (a) A Contract shall be formed:
 - (i) by exchange of letter or electronic communication accepting the successful Tender and incorporating the Invitation to Tender or Request for Quotation and the outcome of any subsequent negotiations and discussions; or
 - (ii) by completion of a formal Contract incorporating the Invitation to Tender or Request for Quotation, the Tender and the outcome of any subsequent negotiations and/or discussions; or
 - (iii) by placing an order in accordance with Regulation 4.4.4.
- (b) In determining and negotiating the terms and conditions of Contract, the Procurer must ensure that the appropriate Standard Terms and Conditions are incorporated unless the Procurer having consulted the appropriate Category Manager considers it inappropriate to do so.
- (c) All Contracts with an Estimated Value of £25,000 or more must be in writing and where appropriate the Head of Department shall:
 - (i) ensure that the Contract includes a definition of the circumstances that will be considered to constitute a default on the terms of the Contract by the supplier. The Contract must provide for notice of default to be given to the supplier and for any resulting losses to be recovered from the supplier if the default is not rectified.
 - (iii) ensure that the Contract provides for the supplier to have an insurance policy, which can be inspected during the Contract period. The Insurance Manager shall be consulted on the insurance requirements where the standard insurance cover levels that the University requires of its suppliers are not deemed to be appropriate.
 - (iv) consult the Tax Manager on the appropriate VAT requirements.
- (d) Every Contract must be signed by the Head of Department or a member of Staff designated by him. The Legal Office will determine whether a Contract must be under seal.
- (e) Except after consultation with the Legal Office, work or services must not be authorised to commence or goods to be supplied where such works, services or goods are to be the subject of a Contract under seal entered into between the University and the supplier, until the Legal Office has advised that the Contract has been signed by the supplier.

4.4.4. Orders for work, goods and services

- (a) The Head of Department may allocate the responsibility to place orders to budget holders and named members of his Staff, where this complies with the maximum authority levels identified in Regulation 4.4.4, Table 2 below, and where details are first provided to the Head of Procurement. Blanket Orders must be raised for the full estimated aggregate value of the future intended call-off orders, with the authority to place such orders based of this aggregated value.

Table 2: Maximum Authority Levels

Role	Maximum
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Authority Level*	
Departmental Administrator (Grade 1-5)	£10,000
Team Manager (Grade 6-9)	£25,000
Deputy Director (Grade 10)	No limit

- (b) The duties of authorising orders, certifying invoices, and receiving goods must be vested in different members of Staff, unless approval has been gained from the Head of Procurement for the same member of Staff to fulfill more than one of these duties due to unavoidable circumstances.
- (c) Except where approved by the Head of Procurement or where placing orders using a Purchasing Card in accordance with Regulation 4.4.5, the procurement of all goods, works and services must be based on a purchase order issued to the supplier prior to the delivery of the goods or commencement of the service or works, using an purchase ordering system approved by the Head of Finance Operations (for example, SAP). The purchase order (including Blanket Orders) should be placed against a Mandatory Contract (See Regulation 4.1.5(e)), or follow a Procurement Exercise conducted in accordance with these Regulation, or follow an exception to the Regulations having been gained in accordance with Regulation 4.1.6.
- (d) Where the supplier is a new supplier to the University, and so not on the University's Enterprise Resource Planning (ERP) system (currently SAP), the details of the new supplier must be provided to the Accounts Payable team to be entered onto the ERP system. The entry of a new supplier onto the University's ERP system must first be approved by the appropriate Category Manager, where he has not been involved in the Procurement Exercise.
- (e) The appropriate Category Manager must approve all orders placed for equipment with a Total Value of £25,000 or more, where funded by a Research Council.

4.4.5. Purchasing Cards

- (a) The Head of Department may nominate the members of Staff to which Purchasing Cards are issued, including individual transaction limits, for the Head of Finance Operations to approve and record ahead of issuing. The maximum single and monthly transaction limits that can be allocated to an individual member of Staff are £3,000 and £30,000 respectively, inclusive of VAT.
- (b) Purchasing Cards are only to be used for procuring goods and services, from suppliers that allow payment by credit card, where:
 - (i) Procuring low value / high volume goods; and/or
 - (ii) Procuring from a supplier on a one-off basis; and/or
 - (iii) Procuring external training, conference services (in accordance with Regulation 4.1.5(f)(ii)) and pre-booked travel.
- (c) Purchasing Cards are not to be used for procuring goods and services where the Department has access to the Smarter Purchasing system and the goods and services are available through the Smarter Purchase Electronic Catalogue.
- (d) All procurements made using a Purchasing Card must be in accordance with these Regulations and the Purchasing Card Manual.

4.5. FRAMEWORK AGREEMENTS

4.5.1. Framework Agreements

- (a) Procurers must establish all Framework Agreements in accordance with these Regulations.
- (b) Framework Agreements must not be awarded for more than four years, including any extensions without the prior written consent of the Head of Procurement.
- (c) All suppliers on the Framework Agreement must be invited to participate in a Further Competition unless it is clear from the terms of the Framework Agreement which supplier best meets the award methodology set out in the Framework Agreement in which case that supplier may be selected.
- (d) New suppliers may only be added to a Framework Agreement throughout its duration in circumstances where:
 - (i) the Estimated Value is below the EU Threshold; or
 - (ii) it covers Social and Other Specific Services as defined by the Public Contracts Regulations 2015, and has an Estimated Value exceeding £589,148: and provided that the Invitation to Tender states:
 - (1) that new suppliers may be added to the Framework Agreement; and
 - (2) how many suppliers can apply to be added to the Framework Agreement; and
 - (3) that the same evaluation criteria and award methodology are applied when deciding whether to award a place on the Framework Agreement to new suppliers as was applied at the time of the original award.

4.5.2. Dynamic Purchasing Systems

Procurers must only establish Dynamic Purchasing Systems with the prior written approval of the Head of Procurement and in accordance with the requirements of the EU Directives and these Regulations where appropriate.

4.6. CONTRACT MANAGEMENT

4.6.1. Contract Management

- (a) The Head of Department must ensure that all Contracts with a Total Value of £25,000 or more are allocated to a Contract Manager. The Contract Manager will be responsible for ensuring that the Contract is performed as agreed in the Contract documentation, including the Specification and the terms and conditions of Contract, and that the supplier meets any agreed Key Performance Indicators and maintains the required insurance cover levels.
- (b) The Contract Manager must undertake Contract review meetings with the supplier at a frequency commensurate with the value of the Contract and the Risk that it presents. He will raise and seek to resolve any Contract performance issues with the supplier, escalating any persistent or material performance issues to the appropriate Category Manager.
- (c) The Contract Manager must know the date on which the Contract for which he is responsible is due to expire and must establish the ongoing requirement for such a Contract following its expiry. This must be done a sufficient period before the Contract expiry date so as to allow time for a Procurement Exercise to be undertaken for any replacement Contract.

4.6.2. Contract Variations

- (a) Prior to any variation being agreed which would result in an increase in the Total Value of the Contract the Procurer must ensure that sufficient additional budget provision has been approved by the budget holder.

- (b) If the Total Value of the Contract is under £50,000, including the planned variation, the Head of Department in consultation with the appropriate Category Manager shall be authorised to vary the Contract. This authorisation must be issued before the work is carried out, or in the case of an emergency, immediately thereafter.
- (c) In the case of a Contract with a Total Value of £50,000 or more:
 - (i) for any variation(s) that would increase or decrease the Total Value of the Contract by 10% or more, the Head of Department in consultation with the appropriate Category Manager must gain the prior approval of the Head of Procurement. This authorisation must be issued before the work is carried out, or in the case of an emergency, immediately thereafter;
 - (ii) for any variation(s) that would increase or decrease the Total Value of the Contract by less than 10% the Head of Department in consultation with the appropriate Category Manager shall be authorised to vary the Contract. This authorisation must be issued before the work is carried out, or in the case of an emergency, immediately thereafter.
- (d) For a Contract to be varied there must be provision for the variation within its original scope. Otherwise it must have been unforeseen at the time of tendering or there are insurmountable economic or technical barriers or significant inconvenience, were there to be a change of supplier. In any event the variation must not alter the overall nature of the Contract and not exceed 50% of the original Contract value.

4.6.3. Contract Extensions

- (a) If the Total Value of a Contract, including the planned extension, is under £50,000 and the Contract provides for the extension the Head of Department shall be authorised to extend the Contract.
- (b) If the Total Value of a Contract, including the planned extension, is £50,000 or more and the Contract provides for the extension the Head of Department shall be authorised to extend the Contract in consultation with the Category Manager.
- (c) If the Total Value of a Contract, including the planned extension, is under £50,000 and the Contract does not provide for the extension the Head of Department, in consultation with the Procurer and appropriate Category Manager, shall be authorised to extend the Contract on a one-off basis.
- (d) If the Total Value of a Contract, including the planned extension, is £50,000 or more and the Contract does not provide for the extension the Head of Department must gain the prior approval of the Head of Procurement and the Registrar and Chief Operating Officer to extend the Contract.
- (e) In the case of Contracts tendered in accordance with the EU Directive any extension will only be permissible if this was properly described in the original OJEU notice, where applicable.

