

# Financial Regulations - Cardiff University



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# FINANCIAL REGULATIONS

## A GENERAL PROVISIONS

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### A.1 Background

- 1.1 Cardiff 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 its Council, which has ultimate responsibility for the University's management and administration.
- 1.2 The University is an exempt charity by virtue of the Charities Act 2006.
- 1.3 The Financial Memorandum between the Higher Education Funding Council for Wales (HEFCW) and Cardiff University sets out the terms and conditions on which grant is made. The Council is responsible for ensuring that conditions of grant are met. As part of this process, the University must adhere to the HEFCW'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.

### A.2 Status of Financial Regulations

- 2.1 This document sets out Cardiff University's Financial Regulations. It translates into practical guidance the University's broad policies relating to financial control. This document was approved by the Council. It applies to the University and all its subsidiary undertakings.
- 2.2 These Financial Regulations are subordinate to the University Charter and Statutes and to any restrictions contained within the University's Financial Memorandum with HEFCW and the HEFCW audit code of practice.
- 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;
  - the provision of effective financial controls over the use of public and other funds;
  - ensuring that the University complies with relevant legislation;
  - safeguarding the assets of the University.
- 2.4 Compliance with the Financial Regulations is compulsory for all staff connected with

the University. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the University's disciplinary policy. The Council will be notified of any significant breaches through the Audit Committee. It is the responsibility of Heads of School and Directorate to ensure that their staff are made aware of the existence and content of the University's Financial Regulations.

- 2.5** Policy and Resources Committee is responsible for maintaining a continuous review of the Financial Regulations, through the Director of Physical and Financial Resources (DPFR), and for advising the Council of any additions or changes necessary.
- 2.6** In exceptional circumstances, the DPFR, Financial Controller (FC), Vice-Chancellor (V-C) may authorise a departure from the detailed provisions herein. The Financial Regulations and supporting Financial Procedures will not cover every possible situation that might arise. In cases of doubt advice should be sought from senior officers in Finance who are expected to interpret the Financial Regulations and Procedures reasonably and intelligently, with due regard to the interests of the University.
- 2.7** The University's detailed Financial Procedures set out precisely how these Regulations will be implemented and are contained in a separate manual which is available in all Schools and Directorates.

## **B CORPORATE GOVERNANCE**

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### **B.3 Court**

- 3.1** The Court has no direct responsibility for the University's financial administration but it will receive, and may comment upon, the annual statement of the Treasurer of the financial affairs of the University and the audited accounts.

### **B.4 The Council**

- 4.1** The Council is responsible for the management and administration of the University. Its financial responsibilities are to:
- ensure the financial viability of the University;
  - safeguard the University's assets;
  - ensure the effective and efficient use of resources;
  - ensure that all funds are used in accordance with their terms and conditions and that HEFCW funds are used in accordance with the University's Financial Memorandum with HEFCW;
  - ensure that financial control systems are in place and are working effectively;
  - ensure that the University complies with HEFCW's audit code of practice;
  - approve the University's strategic plan;
  - approve annual estimates of income and expenditure and the annual financial statements;

- appoint the University's internal and external auditors.

## **B.5 Designated Officer**

- 5.1** The Vice-Chancellor is the University's designated officer responsible for the financial administration of the University's affairs. In this capacity, the Vice-Chancellor must advise the Council if, at any time, any action or policy under consideration by them appears to the Vice-Chancellor to be incompatible with the Financial Memorandum. If the Council decides nevertheless to proceed, the Vice-Chancellor must immediately inform the Chief Executive of HEFCW in writing. The Vice-Chancellor must ensure that annual estimates of income and expenditure are prepared for consideration by the Council. As the designated officer, the Vice-Chancellor may be required to justify any of the University's financial affairs to the Audit Committee of the Welsh Assembly Government.

## **B.6 Committee Structure**

- 6.1** The Council has ultimate responsibility for the University's finances, but delegates specific powers and processes to the Committees detailed below. These Committees are accountable to the Council. A diagram depicting the Committee structure is included at **Appendix A**.

### **6.2 Policy and Resources Committee**

Consideration of the University's medium-term and strategic plans is undertaken by the Policy and Resources Committee. It is responsible for ensuring that all the financial implications of such plans are taken into account before their approval by the Council. In addition, it is responsible for considering the University's capital programme before it can be recommended to the Council for approval. Similarly, it considers and makes recommendations to the Council on the allocation of resources between academic and non-academic areas. The Policy and Resources Committee is supported by the Finance Group in the detailed monitoring of financial matters.

### **6.3 Finance Group**

The Finance Group supports the Policy and Resources Committee by monitoring the University's financial position and financial control systems. The Group will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the Policy and Resources Committee. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the financial duties of the Council and make recommendations accordingly. The Group will also ensure that the Council has adequate information to enable it to discharge its financial responsibilities. A more detailed note of the Finance Group's terms of reference is shown at **Appendix B**.

### **6.4 Audit Committee**

The University is required by the Financial Memorandum with HEFCW and HEFCW's audit code of practice to appoint an Audit Committee. The Committee is independent, advisory and reports to the Council. It has the right both of access to all the information it considers necessary and to consult directly with the internal and external auditors. The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. A more detailed extract from the Audit Committee's terms of reference is shown at **Appendix C**. The audit requirements of the University are set out in HEFCW's audit code of practice.

## **6.5 Remuneration Committee**

The Committee reviews and determines the salaries, terms and conditions and, where appropriate, severance conditions of the Vice-Chancellor and such other members of staff as the Council deems appropriate including non-clinical Professors and those on equivalent academic and related grades.

## **6.6 University Management Board**

The Board offers advice and guidance to the Vice-Chancellor on the management of the University in pursuing its vision, aims and objectives.

## **6.7 Honorary Treasurer**

The duties of the Treasurer shall include:

- (i) Presenting to the Court an annual statement of the financial affairs of the University.
- (ii) Scrutinising and ensuring probity of the University's Finances and advising the Council accordingly.
- (iii) Receiving the Auditor's report and presenting the audited statement of accounts to the Court and Council.

The Treasurer is not expected to involve himself or herself in the day to day financial administration, but will be expected to advise the DPFR on matters of broad policy.

## **6.8 Governance Committee**

The Governance Committee will advise Council on all matters relating to the governance of the University, including compliance with, and development of, its own internal governance processes and procedures and with legislative and other external regulatory requirements. The Governance Committee will also act as a nominations committee and will seek out and recommend new lay members to serve on the Council and on its sub-committees, having regard to the balance of membership on the Council and the needs of the University in making its recommendations to the Council, taking into account the need to maintain an appropriate balance of skills and expertise.

The general work of the Committee will include ensuring that there are appropriate systems in place to identify and manage major business risks. The Committee will not involve itself directly with academic regulations and will complement rather than duplicate the work of the Audit Committee.

## **B.7 Other Senior Managers with Financial Responsibility**

### **7.1 The Director of Physical and Financial Resources (DPFR)**

Day-to-day financial administration is controlled by the DPFR, who is responsible to the Vice-Chancellor for:

- preparing annual capital and revenue budgets and financial plans;
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- preparing the University's annual accounts and other financial statements and accounts which the University is required to submit to other authorities;

- ensuring that the University maintains satisfactory financial systems;
- providing professional advice on all matters relating to Financial Regulations and Procedures;
- day-to-day liaison with internal and external auditors in order to achieve efficient processes.

## **7.2 Heads of School/Directorate**

Heads of School/Directors of Support Services are responsible to the Vice-Chancellor for financial management for the areas or activities they control. They are advised by the DPFR in executing their financial duties. The DPFR will also supervise and approve the financial systems operating within their Schools or Directorates, including the form in which accounts and financial records are kept. Heads of School/Directors of Support Services are responsible for establishing and maintaining clear lines of responsibility within their School/Directorate for all financial matters. Where resources are devolved to budget holders, such budget holders are accountable to their Head of School/Director of Support Services (DSS) for their own budget.

Heads of School/Directors shall provide the DPFR with such information as may be required to enable:

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

## **7.3 All Members of Staff**

All members of staff should be aware of, 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 as indicated in this document together with the values of purchases for which quotations and tenders are required (Financial Regulations paragraph 20.6).

