FINANCIAL REGULATIONS

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TERMINOLOGY

The following general terms have been used in this document.

THE COURT
The governing body of the University. It is charged with the administration and management of its resource and property.

PRINCIPAL
The chief executive of the University responsible to the Court for maintaining and promoting the efficiency and good order of the University.

SENATE
The body responsible for academic matters whose role is to direct and regulate the teaching and research work of the University.

HEADS OF SCHOOL/COLLEGE/SECTIONS
The Vice Principal; Head of College; Director or Head of an academic or non-academic School/Section of the University who is responsible for the budget of their whole School/Section.

BUDGET HOLDER
The member of staff who has been assigned their own budget (other than a Head of School/Section) and is accountable to their Head of School/Section for it.

DIRECTOR OF FINANCE
The chief financial official of the University.

OPERATING BOARD
The committee with, inter alia, delegated responsibility for financial matters.

SECRETARY
The chief administrative officer of the University and principal officer of the Court.
1 BACKGROUND

1.01 Aberdeen University is one of the four Scottish ‘Ancients’ (the others are St Andrews, Glasgow and Edinburgh). The Courts of the Ancient Universities derive their status and powers from Acts of Parliament, Ordinances approved by the Privy Council and Resolutions of the Court. The University is accountable for its stewardship of public funds and funds from other sources through the University Court that has ultimate responsibility for the sound operation, corporate governance and proper conduct of the University’s management and administration. The Court has delegated certain responsibilities to the Operating Board. The Audit Committee, independent of management and communicating directly with Court, has a wide remit allowing it to consider and investigate any matter pertaining to the financial management and corporate governance of the University.

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

1.03 A significant element of the University’s income is paid in annual grant by the Scottish Funding Council (SFC). The Financial Memorandum between the Funding Council and the University sets out the terms and conditions of the grant. The Court is ultimately responsible for ensuring that the conditions of grant are met. The Principal, as designated officer, is required to satisfy Court that there is compliance with the terms of the Financial Memorandum. As part of this process the University must adhere to the Funding Council’s Code of Audit Practice which is now fully incorporated into the Financial Memorandum. The financial regulations of the University form part of this overall system of internal control.
2 STATUS OF FINANCIAL REGULATIONS

2.01 This document sets out the University’s financial regulations. It translates into practical guidance the University’s broad policies relating to financial and management control. This document was approved by the Court on 15 May 2001, and is updated on a regular basis.

2.02 These financial regulations are subordinate to the Acts of Parliament and University Ordinances and Resolutions and to any restrictions contained within the University’s financial memorandum with the Funding Council and the latter’s code of audit practice embedded in the Financial Memorandum.

2.03 Compliance with the financial regulations is compulsory for all staff employed by 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 procedures. It is the responsibility of Heads of Schools/Sections to ensure that their staff are made aware of the existence and content of the University’s financial regulations and that an adequate number of copies are available for reference within their school. Where appropriate, new members of staff will be supplied with the web link for the financial regulations at the time of their appointment.

2.04 The Operating Board is responsible for maintaining an ongoing review of the financial regulations and advising the Court of any additions or changes necessary.

2.05 The University’s detailed financial procedures set out precisely how the regulations will be implemented and where applicable, are available from the Policy Zone in StaffNet.
3 FINANCIAL CONTROL

THE COURT

3.01 The Court is responsible for the University’s mission and strategic direction, management and administrative arrangements, financial health, well-being of staff and students and, in association with the Senate, for establishing and maintaining high standards of academic conduct and probity. Its main financial responsibilities are to:

- be the principal financial and business authority of the University, ensuring its sustainability
- to act as Trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University, which is not within the control of the University of Aberdeen Development Trust
- ensure the effective and efficient use of resources, through the monitoring and evaluation of performance
- ensure that the funds provided by the Funding Council are used in accordance with the terms and conditions specified in the University’s financial memorandum with the Funding Council
- ensure that financial control systems, including risk assessment and management, are in place and are working effectively
- approve annual budgets of income and expenditure and the annual financial statements
- approve the University’s strategic plan
- appoint the University’s internal and external auditors.
- appoint the University’s Designated Officer

COMMITTEE STRUCTURE

3.02 The Court has ultimate responsibility for the University’s finances, but delegates much of the detailed work to the committees below. These committees are accountable to the Court. (A diagram depicting the committee structure is included at Appendix A).

Operating Board

3.03 Consideration and development of the University’s strategic plans and the monitoring of its financial position and financial control systems is undertaken by the Operating Board, a committee of Court. The Committee ensures that all the financial implications of such plans are taken into account; it examines annual estimates and financial statements and recommends their approval to the Court. It determines and makes recommendations to Court on the allocation of resources and ensures that annual budgets are in line with agreed longer term plans and that they are followed. It considers any other matters relevant to the financial duties of the Court and makes recommendations accordingly. The committee also ensures that the Court has adequate information to enable it to discharge its financial responsibilities. A more detailed list of the responsibilities of the Operating Board is shown at Appendix B.
Risk Management Committee

3.04 The Risk Management Committee is a sub-Committee of the Operating Board and oversees the University's mechanisms for identifying key business risks, their implications, and their management.

All major Project Boards in the University are required to undertake and maintain realistic risk assessments for the duration of the project. The Committee's role is to ensure that those responsible for project management undertake it appropriately, and to work towards embedding risk management thinking, processes and procedures more widely within University structures.

A more detailed list of the responsibilities of the Risk Management Committee is shown at Appendix D.

Strategic Business Ventures Group

3.05 The Strategic Business Ventures Group is a sub-committee of the Operating Board and oversees the creation of University spin-out companies, has responsibility of monitoring the University’s investment in these companies, and making decisions of any sale of equity.

A more detailed list of the responsibilities of the Strategic Business Venture Group is shown at Appendix E.

Audit Committee

3.06 The University is required by the financial memorandum with the Funding Council to appoint an Audit Committee. In order to ensure independence and objectivity, the committee is independent of management, independent of the Operating Board, and reports directly to the Court. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring auditors’ performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness and to secure value for money in all areas.

3.07 The duties of the Audit Committee are set out at Appendix G.

3.08 The audit requirements of the University are set out in the Funding Council’s Financial Memorandum with the University.

EXECUTIVE COMMITTEES

University Management Group (UMG)

3.09 The UMG comprises the Principal, Senior Vice Principal, Vice Principals, Secretary, Heads of College and Senior Officers. It advises the Principal on matters of policy and acts as an important forum for discussion of matters pertaining to the corporate and executive responsibilities of its members. It monitors the ongoing financial performance of Colleges and Central Services against approved budgets, initiating corrective action where necessary.

Advisory Group on Capital Expenditure

3.10 The Advisory Group on Capital Expenditure oversees the management of all capital expenditure. It advises the Operating Board on the minor capital programme, major institutional projects and, when funding is available, functionality improvement projects.

A more detailed list of the responsibilities of the Advisory Group on Capital Expenditure is shown at Appendix C.
Advisory Group on Investments

3.11 The Advisory Group on Investments oversees the management of the investments relating to the University’s Endowments and Development Trust Funds. It advises the Operating Board on investment policy including objectives for each fund and the performance of fund managers against benchmarks.

A more detailed list of the responsibilities of the Advisory Group on Investments is shown at Appendix F.
AUDIT REQUIREMENTS

3.12 External auditors and internal auditors have authority to:

- access University premises at reasonable times
- access all assets, records, documents and correspondence relating to any financial and other transactions of the University
- require and receive from staff 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/her control
- access records belonging to third parties, such as contractors when required.