4.6.4. Novation of Existing Contracts

The novation of a Contract to a new Person requires the prior written approval of the Head of Procurement in consultation with the Legal Office.

4.6.5. Early Termination of Contracts

Unless a provision for early termination is clearly stated in the Contract, Procurers shall seek advice from the appropriate Category Manager where it is intended to terminate a Contract early. Where the Total Value of the Contract is £50,000 or more the prior written approval of the Head of Procurement shall also be obtained.

4.7. MISCELLANEOUS PROVISIONS

4.7.1. Document Retention

- (a) All Contract records, that might be required in court proceedings must be retained for at least six years and any under seal for at least twelve years from expiry of the Contract.
- (b) Where the Contract is externally funded any contingent liabilities and/or grant conditions must be taken account of by the length of the retention period.

4.7.2. Supervision of Contracts by Third Parties

- (a) The Procurer shall ensure that it is a condition of any Contract between the University and any Person (not being an employee of the University) who is involved in a Procurement Exercise or the management of a Contract on behalf of the University that in relation to that Contract he must comply with the requirements of these Regulations and other reasonable requirements of the University.
- (b) Such Person must:
 - (i) at any time during the carrying out of the Contract produce to the Head of Department or his representative or University Auditor on request all records maintained by him in relation to the Contract; and
 - (ii) on completion of the Contract transmit all records to the Head of Department.

4.8. SCHEDULE 1 - INTERPRETATION

1. **"Blanket Order"** means an order raised with a supplier for a specific range or category against which individual requirements will be drawn down / 'called off' over a period. Typically, the overall quantities are not known precisely at the start of the arrangement, so a commitment is given to fix the terms of the agreement for a specified period, for example, six months or 12 months.
2. **"Business Continuity"** means the capability of the University to continue to delivery its core services at acceptable predefined levels following a disruptive incident.
3. **"Category Manager"** means the member of the Procurement Unit authorised by the Head of Procurement to manage the procurement of a category or categories of goods, services and/or works. Where there is no Category Manager for the goods, services and/or works being procured the Head of Procurement shall adopt this role.
4. **"Cloud Services"** means anything that involves delivering hosted technology services or cloud based products over the internet. A fuller definition, including examples, is provided in the IT Services Policy for Selection and Use of Cloud Services.
5. **"Concessions"** are Contracts of the same type as public service Contracts, except for the fact that the consideration for the provision of services or works consists either solely in the right to exploit the service or work, or in this right together with payment. The Concession Contracts Regulations 2016, to be complied with where awarding a Concession Contract, provides a fuller definition, stipulates how the Estimated Value of such a Contract is to be calculated, and includes the principles and minimum timescales with which to adhere when procuring a Concession.
6. **"Contract"** means a binding agreement between two or more parties for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration.
7. **"Contract Extension"** means an extension to the duration of the Contract, but not including any alteration to the scope of the Contract.

8. **“Contract Manager”** means the member of Staff to which the Head of Department allocates the responsibility for managing a contract, as defined in Regulation 4.6.2. This person may or may not also be the Procurer who established the Contract.
9. **“Contract Opportunity Publication”** is the means by which a Procurement Exercise is advertised, and includes (where appropriate) the ‘Contract Notice’ as defined in the [Public Contracts Regulations 2015](#).
10. **“Contract Variation”** means an alteration to the scope of the Contract, but not the extension of the duration of the Contract.
11. **“Department”** means an academic department or Professional Services division of the University.
12. **“Dynamic Purchasing System”** means a completely electronic process, which has a limited duration, for making commonly used purchases, as more particularly defined and described in the [Public Contracts Regulations 2015](#).
13. **“Enterprise Resource Planning (ERP) system”** means the business process management software used by the University (currently SAP) that allows it to use a system of integrated applications to manage its business and automate back office functions, including invoice matching.
14. **“Equality Act 2010”** means the legislation that protects people from discrimination in the workplace and in wider society. It replaced previous anti-discrimination laws with a single Act, making the law easier to understand and strengthening protection in some situations. It sets out the different ways in which it’s unlawful to treat someone.
15. **“Estimated Value”** means the value as estimated under Regulation 4.2.1.
16. **“EU Threshold”** means the respective threshold for Supplies, Works, or Services Contracts, excluding Social and Other Specific Services, referred to in the Public Contract Regulations 2015.
17. **“Finance Committee”** means the committee that reports to Council (the University’s supreme governing body) recommending the Annual University Budget and Medium Term Financial Forecasts, determining the University’s Financial Regulations, and overseeing its procurement arrangements.
18. **“Formal Tender Process”** is a process following the requirements of Open Tendering, Restricted Tendering, the Competitive Procedure with Negotiation or the Competitive Dialogue or Innovation Partnership procedures. It also encompasses the lighter regime for procuring Social and Other Specific Services as defined in the Public Contracts Regulations 2015.
19. **“Framework Agreement”** is a general term for agreements with suppliers which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement. The Framework Agreement may, itself, be a Contract to which the EU procurement directives apply.
20. A **“Further Competition”** is undertaken where not all the terms of a proposed Contract are laid down in a Framework Agreement. It involves re-opening competition between the economic operators which are parties to the Framework Agreement and which are capable of performing the proposed Contract, on the basis of the same or, if necessary, more precisely formulated terms, and where appropriate other terms referred to in the Contract documents based on the Framework Agreement.
21. **“Head of Department”** means the head of an academic department or corporate services division to which the Contract relates.
22. **“Head of Finance Operations”** means the head of the service that includes Accounts Payable, Fees Payment, Distance Learning Finance, and Systems Development.

23. **“Head of Procurement”** means the head of the Procurement Unit.
24. **“Information Security”** means defending information from unauthorized access, use, disclosure, disruption, modification, perusal, inspection, recording or destruction.
25. **“Invitation to Tender”** means the document(s) containing the specification, proposed terms and conditions and other appropriate information as issued to the Tenderers to solicit Formal Tenders.
26. **“Irregular Tender”** means a Tender that does not fully comply with the instructions given in the Invitation to Tender.
27. **“Key Performance Indicators”** means a set of quantifiable measures, including targets, built into a Contract, to allow the University to monitor a Supplier’s performance in delivering the Contract.
28. **“Mandatory Contract”** means any Contract or Framework Agreement or other arrangement put in place by the University itself, the North Eastern Universities Procurement Consortium (NEUPC), or any other Public Sector Organisation (including other university) or Consortium in which the University is entitled to participate and which, where necessary, has been awarded in an EU compliant manner.
29. **“Midlands Innovation”** means the world-class research and innovation partnership, combining the collective excellence of leading universities in the heart of the UK, i.e. Leicester, Birmingham, Loughborough, Nottingham and Warwick and Aston.
30. **“OJEU”** means Official Journal of the European Union.
31. **“Person”** includes a partnership, body corporate or unincorporated association.
32. **“Post Tender Negotiations”** means the ability to negotiate with a Tenderer after a Tender has been opened and evaluated in accordance with the published evaluation criteria for the purposes of securing an improvement in the delivery of the Contract including but not limited to improvements in price.
33. **“Prior Information Notice”** means the notice published to make known the University’s intended planned procurements, as defined in the Public Contracts Regulations 2015.
34. **“Procurement Exercise”** means any process by which goods, services and/or works are to be procured including but not limited to Request for Quotations and Formal Tender Processes. For the purpose of these Regulations a Contract for a Concession shall be treated as a Procurement Exercise.
35. **“Procurement Strategy (2014-17)”** means the strategy document that explains the University's procurement aims – i.e. targets relating to savings, collaboration, influence of procurement professionals and the ‘social value’ gained through Contracts – and how it intends to realise these aims.
36. **“Procurement Unit”** means the centralised procurement team for which the Head of Procurement is responsible.
37. **“Procurer”** means any member of University Staff, including academics, allocated the responsibility of procuring goods and services by their Head of Department, who is responsible for the procurement of goods and services.
38. **“Public Contracts Regulations 2015”** means the Public Contracts Regulations 2015 laid before Parliament on 5th February 2015. These Regulations implement the 2014 EU Procurement Directives into UK law and reflect the principles of the Treaty on the Functioning of the European Union.