They shall make available any relevant records or information to the DPFR, or his or her authorised representative, in connection with the implementation of the University's Financial Regulations and Procedures and systems of financial control.

They shall provide the DPFR with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Council.

They shall immediately notify the DPFR whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the University. The DPFR shall take such steps as he or she considers necessary by way of investigation and report.

## **B.8 Risk Management**

- 8.1** The University acknowledges the risks inherent in its business and is committed to managing those risks that pose a significant threat to the achievement of its business

objectives and financial health. A separate Risk Management Policy Statement outlines the University's underlying approach to risk. (**Appendix D**).

**8.2** The Council has overall responsibility for ensuring that there is a risk management strategy and a common approach to the management of risk throughout the University through the development, implementation and the embedding of a formal, structured risk management process.

**8.3** In line with this policy, the Council 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 risks to their potential impact and the likelihood of their occurrence together with a sensitivity analysis;
- a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes;
- a decision on the level of risk to be covered by insurance;
- detailed regular review at School or Directorate 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 Council of all risks above established tolerance levels;
- an annual review of the implementation of risk management arrangements.

The risk strategy and supporting procedures must be capable of independent verification.

**8.4** Heads of School/Directors must ensure that within their Schools/Directorate any agreements negotiated with external bodies cover any legal liabilities to which the University may be exposed. The DPFR's advice should be sought to ensure that this is the case.

## **B.9 Whistleblowing**

**9.1** Whistleblowing in the context of the Public Interest Disclosure Act 1998 is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can raise concerns about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, academic misconduct, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether the information is confidential or not and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

**9.2** The University has a Code of Practice for Public Interest Disclosure (Whistleblowing) which can be accessed via the Website. 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 School/Director. However, the University recognises that very occasionally 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.

- 9.3** A member of staff may, therefore, make the disclosure to one of the individuals designated for the purpose within the Code of Practice. If a member of staff does not wish to raise the matter with those individuals, provision is also made within the Code for the disclosure to be made to the Chair of the Audit Committee.

## **B.10 Code of Conduct**

- 10.1** 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 E**.

- 10.2** Additionally, members of the Council, Audit Committee, Policy and Resources Committee, Heads of Schools and Directorates are required to declare interests in the Register of Interests maintained by the Governance and Compliance Division. This register is publicly available. Other staff must disclose interests to the Director of Human Resources. All staff are responsible for ensuring that their entries are kept up to date regularly and promptly.

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

## **10.4 Receiving Gifts or Hospitality**

It is an offence under the Prevention of Corruption Act 1906 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest;
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the University would be likely to provide in return. If an organisation or individual offers gifts, rewards or hospitality that is significantly greater than the University would be likely to provide in return, it should be reported to the Assistant Director of Finance - Purchasing (ADFP) even where it has been declined.

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant Head of School or the DPFR. Guidance on acceptable hospitality is contained in the detailed Financial Procedures (D.19). For the protection of those involved, the ADFP will maintain a register of gifts and hospitality received where the value is in excess of

£35. Members of staff in receipt of such gifts or hospitality are obliged to notify the ADFP promptly.

## **C FINANCIAL MANAGEMENT AND CONTROL**

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### **C.11 Financial Planning**

**11.1** The DPFR is responsible for preparing annually a rolling five-year financial plan for approval by the Council on the recommendation of the Policy and Resources Committee and for preparing financial forecasts for submission to HEFCW. Financial plans should be consistent with the strategic plans, including the estates strategy, approved by the Council.

### **11.2 Budget Objectives**

The Council will, from time to time, set budget objectives for the University. These will help the DPFR in preparing the more detailed financial plans for the University.

### **11.3 Resource Allocation**

Resources are allocated annually by the Council on the recommendation of the Policy and Resources Committee and on the basis of the above objectives. Heads of School/Directors are responsible for the economic, effective and efficient use of resources allocated to them.

### **11.4 Budget Preparation**

The DPFR is responsible for preparing each year an annual revenue budget, capital programme, cash flow forecasts and balance sheet for consideration by Policy and Resources Committee before submission to the Council. The DPFR must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to DSS as soon as possible following their approval by the Council.

During the year, the DPFR is responsible for submitting revised forecasts to the Policy and Resources Committee for consideration before submission to the Council.

### **11.5 Capital Programmes**

The capital programme includes all expenditure on land, buildings and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the University's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the Council.

The DPFR will establish protocols for the inclusion of capital projects in the capital programme for approval by the Council. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. They are summarised at **Appendix F**.

The DPFR will also establish procedures for the approval of variations, including the notification of large variations to the funding body, as laid down in funding body guidelines.

The DPFR is responsible for providing regular statements concerning all capital expenditure to Policy and Resources Committee for monitoring purposes.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Policy and Resources Committee, including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines.

### **11.6 Overseas Activity**

In planning and undertaking overseas activity, the University must have due regard to the relevant guidelines issued by the funding body.

### **11.7 Other Major Developments**

Any new commercial activity (excluding research), or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £1 million in total, should be presented for approval to the Policy and Resources Committee.

The protocols for these major developments, to enable them to be considered for approval by the Council, are set out in **Appendix G**.

## **C.12 Financial Control**

### **12.1 Budgetary Control**

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

Significant departures from agreed budgetary targets must be reported immediately to the DPFR by the Head of School/Directors concerned and, if necessary, corrective action taken.

### **12.2 Financial Information**

The budget holders are assisted in their duties by management information provided by the DPFR. The DPFR is responsible for supplying budgetary reports on all aspects of the University's finances to the Finance Group on a basis determined by the Finance Group but subject to any specific requirements of the funding body. The relevant extracts from the overall position are reported to relevant Committees so that they are aware of their own financial performance against budget. These reports are presented to the Council which has overall responsibility for the University's finances.

### **12.3 Treatment of Year-End Balances**

At the year end, Directorate budget holders will not normally have the authority to carry forward an unexpended balance on their budget to the following year unless the DPFR has approved a specific scheme for carrying forward all or part of unspent amounts. All Directors must report annually on performance against budget explaining the reasons for any significant overspends.

**12.4** Schools will be allowed to carry forward unexpended balances. However, Schools with unexpended balances in total in excess of K£500 will not be allowed to reduce

them by more than 20% without the prior approval of the DPFR.

- 12.5** Schools with carry forward balances will report in their strategic plans on the link between cash balances and future investment plans. A summary of these plans will be provided as appropriate to Policy and Resources Committee via Finance Group.

### **C.13 Accounting Arrangements**

#### **13.1 Financial Year**

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

#### **13.2 Basis of Accounting**

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

#### **13.3 Format of the Financial Statements**

The financial statements are prepared in accordance with the Statement of Recommended Practice *Accounting for Further and Higher Education*, subject to any specific requirements of the funding body, and in accordance with the provisions of the Companies Act 1985, if that is appropriate.

#### **13.4 Capitalisation and Depreciation**

Newly acquired land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal instalments over their estimated remaining useful life up to a maximum of 50 years. Land will not be depreciated.

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

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £10,000 or more. Capitalised assets other than land and buildings will be depreciated over a period of 4 years with a full year's charge in the year of acquisition.

#### **13.5 Accounting Records**

The DPFR is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

The University is required by law to retain prime documents for six years. Retention periods for European grant documentation may differ and should be checked. These include:

- purchase orders;
- paid invoices;
- bank statements;

- copies of receipts;
- sales invoices;
- payroll records, including part-time lecturers' contracts.

The DPFR will make appropriate arrangements for the retention of electronic records including the nominal ledger and cash book.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as the European Union.

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

### **13.6 Public Access**

Under the terms of the Charities Act 2006, the Council is required to supply any person with a copy of the University's most recent financial statements within two months of such a request. The Act enables the Council to levy a reasonable fee and this will be charged at the discretion of the DPFR. The University will also make a copy available on its website.

### **13.7 Taxation**

The DPFR is responsible for advising Heads of School/Directors on all taxation issues, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to the University. The DPFR will issue instructions to Schools/Directorates on compliance with statutory requirements, including those concerning VAT, PAYE, National Insurance, corporation tax, stamp and import duty.

The DPFR 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.

## **C.14 Audit Requirements**

### **14.1 General**

External auditors and internal auditors shall have authority to:

- have access to University premises at reasonable times;
- have access to 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;
- have access to records belonging to third parties, such as contractors, when required.