3.13 Whenever any matter arises which involves, or is thought to involve, irregularities or fraud concerning cash, stores or other property of the University or any other suspected financial irregularity in the exercise of the activities of the University, the Head of School concerned (or if the matter concerns the Head of School appropriate School staff) shall notify the University Secretary who will take forward the agreed investigation in line with the University Fraud Policy, accessible from the Policy Zone in StaffNet. From time to time a situation may arise where a member of staff has serious concerns about perceived irregularities in the running of the University or the activities of colleagues within the University. In such situations individual members of staff may raise legitimate financial concerns through the University’s Code of Practice on Whistleblowing, accessible from the Policy Zone in StaffNet which offers legal protection to employees against being dismissed or penalised as a result of disclosing certain serious concerns.

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

3.15 Following consideration by the Audit Committee, the annual financial statements will be reviewed by the Operating Board. On the recommendation of the Audit Committee and the Operating Board they will be submitted to the Court for approval.

External Audit

3.16 After a tendering exercise the external auditor will be appointed by the Court on the recommendation of the Audit Committee, normally for a period of up to five years subject to satisfactory performance. The statutory re-appointment of external auditors will take place annually and is the responsibility of the Court, advised by the Audit Committee.

3.17 The primary role of external audit is to report on the University’s financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Funding Council’s code of audit practice and the Auditing Practices Board’s auditing standards.

Internal Audit

3.18 After a tendering exercise the internal auditor is appointed by the Court on the recommendation of the Audit Committee, normally for a period of up to five years subject to satisfactory performance.
3.19 The University’s financial memorandum with the Funding Council requires that it has an effective internal audit function. The Internal Audit Service is responsible for conducting an independent appraisal of all the University’s activities, financial and otherwise with the exception of the academic process. Internal audit is required to provide the Court, the Principal and senior management with assurances on the adequacy of the internal control system.

3.20 The internal audit service is independent of the executive management of the University in its planning and operation and has direct access to the Court, Principal and Chairman of the Audit Committee.

3.21 The terms of reference for internal audit are detailed at Appendix H. The internal auditor must also comply with the Auditing Practices Board’s Auditing Guideline *Guidance for Internal Auditors.*

**Other Auditors**

3.22 The University may, from time to time, be subject to audit or investigation by external bodies such as the funding council, National Audit Office, European Court of Auditors, and HMRC (HM Revenue & Customs). They have the same rights of access as external and internal auditors.
RESPONSIBILITIES

The Principal and Vice Chancellor

3.23 The Principal is the chief executive of the University responsible for advising Court on policy issues and accountable to the Court for the implementation and delivery of agreed policy and for his stewardship and management of the University. In terms of the financial memorandum with the Funding Council, the Principal must ensure that Court complies with all the terms and conditions of public funding provided by the Funding Council.

The University Secretary

3.24 The Secretary is the principal officer of the Court and is responsible for ensuring that it acts within its powers and follows proper procedures. The Secretary is head of the University’s administration and works closely with the Principal and other senior members of academic and administrative staff to achieve the efficient and effective management of the University.

The Director of Finance

3.25 Day to day financial administration is controlled by the Director of Finance who is responsible for:
- co-ordinating the preparation of annual capital and revenue budgets and financial plans, and longer term strategic financial plans
- preparing accounts, management information, monitoring and reporting expenditure against budgets
- preparing the University’s annual and other financial statements and accounts
- devising, developing and maintaining satisfactory financial systems and controls
- providing professional advice on all matters relating to financial policies and procedures.

A diagram indicating the structure of the Finance Section including all sections and lines of responsibility is shown at Appendix I.

Heads of School/Section

3.26 Heads of Schools/Sections are responsible for financial management in their own School/Section. They are advised by the Director of Finance in executing their financial duties. The Director of Finance will also supervise and approve the financial systems and procedures operating within Schools/Sections including the form in which accounts and financial records are kept.

3.27 Heads of Schools/Sections are responsible for establishing and maintaining clear lines of responsibility and segregation of duties within their School/Section for all financial matters.

3.28 Where resources are devolved within Schools/Sections to budget holders, they are accountable to their Head of School/Section for their own budget.
BUDGETING

Resource Allocation

3.29 Resources are allocated annually by the Court on the recommendation of the Operating Board.

3.30 Budget holders are responsible for the economic, effective and efficient use of resources allocated to them and ensuring budgets are used for eligible purposes.

Budget Preparation

3.31 The Director of Finance is responsible for co-ordinating the preparation annually of a 3 year revenue budget for consideration by the Operating Board before submission to the Court. The Director of Finance ensures that detailed budgets are prepared to reflect the outcome of the resource allocation process and that these are communicated to budget holders as soon as possible following their approval by the Court.

3.32 During the year, the Director of Finance, following discussion with budget holders, is responsible for co-ordinating the submission of significant budget revisions to the Operating Board for consideration before submission to the Court for approval.

3.33 The Director of Finance, in conjunction with the UMG and Directors of Estates and IT, is responsible for the preparation of the 10 year infrastructure plan which identifies and prioritises capital projects which achieve the University strategic objectives. An annual capital plan is produced on a rolling basis detailing the projects approved for that financial year.

Capital Programmes

3.34 The University’s accounting policies require that expenditure on items or groups of related items costing in excess of £20,000 are capitalised rather than expensed in the year of acquisition where the benefit derived from the expenditure extends beyond a single year, i.e. not revenue costs. Resources for planned capital expenditure on land, buildings, equipment, furniture and associated costs will be allocated as part of the capital programme approved by the Court. During the year the Director of Finance is responsible for submitting capital programme amendments to the Operating Board for approval.

3.35 The Director of Finance is responsible for providing regular budget statements concerning all approved capital expenditure to the Advisory Group on Capital Expenditure (refer to 3.10) for monitoring purposes.

3.36 Proposed major capital projects should be supported by:

- a statement which demonstrates the project’s consistency with the strategic plans and estates /information strategies approved by the Court including:
  
  (i) Option Appraisal;
  (ii) Business Plan; (Pro-forma available from the Policy Zone in StaffNet)
  (iii) Risk Analysis

- an initial budget for the project for submission to the Operating Board. 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 investment appraisal in an approved format which complies with Funding Council guidance on this matter
• a demonstration of compliance with approved tendering procedures and Funding Council regulations

• a cash flow forecast

In all cases capital projects should assume VAT will not be recoverable on the project costs.

3.37 Following completion of major capital projects, a final report is submitted to the Advisory Group on Capital Expenditure recording actual expenditure against budget and reconciling funding arrangements where a variance has occurred. In addition, a post implementation review is carried out to ensure the objectives have been achieved and highlight any areas for improvement. This is now a condition of grant from the funding council in relation to capital grants awarded.

Financial Planning

3.38 The Senior Vice-Principal is responsible for preparing annually the strategic planning forecast for approval by the Court on the recommendation of the Operating Board. The Director of Finance is responsible for preparing the financial forecasts which accompany the strategic plan for submission to the Funding Council. The financial forecasts are consistent with the strategic plans and estates strategy approved by the Court and are reflected in annual budgets.

Budgetary Control

3.39 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 accountable to their line manager for the income and expenditure appropriate to their budget. Budget holders are assisted in day to day financial control by the provision of regular management information by the Director of Finance to help them manage resources for which they are accountable. The types of management reports available to budget holders are described in the University’s detailed financial procedures.

3.40 Forecast significant departures (greater than £100K or 10% whichever is lower) from budgetary targets must be reported immediately to line managers by budget holders and, if necessary, corrective action agreed and taken.

3.41 The Director of Finance is responsible for supplying monthly budgetary statements and reports on all aspect of the University’s finances to the Operating Board to enable the committee to monitor ongoing financial performance.