39. A **“Quotation”** is an offer to sell works, goods and/or services at a stated price under specified conditions. A Quote or Quotation may or may not be written.
40. **“Registrar and Chief Operating Officer”** means the head of the University's Professional Services and Secretary to Court, Council, Senate, and Honorary Degrees Board.
41. **“Request for Quotation”** (“RFQ”) means a document or documents containing the specification, and proposed terms and conditions issued to potential suppliers to solicit written Quotations.
42. **“Risk(s)”** means the risks inherent to a Contract; the potential adverse effects of the Contract not being performed as required. Examples of risks include disruption to the University’s core business operations and the loss of sensitive University data.
43. **“Smarter Purchasing”** means the University’s purchasing and payment system which allows Staff to order goods and services electronically, goods to be receipted electronically, invoices to be received electronically and automatically matched against purchases orders, with approval of invoice only required where it differs to the order or the items delivered.
44. **“Social and Other Specific Services”** are defined in the [Public Contracts Regulations 2015](#), which outline a lighter regime of regulations to be followed when procuring such services with an Estimated Value of £589,148 or more. The types of services included are postal services and hotel and restaurant services.
45. **“Specification”** means the document used to clearly and accurately describe the essential requirements for the goods, services or works.
46. **“Spin-out Company”** is a new corporate entity, functioning separately from the University, for developing ideas with commercial potential.
47. **“Standard Terms and Conditions”** means standard Contractual terms used by University of Leicester
48. **“(Members of) Staff”** means employees of the University, including academics.
49. **“Tender”** means the formal offer from a Tenderer, which is capable of acceptance by the University, which is a response to an Invitation to Tender. It shall include all documents comprising the submission including pricing, technical specification and method statements as well as information about the Tenderer. A written Quote or Quotation is also a Tender.
50. **“Tenderer”** or **“Tenderers”** means the Person or Persons invited to participate in a Procurement Exercise.
51. **“Total Value”** means the value of a Contract which has been calculated in accordance with Regulation 4.2.1(b) reading where appropriate Total Value for Estimated Value.
52. **“University”** means the University of Leicester.
53. **“In writing”** or **“written”** for the purpose of interpreting these Regulations includes transmission by any electronic means which have been approved by the Head of Procurement in consultation with the Legal Office.
54. Words imparting the masculine include the feminine gender.

5 EMPLOYEE EXPENSES

5.1 Introduction to procedures

- 5.1.1 The information and instructions contained in this section are for the guidance of all employees in all departments of the University. Staff are required to be conversant with the University's policies on Gifts and Hospitality and the Prevention of Bribery and Corruption detailed in Sections 2.7 and 2.8 of these regulations, prior to travelling and incurring expenses while on University business. These procedural instructions will not apply to self-employed persons or Non University employees seeking reimbursement, e.g. interview expenses except as otherwise stated. The policies have been prepared in the light of the Income Tax and National Insurance Contributions (NIC) regulations and in consultation with the University's Tax Office to meet HM Revenue and Customs requirements and comply with taxation legislation.
- 5.1.2 Provided claims are completed strictly in accordance with the terms of this section, unless otherwise stated, no additional tax or National Insurance Contribution liability will arise to the employee or the University and employees need not report details in their tax returns.
- 5.1.3 Where an expense claim is contemplated in respect of any item not included in this section, or an employee has a query relating to the payment of expenses under this section, the matter must be referred, in the first instance, to their Head of Department, who may if necessary refer to the Finance Office for guidance (a list of contacts can be found on the Finance Office website). In the event of an employee, by force of circumstance, exceeding the expenses limits set out in Financial Regulations, he/she may, through the relevant Head of Department, bring a case forward to the Director of Finance detailing the circumstances who will consult the PVC (Resource)s as necessary. The Director of Finance may at his discretion waive financial regulations in appropriate circumstances. In cases where there is any uncertainty over the taxation treatment of expense claims it is important that any contact with HM Revenue and Customs is conducted by the Finance Office. **Under no circumstances should any employee approach HM Revenue and Customs directly.**
- 5.1.4 At the end of each tax year, the University will prepare a statement in respect of employees who have received taxable expenses and benefits, giving details of all such payments made in that year. A copy of this statement will be issued to employees. A report (on form P11D or P9D as appropriate) will then be made to HM Revenue and Customs in order that the Inspector of Taxes may collect the tax due from the employee. It is important that the statement is retained as you may require it to complete your Self-Assessment Return.
- 5.1.5 All University employees who are required to travel in order to fulfill their duties are required to seek prior approval from their Line Manager/Head of Department. Approval is required to be away from the University and also to seek a budgetary allocation in order to cover the anticipated cost incurred, in line with normal departmental practices.

5.2 Expense Reimbursement Procedure

- 5.2.1 It is the policy of the University that employees are reimbursed the actual cost of expenses incurred wholly, exclusively and necessarily in the performance of the duties of their employment. Employees are expected both to minimize costs without impairing the efficiency of the University and to avoid any unnecessary cost to the University. In general, reimbursement will be made only on the production of original receipts or invoices; credit card vouchers must be supported by the original itemized bill or receipt. Round sum allowances/expenses will not be accepted.

- 5.2.2 Expenses incurred on behalf of the University are to be recorded in detail on form EC1, issued by the Finance Office (and available on the Finance Office webpage: www.le.ac.uk/finance), irrespective of the source of funding. Expense claims must be submitted to the Finance Office as soon as possible and no later than three months after the date on which the expense was incurred. All claims must be supported by receipts wherever the supplier can reasonably be expected to provide a receipt.
- 5.2.3 The expense claim form EC1 should be used only for incidental expenses, normally incurred when travelling on University business. They should not be used for the purchase of equipment or supplies for academic activities and wherever possible goods and services should be ordered using a University Purchase Order.
- 5.2.4 If a payment is made in advance of an event and that event is subsequently cancelled any associated refunds must be paid back to the University.
- 5.2.5 Where expenses are incurred in foreign currencies, the amounts so incurred should be shown, in the currency in question, on form EC1. However, reimbursement will be made in £ Sterling.
- 5.2.6 The declaration on form EC1 must be signed by the claimant and the form must be authorised under the procedures described below under "Authorisation of Expense Claims". The completed forms must be sent to the Finance Office together with all supporting documentation (receipts, etc), which will be retained centrally for a minimum of six years.
- 5.2.7 Incomplete claims will not be processed but returned to the claimant signatory with an explanation as to why it cannot be processed. Incorrect claims will be either amended and a revised amount paid, or returned to the claimant signatory with an explanation as to why it cannot be processed. This may lead to a delay in payment. The claim should be fully completed and returned to the Finance Office for processing. Prior to sending a claim to Finance it is important to check that it is fully completed.
- 5.2.8 If receipts related to expenses incurred have been lost, the member of staff should contact the Accounts Payable Section of the Finance Office for advice and the expense claim form must be clearly marked that the receipts have been lost.
- 5.2.9 Petty Cash advances may be made by the Director of Finance to a Head of Department or to an authorised member of staff. Advances are intended only for urgent or minor day-to-day expenses of the Department. Petty Cash should not be used for making payments to suppliers with whom the University has credit account facilities. Vouchers should be obtained for Petty Cash disbursements wherever possible and all vouchers should be kept and forwarded to the Cashier's Office when claiming reimbursement at agreed times. The Petty Cash Accounts should be records only of expenditure. In no circumstances should cash received be paid into these accounts.
- 5.2.10 All expenses claims must be verified for accuracy and authorised by a person other than the claimant. This is a basic internal control procedure and, in providing an independent check, acts to protect the interests of the claimant against any possible allegation of irregularity. The following hierarchy of authorisation is to be used:

Claimant	Authoriser
Departmental / Divisional Staff	Head of Department / Division or alternative signatory on the departmental codes
Head of Department	Appropriate PVC / Head of College
Head of Division	Registrar and Chief Operating Officer
Pro-Vice-Chancellor, Registrar and Chief Operating Officer	President and Vice-Chancellor

President and Vice-Chancellor	Chairman of Council or if he is not available, the Pro-Chancellor, or if neither are available, the Treasurer, or failing all three the Chairman of the Audit Committee
Treasurer	President and Vice-Chancellor
Chairman of Council	Treasurer, or in his absence the Pro-Chancellor

5.2.11 It is possible for authority to be delegated provided that, for any individual claim, the authoriser is both different from the claimant and is in a position of managerial superiority to the claimant. For the avoidance of doubt, Heads of Department may not delegate authority to sign expense claims to a member of the staff in grades 1-5. The same authorisation principles apply to invoices for travel and subsistence (e.g. invoices from travel agents).

5.3 Travel and Subsistence Mileage

5.3.1 A mileage rate payable to all staff for authorised use of private cars on University business is reviewed annually. Mileage allowance is payable at £0.45p for the first 80 miles of a journey and at £0.31p thereafter. A single journey is defined as a journey from the home / University to a destination and the return trip.

5.3.2 If carrying one or more passenger or heavy / bulky equipment (that could not reasonably be expected to be carried, for example by train) then mileage at £0.45 will be payable for the full journey.

5.3.3 Full details of the journey, including date, reason for journey, starting, intermediate points and destinations, must be recorded for each journey on the form EC1 along with the Business mileage claimed at appropriate rate, priced out to a total.

5.3.4 Staff who choose to travel by motorcycles and bicycles will be reimbursed at £0.24p per mile for a motorcycle and £0.20p for a bicycle, for each business mile incurred.

5.3.5 All journeys between home and the normal location are to be regarded as private (ordinary commuting) and the costs of these journeys cannot be claimed. All journeys away from the normal place of work on business may be regarded as business journeys. Where a journey begins or ends at home the employee may claim the whole cost of the journey provided that it was carried out for business purposes.