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

Following consideration by the Policy and Resources Committee (P&RC), the financial statements should be reviewed by the Audit Committee. On the recommendation of the P&RC and Audit Committee, they will be submitted to the Council for approval and to the Court.

#### **14.2 External Audit**

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

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 HEFCW's audit code of practice and the Auditing Practices Board's statements of auditing standards.

#### **14.3 Internal Audit**

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

The University's Financial Memorandum with HEFCW requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the HEFCW's audit code of practice. The role of internal audit is to provide management with an objective assessment of the adequacy of the framework of risk management, controls (financial and non-financial) and governance processes, and that these are working effectively, efficiently and economically in order that:

- a) The Council and senior management can judge the extent to which they may rely on the whole control system;
- b) Individual managers can judge how reliable are the systems and controls for which they are responsible.

It is the duty of management, not the internal auditor, to operate an adequate system of internal control. It is for management to determine whether to accept and implement audit recommendations or to recognise and accept the risks resulting from not taking action.

The internal audit service remains independent in its planning and operation but has direct access to the Council, Vice-Chancellor and Chair of the Audit Committee. The formal responsibilities of internal audit are detailed at **Appendix H**. The internal auditor will apply the principles set out in the Government Internal Audit Standards.

#### **14.4 Fraud and Corruption**

It is the duty of all members of staff, management and the Council to notify the DPFR immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

The DPFR shall immediately invoke the fraud response plan, which incorporates the following key elements (**Appendix I**):

- he or she will notify the Vice-Chancellor and the Audit Committee (through its chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report;

- the Vice-Chancellor shall inform the police if a criminal offence is suspected;
- any significant cases of fraud or irregularity shall be reported to the funding body in accordance with their requirements as set out in the audit code of practice;
- the Audit Committee shall commission such investigation as may be necessary of the suspected irregularity by the internal audit service or others, as appropriate;
- the internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such report shall include advice on future preventative measures.

If the suspected fraud is thought to involve the DPFR and/or the Vice-Chancellor, the member of staff shall notify the Chair of the Audit Committee directly of their concerns regarding irregularities.

#### **14.5 Value for Money**

It is a requirement of the Financial Memorandum that the 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 HEFCW, the National Audit Office, the Public Accounts Committee or other relevant bodies.

To fulfil this responsibility, the Council will develop and revise each year a plan for value for money work that will provide evidence of compliance with HEFCW's requirements. It will be used to enable the Audit Committee to refer to value for money in their annual report.

#### **14.6 Other Auditors**

The University may, from time to time, be subject to audit or investigation by external bodies such as HEFCW, National Audit Office, European Court of Auditors, HM Customs and Excise and the Inland Revenue. These bodies have the same rights of access as external and internal auditors.

### **C.15 Treasury Management**

#### **15.1 Treasury Management Policy**

The P&RC, on the advice of the Finance Group, 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 HEFCW rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the Financial Memorandum. The P&RC has a responsibility to ensure implementation, monitoring and review of such policies.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the DPFR and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the University and shall conform to HEFCW requirements.

The DPFR will report to the P&RC on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

## **15.2 Appointment of Bankers and Other Professional Advisers**

The 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 P&RC. The appointment shall be for a specified period after which consideration shall be given by the P&RC to competitively tendering the service.

## **15.3 Banking Arrangements**

The DPFR is responsible, on behalf of the P&RC, for liaising with the University's bankers in relation to the University's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the DPFR, who shall make proper arrangements for their safe custody.

Only the DPFR or nominee 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.

All cheques drawn on behalf of the University must be signed in the form approved by the P&RC. Cheques up to an agreed amount, specified in the University's detailed Financial Procedures, shall require one pre-printed signature. Cheques over the agreed amount must be signed by two authorised persons. Details of authorised persons and limits shall be provided for in the University's detailed Financial Procedures (D.8).

All automated transfers on behalf of the University, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the P&RC. Details of authorised persons and limits shall be provided for in the University's detailed Financial Procedures (D.8).

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

## **C.16 Income**

### **16.1 General**

The DPFR is responsible for ensuring that appropriate Financial Procedures (D.25) 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 DPFR.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by Financial Procedures approved by the DPFR (D.26).

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

The DPFR is responsible for ensuring that all grants notified by HEFCW and other bodies are received and appropriately recorded in the University's accounts.

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

### **16.2 Maximisation of Income**

It is the responsibility of all staff to ensure that revenue to the University is maximised by the efficient application of agreed procedures for the identification, collection and

banking of income. In particular, this requires the prompt notification to the DPFR of sums due so that collection can be initiated.

### 16.3 Receipt of Cash, Cheques and Other Negotiable Instruments

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

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

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

**Receipts by credit or debit card:** the University may only receive payments by debit or credit card using Financial Procedures (D.25) approved by the DPFR.

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

### 16.4 Collection of Debts and Invoicing

The DPFR should ensure that:

- debtors invoices are raised promptly on official invoices, in respect of all income due to the University;
- invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account;
- any credits granted are valid, properly authorised and completely recorded;
- VAT is correctly charged, where appropriate, and accounted for;
- monies received are posted to the correct debtors account;
- swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the Financial Procedures;
- outstanding debts are monitored and reports prepared for management.

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

Requests to write off debts, excluding student debts, in excess of £10,000 (excl VAT) must be referred in writing to the DPFR for approval and reported annually to P&RC.

### 16.5 Student Fees

The Financial Procedures (D.23) for collecting tuition and residence fees must be approved by the DPFR. He or she is responsible for ensuring that all student fees due to the University are received.

Any student who has not paid an account for fees or any other item owing to the

University shall not receive the certificate for any degree, diploma or other qualification awarded by the University until all outstanding debts have been cleared. Such 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.

The University may charge students a fee for late enrolment.

Requests to write off student debts in excess of £1,000 must be referred in writing to the DPFR for approval and reported annually to P&RC.

In the event of withdrawal, students will normally be charged, less any non-refundable deposit, on a prorata basis on the number of weeks in attendance from the start of the scheme, and an appropriate refund made if necessary. However, there are occasions where specific courses will have different rules on the refund of tuition fees. In these exceptions and where the regulations on the refund of tuition fees differ from those outlined above the new rules will be clearly notified to students prior to starting the course.

## **16.6 Student Loans**

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

## **16.7 Emergency/Hardship Loans**

The University's scheme for emergency/hardship loans must be approved by the Director of Registry, Governance and Students (DREGOS). This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made other than in accordance with the approved scheme.

The DPFR is responsible for ensuring the adequacy of the systems in place for:

- approving loans in accordance with the scheme;
- paying loans that have been approved;
- recovering loans that have been paid.

## **C.17 Research Grants and Contracts**

### **17.1 General**

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

The term 'research grant' is restricted to research projects funded by the UK research councils, charities and the higher education funding bodies.

All other externally financed research projects are classified as 'research contracts'.

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 School to ensure that the financial implications have been appraised by the

Director of RACDV. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

The Director of RACDV is responsible for examining every formal application for external funding (both grants and contracts) and shall ensure that there is adequate provision of resources to meet all commitments. The Director of RACDV must ensure that the full economic cost of research contracts is established. The research agreement must be in line with the University's policy with regard to indirect costs and other expenses and taking account of Financial Procedures (D.26) for the pricing of research projects depending on the nature of the funding body.

Research grants and contracts shall be accepted on behalf of the University by the Director of RACDV.

The Director of RACDV shall maintain all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.

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

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

## **17.2 Costing and Pricing**

The University has agreed to adopt the principles on full economic costing and pricing.

Staff will maintain the records specified by the DPFR to enable compilation of returns to HEFCW which meet the requirements of the Transparent Approach to Costing (TRAC).

## **17.3 Grant and Contract Conditions**

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

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

## **C.18 Other Income-Generating Activity**

### **18.1 University Services and Private Outside Work**

The detailed Policy and Guidelines for the conduct of University Services and Private Outside Work are set out in Section D33 of the Financial Procedures. The following applies although further detailed advice can be obtained from the Director of RACDV:

- consultancies or other paid work for external organisations, whether to be undertaken as University Services or Private Outside Work, must comply with

the University's Policy and Guidelines and may not be accepted without completion of the relevant documentation and the prior written consent of the Head of School (and in the case of a Head of School, the Vice-Chancellor);

- applications for permission to undertake work as a purely private activity (Private Outside Work) must be submitted to the Head of School (or Vice-Chancellor, as appropriate), supported by the documentation and information identified in Section D33 of the Financial Procedures.

