



SUMMARY FINANCIAL REGULATIONS

LAST UPDATED: June 2019
Approved by Court:
Next Review Date: June 2020

1. INTRODUCTION

1.1 Purpose of Financial Regulations

- 1.1.1. The purpose of the Financial Regulations is to ensure the proper and transparent use of finances and resources which satisfies the requirements of internal control and fulfils all legal and financial obligations.

The complete Financial Regulations document can be found at:

https://www.abdn.ac.uk/staffnet/documents/policy-zone-finance/FINANCIAL_REGULATIONS_updated_borrowing.pdf

1.2 Application of Financial Regulations

- 1.2.1 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.

1.3 Roles and Responsibilities

1.3.1 Heads of School/Directorate

Heads of School/Directorate are responsible to the Senior Vice-Principal/Secretary to the University for financial management of their respective areas and activities, and are advised by the Director of Finance in the execution of all financial duties.

1.4 Code of Conduct

- 1.4.1 The University is committed to the highest standards of openness, integrity and accountability.

1.4.2 Conflict of Interest

University employees and others with responsibility for administration and management of University funds must not use their authority or office for personal gain.

1.4.3 Fraud

The University has a duty to its stakeholders to take all responsible steps to prevent fraud and maintains robust internal control mechanisms to both prevent and detect fraud.

- 1.4.4 All members of staff have a responsibility to protect the assets and reputation of the institution and are expected to be alert to the potential for fraud. All members of staff have a duty to notify the Director of Finance immediately when any matter arises which involves, or is thought to involve, irregularity, including fraud or corruption.

- 1.4.5 The procedures for both the reporting of suspected fraud and the fraud response plan are detailed in the University's fraud policy which can be found at:

https://www.abdn.ac.uk/staffnet/documents/policy-zone-finance/Fraud-Policy-June_2015.pdf

- 1.4.6 If the suspected fraud is thought to involve the Director of Finance and/or the Principal, the member of staff shall notify their concerns directly to the Convener of the Audit Committee.

1.4.7 **Receiving Gifts or Hospitality**

The Bribery Act 2010 includes offences for acts of bribery by individuals, or persons associated with relevant organisations. The penalties are severe for any employee convicted under the Act. The University's anti-bribery policy statement is embedded in the Expenses and Benefits policy at:

https://www.abdn.ac.uk/staffnet/documents/finance-policies-and-procedures/Expenses_Benefits_July_2017_Final.pdf

1.4.8 The guiding principles to be followed by all members of staff are:

- 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 that they have (or may have) been influenced by a benefit, to show favour or disfavour to any person or organisation

1.4.9 Members of staff (or their family members) should not accept any gifts, rewards or hospitality from any organisation or individual during the course of their work that would cause them to reach a position whereby they may or may be deemed to have been influenced in making a business decision as a consequence of accepting such gift.

1.4.10 Where it is unclear as to what is and is not acceptable, the offer should be declined or advice sought from the relevant Head of School/Directorate or the Director of Finance.

1.4.11 **Whistleblowing**

Whistleblowing is the disclosure by an employee about malpractice in the workplace. Any concern about a workplace matter should be raised with the relevant member of staff's immediate line manager or Head of School/Directorate. However, the University recognises that because of the seriousness or sensitivity of some issues, together with the knowledge of whom the member of staff thinks may be involved, this may be difficult or impossible. A member of staff may, therefore, make the disclosure directly to staff members designated for this purpose, for example the Secretary to the University.

https://www.abdn.ac.uk/staffnet/documents/policy-zone-governance-and-compliance/2015-03-24_Whistleblowing_PolicyApproved_Court.pdf

2. **FINANCIAL MANAGEMENT & CONTROL**

2.1 **Budget Management**

2.1.1 Budget holders are responsible for the management of income and expenditure within an agreed budget, and must ensure that day to day monitoring is undertaken effectively and are accountable to their line manager. Budget holders are assisted in day to day financial control by the provision of regular management information by the Director of Finance via the University finance system.

2.1.2 Any expenditure out with the agreed revenue and capital budgets with a value between £1M and £5M must be approved by the Policy & Resources Committee. Any expenditure out with agreed budgets in excess of £5M must be approved by Court.

- 2.1.3 As delegated by Court, Policy & Resources Committee must approve additional expenditure on approved projects within a tolerance threshold of up to the lesser of 10% or £1m. Approval for additional expenditure in excess of the tolerance threshold must be approved by Court.