5.3.6 Exceptionally, where an employee is obliged to travel to an emergency at their permanent workplace, the travel from home may be regarded as business travel between two workplaces. In such circumstances the cost of travel will qualify for tax relief. But to get the relief, all of the following conditions must be satisfied:

- The employee has to give advice on handling the emergency before starting the journey; and
- Assume full responsibility for those aspects appropriate to the employee's duties from that time; and
- The employee has a continuing responsibility for the emergency whilst travelling to the workplace.

Where an employee is on stand-by and can be called out at short notice and does not satisfy the above is deemed as private mileage.

5.3.7 If an employee travels from the site where they are normally based (normally means in excess of 40% of their time) to another site this is business mileage and qualifies for reimbursement of mileage free of

tax. Where an employee travels direct to another site directly from home this will also qualify for payment without the deduction of tax provided that there is a clear necessity for them to visit that site. An employee cannot turn what is really an ordinary commuting journey into a business journey simply by arranging a “visit” on the way to their normal base just to get tax relief. HM Revenue and Customs are very aware that there is an opportunity to gain advantage from this treatment by arranging an incidental visit to another site rather than having a business reason for the trip: or by claiming for travel from home to an alternative place of work which is close to the normal place of work. In such circumstances the University will not reimburse the individual as it is deemed private travel. For the avoidance of doubt the University will follow HM Revenue and Customs guidance as set in Guidance Note 490.

5.3.8 As noted in the ‘Insurance’ section of this document all staff using their own private vehicles on behalf of the University must notify their motor insurers and maintain appropriate insurance cover for business use.

5.3.9 The following are deemed to be separate sites of the University:

- Main Campus (including the area around New Walk and Princess Road East)
- 22/28 Princess Road West
- Leicester Royal Infirmary
- Leicester General Hospital
- Glenfield General Hospital
- Vaughan College
- Institute of Lifelong Learning, Northampton
- Oadby Site
- Knighton Site
- Greenwood Institute
- Charnwood Cottage
- Bruntingthorpe Site
- University Bookshop, De Montfort University City Campus
- Chiswick Road

Travelling Expenses (other than mileage)

5.3.10 Except as otherwise provided below, employees may claim only the costs of necessary business travel.

5.3.11 Any staff or students travelling overseas on University business must contact the Insurance Section of the Estates Office to ensure that they are covered under the University’s group business travel policy. Consideration must also be given as to the requirement for University equipment to be insured whilst in transit.

5.3.12 Any insurance payments received by the University as a result of travel delays are for the benefit of the University and payment will only be made to a member of staff in the event that additional personal costs can be substantiated.

Rail Fares

5.3.13 All members of staff are encouraged to travel by the cheapest available method, and there is an expectation that standard class travel is normally appropriate. If business requirements are such that work during travel is important then staff may request that they travel by first class. This is allowable at

the discretion of Heads of Department. Staff at Head of Department level and above may use their own discretion as to whether first class travel is appropriate for their own travel.

- 5.3.14 Full details of the journey, including date, reason for journey, starting, intermediate points and destinations, must be recorded for each journey on the form EC1 along with the cost of tickets claimed (ticket counterfoils to be attached) priced out to a total.

Air Fares

- 5.3.15 All members of staff should normally travel by the cheapest available method. Premium economy or business class travel (where no premium economy option is available) is allowable for long-haul flights of more than 7 hours duration in some circumstances (flights may be non-stop or direct, that is, involving a stop, but not a stopover, en route to the final destination). Permission for booking premium economy or business class travel should be sought in advance of booking. The decision on whether premium economy / business class travel is to be permitted should be made by the Head of Department and the appropriate Head of College for academic departments and the appropriate Head of Division and Registrar and Chief Operating Officer for Corporate Services, taking into account: -

- the length of the flight
- whether the flight is non-stop, or involves a stop (as opposed to a stop-over)
- the overall itinerary, in particular, the scheduling of work requirements on arrival
- the frequency with which the member of staff is required to undertake long-haul air travel on behalf of the University
- the opportunity to undertake work whilst in flight (senior staff are expected to have more scope for this)
- Any relevant medical conditions

- 5.3.16 The University has a preferred travel agent (currently Key Travel) and it is the normal expectation that travel arrangements will be booked with this agency or with a direct provider of travel such as a scheduled / low cost airline.

When booking travel arrangements a quotation may be obtained from a second agency in addition to the preferred travel agent to benchmark their prices. If the alternative quotation is significantly lower than the one obtained from the preferred supplier then the preferred supplier should be given an opportunity to review their price. If they are unable to do so, or if after a review their price is still significantly higher than the alternative quotation then the travel arrangement may be booked with the alternative agent.

If alternative quotations have been obtained the department must keep a record of the quotations, and why the order was booked with the successful supplier. This should include details of the review from the preferred travel agent if their quote is not the lowest cost.

- 5.3.17 Full details of the journey, including date, reason for journey, starting, intermediate points and destinations, must be recorded for each journey on the form EC1 along with the cost of tickets claimed (ticket counterfoils to be attached) priced out to a total. By authorising the EC1 the authoriser is confirming that the relevant permission outlined above was obtained and that the procedures for alternative quotations were followed.

Car Parking

- 5.3.18 Parking costs incurred in the course of travelling away from home in the performance of the duties may be claimed. Where there is a cost of parking at the normal place of work such costs may not be claimed.

Hire Cars

- 5.3.19 Consideration should be given to the use of a hired vehicle from the University's recommended suppliers in circumstances where it may be cheaper than use of a private one. For example, journeys to airports where the vehicle has to be parked for several days incurring additional costs. A purchase order should be raised, and the University should be invoiced for the hire charge. The cost of petrol may be reclaimed through the expenses system with the relevant receipts.

Hotel Accommodation

- 5.3.20 Employees travelling on business should obtain accommodation in a reasonable quality/business style hotel and should stay in a standard room rather than an upgraded or superior room. When booking a hotel, a member of staff should take advantage of special national and international arrangements negotiated by the sector through the Higher Education National Working Party for Travel with, Expotel. Other preferential agreements and the arrangement put in place with Co-op Travel are listed on the Purchasing Office's website. For academic conferences, staff should normally use the hotels or campus accommodation identified in the conference arrangements. The employee will usually make payment direct on checking out of the hotel as any queries can quickly be settled at this time. Reimbursement will be made for the cost of the room, evening meal and breakfast. Where meals are not taken in the hotel separate restaurant receipts should be obtained.
- 5.3.21 Employees should note that items of a personal nature, such as mini-bar drinks or film hire will not be reimbursed by the University. Where these items are included in a bill, which is settled direct by the employee, the costs should be deducted by the claimant prior to the submission of the bill for reimbursement. Where the bill is paid by the University direct the cost of prepaid items will be covered (accommodation and food) and the other costs incurred should normally be settled by the employee on checking out.
- 5.3.22 For the guidance of staff the following are personal items and will not normally be reimbursed:
- Laundry costs for trips of less than 5 days duration
 - Film rental charges
 - Charges for the use of saunas, gyms or other fitness, sporting or recreational activities
 - Purchase of alcoholic drinks other than modest amounts consumed with meals in entertaining those with whom the member of staff is conducting University business
 - Any gifts or souvenirs
 - Medical purchases or treatment whilst away on business (other than usual preventative medicines required prior to or during the visit)
 - Purchase of newspapers
 - Any costs of additional days abroad taken as holiday either before, after or between official business
 - Any costs of partners, spouses, family or any non-University staff.
 - Any unreasonable gratuities or tips, in excess of the normal of the country.
- 5.3.23 A short telephone call home each day is eligible to be reclaimed. Costs up to £5 (for calls within the UK) and £10 (for overseas calls to the UK), which are the HMRC (2010) limits will be reimbursed.