Treatment of Year End Balances (Other than Discretionary Funds)

3.42 At year end, budget holders will not normally have the authority to carry forward a balance on their core funds budget to the following year. Exceptionally, with the approval of the Principal on the advice of the Director of Finance, budget holders may be allowed to carry forward underspent core funds balances to be used for capital expenditure.
ACCOUNTING POLICIES

Basis of Accounting

3.43 The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards. All accounting is on a full accrual/commitment accounting basis.

Format of the Accounts

3.44 The University’s financial year ends on 31 July. The presentation of the annual financial statements is in accordance with the requirements of the Funding Council and reflects the Statement of Recommended Practice for Further and Higher Education Institutions, Statements of Standard Accounting Practice and Financial Reporting Standards where these apply. In addition, the Director of Finance is responsible for an annual financial return to OSCR which must be submitted within 9 months of the year end.

Basis of Consolidation

3.45 The annual financial statements consolidate the financial statements of the University and all its subsidiary undertakings for the financial year.

ACCOUNTING RETURNS

3.46 The Director of Finance is responsible for consolidating and despatching financial returns and other periodic financial reports to the Funding Council and other agencies as required.

ACCOUNTING RECORDS

3.47 The Director of Finance is responsible for the retention of prime financial documents. These will be kept in a form acceptable to the relevant authorities.

3.48 The University is required by law to retain prime documents for six years (paper or electronic format). These include:

- official purchase orders
- suppliers invoices
- sales invoices
- bank statements
- copies of receipts
- BACS files
- payroll records
- complete archive of transactions for each year from the computerised accounting system.

3.49 Additionally, for auditing and other purposes, other financial documents should be retained for three years.
4. INCOME AND BANKING

GENERAL

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

4.02 Levels of charges for contract research, tuition fees, goods supplied and rents (including residence fees) are determined by procedures approved by the Operating Board. In relation to external research grants and contracts, where possible, all pricing will be on full economic costing basis.

4.03 The Director of Finance is responsible for the prompt collection, security and banking of all income. With respect to tuition and accommodation fees the University will only accept up to £1,000 in cash. All payments over this must be made by cheque, credit card, or via the online system. Any refunds are only made to the bank account or credit card that made the initial payment.

4.04 The Director of Finance is responsible for ensuring that all grants notified by the Funding Council and other bodies are received and appropriately recorded in the University’s accounts.

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

4.06 All new customers with an expected income of over £5,000 are credit checked by Financial Accounting. The Credit Policy is accessible from the Policy Zone in StaffNet.

4.07 The University may only receive payments by debit or credit card using procedures approved by the Director of Finance.

4.08 Any member of staff wishing to arrange for payment to be made to the University by the Internet should seek guidance from the Director of Finance at an early stage in respect of payments not subject to the University’s Card Payment Gateway or Online Store.

4.09 The University is required to be Payment Card Industry Data Security Standard (PCI DSS) compliant by the banks in order that we may process credit/debit card information. Merchants that capture or store card payment information are responsible for the protection and storage of this data. By utilising the Card Payment Gateway and Online Store for payments, the security risk is removed as no card payment data is retained by the University.

APPOINTMENT OF BANKERS

4.10 After a competitive tendering process the Court is responsible for the appointment of the University’s bankers on the recommendation of the Operating Board. The appointment will initially be for a 5 year period, and reviewed annually thereafter.

BANKING ARRANGEMENTS

4.11 The Director of Finance is responsible, on behalf of the Operating Board, for liaising with the University’s bankers in relation to the operation of bank accounts. All cheques shall be ordered on the authority of the Director of Finance who shall make proper arrangements for their safe custody.

4.12 Only the Director of Finance may open or close a bank account for dealing with the University’s funds. All bank accounts shall be in the name of the University or one of its subsidiary companies.
4.13 All cheques drawn on behalf of the University must be signed in the form approved by the Operating Board. 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 (see 6.02).

4.14 Payments made electronically can only be authorised and submitted by nominated individuals within the finance section. The process is controlled by use of a digital identity card and a pin number, unique to each authorised individual. Payments up to an agreed amount, specified in the University’s detailed financial procedures, can be authorised/submitted by one person. Payments over this amount require two authorisations before they can be sent.

4.15 Corporate credit cards are issued to authorised members of staff. The application for a card must be authorised by the applicant’s line manager, and subsequently by the financial controller or Director or Finance. A credit limit for monthly spend is set. The limit varies, depending on the purpose the card is to be used for. The University has issued documentation which sets out the procedures to be followed on the use of corporate credit cards. The Corporate Cards procedure is accessible from the Policy Zone in StaffNet.

**CASH RECEIPTS**

4.16 All monies received within schools/sections from whatever source must be recorded by the school/section on a daily basis together with the form in which they were received.

4.17 Money must be paid to the Treasury Accountant and custody of all cash holdings must comply with the requirements of the University’s insurers.

4.18 No deductions may be made from any cash collected on behalf of the University prior to paying into the Cash Office.

**THE COLLECTION OF DEBTS**

4.20 The Director of Finance is responsible for the co-ordination of credit control and debt collection and will ensure that effective procedures are in place so that:

- debtors invoices are raised promptly in respect of income due to the University
- monthly statements (paper or electronic) on all outstanding debts are issued
- debts are raised on official university invoices
- action is taken to collect overdue debts in accordance with the University’s formal procedures
- outstanding debts are monitored and reports are prepared for managers.

4.21 Credit arrangements will be approved by the Operating Board. The Director of Finance is responsible for implementing agreed credit arrangements.

4.22 Requests to write-off debts in excess of £20,000 must be referred in writing to the Director of Finance for submission to the Operating Board for consideration. Debts below this level may be written off with the permission of the Director of Finance.

**STUDENT FEES**

4.23 Procedures for billing and collecting tuition and residence fees must be approved by the Director of Finance.
4.24 Any student who has not paid an account for fees or any other item owing to the University shall not be awarded a degree or any diploma, certificate and qualification until all outstanding debts have been cleared.
GIFTS, BENEFACIONS AND DONATIONS

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

SECURITY OF DOCUMENTS

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

STOCKS AND STORES

4.27 Heads of Schools/Sections are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their schools/sections. The systems used for stores accounting in schools/sections must have the approval of the Director of Finance, and not replicate data held in the University finance system.

4.28 Heads of Schools/Sections 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.

4.29 Those Heads of Schools/Sections whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Director of Finance and that instructions to appropriate staff within their schools/sections are issued in accordance with advice contained in the University’s detailed financial procedure Inventories and Disposals, accessible from the Policy Zone in StaffNet.
5 RESEARCH GRANTS AND CONTRACTS

GENERAL

5.01 Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which may be directed towards a specific aim or objective.

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

5.03 All other externally financed research projects are classified as ‘research contracts’.

5.04 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 for the University have been appraised by the Director of Finance.

5.05 The Director of Finance is responsible for ensuring that arrangements are in place to examine prospectively every formal research grant application to ensure that there is adequate provision of resources to meet all commitments. Research agreements must be in line with the University’s policy with regard to indirect costs and other expenses and take account of different procedures for the costing and pricing of research projects depending on the nature of the funding body. Where possible, research grants and contracts **prices should recover a minimum of full economic cost.**

5.06 Research Grants and contracts application signing authority will be designated in accordance with arrangements approved by the Operating Board.