## **18.2 Self-Financing Short Courses and Conferences**

In this context, a "self-financing" event is one which receives either no or minimal Funding Council support eg continuing professional development courses, non-credit bearing courses in LEARN, courses supported by the National Assembly for Wales.

Any staff wishing to run a short course or conference must have the permission of their Head of School and provide DPFAR with a detailed course costing for approval. The course organiser will be responsible to the Head of School for day-to-day management of the course.

Further details are provided in the Financial Procedures (D.37).

## **18.3 Services Rendered**

The term 'services rendered' is included within the definition of University Services and includes testing and analysis of materials, components, processes and other laboratory services or the use of existing facilities in order to gain additional information. The approval process is the same as outlined in Section 17 - Research Grants and Contracts and Section 18.1 above.

## **18.4 European Projects Requiring Matched Funding**

Projects, funded from European Union bodies, such as the European Commission and/or from European Structural Funds may require the University to provide matched funding. Any such project requires the approval of the appropriate University officer prior to any commitment being entered into. Such approval shall be dependent upon the relevant Head of School being able to demonstrate that eligible matching funds are available and that the project is financially viable by the application of the University's costing and pricing policy.

In the case of European Structural Funds proposals (both programmes within Wales and trans-national programmes) the Principal Investigator must obtain his/her Head of School's confirmation that a particular proposal fits with the School's strategic priorities and this should be confirmed in writing to RACDV. Both during the subsequent development of the project proposal and before its final submission to the relevant managing authority, the proposal will be subject to the approval of the Vice-Chancellor or his nominee, following the recommendation of the Director of RACDV and taking into account the benefits associated with involvement in the project versus the degree of financial risk.

Where the University is co-ordinating and is, in effect, sub contracting work funded from European sources to external partners or providers, the relevant Head of School shall ensure through the Director of RACDV that:

- this is on the basis of a written contract which allows for full audit access to detailed records;

- appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality;
- payments are only made against approved detailed invoices.

### **18.5 Profitability and Recovery of Overheads**

All other income-generating activities must be self-financing or surplus-generating unless it is intended that a new activity is to be introduced as a loss leader. If that is the case, the justification for accepting a loss leader must be specified, including a time limit, and agreed by the Head of School and the DPFR.

Other income-generating activities organised by members of staff must be costed and agreed with the DPFR 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 including the recovery of overheads.

### **18.6 Deficits**

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

### **18.7 Additional Contributions to Schools**

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

### **18.8 Additional Payments to Staff**

Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Head of School, and in the case of a Head of School, the Vice-Chancellor or the DPFR.

## **C.19 Intellectual Property Rights and Patents**

### **19.1 General**

Certain activities undertaken within the University including research and consultancy may give rise to new works, ideas, design, software and inventions which may be patentable or otherwise protectable through registration. These are collectively known as intellectual property.

### **19.2 Patents**

The Policy and Resources Committee is responsible for establishing Financial Procedures (D.30) to deal with any patents accruing to the University from inventions and discoveries made by staff in the course of their research or other work.

### **19.3 Intellectual Property Rights**

In the event of the University deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the University and contained in the detailed Financial Procedures (D.30).

## **C.20 Expenditure**

### **20.1 General**

The DPFR is responsible for making payments to suppliers of goods and services to the University.

### **20.2 Scheme of Delegation/Financial Authorities**

The Head of School is responsible for purchases within his or her School. Purchasing authority may be delegated to named individuals within the School. In exercising this delegated authority, budget holders are required to observe the purchasing policies and Financial Procedures (D.12/13/14).

The DPFR shall maintain an approved hierarchy for each School and Directorate as authorised by the Head of School/Directorate.

Under Financial Procedures (D.12/13/14) agreed by the DPFR, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits.

The DPFR must be notified immediately of any changes to the authorities to commit expenditure.

Heads of School and budget holders are not authorised to commit the University to expenditure without first checking sufficient funds are available to meet the purchase cost.

Expenditure on a single item in excess of £50,000 shall require the approval of the DPFR or nominated deputy.

### **20.3 Procurement**

The University requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice. Factors to be considered in determining lowest cost are noted in the Financial Procedures.

The Assistant Director - Purchasing is responsible to the DPFR for:

- ensuring that the University's purchasing policy is known and observed by all involved in purchasing for the University;
- advising on matters of University's purchasing policy and practice;
- advising and assisting Schools where required on specific purchases including consultancy services;
- developing appropriate standing supply arrangements on behalf of the University to assist budget holders in meeting their value for money obligations;
- vetting all orders above £10,000 before they leave the University;
- the drafting and negotiation of all large-scale purchase contracts undertaken by the University, in collaboration with the responsible School;

- ensuring that the University complies with EU regulations on public purchasing policy.

#### **20.4 Purchase Orders**

The ordering of goods and services shall be in accordance with the University's detailed Financial Procedures (D.7).

Official University orders must be placed for the purchase of all goods or services, except the limited numbers made using company credit cards or petty cash.

When transferring goods or services between Schools, an internal trade system must be used.

It is the responsibility of the DPFR (through the University's Assistant Director - Purchasing) to ensure that all purchase orders refer to the University's conditions of contract.

#### **20.5 Purchase Cards**

The operation and control of purchase cards is the responsibility of the School/Directorate concerned, in consultation with DPFR, FC and ADFP. Holders of purchase cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Purchase cards must not be loaned to another person nor must they be used for personal or private purchases. The FC, via the Accounts Payable Section, will monitor management information on purchase card transactions to enable financial control to be maintained. Cardholders must ensure that management information is provided where requested.

#### **20.6 Tenders and Quotations**

Heads of School/Directors and delegated budget holders must comply with the University's tendering procedures, which are applicable as follows:

- under £500 – the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained;
- from £500 to £5,000 – the budget holder should normally obtain at least three written quotations to ensure competitiveness;
- from £5,000 to £30,000 – the budget holder shall be required to obtain at least three quotations;
- over £30,000 – all items will require at least three competitive tenders.

The above figures exclude VAT.

Only partnership arrangements for the supply of goods or services specifically approved by the DPFR on the advice of the Assistant Director - Purchasing will fall outside these arrangements for tenders and quotations. If appropriate a report of such arrangements will be provided to the Audit Committee.

The main points covered by the University's code of tendering practice are described at **Appendix J** and may be subject to special rules imposed by funding bodies.

#### **20.7 Post-Tender Negotiations**

Post-tender negotiations (ie after receipt of formal tenders but before signing of

contracts) with a view to improving price, delivery or other tender terms can be entered into, provided:

- it would not put other tenderers at a disadvantage;
- it would not affect their confidence and trust in the University's tendering process.

In each case, a statement of justification should be approved by the DPFR on the advice of the Assistant Director - Purchasing prior to the event, showing:

- the background to the procurement;
- the reasons for proposing post-tender negotiations;
- a demonstration of the improved value for money.

## **20.8 Contracts**

Building contracts are the responsibility of the Policy and Resources Committee and are administered by the University's DPFR.

Proposals will normally be initiated by the DPFR in respect of planned replacements, general improvement schemes, space planning or in response to requests from Schools. In order, to ensure appropriate segregation of duties, either the DPFR or FC will be members of building project groups to ensure that appropriate financial control is in place on building projects administered by DPFR.

Consultants may be appointed if the project, as determined by Policy and Resources Committee, is too large or too specialised for Estates Division resources. Appointments shall be subject to tendering and other procedures where appropriate.

Proposals shall be presented in the form of costings or investment/option appraisals prepared in conjunction with the DPFR as appropriate for Policy and Resources Committee consideration. Investment/option appraisals should comply with appropriate funding body guidance.

Following consideration by Policy and Resources Committee, and approval by Council, submissions should be forwarded to the funding body, where appropriate. If the required agreement is secured from the funding body, funding body procedural rules should be followed. Funding body guidance on best practice should be followed even when funding body approval is not required.

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

Further advice on the conditions of contract for the purchase of goods can be obtained by the Assistant Director - Purchasing.