Other subsistence (including meetings and entertainment)

- 5.3.24 Employees who are necessarily more than 10 miles away from their normal place of employment, home or other University locations on University business for more than three hours over a recognised meal time are entitled to claim for the additional costs incurred in purchasing meals and any other reasonable out-of-pocket expenses. Only the aforementioned costs taken in the course of business journeys will be borne by the University. The payments should be supported by receipts and claimed on form EC1 priced out to a total. The costs of a subsistence meal should not exceed £40 for one main meal each day and £15 for other meals, except for breakfast purchased in hotels. The cost of non-alcoholic refreshments between meals is allowable, provided the costs are reasonable.
- 5.3.25 Subsistence allowances may not be claimed by employees who travel from their normal place of work to another University site.
- 5.3.26 If a business need arises for University employees to claim the cost of meals taken at restaurants local to their normal workplace the costs should be charged to Subsistence on the expense claim form and full details of the reason for the claim must be provided on the form. The University will meet the cost only where there is a genuine business need.
- 5.3.27 Where refreshment (tea and coffee only) is provided by Residential and Catering Services during a meeting, a record must be made at the time of booking of the reason for the meeting and the names of the attendees by the person requesting the facility.
- 5.3.28 Working lunches provided by Residential and Catering Services are lunches considered to be an integral part of the meeting. A record must be retained of the reason for the meeting and the names of the attendees by the person requesting the facility.
- 5.3.29 When the cost of a working lunch or dinner is claimed on expense claim form EC1 no tax or NIC charge will arise provided full details of the reason and attendees are given on the claim.
- 5.3.30 Where a meeting has concluded and the attendees have lunch immediately afterwards the lunch cannot be classed as part of a meeting. If it is purely University staff the procedures under subsistence should be followed, whereas if external persons are concerned the rules for hospitality should be applied.
- 5.3.31 Necessary University business hospitality costs (including gratuities) will be reimbursed on production of receipts. These costs should not normally exceed £40 per head on any one occasion. There is an expectation that the number of visitors should be roughly equal to the number of University staff. Where there will be significantly more University staff the department should contact the Accounts Payable section for further guidance. The following information must be shown on form EC1:
- a, The name(s) of all attendee(s);
 - b, The organisation(s) which they represent; and
 - c, The purpose of the hospitality (for example, "negotiation of contract").
- 5.3.32 Staff are normally expected to use the University's catering service when entertaining visitors to the University and in general for all other official entertainment taking place in Leicester. Where it is necessary to use other catering providers, the information under (a), (b) and (c) above should be written on the supplier's invoice or the expense claim.
- 5.3.33 Similarly, where business contacts are entertained in the University's dining rooms or restaurant facilities, the host employee must record the information under (a), (b) and (c) on the internal invoice.

- 5.3.34 Where the only individuals in attendance are employees of the University the rules described under "Subsistence" should be followed. Under no circumstances can entertainment involve University staff only; non-University people must be present.
- 5.3.35 The University will not reimburse costs incurred on hospitality offered at the home of members of staff. Nor will it reimburse gifts or financial contributions in recognition of hospitality offered by third parties to members of staff, for example where members of staff stay in the homes of friends in the locality of University business visits. Both of these are deemed by the University to be private arrangements.

Spouses' Travel and Subsistence

- 5.3.36 Expenses for spouses are not normally reclaimable from the University. The claiming of expenses in relation to any non-University staff who are acting on official business (for example, partners or spouses of members of staff) is to be authorised by the President and Vice-Chancellor or Senior Pro-Vice-Chancellor (or in the case of the President and Vice-Chancellor, by the Chairman of Council). As a general rule, private expenditure should not be paid for by the University but where this is unavoidable a cheque to cover the private element should be attached to any payment voucher when it is passed to the Finance Office.
- 5.3.37 There are times when a member of staff is required to work away from the University and is joined at that location by a spouse/partner. In such cases, where a hotel room is shared there is a requirement for the member of staff to demonstrate, with supporting evidence, that the cost claimed is no more than the cost of a standard room with single occupancy.

5.4 Catering

- 5.4.1 The University provides many services in-house and it is the normal expectation that departments utilise these services rather than seek external suppliers. This policy is particularly important in the area of catering services because of the legislative requirements placed on the University.
- 5.4.2 It is, therefore, a requirement that all catering services provided by the University to staff, students and visitors on University premises, are normally provided by Residential and Commercial Services.
- 5.4.3 If, for some reason, it is not possible for Residential and Commercial Services to provide a service, any external organisation wishing to make a supply must be approved as a supplier before they are engaged for that event. The approval process will involve:-
- An inspection by the Director of Residential and Commercial Services (or nominee) of the company's procedures and premises as deemed appropriate.
 - An annual presentation by the Company of their insurance policies to the Insurance Officer in the Estates Office as appropriate.
- 5.4.4 Departments wishing to use an external supplier should contact the Director of Residential and Commercial Services in the first instance.
- 5.4.5 If catering is to be provided away from the main campus, Residential and Commercial Services should be contacted in the first instance to assess whether they can provide the required service. Catering on NHS premises is subject to alternative arrangements through the NHS.

5.5 Removal Expenses

- 5.5.1 A contribution to removal expenses may be claimed by any new member of the staff appointed at grade six or above provided that the conditions below are met.
- (a) The appointment is to the staff of the University on an open-ended contract, subject to notice, or for a fixed term with an initial contract of more than one year;
 - (b) The applicant, upon taking up his/her appointment or shortly thereafter, and in order to comply with the University's normal expectation that staff should live in or near to Leicester, has moved his/her place of residence to be within reasonable commuting distance of Leicester so that the distance travelled to work does not interfere with the person's performance of their duties.
- 5.5.2 Awards are normally made only in respect of an initial appointment and claims must be made within 12 months of taking up the appointment.
- 5.5.3 Where the employment of a member of staff engaged on a fixed-term contract of one year or less is extended beyond a total of one year's service to the University, he or she will be eligible to apply for removal expenses under the scheme, provided that:-
- (a) He or she has moved to an address as set out in 1 above; and
 - (b) The claim is submitted within 18 months of the commencement of the employment with the University.
- 5.5.4 Members of staff, moving within the UK in the above categories, will be eligible to apply for assistance up to a total equivalent to one twelfth of the annual gross salary indicated in the letter of appointment.
- 5.5.5 For members of staff living abroad at the time of appointment, a maximum entitlement will be determined in each individual case by the Director of Finance and the candidate offered appointment is asked to initiate discussions at an early date and prior to making any financial commitments related to the move.
- 5.5.6 Members of staff must submit an itemised claim accompanied by original receipts. Reimbursement cannot be made without positive proof that payment has been made. The University will recognise as allowable expenses against the above entitlement expenditure incurred in the following:
- (a) The cost of removal of furniture and effects including the cost of insurance and storage where appropriate;
 - (b) Legal and estate agents fees incurred in the sale and purchase of property;
 - (c) The costs of one journey by the member of staff and dependants in moving to the new home;
 - (d) Such other expenses as the University recognises as being reasonably incurred consequent upon the transfer.
- 5.5.7 Only one set of payments may be made in respect of removals. Expenses in respect of which payment is made must have been incurred by the applicant who must certify that they are not recoverable in full or in part from any other source.
- 5.5.8 If the member of staff leaves the employment of the University within one year they are required to make a repayment of a proportion of the costs claimed. The proportion to be repaid is one twelfth for each month short of one year that the individual is in employment.
- 5.5.9 The University reserves the right to amend these arrangements in particular cases where special circumstances prevail. Such exceptional cases will be determined by the Director of Finance.
- 5.5.10 Application forms (Removal Expenses Form) are available from the Personnel Services website.

5.6 Other Expenses and Benefits

Courses and Conferences

- 5.6.1 Employees may need to attend courses and conferences in order to perform their duties effectively. Where it is necessary for employees to travel in order to attend these courses, any travel and subsistence expenses incurred may be claimed as business expenses under the rules indicated in the 'Travelling Expenses' and 'Subsistence' sections.
- 5.6.2 Additionally, at its discretion, the University may bear the cost of external training courses. The University may agree to meet the cost of courses where the training leads to the acquisition of knowledge or skills, which are necessary for the duties of the employment or directly related to increasing effectiveness in the performance of the employee's present or prospective duties in the employment. Where either of these conditions is met the University may agree to bear the cost of the course fees. Any such courses must be approved in advance by the employee's Head of Department.

Professional Subscriptions

- 5.6.3 The University will not normally bear the cost of any personal subscriptions. The University may bear the cost in the circumstances where the organisation in question requires a named individual to subscribe on behalf of the University or where a personal subscription gains a specific benefit that is open to a group of staff in the University. If a corporate membership to a professional body is available this should be used rather than a personal membership.
- 5.6.4 The University will not bear the cost of personal subscriptions which are a requirement of the post-holder fulfilling the requirements of the post such as membership of accountancy bodies for professional accounting posts.
- 5.6.5 Requests for payment of personal subscriptions, which are brought forward under 5.6.3, should be submitted through the normal process and should be annotated by the Head of Department to confirm how the subscription is of a wider benefit to the University.

University Credit Card

- 5.6.6 The University may issue corporate credit cards to staff who are required to travel abroad on University business on a regular basis, subject to compliance with conditions of use. Requests for cards to be issued should be made by Heads of Department to the Director of Finance.

Advances and foreign currency

- 5.6.7 Where an individual member of staff has to incur substantial personal expenditure in relation to travel and would suffer financial hardship through a delay in reimbursement caused by the duration of the visit, the University is prepared, on request, to make an advance payment to a member of staff. Such requests must be in writing and it is a condition of making an advance payment that vouchers must be obtained to substantiate expenditure, that a detailed expense form is completed for the amount spent, and that any unspent amounts are returned immediately to the Finance Office. Allowances will normally be payable where travel exceeds one week in duration. The minimum amount that will be advanced is £500 and the maximum is £3,000.