3. EXPENDITURE

3.1 General

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

3.2 Delegation of Financial Authority

- 3.2.1 Purchasing authority is designated to the Principal and senior officers by the Policy & Resources Committee. Expenditure on a single item in excess of £250,000 requires the approval of the Principal, Senior Vice-Principal, or University 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/Directorate is responsible for purchases within their area of responsibility. Purchasing authority may be delegated to named individuals (or budget holders) within the School/Directorate, in line with the following levels:

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| • Principal/SVP/Secretary to the University | above £250,000 |
| • VP Delegate/Director of Finance/Secretary to the University (for Professional Services only) | £100,000 - £250,000 |
| • Head of School/Director | £25,000 - £100,000 |
| • Budget Holder | £1,000 - £25,000 |
| • Business Services Administrator/Coordinators | less than £1,000 |

- 3.2.2 Heads of School/Directorate and budget holders are not authorised to commit the University to expenditure without first ensuring that there are sufficient funds to meet the purchase cost. In practice this means that purchase orders cannot be placed beyond the budget allocations approved by the Policy & Resources Committee.

- 3.2.3 The authorised member of staff (or budget holder) approving the purchase order for payment within the Finance System, must be different to the member of staff responsible for receiving the goods.

3.3 Procurement

- 3.3.1 The University requires all budget holders to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability and equality legislation. All purchases must be in accordance with sound business practice, taking into account framework agreements as appropriate. Factors to be considered in determining lowest cost are noted in the financial procedures.

<https://www.abdn.ac.uk/staffnet/documents/secure/PROCUREMENT%20POLICY%202018%20FINAL.pdf>

3.3.2 The procurement function is the responsibility of the Director of Finance, who will ensure that the procurement policy is observed by all involved in procurement for the University. In addition, the Director of Finance will provide procurement advice and assist Schools/Directorates on specific purchases over £50,000.

3.3.3 Full details are available in the complete Financial Regulations document.

3.3.4 **Tenders & Quotations**

Heads of School/Directorates and delegated budget holders must comply with the University's tendering procedures contained in the University procurement policy.

3.3.5 Only partnership arrangements for the supply of goods or services specifically approved by the Policy & Resources Committee or Court will fall outside these arrangements for tenders and quotations.

3.3.6 **Procurement Regulations**

Mandatory EU and Scottish processes are to be used for all procurement of goods and services or hire (whether or not hire purchase) with a total value exceeding a threshold value (which is revised every two years). A breach of the legislation is actionable by a supplier or a potential supplier.

3.3.7 It is the responsibility of the Head of School/Directorate to ensure that their members of staff comply with EU and Scottish Regulations by notifying the Head of Procurement 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, such as OJEU.

3.4 **Purchase Orders**

3.4.1 The ordering of goods and services must be in accordance with the University's detailed procurement policies. A purchase order must be placed prior to the purchase of all goods or services, except those made using petty cash or credit card.

3.4.2 Suppliers should be instructed by the purchase order to submit invoices to Accounts Payable, quoting the University purchase order number. Invoices received without a purchase order number will be returned to the supplier.

3.4.3 Heads of Schools/Directorates are responsible for ensuring that expenditure within their area does not exceed the approved budget allocation.

3.5 **Corporate Credit Cards**

3.5.1 Corporate cards may be issued to individuals, who have a genuine business requirement to hold one, for example, those who travel extensively on University business. In addition, a card may be issued to an individual for use as a central School/Directorate card.

3.5.2 Corporate cards must only be used for the purposes for which they have been issued and within the authorised purchase limits, cards can be used for valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action.

3.5.3 Cards must not be loaned to another individual or used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs.

3.5.4 Cardholders must review and reconcile expenditure, and the appropriate individual will approve expenditure in line with the University Credit Card and Expenses and Benefits policies.

3.5.5 Where cards are misused or expense claims are not completed in line with detailed procedures, cards may be suspended or withdrawn.

Credit Card Policy

https://www.abdn.ac.uk/staffnet/documents/finance-policies-and-procedures/University_Corporate_Cards_2017.pdf

Expenses and Benefits Policy

https://www.abdn.ac.uk/staffnet/documents/finance-policies-and-procedures/Expenses_Benefits_July_2017_Final.pdf

3.6 Staff Expenses

3.6.1 Travel, Subsistence and Other Allowances

All claims for the payment of subsistence allowances, travelling and incidental expenses must be completed on the Finance System. Claims by members of staff must be authorised by the Budget Holder or their line manager. Authorisation shall be taken to mean that:

- the journey was authorised;
- the expenses were properly and necessarily incurred in line with the University's Expenses & Benefits policy
- the allowances are properly payable by the University
- all relevant receipts have been produced and are legible
- consideration has been given to the value for money in choosing the mode of travel

3.6.2 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 on the finance system and supported by receipts where necessary.

3.6.3 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 an expense claim must be submitted, duly authorised, to clear the statement in a timely manner.

3.6.4 Hospitality

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 catering facilities. Where this is not the case reasons must be stated when submitting a claim for reimbursement.

3.6.5 The detailed expenses and benefits policy is available at:

https://www.abdn.ac.uk/staffnet/documents/finance-policies-and-procedures/Expenses_Benefits_July_2017_Final.pdf