## **20.9 EU Regulations**

The Assistant Director - Purchasing is responsible for ensuring the University complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The Assistant Director - Purchasing will advise Heads of School/Directors on the thresholds that are currently in operation. A breach of these EU regulations is

actionable by a supplier or potential supplier.

It is the responsibility of Heads of School/Directors to ensure that their members of staff comply with EU regulations by notifying the Assistant Director - Purchasing of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as the *Official Journal of the European Community* (OJEC).

## **20.10 Receipt of Goods**

All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

All goods received shall be receipted manually and/or on the electronic receipting system on the day of receipt. If the goods are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

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

## **20.11 Payment of Invoices**

The Financial Procedures (D.8) for making all payments shall be in a form specified by the DPFR.

The DPFR is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS transfer each week. In exceptional circumstances the DPFR will authorise the preparation of cheques manually for urgent payments.

Heads of School are responsible for ensuring that expenditure within their Schools does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Accounts Payable Section.

Care must be taken by the budget holder to ensure that discounts receivable are obtained.

Payments will only be made by the DPFR against invoices that have been receipted for payment by the appropriate Head of School or budget holder.

Authorisation of an invoice or receipting of an electronic order will demonstrate that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory;
- where appropriate, it is matched to the order;
- invoice details (quantity, price discount) are correct;
- the invoice is arithmetically correct;
- the invoice is not a duplicate and has not previously been passed for payment;

- where appropriate, an entry has been made on a stores record or School inventory.

### **20.12 Petty Cash**

The DPFR will, on request provide Schools/Directorates with a petty cash float to purchase small items where a single item should not exceed £50. It is important for security purposes that petty cash float are kept to a minimum. Petty cash should not be used for:-

- wage or salary payments;
- advances of loans to staff or students;
- staff expenses (over £7);
- receiving income unless previously agreed with DPFR;
- entertainment;
- provision of beverages except for visitors;
- gifts for staff or students.

Requisitions for reimbursements must be sent to the DPFR, together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.

The member of staff granted a float is personally responsible for its safe-keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the University's insurers when not in use and will be subject to periodic checks by the Head of School/Director or another person nominated by him or her. A duplicate key should be sent to DPFR for safe custody. A copy of a list of key holders should be provided to the DPFR.

At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by the Head of School/Director.

### **20.13 Other Payments**

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

### **20.14 Late Payment Rules**

The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

- small businesses can charge interest on overdue invoices;
- interest is chargeable on sales made after 1 November 1998;
- the rate of interest is above the official daily rate of the Bank of England;
- the Act also applies to overseas organisations;

- the University can be sued for non-payment.

In view of the penalties in this Act, the Council requires that invoices must be passed for payment as soon as they are received. Further information can be obtained from Finance Directorate.

## **20.15 Travel and Project Advances**

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

Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the project to which the advance relates, within sixty days a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to a project or individual is outstanding. Advances issued will be for a minimum of £100.

## **20.16 Giving Hospitality**

Staff entertaining guests from outside bodies at lunch time should normally use the University's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement.

The limits concerning acceptable expenditure for entertaining guests are set out in the University's detailed Financial Procedures (D.9).

## **C.21 Pay Expenditure**

### **21.1 Remuneration Policy**

All University staff will be appointed to the salary scales approved by the Council and in accordance with appropriate conditions of service including superannuation schemes. All letters of appointment must be issued by the Human Resources (HUMRS) Division.

Salaries and other benefits for senior management as outlined in paragraph 6.5 will be determined by the Remuneration Committee set up by the Council.

### **21.2 Appointment of Staff**

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

### **21.3 Salaries and Wages**

The DPFR is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the DPFR.

The Director of Human Resources will be responsible for keeping the DPFR informed

of all matters relating to personnel for payroll purposes. In particular these include:

- appointments, resignations, dismissals, secondments and transfers;
- absences from duty for sickness or other reason, apart from approved leave;
- changes in remuneration other than normal increments and pay awards;
- information necessary to maintain records of service for superannuation, income tax and national insurance.

The DPFRR is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

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

All payments must be made in accordance with the University's detailed payroll Financial Procedures (D.20) and comply with Inland Revenue regulations.

#### **21.4 Superannuation Schemes**

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

The DPFRR is responsible for day-to-day superannuation financial matters, including:

- paying contributions to various authorised superannuation schemes;
- preparing the annual return to various superannuation schemes;
- administering the University pension funds.

#### **21.5 Travel, Subsistence and Other Allowances**

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form outlined in the Financial Procedures (D.10) and approved by the DPFRR. All claims must be fully supported by receipts, where applicable.

Claims by members of staff must be authorised by their Head of School/Director or authorised signatory (or Vice-Chancellor or nominee in the case of Heads of School/Directors). The authorisation by the Head of School/Director shall be taken to mean that:

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

Arrangements for travel by the Vice-Chancellor or members of the Council shall be approved by the Chair of the Council or delegated nominee. Arrangements for travel by the Chair shall be approved by the DPFRR. Expenses for Board members will be authorised by the Vice-Chancellor or nominee.

Claims must be submitted within three months of the journey. The DPFR may refuse to pay claims that are not submitted outside this limit.

## **21.6 Overseas Travel**

All arrangements for overseas travel must be in accordance with the appropriate Financial Procedures (D.10). All approvals required must be obtained in advance of committing the University to those arrangements or confirmation of any travel bookings.

Where spouses, partners or other persons unconnected with the University intend to participate in a trip, this must be clearly identified in advance. The extra costs associated with the travel of the spouse, partner et al must be paid directly by the member of staff. Agreement to the reimbursement of the expected costs should be obtained in advance of travel.

## **21.7 Allowances for Members of the Council**

Claims for members of the Council will be authorised by the DREGOS. Fully receipted claims for reasonable expenses for attendance on University matters will be reimbursed in line with University procedures (D.10).

## **21.8 Severance and Other Non-Recurring Payments**

Severance payments shall only be made in accordance with relevant legislation, appropriate Council regulations and value for money considerations (D.21). Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose. All such payments shall be authorised by the Vice-Chancellor on the advice of the Director of Human Resources and the DPFR. Any individual amounts that do not fall within the parameters above or are in excess of 3 years gross costs must be authorised by the Chair or Deputy Chair of the Remuneration Committee. Amounts paid should be declared as appropriate in the financial statements.

**21.9** All matters referred to an employment tribunal shall be notified to the Human Resources Committee at the earliest opportunity. All determinations of tribunals must be similarly notified.

## **C.22 Assets**

### **22.1 Land, Buildings, Fixed Plant and Machinery**

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

### **22.2 Fixed Asset Register**

The DPFR is responsible for maintaining the University's register of land, buildings, fixed plant and machinery. Heads of School/Directors will provide the DPFR with any information he or she may need to maintain the register.

### **22.3 Inventories**

Heads of School/Directors are responsible for maintaining inventories, in a form prescribed by the DPFR, for all plant, equipment, furniture and stores in their Schools. The inventory must include items donated or held on trust.

Inventories must be checked at least annually as described in the University's detailed Financial Procedures (D.28).

When transferring equipment or other items between Schools, a transfer record must be kept and the inventories amended accordingly. Approval must be sought from the Director of RACDV where equipment or other items funded from research grants are transferred outside of the University.

#### **22.4 Stocks and Stores**

Heads of School/Directors are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their Schools/Directorates. The systems used for stores accounting in Schools/Directorates must have the approval of the DPFR.

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

Those Heads of Schools/Directors whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the DPFR and that instructions to appropriate staff within their Schools/Directorates are issued in accordance with advice contained in the University's detailed Financial Procedures (D.16).

#### **22.5 Safeguarding Assets**

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

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

#### **22.6 Personal Use**

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

#### **22.7 Asset Disposal**

Disposal of equipment and furniture must be in accordance with procedures agreed by the DPFR and contained in the University's detailed Financial Procedures (D.18/D.28).

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

#### **22.8 All Other Assets**

Heads of Schools/Directors are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the University, whether tangible (such as stock – see above) or intangible (such as intellectual property – see section 19), including electronic data.

## **C.23 Funds Held on Trust**

### **23.1 Gifts, Benefactions and Donations**

The DPFR 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. An appropriate level of due diligence to be undertaken depending on the risk to the University.