- 5.6.8 Advances are not intended for small amounts of foreign currency. Staff are expected to exchange their own currency and the University will fully reimburse the exchange costs, which should be shown on the receipts provided with the claim.
- 5.6.9 Where staff have exchanged currency the exchange rate used is the rate to be used on the claim. Where credit or debit cards have been used the rate used by the card provider may be used. Where this does not apply the member of staff can obtain guidance on exchange rates to be used from the Accounts Payable Section of the Finance Office. Staff should provide evidence of the rate used such as an extract from a credit card bill or receipt from the transaction to exchange sterling into a foreign currency.

External Examiners

- 5.6.10 Claim forms are sent in advance to external examiners by the Examinations Office for completion immediately after they have visited the University. The claim should include the cost of accommodation, if any, as well as travel, and subsistence. The costs are met from central University funds. Hospitality for external examiners must be met from departmental funds.

Publications

- 5.6.11 The University will make available to employees publications that in the view of the person authorising invoices are necessarily used in the performance of the employee's duties. All subscriptions to academic and other journals must be paid through the Accounts Payable Section on the production of an invoice. In the circumstances where a journal subscription is only available to a member of a body but the journal will be made available to the rest of their colleagues such costs may be reimbursed.

Self Employed

- 5.6.12 Where self-employed individuals are engaged, they should be paid only through the Accounts Payable Section and not in the form of benefits in kind, in order to avoid VAT complications. All payments for the services of agency workers, including any business expenses incurred, must be paid by cheque or BACS through the Accounts Payable Section to the agency on receipt of invoices from the agency.
- 5.6.13 It should be noted that where a self-employed individual or an employment agency is registered for VAT, and VAT is chargeable on the services performed, VAT invoices must be obtained before the University can make payment.

Taxable Benefits

- 5.6.14 Any gift voucher, book tokens or other goods are a taxable benefit when purchased by the employer and given to an employee. The University is under statutory obligation to declare such benefits annually to HM Revenue and Customs, thus resulting in retrospective personal tax assessment on the recipient. There is, therefore, no tax advantage in this method of payment, which should not be used under any circumstances as a means of remunerating an employee for additional work undertaken or any form of services rendered. A TF1 form is the appropriate document for authorising an approved fee payment.

Social Events

- 5.6.15 A modest cost of the entertainment of staff at a Christmas party or equivalent annual function may be charged to University funds. The Registrar and Chief Operating Officer will determine the limit each year.

- 5.6.16 The cost of light refreshments at leaving events for staff may be met by the University (from departmental funds). This is subject to the general guideline that the leaving member of staff must have at least ten years' service in the University. The University is under statutory obligation to declare this benefit and therefore Departments should maintain a record of the costs incurred and forward the details to the Finance Office.

Club Membership Subscriptions

- 5.6.17 The University will not pay on behalf of, or reimburse to employees, the costs of any membership or annual subscriptions in respect of clubs, including the University Sportscard, or other organisations irrespective of whether membership is used in the furtherance of University business. Generally HM Revenue and Customs do not allow tax relief on the subscription to club membership and, in any case, the University provides facilities for entertaining University visitors.

University or hired vehicles

- 5.6.18 Some employees are provided with use of University or hired vehicles for the purpose of carrying out their duties. Where such vehicles are provided, the employee is not permitted to use them for private, domestic or social purposes. Any use of the vehicle otherwise than for business travel will be regarded as a serious disciplinary offence.

Business Telephone Calls from Home and Mobile Telephones

- 5.6.19 Staff making business telephone calls from home may be reimbursed through an expenses claim supported by a detailed telephone bill indicating the business calls and their cost. Normally, these relate to calls made outside normal office hours because of time differences in foreign countries. Occasions have arisen where staff reclaim the cost of making telephone calls from home to the office during what would reasonably be regarded as the normal working day. This should only arise in exceptional circumstances and the reason for it must be given when an expense claim is submitted.
- 5.6.20 The same principles apply to business use of privately owned mobile telephones; business calls can only be reimbursed on the basis of an itemised bill, which identifies the business calls and their cost.
- 5.6.21 The University will bear the cost of the rental charge where an employee is "on call" whilst at home to deal with emergencies where a threat to life may arise.

Costs of working from home

- 5.6.22 The University provides all the facilities necessary for work to be carried out on its premises. An employee may claim to be home based but in essence the employee is working from home because it is convenient to them rather than a necessity of their employment and therefore does not qualify as home being the base rather than the appropriate University campus. Working from home requires the approval of the Head of Department.
- 5.6.23 Goods and services for University use should normally be delivered to University premises and not a home address. If goods or services are delivered to a home address the reasons should be stated on the invoice for the items.
- 5.6.24 Departments should not normally provide equipment to work at home, except for laptops which are owned by the University. Any extra costs of working from home will not be met by the University, except in exceptional circumstances which must be approved by the Director of Finance on the

recommendation of the Head of Department. If any special equipment is provided this remains the property of the University, and staff need to abide by tax regulations which will normally require agreement that the equipment is used exclusively for work (otherwise a benefit-in-kind arises, creating a tax liability).

5.6.25 The University will not meet the cost of Internet access for members of staff from home.

Taxis for Late Working

5.6.26 When an employee is required to work late, the University will reimburse the employee for the cost of the taxi fare home where: -

(a) The employee is occasionally required to work late (that is, until after 9.00pm or later) but those occasions are neither regular nor frequent; and

(b) By the time the employee can go home, either public transport between the employee's place of work and home has ceased or it would not be reasonable in the circumstances for the employee to be expected to use it.

5.6.27 For these purposes, late working will be regarded as frequent if it occurs on more than 60 occasions in a tax year, and regular means a predictable pattern, for example if late night working occurs every Friday.

5.6.28 Employees may claim reimbursement of the cost of taxis under the rules applicable to business expense reimbursements. Agency staff may not claim such costs.

Out of Pocket Expenses

5.6.29 The University will meet the cost of reasonable out of pocket business expenses as described under "Expense Reimbursement Procedure" above for which it is not possible to obtain receipts. Examples of such expenses are parking meters (but not fines), tube and bus fares and telephone calls from public call boxes. Claims must be limited to the actual amount of expense incurred and not claimed as a round sum allowance. All items claimed should be itemised and described as fully as possible on form EC1 and priced out to a total. Wherever possible receipts should be obtained and attached to form EC1.

Uniforms

5.6.30 The University will only issue uniforms where a specific operational need exists. This may be due to health and safety needs or alternatively where the staff will have a direct contact with customers and need to present a suitable image.

5.6.31 Uniforms must not be worn for non-University activities and failure to comply will be considered to be a disciplinary offence.

5.6.32 No tax or National Insurance liability arises in respect of clothing costs provided that the University logo appears wherever possible.

Other Expenses

5.6.33 No funds held by the University (including Departmental Development Funds) may be used for personal items or expenses. The following are all examples of personal items:

- Purchase of tea, coffee etc for consumption by staff (other than in connection with hospitality or formal University meetings)

- Gifts of any sort (including flowers) or leaving presents to members of staff or students.
- Purchase of kitchen equipment, domestic appliances or utensils for use by staff except that:

The cost of:

- One kettle per 12 members of staff, and
- One refrigerator per Department or section may be met from departmental funds.

5.6.34 The cost of gown hire for degree congregations will be met by the University.

APPENDIX A:

THE SEVEN PRINCIPLES OF PUBLIC LIFE FROM THE REPORT OF THE COMMITTEE FOR STANDARDS IN PUBLIC LIFE (THE NOLAN REPORT)

Selflessness

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

Integrity

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

Objectivity

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

Accountability

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

Openness

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

Honesty

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

Leadership

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

APPENDIX B:

DEPARTMENTAL DEVELOPMENT FUNDS: GOOD PRACTICE GUIDE

1. The University encourages departments to earn external, non-HEFCE, funding to support their activities of teaching and research. Subject to Financial Regulations, the University wishes those funds to be maximised, and then to be managed actively for these purposes. There is a balance to be struck between the prudent holding of reserves for contingencies and future development, and the application of the funds to the development of the University's work.
2. The University also has a financial interest in the funds, since they affect the overall surplus or deficit, and the cash position. Should there be a sudden use of a large proportion of the funds, the University's finances could be overstretched. Proper planning for the use of the funds is becoming more important.
3. The overhead and surplus amounts transferred to departmental funds from Research Grants and Contracts are intended to be used for the furtherance of the University's teaching and research activities. Departments have discretion as to how far the funds should be used for the various potential purposes, and how far the funds should be placed at the disposal of the groups, the individuals and activities which generated them, or whether they should be pooled for the general benefit of the department. The funds will not be available for personal payments. However, the University's view is that the strongest incentive may be created by passing some of the funds received in this way to the groups, individuals or the activities which generated them, possibly in the range 25% - 50%.
4. The department should carefully plan for the use of the funds, through a forward look across the rest of the current year, and one or two future years, taking account of possible future income, existing commitments, and future activities. The levels of funds held as a contingency or reserves for future years should be assessed in the light of plans, and the degree of risk to future income. It is important for the department that the position on its departmental funds is monitored regularly during the year. The Head of Department should arrange for regular reports to be available for this purpose, with the assistance of the Finance Office as appropriate.
5. The funds are University money, even if their use is devolved, and are subject to Financial Regulations in all respects, including those relating to Purchasing.