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

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

5.09 Control of pay and operating 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 indirect cost contribution is to be the clear responsibility of the budget centre with any loss being a charge on school funds other than in exceptional circumstances. Underspends must be dealt with in accordance with provisions of the Grant Awarding Body. Six months prior to completion of an award, Research Financial Services will issue a budget statement and initiate any discussions on potential over or under spends, reporting this to the relevant Head of School/College. On many large value risk bearing grants, financial review will occur during the lifetime of projects with action taken on significant variances. In addition, exception reports are run on a monthly basis to ensure any significant variances from plan are reviewed in a timely manner.
CONSULTANCIES AND OTHER PAID WORK

5.10 Guidelines have been agreed for the undertaking of consultancies and other paid work. These have been approved by the Court and staff must comply with them. The guidelines are set out in Appendix J.

5.11 Unless otherwise stated in a member of staff’s contract private consultancies or other paid work may not be accepted without the consent of the Head of School (and in the case of the Head of the School, the Head of College).

- Applications for permission to undertake consultancy or other work as a purely private activity must be submitted to the Head of School or College, as appropriate, and include the following information:
  - the name of the member(s) of staff concerned
  - title of the project and a brief description of the work involved
  - the proposed start date and duration of the work
  - full details of any University resources required (for the calculation and re-charge of the full economic cost)
  - an undertaking that the work will not interfere with the teaching and normal duties of the member(s) of staff concerned.

INTELLECTUAL PROPERTY RIGHTS AND PATENTS

General

5.12 Certain activities undertaken within the University including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property.

Patents

5.13 The Operating Board is responsible for approving procedures to deal with any patents accruing to the University from inventions and discoveries made by staff in the course of their research.

Intellectual Property Rights

5.14 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 University’s Intellectual Property Policy.
Financial Regulations for the University of Aberdeen

6 EXPENDITURE

GENERAL

6.01 The Director of Finance is responsible for making payment to suppliers for goods and services provided to the University.

AUTHORITIES

6.02 Purchasing authority is designated to the Principal and senior officers by the Operating Board. Expenditure on a single item in excess of £250,000 shall require the approval of the Principal, Senior Vice Principal, Head of College or Secretary on advice from the Director of Finance. All purchases over £100,000 must be endorsed by the Director of Finance. The Head of School/Section is responsible for purchases within his/her School/Section. Purchasing authority may be delegated to named individuals (or budget holders) within the School/Section, in line with the following levels:

- Principal/SVP/University Secretary: >£250,000
- Head of College/VP/Director of Finance: £100,000-£250,000
- Head of School/Director: £25,000-£100,000
- Budget Holder: £1,000-£25,000
- School/Departmental Finance Person (S/DFP): <£1,000

The above levels include capital expenditure.

6.03 The Director of Finance shall maintain a register of authorised signatories (electronically within the finance system). Any changes to the authorities to sign must be notified to the Director of Finance immediately. Heads of Schools must supply the Director of Finance with specimen signatures of those authorised to certify payments, including expense claims.

6.04 Heads of School/Section and budget holders are not authorised to commit the University to expenditure without first reserving sufficient funds to meet the purchase cost. In practice this means that purchase orders cannot be placed beyond the budget allocations approved by the Operating Board.

6.05 The authorised member of staff (or budget holder) certifying the purchase order for payment either within the Finance System or eProcurement System, must be different to the member of staff responsible for receiving the goods.

PETTY CASH

6.06 Where a single item costs less than £40 it can be paid from School petty cash. Such expenditure must be supported by receipts or vouchers where available.

6.07 The Director of Finance shall make available to Schools/Sections such imprests as are considered necessary for the disbursement of petty cash expenses.

6.08 Requisitions for reimbursement must be sent to the Director of Finance, 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.

6.09 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/Section or another person nominated by him or her.
6.10 On an annual basis, the Director of Finance will carry out an audit of all expenditure from petty cash.

6.11 The Petty Cash Procedure is accessible from the Policy Zone in StaffNet

**PURCHASE ORDERS**

6.12 The ordering of goods and services shall be in accordance with the University’s detailed financial procedures/procurement policies accessible from the Policy Zone in StaffNet.

6.13 Official University orders must be used for the purchase of all goods or services, except those made using petty cash, or where economic benefits can be obtained from the use of purchase cards or electronic ordering.

6.14 When transferring goods or services between Schools/Sections an internal order form must be used.

6.15 It is the responsibility of the Director of Finance to ensure that all purchase orders refer to the University’s conditions of contract (see 6.24 and Appendix L).

**TENDERING**

6.16 Subject to special rules imposed by funding bodies, the University’s tendering procedures, contained in the University’s financial procedures/procurement policies accessible from the Policy Zone in StaffNet, are applicable to:

- procurement of goods and services in excess of £25,000

The main points covered by this code are described at Appendix M.

**CONTRACTS**

6.17 Building contracts are the responsibility of the Operating Board and are administered by the Director of Estates.

6.18 Proposals for inclusion in the annual capital programme will normally be initiated by the Director of Estates in respect of planned replacements, general improvement schemes, space planning or in response to requests from Schools.

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

6.20 Major project proposals shall be presented in the form of costings or investment appraisals as appropriate for consideration by the Operating Board.

6.21 Contract payments shall be made only on an authorised certificate signed by the Director of Estates (or other duly authorised officer).

6.22 Conditions of contract for the purchase of goods and services will be as described in the University’s detailed financial procedures. The main points are described at Appendix L.

6.23 Colleges, Schools or members of staff who wish to enter into contracts with third parties on behalf of the University must have the permission of the Senior Vice Principal or Secretary before any commitments are made. The contractual terms and the financial arrangements must be in accordance with the University procurement policy and practice accessible from the Policy Zone in StaffNet.
EU REGULATIONS

6.24 The Director of Finance is responsible for ensuring that appropriate procedures are in place so that the University complies with its legal obligations concerning European procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement or hire (whether or not hire purchase) with a total value exceeding a threshold value. Current thresholds are £156K for supplies and services regulations and £3,927M for works regulations. A breach of these regulations is actionable by a supplier or potential supplier.

6.25 It is the responsibility of the Head of School/Section to ensure that their members of staff comply by notifying the Director of Finance of any purchases likely to exceed the thresholds noted above. This will need to be done well in advance in order to permit advertisements in official journals, etc.

PAYMENT OF INVOICES

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

6.27 The Director of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS processed weekly. In exceptional circumstances the Director of Finance will prepare cheques manually for urgent payments, or an automatic bank transfer.

6.28 Suppliers should be instructed by the budget holder to submit invoices for goods or services to Accounts Payable, quoting the University purchase order number. Invoices received without a purchase order number may be returned to the supplier.

6.29 Heads of School/Section are responsible for ensuring that expenditure within their School does not exceed the approved budget allocation.

6.30 Invoice payments will only be made by Accounts Payable against orders which have been authorised for payment by the appropriate budget holder or where orders have been goods receipted and match the invoice in the Finance System. Payment will be made if:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- where appropriate, it is matched to the order
- invoice details (quantity, price, discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- where appropriate, an entry has been made on a stores record or School inventory
- an appropriate expenditure analysis code is quoted. This must be one of the expenditure analysis codes included in the budget holder’s areas of responsibility and must correspond with the types of goods or service described on the invoice.

6.31 Orders must be authorised for invoice payment by entering a goods receipt on the Finance System as soon as they have been received and certified.
7 SALARIES

GENERAL

7.01 The Director of Finance is responsible for all payments of salaries to all staff including payments for overtime. All time sheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Director of Finance. The Payment to Individuals guidance document is accessible from the Policy Zone in StaffNet.

7.02 All University staff will be appointed to the salary scales approved by the Court and in accordance with appropriate conditions of service. All letters of appointment must be signed by the Director of Human Resources or by other duly authorised officers. The Director of Human Resources will be responsible for keeping the Director of Finance informed of all matters relating to staff for payroll purposes.