### **23.2 Student Welfare and Access Funds**

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

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

### **23.3 Trust Funds**

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

The P&RC 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 the investment of fund balances.

### **23.4 Voluntary Funds**

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

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

## **C.24 Other**

### **24.1 Insurance**

The DPFR 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. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets.

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

Heads of School/Directors must ensure that any agreements negotiated within their Schools/Directorates with external bodies, including other educational establishments and bodies overseas, cover any legal liabilities to which the University may be exposed. The DPFR's advice should be sought to ensure that this is the case. Heads of School/Directors must give prompt notification to the DPFR of any potential new risks and additional property and equipment that may require insurance and of any alterations

affecting existing risks. Heads of School/Directors must advise the DPFR immediately of any event that may give rise to an insurance claim. The DPFR will notify the University's insurers and, if appropriate, prepare a claim in conjunction with the Head of School/Directors for transmission to the insurers. Further details are provided in the Financial Procedures (D.31).

The DPFR is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

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

## **24.2 Companies and Joint Ventures**

In certain circumstances it may be advantageous to the University to establish a company or a joint venture to undertake services on behalf of the University. Any member of staff considering the use of a company or a joint venture should first seek the advice of the DPFR, who should have due regard to guidance issued by HEFCW.

The Council is responsible for approving the establishment of all companies or joint ventures and the procedure to be followed in order to do so. This will have regard to any guidance provided by HEFCW. The process involved in forming a company or a joint venture and arrangements for monitoring and reporting on the activities of these undertakings are documented in the Financial Procedures and will include the assessment of risk.

It is the responsibility of the Council to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the University.

The Directors of Companies where the University is the majority shareholder must submit, via the P&RC, an annual report to the Council. They will also submit business plans or budgets as requested to enable the Council to assess the risk to the University. The University's internal and external auditors shall also be appointed to such companies.

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

## **24.3 Security**

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

An officer shall be responsible for maintaining proper security and privacy of information held on the University's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 1998. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

The DREGOS 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 DREGOS. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

## **24.4 Students Union**

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.

Subject to any constraints imposed by HEFCW, the Council, through the P&RC, shall determine the level of grant to be paid annually by the University to the Students Union. The Council requires the Union to provide for information details of its proposed budget to assist in determining the appropriate level of grant.

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

In accordance with an agreement between the University and the Students Union, the Union will provide monthly statements of income and expenditure to the DPFR and the P&RC for information purposes only.

At year end, the Students Union financial statements will be audited by an appropriately qualified firm of auditors and will be presented to the P&RC for information.

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.

## **24.5 Use of the University's Seal**

Where a deed or document requires the University's seal, it must be sealed by the DREGOS or, in his or her absence, the DPFR.

The DREGOS is responsible for submitting a report to each meeting of the Council detailing the use of the University's seal since the last meeting.

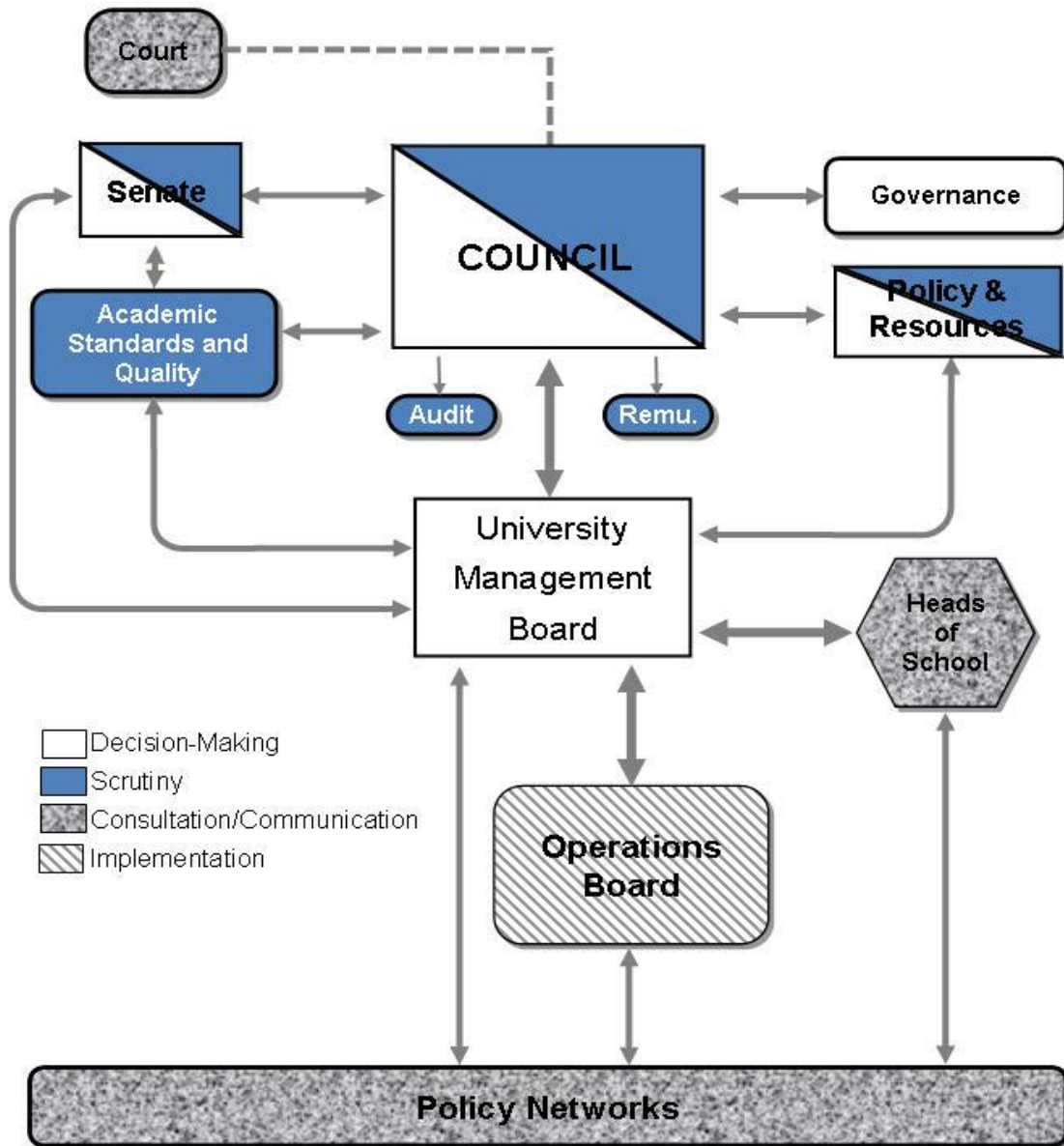
## **24.6 Provision of Indemnities**

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

## **C.25 Appendices**

Appendix A	Committee Structure
Appendix B	Finance Group Responsibilities
Appendix C	Audit Committee Terms of Reference
Appendix D	Risk Management Policy Statement
Appendix E	The Seven Principles of Public Life from the Report of the Committee for Standards in Public Life (The Nolan Report)
Appendix F	Summary of Protocols for Proposed Capital Expenditure
Appendix G	Summary of Protocols for Proposed Major Developments
Appendix H	Internal Audit Responsibilities
Appendix I	Fraud Response Plan
Appendix J	Main Points Included in the University's Code of Tendering Practice

APPENDIX A: COMMITTEE STRUCTURE



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## APPENDIX B: FINANCE GROUP RESPONSIBILITIES

The Policy and Resources Committee (P&RC) has set up the Finance Group to provide specific advice on the matters listed below:-

- Regularly consider and review Financial Regulations covering all aspects of the work of the University.
- Monitor and regulate finances, accounts and investments of the University within the overall policy laid down by P&RC and ensure that appropriate management systems are in place.
- Review the University's draft financial statements and report thereon to the Audit Committee and make recommendations to P&RC.
- Oversee all necessary arrangements in connection with bank accounts, mortgages, insurances, investments and other like matters and make recommendations to P&RC.
- Exercise delegated responsibility from the P&RC for selling, leasing, exchanging, charging, mortgaging, hiring, buying, and accepting a lease of any property on behalf of the University within agreed limits laid down by P&RC.
- Authorise with P&RC delegated approval:
  - cash management and borrowing policies;
  - the University's banking arrangements;
  - the University's insurance arrangements.
- Any other matters as directed by the P&RC.