APPENDIX C: TREASURY MANAGEMENT POLICY

1. Introduction

1.1 This Policy sets out the University's approach to treasury management, which is defined as:-

The management of the University's cash flows, its banking, investment and borrowing transactions, effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.

1.2 The Policy applies to the University, and its subsidiary companies. It does not apply to the University of Leicester Pension and Assurance Scheme, or any other pension schemes, which have their own regulations and policies.

2. Treasury Management Objectives

2.1 The Policy recognises that there are risks in treasury management which need to be addressed by the University as follows:-

- (a) **Liquidity risk:** to ensure there are adequate, though not excessive, cash resources, borrowing arrangements, overdraft or standby facilities to enable the University at all times to have the level of funds available which are necessary for the achievement of the University's business objectives.
- (b) **Interest rate, Exchange rate and Inflation risk:** to ensure adequate protection against the risk of fluctuations in these monetary factors creating unexpected or unbudgeted burdens on the University's finances.
- (c) **Credit and Counter-party risk:** to ensure sufficient protection from the risk of failure by a third party to meet its contractual obligations to the University under an investment or borrowing arrangement, particularly as a result of the third party's diminished creditworthiness.
- (d) **Market risk:** to ensure the University will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and accordingly to protect it from the effects of such fluctuations.
- (e) **Legal and regulatory risk:** to ensure that all of the University's treasury management activities comply demonstrably with its statutory powers and regulatory requirements and that the risk of these impacting adversely on the University is minimised.
- (f) **Fraud, error, corruption, and contingency:** to ensure that circumstances are identified and addressed which may expose the University to risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Particular attention is to be given to the provisions of the Money Laundering Regulations (2007) and associated legislation such as the Terrorism Act (2006) and the Proceeds of Crime Act (2002).

2.2 The Policy adopts the general approaches listed in 2.1, and then sets certain more detailed objectives as follows:-

- (a) For cash, and temporary investments, to achieve the following objectives in priority order:
 - (i) To minimise the risk of loss or non-repayment.
 - (ii) To ensure that the periods for which monies are invested are consistent with the cash flow requirements of the University, so funds are available when needed.
 - (iii) To achieve a reasonable rate of return having regard to the first two objectives
- (b) The University is committed to investing its endowment funds on a responsible basis. This policy seeks to allow the University to optimise its investment returns whilst recognising its ethical and social responsibilities. For funds held in endowments or for other long term purposes to achieve the following objectives in priority order:
 - (i) To minimise the risk of loss or non-repayment.

(ii) To ensure the monies are invested consistent with the requirements of the endowment or long term purpose, in regard to the nature of the investments (where specified) and the availability of funds for the activity.

(iii) To ensure the selection of investments reflect the ethical values of the University; therefore, the University will not invest in those organisations where the primary part of their business clearly demonstrates the following characteristics:

- a. explicit environmental damage
- b. manufacture and sale of armaments to military regimes
- c. institutional violations of human rights, including the exploitation of the work force
- d. discrimination against the individual
- e. the manufacture and sale of tobacco products.

(iv) To achieve a reasonable rate of return having regard to the first three objectives.

(c) For working capital procedures, to maximise by proper control of debtors and creditors the amount of cash available to the University, consistent with the requirements of customers and suppliers terms of business, and good practice.

(d) For borrowings, to achieve the following objectives in priority order:

(i) To raise finance in a timely and efficient fashion for approved projects

(ii) To pay the lowest reasonable cost of funds

(iii) To control tax risks

(iv) To agree with lenders such security arrangements and other constraints over the University as to leave it with the maximum freedom over its future finances

(e) For foreign exchange, to keep as simple as reasonably possible its transactions involving foreign currency, consistent with keeping administration and transaction costs low.

3. Responsibility and Authorization

3.1 Responsibility for the treasury management policy is ultimately that of the President and Vice-Chancellor as Accounting Officer of the University. This responsibility is exercised on behalf of the President and Vice-Chancellor by the Director of Finance

3.2 The Director of Finance may delegate, under a scheme of delegation, the duty of temporary investment, but not the responsibility, to such staff within the Finance Office as he sees fit. It is current practice for this duty to be undertaken normally by the Treasury Accountant without any restriction on limits, but subject to agreed authorisation and monitoring procedures. The Treasury Accountant is responsible for ensuring that investment procedures and relevant bank mandate records are clearly documented, reviewed annually and updated as necessary.

3.3 Finance Committee is responsible to Council for advising on investment policy and monitoring investment transactions undertaken by authorised officers. This function is exercised by the approval of broad policy guidelines within which University employees must act, and through the more detailed consideration given to the activity by Finance Committee.

4. Procedures for Cash and Temporary Investments

4.1 The amount and period of any temporary investment shall be determined by reference to the University's estimated short-term cash flow requirements. For this purpose, the Treasury Accountant is responsible for

maintaining a detailed forecast of cash movements covering at least three months ahead.

4.2 Occasional use of the University's bank overdraft facility (if in place), is permissible.

4.3 To assist with obtaining the best interest rates, the University will seek to consolidate so far as possible all surplus cash for investment, from its subsidiary companies, and endowments (excluding cases where legal restrictions or the provisions of the endowment require otherwise).

4.4 Where the University invests funds itself, the arrangements are that the only approved investment, except for accounts with the University bank, is the simple money market deposit – either for a fixed period or on notice (e.g. 2 day – 7 day).

4.5 Specifically prohibited are:

- Commercial paper
- Sterling certificates of deposit
- Any transaction involving the use of the futures market
- Any transaction requiring the use of interest rate swaps

4.6 Within the total temporary investments, any proportion (including the whole) may be invested at variable rates (i.e. on notice).

4.7 Institutions to which money may be lent are required to be approved by Finance Committee , and must meet minimum long term credit ratings (with reference to more than one credit rating agency), as determined by the Committee. The list of institutions is restricted to the following:

- Substantial UK clearing banks
- Major UK building societies
- Specified foreign owned banks,
- Specified AAA Money Market Funds

The amounts which may be lent to individual borrowers or banking groups shall be determined by Finance Committee , and may be varied from time to time.

In order to manage short term working capital requirements, the counterparty limit for the University's main bank may be extended by an agreed amount, as determined by the Director of Finance, for limited periods of up to one month.

4.8 The current list of approved institutions and counterparty limits is available from the Treasury Accountant. The Director of Finance is responsible for amending the list based on changes to credit ratings.

4.9 Any interest-bearing account facilities offered by the University's bankers may be used as an alternative to temporary investment at the discretion of the Director of Finance. In determining the use of such facilities, regard shall be paid to the rate of interest received and on any restrictions placed by the Bank on the use of such accounts.

4.10 Where it is likely to be beneficial, temporary investment will be arranged through an authorised and regulated London money broker, to obtain as wide as possible a range of potential borrowers.

4.11 The University is responsible for ensuring that any transactions placed through brokers conform to this policy.

4.12 The University may also deal direct with any institution on the approved list of borrowers who may, from time to time, offer terms of deposit which are substantially better than general money market rates.

4.13 The University may also choose to hold cash balances and temporary investments on deposit with stockbrokers and fund managers. These decisions will be made by Finance Committee, who will take such advice as they think appropriate from the money broker described in 4.9. The funds invested in this way will be fully subject to this Policy, in other regard than their management.

4.14 Interest earned from investments will be credited to the appropriate accounts as required to meet reporting timetables in the University.

5. Procedures for Endowment Funds and other funds held for long-term purposes

5.1 Endowment funds and other University funds held for long-term purposes are covered by this policy, subject to meeting the requirements of any donors, where relevant. The Endowments Investment Policy can be seen at Annex 1.

5.2 The funds will be invested in capital market investments, gilts and equities as well as cash, where the rate of return is consistent with the objectives of the activity and where the size of the funds justifies the extra costs and risks involved.

5.3 The University will use investment managers where investments of gilts and equities are involved on a significant scale. The investment managers will be expected to perform in accordance with agreed parameters and their performance will be regularly monitored by Finance Committee.

6. Procedures for working capital

6.1 These procedures concern debtors and creditors. The Director of Finance will make arrangements for debts to be collected promptly, and creditors to be paid in a timely fashion so as to maximise operating cash flow. Discounts for early payment will be accepted where their size exceeds the loss of interest on cash used and interest may be charged on payments later than 30 days from the invoice date.

7. Procedures for Borrowings

7.1 An overdraft facility may be maintained for operational purposes and a loan facility may also be arranged for the same purpose, but their use will be minimised so as to keep costs down. They will not be used for long-term purposes.

7.2 Any proposals for long-term borrowing for funding of projects will be evaluated carefully by the Director of Finance in line with the University's financial plan and the objectives of this policy. It will normally be expected that several sources of funds will be evaluated in each case. Proposals for new long-term borrowings require a resolution of Council, following a recommendation by Finance Committee.