In particular these include:

- appointments, resignations, dismissals, secondments, transfers or other contractual amendments
- changes in remuneration other than normal increments and pay awards
- information necessary to maintain records of service for superannuation, income tax and national insurance

7.03 The Director of Finance is responsible for payments to casual and temporary part-time workers and for informing the appropriate authorities of such payments. All casual and temporary part-time workers will be included on the payroll. The Temporary Services and Fractional Appointments policy is accessible from the Policy Zone in StaffNet.

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

7.05 The Director of Finance shall be responsible for ensuring that an up to date financial planning model of staffing costs, as approved from time to time for each category of staff, is maintained.

7.06 All payments must be made in accordance with University’s detailed payroll financial procedures and comply with Her Majesty’s Revenue & Customs (HMRC) regulations. Comprehensive procedures are retained in the Payroll Office.

PENSIONS

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

7.08 The Director of Finance is responsible for day to day pension matters including:

- paying contributions to various authorised pension schemes
- preparing the annual return to various pension schemes
- financial administration of the University of Aberdeen Superannuation and Life Assurance Scheme (UASLAS).
TRAVEL, SUBSISTENCE AND OTHER ALLOWANCES

7.09 Travel and subsistence costs in respect of staff undertaking travel etc on University business are reimbursed in accordance with the rates approved from time to time. The University will reimburse reasonable out-of-pocket expenses incurred wholly, exclusively and necessarily in the performance of duties relating to employment. All claims for payment of subsistence allowances, travelling and incidental expenses must be completed using the approved form and supported by expenditure vouchers where necessary.

7.10 Claims by members of staff must be certified by their line manager. The certification by the line manager shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the University.

7.11 A detailed Expenses & Benefits policy is available from the Policy Zone in StaffNet.

7.12 In certain circumstances, a university credit card will be supplied to key individuals for business purposes. The credit card must not be used to purchase goods and a monthly expense claim must be submitted, duly authorised, to clear the statement in a timely manner (refer to 4.15).
8 ASSETS

LAND, BUILDINGS, FIXED PLANT AND MACHINERY

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

8.02 The Director of Finance is responsible for maintaining the University’s fixed asset register of land, buildings, equipment, fixtures and fittings (greater than £20,000).

INVENTORIES

8.03 In addition to the fixed asset register, Heads of Schools/Sections are responsible for maintaining inventories for all plant, equipment and furniture and stores in their Schools/Sections with a value in excess of £1000.

8.04 The inventory must include items donated or held in trust.

8.05 Inventories and stores must be checked at least annually and retained in the Inventories and Disposals form prescribed by the Director of Finance as described in the University's detailed financial procedures.

ASSET DISPOSAL

8.06 Disposal of equipment and furniture must be in accordance with procedures agreed by the Operating Board and contained in the University’s detailed financial procedure Inventories and Disposals accessible from the Policy Zone in StaffNet.

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

TREASURY MANAGEMENT (Investments and Borrowings)

8.08 The Operating Board approves treasury management policy including policies for cash management, long term investments and borrowing. The Director of Finance is responsible for the implementation, monitoring and review of the policies.

8.09 The Operating Board approves the investment policy of the University on advice from the Director of Finance and the Advisory Group on Investment. The Advisory Group on Investment advises on the appointment of external fund managers to undertake the day to day management of the University’s long term investments and monitors performance against agreed benchmarks (refer to 3.11).

8.10 Executive decisions concerning borrowing, investment and financing (within policy parameters) are delegated to the Director of Finance and regular reports submitted to the Operating Board. All borrowing is undertaken in the name of the University and shall conform to any relevant Funding Council requirements. The Treasury Management Policy Statement is available from the Policy Zone in StaffNet.

8.11 The Director of Finance reports to the Operating Board in each financial year on the activities of the treasury management operation and on the exercise of delegated treasury management powers.
9 OTHER

RELATED COMPANIES (Subsidiaries/Joint-ventures and Associates)

9.01 In certain circumstances it may be advantageous to the University to form a Company to undertake services on its behalf.

9.02 The Court has approved a policy for the creation and governance of companies. The policy, Intellectual Property can be found in the Policy Zone in StaffNet. The Strategic Business Ventures Group has the delegated authority from Court to approve the formation of new companies, and the subsequent arrangements for monitoring and reporting on its activities including any decision by the Court to dispose of its investment or wind up the Company.

9.03 It is the responsibility of the Strategic Business Ventures Group to approve the constitution and shareholding arrangements and, if considered appropriate, appoint University representative directors of Companies wholly or partly owned by the University.

9.04 The formal link between the Company and the University will be undertaken by a nominated Director appointed to the Company board by the Strategic Business Ventures Group. The nominated Director will be responsible for attending Company Board meetings and reporting to the University on the performance and activities of the Company and will represent the University’s shareholder interest. Where no Director is appointed, the University will receive periodic reports via a reporting requirement in the shareholders agreement.

9.05 The directors of companies where the University is the majority shareholder are required to submit, via the Strategic Business Ventures Group, a report to the Court. The Strategic Business Ventures Group formally reports to the Operating Board on all companies, where the University has a shareholding, on a six monthly basis (refer to 3.05).

9.06 Where the University is involved in a joint venture arrangement, a formal Joint Venture Agreement and Operating Agreement will be put in place with Operating Board approval. This will include the reporting requirements to the Operating Board on an annual basis.

RISK MANAGEMENT

9.07 The Court is responsible for developing appropriate policies and ensuring that there is in place an ongoing process for identifying, evaluating and managing the University’s significant risks. In assessing what constitutes a sound process of risk management and control in the particular circumstances of the University, the Court’s deliberations include consideration of the following factors:

- The nature of the risks facing the University
- The extent and categories of risk it is acceptable for the University to bear
- The likelihood of the risks concerned materialising
- The University’s ability to reduce the incidence and impact on the organisation of risks that do materialise.
- The costs of operating particular controls relative to the benefit thereby obtained in managing the related risks

9.08 The Secretary is responsible for developing and co-ordinating a risk management process to implement the Court’s policies. He is required to monitor the operation of the risk management process and to provide assurance to the Court.

9.09 The Court is required to assess the effectiveness of the University’s risk management and internal control processes and report annually the outcome of this assessment within the Corporate Governance Statement in the University’s Financial Statement.
INSURANCE

9.10 The Director of Finance is responsible for effecting insurance cover as determined by the Operating Board. The Director of Finance is responsible for obtaining quotations, negotiating claims and maintaining the necessary records. The Director of Finance will also deal with the University’s insurers and brokers about specific insurance problems.

9.11 Heads of Schools/Sections must ensure that any agreements negotiated within their School/Section, with external bodies cover any legal liabilities to which the University may be exposed. The Director of Finance's advice should be sought to ensure that this is the case. Heads of Schools/Sections must give prompt notification to the Director of Finance of any potential new risks and additional property and equipment which may require insurance and any alterations affecting existing risks.

9.12 Heads of Schools/Sections must advise the Director of Finance, immediately, of any event which may give rise to an insurance claim. The Director of Finance will notify the University's insurers and, if appropriate, prepare a claim in conjunction with the Head of School/Section for transmission to the insurers.

9.13 The Director of Finance will keep a register of all insurances affected by the University and the property and risks covered.

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

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

9.16 The University is not responsible for the insurance of personal libraries or personal effects held within staff rooms and staff will therefore require to effect personal insurance where appropriate. Similarly the University is not responsible for damage to staff vehicles whilst they are parked in University grounds unless the damage is as a result of a negligent act by the University.

TAXATION

9.17 The Director of Finance is responsible for advising, in the light of guidance issued by HM Revenue and Customs and relevant legislation as it applies, on all taxation issues which may affect the University. The Director of Finance will accordingly issue instructions to Schools/Sections on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance and Corporation Tax.