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**APPENDIX C: AUDIT COMMITTEE TERMS OF REFERENCE**

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**DUTIES**

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- To advise Council on the level of compliance by the University with the mandatory requirements of the current HEFCW Audit Code of Practice.
- To keep under review the financial and other internal control systems of the Institution, and advise the Council on whether the University has adequate systems and procedures in place to promote economy, efficiency and effectiveness. This may include specific value for money studies.
- To advise the Council, as far as is reasonably possible, on the effectiveness of the measures taken to safeguard the University's assets and the prevention and detection of fraud and irregularity.
- To consider the institution's draft annual financial statements, after review by the Strategy and Resource Committee and prior to submission to the Council for formal approval. This review should include specific consideration of Council members' responsibilities and any corporate governance statement. The Committee's view of any statement of the effectiveness of the internal control system shall be provided to the Council as part of the Committee's annual report.
- To review the effectiveness of internal control systems and, in particular, to review the internal auditors' annual report and management responses.
- To advise the Council on the appointment and terms of engagement of the internal auditors, the audit fee, the provision of non-audit services by the internal auditors and any question of resignation or dismissal of the internal auditors.
- To approve a plan of work for the duly appointed Internal Auditors on a rolling basis and to agree the nature and scope of audit work.
- To develop appropriate performance indicators for the duly appointed Internal Auditors.
- To monitor the scope, performance and effectiveness of the work of the duly appointed Internal Auditors, including value for money studies, as it relates to the University and report to Council thereon.
- To consider, prior to their consideration by the Council, each of the following documents which shall be produced by the internal auditor, in accordance with the HEFCW Code of Practice:
  - the assessment of audit need;
  - the strategic long-term plan (two to five years);
  - the short term plan (one year);
  - the annual report of the internal auditor's work;
  - a statement of the extent of the internal auditor's defined assurance.

- To consider copies of all reports by the duly appointed Internal Auditors to its Management Group and to receive copies of the Minutes of the Management Group.
- To consider major findings of internal audit investigations and management's response.
- Where appropriate, to promote co-ordination between internal and external auditors.
- To advise the Council on the appointment and remuneration of the external auditors and the scope of their work, and the appropriateness or otherwise of any non-audit services provided and any question of resignation or dismissal.
- To discuss findings and conclusions arising from external audits, including a review of the external auditor's Management Letter, incorporating management responses.
- The Committee may at an appropriately early date in each financial year discuss with the external auditor the programme of work to be carried out, and may, if considered appropriate, request that the auditor be asked to undertake special exercises.
- To monitor the performance and effectiveness of the external auditors on an annual basis.
- To review the Institutions mechanisms for the assurance of value for money in the provision of its services.
- To monitor the implementation of agreed audit recommendations.
- To review the Institution's mechanisms for the assessment and management of risk.
- To ensure that all significant losses drawn to its attention have been properly investigated and that the internal and external auditors and the HEFCW Audit Service have been fully informed on the matter.
- To review the assurance mechanisms for ensuring compliance with the Institution's corporate governance requirements.
- To consider relevant reports of the Welsh Funding Council Audit Service (WFCAS), National Audit Office (NAO) and other organisations and monitoring the implementation of relevant recommendations.
- To advise the Council on the performance and effectiveness of external and internal audit as the basis for recommendations concerning their reappointment.
- To monitor the implementation of audit related letters and guidance.
- Where the Committee is not satisfied with actions taken by the University, in response to its reports to the Council, the Chair may, after consultation, and after reporting to the Council, report accordingly to the Accounting Officer of HEFCW.
- To monitor the effectiveness of the operation of the University's Public Interest Disclosure Policy. It shall receive a report of the outcomes of any investigation under the Policy.

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## APPENDIX D: RISK MANAGEMENT POLICY STATEMENT

### Purpose of this Document

1. This risk management policy (the policy) forms part of the University's internal control and corporate governance arrangements.
2. The policy explains the University's underlying approach to risk management, documents the roles and responsibilities of the Council, the senior management team, and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.
3. In addition, it describes the process the Council will use to evaluate the effectiveness of the University's internal control procedures.

### Underlying Approach to Risk Management

4. The following key principles outline the University's approach to risk management and internal control:
  - the Council has responsibility for overseeing risk management within the University as a whole;
  - an explicit approach to managing risk is adopted by the Council;
  - the Vice-Chancellor and the senior management team support, advise and implement policies approved by the Council;
  - the University makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
  - Heads of School are responsible for encouraging good risk management practice within their Schools;
  - key risk indicators will be identified and closely monitored on a regular basis.

### Role of the Council

5. The Council has a fundamental role to play in the management of risk. Its role is to:
  - a. Set the tone and influence the culture of risk management within the University. This includes:
    - determining whether the University is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue;
    - determining which types of risk are acceptable and which are not;
    - setting the standards and expectations of staff with respect to conduct and probity.
  - b. Determine the appropriate risk appetite or level of exposure for the University.
  - c. Approve major decisions affecting the University's risk profile or exposure.

- d. Monitor the management of significant risks to reduce the likelihood of unwelcome surprises.
- e. Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.

Annually review the University's approach to risk management and approve changes or improvements to key elements of its processes and procedures.

### **Definition of Acceptable Risk**

- 6. Risk is the potential for a hazard to prevent the achievement of organisational objectives leading to a detrimental impact on services provided. An acceptable risk as referred to in paragraph 5a above, is defined as a potential hazard that is, either small enough to have an immaterial effect on the achievement of the organisational objectives, or is a significant risk that has been mitigated by the establishment of effective controls to minimise the adverse consequences should the risk occur.

### **Role of Senior Management**

- 7. Key roles of the senior management through the University Management Board are to:
  - a. Implement policies on risk management and internal control.
  - b. Identify, evaluate and take action to mitigate the significant risks faced by the University or propose actions for consideration by the Council.
  - c. Ensure that risk awareness is built into the day to day management processes.
  - d. Provide adequate information in a timely manner to the Council and its committees on the status of risks and controls.
  - e. Undertake an annual review of effectiveness of the system of internal control and provide a report to the Council.
  - f. Ensure that remedial actions identified from the annual review are implemented effectively.

### **Risk Management as Part of the System of Internal Management Control**

- 8. The system of internal management control and monitoring incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the University to respond to a variety of operational, financial, and commercial risks. These elements include:
  - a. *Policies and Procedures*

Attached to significant risks are a series of policies that underpin the internal control process. The policies are set by the Council and implemented and communicated by senior management to staff. Written procedures support the policies where appropriate.
  - b. *Monthly Reporting*

Comprehensive monthly reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the senior management team and the Council if appropriate.

c. *Business Planning and Budgeting*

The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.

d. *High Level Risk Framework (significant risks only)*

This framework is compiled by the senior management team and helps to facilitate the identification, assessment and ongoing monitoring of risks significant to the University. The document is formally appraised annually but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

e. *School Strategic Planning Process*

Heads of School develop and use the School strategic planning process to ensure that significant risks in their School are identified, assessed and monitored. The planning process is continuous with emerging risks identified as necessary, and improvement actions and risk indicators are monitored regularly by the School.

### ***Monitoring of Risk Management System***

9. a. *Audit Committee*

The Audit Committee is required to report to the Council on internal controls and alert Council members to any emerging issues. In addition, the committee oversees internal audit, external audit and management as required in its review of internal controls. The committee is therefore well-placed to provide advice to the Council on the effectiveness of the internal control system, including the University's system for the management of risk.

b. *Internal Audit Programme*

Internal audit is an important element of the internal control process. Apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the University.

c. *External Audit*

External audit provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit.

d. *Third Party Reports*

From time to time, the use of external consultants will be necessary in areas such as health and safety, and human resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

e. *Policy and Resources Committee*

Policy and Resources Committee has an ongoing role in monitoring risks but will also provide an annual review to Council of the University's approach to risk management and approve changes or improvements to key elements of its

processes and procedures.