7.3 Appropriate interest rate hedging, through fixed rates, caps, and other non-aggressive instruments, will be undertaken to protect the University from sharp increases in interest rates on borrowings. The balance between protection and loss of flexibility will be evaluated by the Director of Finance with such external advice as she/he considers appropriate. Decisions will be taken by Finance Committee, but the Committee may delegate to the Director of Finance the timing of implementation of a proposal so as to allow favourable market conditions to be exploited.

7.4 Any subsequent refinancing of a borrowing arrangement will be considered if the terms are competitive and as favourable as can reasonably be achieved in the light of market conditions prevailing at the time, and will require approval by Council.

8. Procedures for Foreign Exchange

8.1 Generally the University will seek to keep simple its transactions involving foreign currency. To this end it will:

- (a) Seek where possible to have transactions conducted in sterling rather than foreign currency
- (b) Avoid speculating on the future value of foreign currencies against the Pound (GBP)
- (c) Seek wherever possible to keep the administration of foreign currency transactions and holdings simple and low cost in administrative terms

8.2 Euros: Funds received in Euros, generally for EU-funded projects, will be credited to the foreign exchange bank accounts in that currency which will be maintained at an optimal level in relation to anticipated expenditure. Funds that are not planned for immediate currency conversion, payment to research partner institutions, or payment to University suppliers may be invested either in linked deposit accounts or money market funds, where the University has freedom to do so, or will be retained in other accounts if required by the funding agency.

8.3 US Dollars: The University will invoice tuition fees in US dollars, where there is a significant market advantage to do so. Funds received in US dollars, which may also include research project funds, will be credited to a foreign exchange bank account. The University will not hold dollar balances except in anticipation of dollar expenditure in order to reduce transaction costs and exchange rate risk.

8.4 Other Currencies: The University will not hold foreign currency except in the anticipation of related expenditure or onward payment to partner organisations. For currencies where there are both extensive purchases and sales, the University will keep under review whether to open foreign currency bank accounts with its bank in the UK in order to reduce transaction costs.

8.5 Overseas Bank Accounts: Where a large number of foreign currency transactions is expected to occur in a single overseas location (such as may arise from a large research project, or the activities of an overseas agent), a foreign currency bank account may be opened overseas. In these cases, the University will take advice from its own banker, and the Director of Finance will satisfy her or himself that the funds will be secure and well managed. Where the banking arrangements in foreign countries do not appear to be secure, the University will take advice from its bank, and its Auditors if appropriate, on how the maximum security of University funds may be achieved. A regular audit of such overseas accounts by Internal Audit will also be arranged.

8.6 Currency Conversion Costs: Costs arising from conversions from foreign exchange will be absorbed by the relevant budgets for the activity. Changes in the sterling value of approved EU- funded projects will be borne by or credited to the projects, subject to EU rules.

8.7 Hedging: The University will not normally arrange hedging for its foreign exchange transactions. Exceptionally, where certainty of costs is required and it is important that losses are avoided, then the Director of Finance may approve hedging arrangements on a case by case basis, subject to the appropriate ISDA arrangements being put in place.

9. Forecasting, Monitoring and Reporting

9.1 The Director of Finance will, with the help of the Head of Financial Accounting & Treasury and the Treasury Accountant, prepare appropriate cash flow forecasts for the coming year, based on the University's approved Financial Forecasts. These will be prepared at the start of each financial year for Finance Committee. The forecasts will be reviewed at least quarterly during the year to track actual cash flows against planned movements, and adjusted for latest forecast outturn. This will enable the forecasts to be rolled forward as necessary.

9.2 Commentary on other aspects of activity, including endowment funds and borrowings, will be made as appropriate.

10. Other Matters

10.1 Banking Arrangements: the University will bank with a substantial clearing bank. The contract will normally be for three years, with an option to extend for further specified periods of one year, and the University will re-tender its banking services contract from time to time, normally after two or three contract periods.

10.2 Training: The Finance Office staff involved in treasury management will be expected to attend seminars and short courses on relevant topics, with particular reference to legal and regulatory changes. Other staff involved in

receipt of income from non-standard sources, e.g. in the Academic Office and the Development Office, will be made aware of the risks of money laundering and required to follow appropriate procedures.

10.3 Audit: The treasury management function will be subject to internal and external audit in the normal way.

10.4 Review: This Policy is subject to review by the Finance Committee on the advice of the Director of Finance at such intervals as it may from time to time determine.

M Riddleston 18 May 2016

ENDOWMENTS INVESTMENT POLICY

1. Introduction:

1.1 The University has approximately 138 endowment funds, held in two separate investment portfolios - the van Geest fund, and the other for all other funds.

1.2 The majority of funds are held for long-term purposes, and are invested in capital market investments in order to provide a consistent level of annual income sufficient to meet the requirements of donors, and to protect assets against inflation or deflation.

1.3 Endowment funds are categorised as one of the following:

- Unrestricted permanent endowment – annual income is not tied to specific purposes, and may be used for the general benefit of the University. The capital investment is to be retained in perpetuity, and cannot be drawn upon to support expenditure.
- Restricted permanent endowment – annual income must be used strictly in accordance with the terms of the fund. The capital investment is to be retained in perpetuity, and cannot be drawn upon to support expenditure.
- Restricted expendable endowment - annual income must be used strictly in accordance with the terms of the fund, but the capital balance may also be used.

1.4 Responsibility for decision making on investment matters has been delegated to the University's Finance Committee, in accordance with the University's Treasury Management Policy. The Committee is therefore responsible for the selection of external investment managers to manage the long-term investments and for monitoring investment performance against agreed benchmarks.

1.5 The University is governed by the Trustee Act 2000, which sets out the general power of investment.

2. Investment Objectives:

2.1 Endowment funds are invested to produce the best financial return within an established level of risk.

2.2 The primary objective is to balance income and capital returns. The assets should be managed to at least maintain real capital value, whilst generating a consistent and sustainable level of investment income to support the current endowment fund activities.

The current income target is set at 3% of capital value. Changes to the income target should be informed by market benchmarks.

3. Risk:

3.1 Attitude to risk

The endowment funds rely on investment income to fund current and future activities. The stability of income is therefore an important requirement and the long term capital value should be protected.

The key risk to the long term sustainability of the funds is inflation or deflation and the assets should be invested to mitigate this over the long term. The Committee understands that this is likely to mean that investment will be

concentrated in real assets and that the capital value will fluctuate.

The Committee is able to tolerate volatility of the capital value of its investments, as long as current expenditure can be met from investment income and occasional drawdowns of capital may be made to meet the needs of individual expendable endowment funds.

3.2 Assets

The endowment assets can be invested widely according to the general power of investment, and should be diversified by asset class and by security. Asset classes may include cash, bonds, equities, property, hedge funds, private equity, commodities and any other asset that is deemed by the Committee to be suitable.

The Committee may use more than one investment manager, in which case a decision process must then be put in place to deal with the addition of new investments, and capital withdrawals.

The Committee may agree to invest in individual or fund-based equity and fixed interest holdings, composite charity funds, or any combination of the aforementioned in order to achieve the overall long term University objective of balancing capital and income returns.

Within the agreed asset allocation there may be temporary variations, due to market movements.

The Committee may agree to vary the allocation on a permanent basis and should consider seeking professional advice to inform this decision.

3.3 Currency

The base currency of the investment portfolio is Sterling.

3.4 Credit

Bond exposure should be focused on investment grade issuers

Alternative asset classes may be included in the portfolio, but only with the approval of Finance Committee

Holdings in individual properties should be investment grade, but this is not a requirement for purchasing a share of a fund

4. Liquidity Requirements

4.1 The University aims to balance the needs of current and future beneficiaries and as such aims to set a sustainable income target, whilst ensuring the capital is expected to grow in line with inflation over the long term.

4.2 The University may draw down capital in respect of expendable endowments, and therefore there may be a requirement for some short term capital liquidity within the investment portfolio.

5. Time Horizon

5.1 The investment portfolios are expected to exist in perpetuity and investments should be managed to meet the investment objectives and ensure this sustainability.

5.2 The University can adopt a long term time horizon.

6. Ethical Investment Policy

6.1 The University is committed to investing its endowment funds on a responsible basis, and investment managers are expected to ensure that the selection of investments reflect the ethical values of the University as outlined in the Treasury Management Policy.

7. Management, Reporting and Monitoring

7.1 Finance Committee is responsible for the selection of investment managers and vehicles to implement the agreed asset allocation strategy.

7.2 At least twice a year Finance Committee should undertake a full review of the University's long- term investments, which should include the following:

- An analysis of return, risk and asset allocation
- A monitoring of performance against agreed market indices, and the University's overall investment objectives of income generation and capital growth
- A report on investment manager charges incurred, compared to agreed rates

8. Approval and Review

8.1 This investment Policy Statement was approved by Finance Committee. It will be reviewed on an annual basis to ensure that it continues to be appropriate for management of the University's endowments.

Date of next review: May 2017