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

SECURITY

9.19 Heads of Schools/Sections are responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, cash, etc under their control. They shall consult the Director of Estates in any case where physical security is thought to be defective or where it is considered that special security arrangements may be needed.

9.20 Keys to safes or other similar containers must be secured by the person responsible. The loss of such keys must be reported to the Director of Estates immediately.

9.21 The Director of IT shall be responsible for advising on arrangements for maintaining proper security and privacy of information held on computer. This will include restriction of physical access to computer areas to authorised persons only and the use of ID passwords. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act. A University data protection officer has been nominated to ensure compliance with the Act.
SHORT COURSES AND OTHER SERVICES

9.22 In this context a ‘short course’ is any course which does not form part of the award bearing teaching load of a School. Staff wishing to run a short course must have the prior approval of their Head of School. The course organiser will be responsible to the Head of School for day to day management of the course.

9.23 Some short courses will meet SFC’s definition of Continuing Professional Development (CPD), i.e. established on a self-financing basis to develop work-related skills or knowledge. The University has charged Research and Innovation to advise on the co-ordination on all CPD provision and to provide advice to staff wishing to run CPD courses. The CPD Business Development Officer in Research and Innovation should be informed of all potential and on-going CPD provision.

9.24 All courses or conferences organised by members of staff with the approval of the Head of School must be costed and the financial arrangements agreed with Finance and Research and Innovation as appropriate before any commitments are made. Provision must be made for recovering both direct and indirect costs in accordance with the University’s policy. All courses must be self-financing or surplus generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the Head of School and informed by staff in Finance and Research and Innovation.

9.25 The term ‘other services’ includes testing and analysis of materials, components, processes and other laboratory services carried out for external third parties or the use of University facilities in order to provide information or support services. The costing, pricing and financial arrangements for such services must be in accordance with the University’s costing and pricing procedures and agreed with the Director of Finance before any commitments are made. All External Services should break-even as a minimum and be reviewed on an annual basis.

9.26 Any deficits on short courses or services rendered accounts will have to be accommodated within available budgets.

CODE FOR STAFF

9.27 The University expects that staff at all levels will observe the standards specified in a range of Human Resources Policies which are available from the Policy Zone in StaffNet. These policies reflect the three fundamental principles of openness, integrity and accountability, and covers:

- probity and propriety
- selflessness, objectivity and honesty
- relationships.

9.28 Additionally, members of the Court and Senior Officers are required to disclose interests in the University’s register of interests which should be updated as necessary. Members of Court and Senior Officers are required to review and update their entry on an annual basis.

9.29 Any conflicts of interest for staff are covered by the Court approved policy at http://www.abdn.ac.uk/admin/conflict_interest.shtml. If necessary, the Governance Committee will discuss any issues (Appendix K).

HOSPITALITY

9.30 The University will reimburse reasonable expenditure on hospitality and entertaining only where it is within approved budgets or where specific prior approval has been granted. Staff entertaining guests from outside bodies should normally use the University’s residential and catering facilities. Where this is not the case reasons must be stated when submitting a claim for reimbursement. A detailed expenses and benefits policy is available in the Policy Zone in StaffNet.

9.31 Staff offered hospitality or gifts by a third party should inform their line manager, and if greater than £50
be registered with the Head of School/Section, or College/Administration. Under no circumstances must
the gift or hospitality influence the choice of supplier. If in doubt, gifts and hospitality shall be refused
or returned.

**STUDENTS’ ASSOCIATION**

9.32 The Court has approved the Constitution and Code of Practice of the Students Association.

9.33 Subject to any constraints imposed by the Funding Council, the Court shall determine the level of
disbursement funds to be made available each year to the Students’ Association and its constituent
student bodies.

9.34 The Students’ Association is responsible for maintaining its own bank accounts, insurance, financial
records and preparing an annual financial statement and balance sheet.

9.35 At financial year end the Students’ Association accounts will be audited by a firm of auditors approved
by the University and will be presented to the Operating Board.

9.36 In accordance with an agreement between the University and the Students’ Association, the
University’s internal auditor shall have access to records, assets and personnel within the Students’
Association in the same way as other areas of the University.

**USE OF THE UNIVERSITY’S SEAL**

9.37 Where a deed, instrument or document has to be executed on behalf of the Court and sealed with the
University’s seal, it is signed by one member of Court together with the Secretary or the Finance
Director.

9.38 The Secretary is responsible for submitting a periodic report to the Operating Board detailing the use of
the University’s seal.

**DISCRETIONARY ACCOUNTS**

9.39 Schools may receive funds in the form of research grant overheads, consultancy, specific fees
voluntarily surrendered by members of staff etc. Such funds are held as School Discretionary Accounts
and operated for the benefit of the School, consistent with University policy, by the Head of School.

9.40 Discretionary Account budgets are agreed annually at College level and it is a matter for the Head of
College to decide the allocation of the College’s budget between Schools. Where permission to spend
is not obtained through the granting of an allocation, the money held in a Discretionary Account is not
lost but is available to spend in subsequent years subject to a successful bid being made.

9.41 Trading income and income from external services rendered must not be allocated to Discretionary
Accounts and Discretionary Accounts must not be used as trading accounts.

**ENDOWMENT FUNDS**

9.42 The Director of Finance is responsible for maintaining a record of the terms for each endowment fund
and for ensuring that funds are appropriately accounted for and disbursed.

9.43 The Director of Finance is responsible for the monitoring the performance of Fund Managers and
advising the Operating Board on the control and investment of the endowment fund portfolio (refer to
3.11).

9.44 The Operating Board is responsible for ensuring that all the University’s endowment funds are operated
within any relevant legislation and the specific requirements for each endowment.
RESPONSIBILITIES OF OPERATING BOARD

Committee of Court

Remit:

- to integrate academic, financial, estate and human resource planning and policy making and to advise Court and Senate on long-term strategic objectives
- to monitor the implementation of strategies agreed by Court and the University’s Institutional Plan
- to oversee the operational performance of the University
- to monitor the University’s finances and the University’s budget
- to have an overview of the University’s estate and estate strategy and to make recommendations to the Court regarding the University’s Capital Plan and its implementation
- to approve expenditure up to the amount of £5 million and where in the ordinary course of business and in the budget approved by Court
- to review and monitor the activities of sub-committees
- to oversee the external management and performance of the University’s Endowment Funds
- to ensure the University has in place appropriate internal controls, including the identification of key business risks, evaluation of their financial and non-financial implications, and the establishment of the policies and procedures for managing these risks; and to report at least annually to the Court on such matters
- to oversee the creation, dissolution or sale of University companies
- to oversee human resources and approve all University staffing policies
- to exercise general oversight of any matter of relevance to the student experience
- to approve University tuition fees
- to oversee student recruitment and admissions
- to receive reports on Health and Safety
- to develop institutional strategy and policy on Information
- to oversee equality and diversity issues

Composition: Four independent members of the Court, appointed by Court on the recommendation of the Governance Committee (independent being defined as external to, and not employed or remunerated by, the University). The Convener of the Board to be an independent member of Court and to be appointed by Court on the recommendation of the Governance Committee but not also to be Vice-Chair of Court (or Chair, should the position of the Rector as Chair be changed).

Three Senate Assessors to Court, one from each College, to be agreed by the Senate Assessors on Court

The Principal, Senior Vice-Principal and the University Secretary ex officio. President of the Students’ Association ex officio

In attendance: The Vice Principals, Heads of College and Senior Administrative Officers to be in attendance as required.