### **Annual Review of Effectiveness**

10. The Council is responsible for reviewing the effectiveness of internal control of the University, based on information provided by the senior management team. Its approach is outlined below.
11. For each significant area of risk identified, the Council will:
  - review the previous year and examine the University's track record on risk management and internal control;
  - consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.
12. In making its decision the Council will consider the following aspects.
  - a. Control environment:
    - the University's objectives and its financial and non-financial targets;
    - organisational structure and calibre of the senior management team;
    - culture, approach, and resources with respect to the management of risk;
    - delegation of authority;
    - public reporting.
  - b. On-going identification and evaluation of significant risks:
    - timely identification and assessment of significant risks;
    - prioritisation of risks and the allocation of resources to address areas of high exposure.
  - c. Information and communication:
    - quality and timeliness of information on significant risks;
    - time it takes for control breakdowns to be recognised or new risks to be identified.
  - d. Monitoring and corrective action:
    - ability of the University to learn from its problems;
    - commitment and speed with which corrective actions are implemented.
13. The senior management team will prepare a report of its review of the effectiveness of the internal control system annually for consideration by the Council.

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**APPENDIX E: THE SEVEN PRINCIPLES OF PUBLIC LIFE  
FROM THE REPORT OF THE COMMITTEE  
FOR STANDARDS IN PUBLIC LIFE  
(THE NOLAN REPORT)**

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**SELFLESSNESS**

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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.

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**INTEGRITY**

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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.

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**OBJECTIVITY**

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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.

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**ACCOUNTABILITY**

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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.

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**OPENNESS**

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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.

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**HONESTY**

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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**

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

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## **APPENDIX F: SUMMARY OF PROTOCOLS FOR PROPOSED CAPITAL EXPENDITURE**

Proposed capital projects should follow the University's Project Management Framework (PMF) and be supported by:

- A statement that demonstrates the project's consistency with the strategic plans and estates strategy approved by the Council.
- An initial budget for the project for submission to the Policy and Resources Committee. The budget should include a breakdown of costs including professional fees, VAT and funding sources.
- A financial evaluation of the plans together with their impact on revenue plus advice on the impact of alternative plans.
- An option/investment appraisal in an approved format which complies with funding body guidance on option and investment appraisal.
- A demonstration of compliance with normal tendering procedures and funding body regulations. This will require careful consideration where partnership arrangements are in place.
- A cash flow forecast.

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**APPENDIX G: SUMMARY OF PROTOCOLS FOR PROPOSED  
MAJOR DEVELOPMENTS**

The proposal should be supported by a business plan for three years which sets out:

- a demonstration of the proposal's consistency with the strategic plans approved by the Council and with the University's powers under current legislation;
- details of the market need and the assumptions (based on reference data) of the level of business available;
- details of the business and what product or service will be delivered;
- an outline plan for promoting the business to the identified market and achieving planned levels of business;
- details of the staff required to deliver, promote and manage the business, together with any re-skilling or recruitment issues;
- details of any premises and other resources required;
- a financial evaluation of the proposal together with its impact on revenue and surplus, plus advice on the impact of possible alternative plans and sensitivity analyses in respect of key assumptions;
- contingency plans for managing adverse sensitivities;
- consideration of taxation and other legislative or regulatory issues;
- a three-year financial forecast for the proposal including a cash flow forecast and details of the impact on the University cash flow forecast for the financial years in question.

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**APPENDIX H: INTERNAL AUDIT RESPONSIBILITIES**

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**FROM THE HEFCW'S *AUDIT CODE OF PRACTICE***

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The prime responsibility of the internal audit service is to provide the governing body, 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 should 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.

Internal audit can also provide independent and objective consultancy advice specifically to help management improve the internal control system, including 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.

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## APPENDIX I: FRAUD RESPONSE PLAN

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### PURPOSE

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1. The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The use of the plan should enable the University to:
  - prevent further loss;
  - establish and secure evidence necessary for criminal and disciplinary action;
  - notify HEFCW, if the circumstances are covered by the mandatory requirements of the audit code of practice;
  - recover losses;
  - invoke disciplinary procedures as appropriate;
  - deal with requests for references for employees disciplined or prosecuted for fraud;
  - review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud;
  - keep all personnel with a need to know suitably informed about the incident and the University's response;
  - inform the police;
  - assign responsibility for investigating the incident;
  - establish circumstances in which external specialists should be involved;
  - establish lines of communication with the police.

### INITIATING ACTION

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2. All actual or suspected incidents should be reported without delay to the DPFR. The DPFR should, within 24 hours, hold a meeting with the Head of Internal Audit or a senior representative.
3. The DPFR, Head of Internal Audit, Head of Security and, where appropriate, a senior representative of school/directorate concerned, will decide on the action to be taken. This will normally be an investigation, led by internal audit. The decision to initiate a special investigation shall constitute authority to internal audit to use time provided in the internal audit plan for special investigations, or contingency time, or to switch internal audit resources from planned audits.

## **PREVENTION OF FURTHER LOSS**

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4. Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the DPFR, Head of Security and Head of Internal Audit will contact the Director of Human Resources to decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects. It may be necessary to plan the timing of suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.
5. In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving the University's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the University. Any security passes and keys to premises, offices and furniture should be returned.
6. Advice should be obtained on the best means of denying access to the University while suspects remain suspended (for example, by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, access permissions to the University's computer systems should be withdrawn without delay.
7. Internal audit shall consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the University's assets.

## **ESTABLISHING AND SECURING EVIDENCE**

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8. A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The University will follow disciplinary procedures against any member of staff who has committed fraud. The University will normally pursue the prosecution of any such individual.
9. Internal audit will:
  - maintain familiarity with the University's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation;
  - establish and maintain contact with the police where appropriate;
  - establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act;
  - ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

## **NOTIFYING HEFCW**

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10. The circumstances in which the University must inform HEFCW about actual or suspected frauds are detailed in the HEFCW's audit code of practice. The Vice-Chancellor is responsible for informing HEFCW of any such incidents.

## **RECOVERY OF LOSSES**

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11. Recovering losses is a major objective of any fraud investigation. Internal audit shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.
12. Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The University would normally expect to recover costs in addition to losses.

## **REFERENCES FOR EMPLOYEES DISCIPLINED OR PROSECUTED FOR FRAUD**

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13. Any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to the Director of Human Resources. The Director of Human Resources shall prepare any answer to a request for a reference having regard to employment law.

## **REPORTING TO GOVERNORS**

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14. Any incident matching the criteria in HEFCW's audit code of practice (as in paragraph 10 above) shall be reported without delay by the Vice-Chancellor to the Chairs of both the Council and the Audit Committee.
15. Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the Chairs of both the Council and the Audit Committee.
16. On completion of a special 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;
  - 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 internal audit.

## **REPORTING LINES**

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17. The Head of Internal Audit shall provide a confidential report to the Chair of the Audit Committee and the Vice-Chancellor at an appropriate frequency. The scope of the report shall include:
  - quantification of losses;
  - progress with recovery action;

- progress with disciplinary action;
- progress with criminal action;
- estimate of resources required to conclude the investigation;
- actions taken to prevent and detect similar incidents.

## **RESPONSIBILITY FOR INVESTIGATION**

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18. All special investigations shall normally be led by internal audit. Special investigations shall not be undertaken by management, although management should cooperate with requests for assistance from internal audit.
19. Some special investigations may require the use of technical expertise which internal audit does not possess. In these circumstances, the DPF and Chair of Audit Committee may approve the appointment of external specialists to lead or contribute to the special investigation.

## **REVIEW OF FRAUD RESPONSE PLAN**

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20. Any need for change will be reported to the Audit Committee for approval.

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**APPENDIX J: MAIN POINTS INCLUDED IN THE  
UNIVERSITY'S CODE OF  
TENDERING PRACTICE**

- Duty to comply by the University's staff.
- EU directives to be complied with.
- Competitive tendering procedure, which will:
  - ensure fairness of competition;
  - ensure that companies invited to tender are financially and technically able to meet the University's requirements;
  - indicate the terms of the contract;
  - outline the appropriate British standards to be complied with.
- Quotation procedure, which will indicate:
  - the minimum number of firms that should be expected to provide quotations;
  - lists of available firms in existence which have been approved by the University that might undertake the work specified;
  - the terms by which the contractors will be paid;
  - the national requirements concerning good practice that should be followed.
- Submission of tenders (eg time, date, etc).
- Receipt and safe custody of tenders and records.
- Admissibility and acceptance of tenders.
- Acceptance of tenders/quotations.
- Justification of acceptance of tenders not at the lowest price.