Number of Meetings: The Committee shall normally meet six times per academic year.
RESPONSIBILITIES OF ADVISORY GROUP ON CAPITAL EXPENDITURE

Remit:  
(i) all major institutional capital projects approved by the University Court, including progress, spend and funding arrangements; and  
(ii) priorities for other University capital funding allocations in light of the University’s strategic objectives.

Composition:  
Senior Vice-Principal or nominee (Convener)  
Vice-Principal (Research & Commercialisation)  
Vice-Principal (Learning & Teaching)  
Senior Academic member of staff  
Director of Finance  
Director of Estates  
Director of IT  
Other University officers involved in the management of capital projects to attend as necessary.

In addition, the Group may wish to invite a member external to the University to join in due course, either an independent Court member or another individual with appropriate expertise.

Number of Meetings:  
The Committee shall normally meet seven times per academic year.
RESPONSIBILITIES OF RISK MANAGEMENT COMMITTEE

Remit:

To ensure that the University has in place appropriate internal controls, including the identification of key business risks, evaluation of their financial and non-financial implications, and the establishment of policies and procedures for managing these risks. The Risk Management Committee is a sub-committee of the Operating Board.

Composition: University Secretary (Convener)
One Lay Member of Court
Heads of Colleges or Nominees
Ex Officio the Convener of Audit Committee

In attendance: Other Officers, as appropriate
RESPONSIBILITIES OF STRATEGIC BUSINESS VENTURES GROUP

Remit:

- To make the final decisions surrounding the creation of new company;
- To be responsible for monitoring the University’s investment in spin-out companies and subsidiary companies;
- To make the final decisions relating to any sale of equity in spin-out and subsidiary companies;
- To advise the University of the distribution of any Net Income generated as a result of any sale of equity, along the following principles:
  - a proportion will be available for non-funding staff participants,
  - to the College(s) from where the activity arose,
  - and the remaining to be retained and managed centrally for strategic purposes, including support for further commercialisation activities.

Composition:
Senior Vice-Principal (Convenor)
Vice-Principal for Research and Commercialisation
Director of Finance
Director of Research and Innovation
Deputy Director Research & Innovation
Up to two additional members as nominated by the University Court
RESPONSIBILITIES OF ADVISORY GROUP ON INVESTMENT

Remit:

- To monitor the external management of University Endowment Funds and Development Trust Funds;
- To advise the Operating Board or Trustees of Development Trust on investment policy, including objectives and restrictions in the management of funds invested;
- To undertake the tendering for external investment management services, if appropriate, and to recommend the terms of appointment of external fund managers including remuneration;
- To advise on performance benchmarks and targets for fund managers and on the format of investment management reporting, and to monitor the performance of investment managers;
- To monitor the internal management of investment funds and cash surpluses, if appropriate;
- To monitor and review the sustainable investment policy available from the Policy Zone in StaffNet, and update as required;
- To submit an annual report, and periodic reports if appropriate, to the Operating Board/Development Trust via the Director of Finance;
- To meet four times annually, of which two meetings to include the main Fund Manager, and normally once a year for those holding specific elements of the portfolio.

Composition:
- 2 Senior Academics with investment experience (to be agreed with the Operating Board)
- Court/Operating Board Nominee
- Development Trust Trustee Representative
- Director of Finance
- Financial Controller
AUDIT COMMITTEE: DUTIES

Court Committee

Remit:

Audit
- To provide the University Court with advice on the Internal and External auditors’ assessment of the effectiveness of the University’s financial and other internal control systems, including controls specifically to prevent and detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness
- To advise the Court on its compliance with corporate governance requirements and good practice guidance, and to review the University’s Statement of Corporate Governance
- To advise the Court on compliance with the Accounts Direction as laid down by the Funding Council and with the University Code of Audit Practice
- To examine and report on any matters referred to it by Court, making recommendations as may be appropriate
- To produce an annual report to the Court
- To review reported cases of impropriety to establish whether they have been appropriately handled

Internal Audit
- To advise the Court on the terms of reference for the Internal Audit service
- To advise the Court on, the criteria for selection, appointment, or reappointment and remuneration, or removal of the internal audit provider
- To review the scope, efficiency and effectiveness of internal audit considering the adequacy of the resourcing of internal audit and advising the University Court on these matters
- To ensure compliance with recommendations made by the Auditors reviewing the IAS’s monitoring of management action on the implementation of recommendations reported in internal audit assignment reports and internal audit annual reports
- To consider salient issues arising from internal audit assignment reports, progress reports and management’ response thereto and informing the University Court thereof
- To advise the University Court of the Committee’s approval of the basis for and the results of the internal audit needs assessment and the strategic and operational planning processes
- To approve the criteria for grading recommendations in assignment reports as proposed by the Head of the Internal Audit Service
- To inform the University Court of the Committee’s approval of the internal audit service’ annual Report
- To respond appropriately to notification of fraud or other improprieties received from the Head of the IAS or other persons
- To ensure the establishment of appropriate performance measures and indicators to monitor the effectiveness of the IAS and the external audit provision
- To ensure and monitor appropriate liaison and co-ordination between internal and external audit and between the Committee

External Audit
- To advise the Court on the selection, appointment, annual reappointment and remuneration, or removal of the external audit provider, and the scope of their work
- To review the external auditor’s Management Letter and to monitor management’s action on the implementation of the agreed recommendations contained therein
- To consider the institution’s annual financial statements and the external auditors’ report prior to submission to the Court
- To advise the Court of salient issues arising from the external auditor’s management letter and any other external audit reports, and of management’s response thereto
- To establish appropriate performance measures and indicators to monitor the effectiveness of the external audit provision
- To review the external audit strategy and plan
• To consider the objectives and scope of any non-statutory audit work undertaken by the external auditor’s firm and advising the University Court of any potential conflict of interest
• To hold discussions with external auditors and ensure their attendance at Audit committee and Court meetings as required

**Value For Money (VFM)**

• To advise the Court on a programme of Value for Money (VFM) reviews and to provide guidance on the most appropriate agents to undertake individual assignments
• To establish and oversee a review process for evaluating the effectiveness of the University’s VFM arrangements for securing the economical, efficient and effective management of the institution’s resources and the promotion of best practice and protocols, and the reporting to the University Court thereon
• To advise the University Court of action that it may wish to consider in the light of national value for money studies in the higher education sector

**Other**

• To review and advise the University Court of relevant reports from the Council and NAO and successor bodies and, where appropriate, management’s response thereto.
• To receive reports from and report to the Risk Management Committee (a sub-Committee of the Operating Board). The Convenor of the Audit Committee is an *ex-officio* member of the Risk Management Committee.

**Composition:**

Two lay members of Court (including Convener)
Two external members appointed by Court on the advice of the Nominating Committee in consultation with the two lay members.

In order to ensure independence and objectivity, members should not have executive authority and should not normally be members of the Finance Committee.

The Committee may from time to time co-opt additional members, who must be independent and must not be connected in any way with the provision of financial services to the University.
RESPONSIBILITIES OF INTERNAL AUDIT

- To review and appraise the soundness, adequacy and application of the whole system of internal controls to ensure that the University’s objectives are achieved.

- To ascertain the extent to which the systems of control ensure compliance with the relevant legislation, regulations, policies and procedures.

- To ensure that systems of control are laid down and operate to promote the most economic, efficient and effective use of resources.

- To ascertain the extent to which the assets entrusted to and funded by the University are properly controlled and safeguarded from losses arising from improprieties including fraud, irregularity or corruption.

- To ascertain that accounting and other information is reliable as a basis for producing accounts, and financial, statistical and other returns.

- To ascertain the integrity and reliability of financial and other information provided to management including that used in decision making.
POLICY ON CONSULTANCY

CONSULTANCY

1.1 DEFINITION OF CONSULTANCY

Consultancy is defined as the contracting of a member of staff for a fixed short length of time, to carry out a task, other than research & development, specified by a client. Consultancy contracts differ from research contracts in that they involve the application of existing knowledge or techniques and there is no academic output, such as publications in refereed journals. A number of related activities - ownership of a company, partnership in a business, board membership of a company (excluding University companies), editorial work, expert witness appearances and similar commercial activities, are dealt with using the same procedures as for consultancies. Provision of teaching or training under contract is classified as vocational training and must be handled through the CPD section of Research & Innovation.

Academic activities, such as lecturing, teaching, refereeing papers, reviewing books, Research Excellence Framework panel membership, SFC Teaching Quality Assessors and external examining do not fall within the consultancy rules. Public service is not considered to be consultancy, though members of staff undertaking public service should keep their line managers informed of the time commitments involved.

1.2 UNIVERSITY AND PRIVATE CONSULTANCY

There are two types of consultancy, University - where the contractor is the University and the consultant carries out the work within his/her contract of employment and Private - where the consultant is acting in a private capacity.

1.2.1 CONSULTANCY PERMISSION

For full-time members of the academic and academic-related staff each and every University and Private Consultancy assignment needs University permission before it can be undertaken. Part-time members of staff performing such work outside their contract of employment with the University do not need to seek permission unless they are using University facilities in which case direct costs must be paid by the consultant. Permission to undertake a consultancy is obtained by completing a consultancy permission form which can be obtained from Research and Innovation Services (RIS).

1.2.2 UNIVERSITY CONSULTANCY

University consultancy is the normal consultancy route and permission to carry out such a consultancy will normally be granted where:

- the work will benefit the University and/or the School and/or the work of the consultant
- in the judgement of the consultant's line manager he/she can perform the work without detriment to his/her regular University duties and
- the consultancy request is accompanied by a letter, industrial service order or contract from the client covering the services to be provided.

The contractual arrangements, including the setting of fees and the recovery of direct and indirect costs, are the responsibility of RIS who will liaise with both the consultant and the client. Staff undertaking University consultancies are covered under the University's professional indemnity insurance policy.

The minimum target price for provision of consultancy time by University staff is given by the following formula.

\[
\text{Target price} = \frac{\text{Gross annual salary cost}}{100}
\]
All other costs such as travel, report production and VAT, are added to the price for consultancy time. RIS will seek to obtain the highest price that the market will bear irrespective of the above formula.

In the case of numerous small consultancies (up to half a day for any one consultancy) e.g. giving legal opinions, a blanket permission may be given which is valid for one year and includes notification of the target price. Details of such consultancies actually carried out must be notified to RIS on a monthly basis so that invoices can be issued and VAT accounted for.

For University consultancies, the consultancy fee which is the total invoiced price less direct costs, is allocated as follows:

30% - University
70% - Consultant/School

Division of the 70% is negotiated between the consultant and his/her Head of School but at least 50% of this amount must be made available to the consultant. The consultants share can be deposited in a Discretionary Account, taken as personal reward paid via payroll or divided between the two.

Personal reward payments will always be made via the University Finance Office and will normally be subject to deduction of PAYE and National Insurance. Payments to Schools and consultants cannot be made until clients have settled their invoices.

Normally academics will be allowed to undertake University consultancies equivalent to 30 days per year.

1.2.3 PRIVATE CONSULTANCY

Private consultancy will be allowed where:

- in the judgement of the consultant's line manager he/she can perform the work without detriment to his/her regular University duties and
- the consultancy is not within the area of employment of the member of staff seeking permission and
- the consultancy does not compete with any consultancy service offered by the University and
- the consultancy is not in conflict with any University policy and
- there is no call on the use of any University facilities.

A member of staff carrying out consultancy on a private basis must make clear to the client, in writing, that he/she is not acting on behalf of the University. For this reason no use should be made of University telephones, email addresses, faxes, the University address or University stationery. A consultant acting in a private capacity is not covered by the University's professional indemnity insurance policy and the University has no interest in the conditions under which the consultancy is conducted or any claim on the income from the consultancy.

Subject to the approval of the Head of College, private medical consultancy is permitted up to a maximum of 10% of time. All private medical consultancy income is handled in the same manner as University consultancy.

1.2.4 APPEALS PROCEDURE

Any member of staff who has a request for endorsement of a consultancy permission form declined by his/her Head of School/Head of Section may appeal to the corresponding Head of College/Vice Principal or to the University Secretary, if employed within the University’s administration, for review of the request.

1.2.5 CONSULTANCY REPORTING

Reports are made from time to time to Senior Management on the consultancy activities of Schools and Colleges and individuals will be asked to verify that the extent of their consultancy activities is accurately recorded in such reports.
RESPONSIBILITIES OF GOVERNANCE COMMITTEE

Remit:
(a) To advise Court on matters of governance and to conduct on its behalf reviews of the University's governance.
(b) To gather nominations for the position of Vice-Chair of Court and to make recommendations to the Court as appropriate to enable it to elect a Vice-Chair from its membership.
(c) To recommend to Court the process to be undertaken in the appointment or re-appointment of a Principal.
(d) To recommend to the Court the co-opted membership of Court, Court Committees and or Court representatives on Joint Court/Senate Committees.
(e) To monitor compliance with the University Court's Code of Conduct for Members of Court, including upholding the seven principles advocated by the Nolan Committee on Standards in Public Life and to undertake those duties ascribed to it by Resolution No 235 of 2004 (Procedure for Removal of Co-opted members of the University Court).
(f) To monitor the operation of the University's Code of Practice on Conflicts of Interest and to make reports and recommendations to the University Court as appropriate.
(g) To review annual declarations of interest and to take appropriate action where further clarification is required.
(h) To consider and, if appropriate, approve requests for the holding of shares, executive directorships, or other directorships where there is concern as to a possible conflict of interest.
(i) To give advice in the case of individual queries regarding any governance or conflict of interests matter referred to it.
(j) To consider all prospective donations of £1 million or more, and any other prospective donations with the potential to give rise to significant public interest and to advise Court as appropriate.

Composition: Three Independent Members one of whom to be Convener (the Convener should not also serve as the Vice-Chair of Court or Convener of the Operating Board).
Principal
A Senate Assessor
In addition the Committee will have the power to co-opt additional members subject to the approval of Court.

Number of Meetings: The Committee shall normally meet three times per academic year.
CONTENTS OF “GENERAL CONDITIONS OF PURCHASE”

LIST OF HEADINGS

- Definitions
- Contract Definition
- Price
- Payment of Accounts
- Delivery
- Packaging
- Instructions
- Quality & Description
- Safety & Hazardous Goods
- Warranty
- Ownership of Results
- Infringement of Patents
- Title & Risk
- Acceptance
- Indemnity & Insurance
- Waste Electrical and Electronic Regulations
- Matters Beyond Control
- Insolvency
- Cancellation
- Assignment & Sub-letting
- Corrupt Gifts
- Freedom of Information
- Confidentiality
- Non-Observance of Conditions
- Law
CODE OF TENDERING PRACTICE:

(Purchasing Policy and Guide to Procedures: Available from the Policy Zone in StaffNet

- University staff must comply with the Code.
- University staff must comply with the Public Contracts Regulations (EU directives).
- The University’s competitive tendering procedure 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 UK and/or international standards to be complied with.
- The University’s quotation procedure will indicate:
  - the minimum number of firms that should be expected to provide quotations;
  - lists of those firms which have been approved by the University and which might undertake the work specified;
  - the terms by which the contractors will be paid;
  - the national requirements concerning good practice which must be followed.
- The proper 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.