



FINANCIAL REGULATIONS

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

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1. INTRODUCTION

1.1 Purpose of Financial Regulations

1.1.1. This document contains the Financial Regulations as approved by the University Court of the University of Aberdeen (hereafter referred to as Court), acting on recommendation of the Policy & Resources Committee. The Financial Regulations apply to all financial business of the University of Aberdeen and any group undertakings, irrespective of the source of funding. The purpose of the Financial Regulations is to ensure the proper and transparent use of finances and resources in a manner which not only satisfies the requirements of internal control expected of the University, but also fulfils any legal or financial obligations as laid down by the Statutes and Ordinances, Her Majesty's Revenue and Customs (HMRC), the Scottish Funding Council (SFC) and other authorities.

1.2 Application of Financial Regulations

1.2.1 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 within the Financial Memorandum.

1.2.2 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/Directorates to ensure that staff are aware of these financial regulations and their content.

1.3 Financial Responsibilities & Corporate Governance

1.3.1 The University is regulated by the Scottish Funding Council (SFC) under a Financial Memorandum. The University complies with conditions of grant set out in this memorandum. The SFC has developed Outcome Agreements with each university to ensure that institutions are working in support of the Scottish Government's priorities. The University is required to report regularly on our performance against agreed outcomes, to ensure that we continue to meet conditions of grant.

1.3.2 Court is responsible for the University's mission, 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.

1.3.3 Details of Court can be found at:

<https://www.abdn.ac.uk/staffnet/governance/court-information.php>

1.3.4 Court members are also charity trustees and as such are subject to obligations imposed by charity law. Their dual role may introduce potential conflicts of interest, and as a result Court members are required to disclose interests in the University's register of interests maintained by the University Secretary. They are also responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.

1.3.5 Court has ultimate responsibility for the University's finances, but delegates much of the detailed work to its committees and sub-committees.

1.3.6 The University's principal committee structure can be found at:

<https://www.abdn.ac.uk/staffnet/governance/minutes-and-agendas-135.php>

1.3.7 Policy & Resources Committee

<https://www.abdn.ac.uk/staffnet/governance/policy-and-resources-committee-9130.php>

Policy & Resources Committee Sub Committees

- Strategic Business Ventures Group
<https://www.abdn.ac.uk/staffnet/governance/strategic-business-ventures-group-642.php>
- Capital Programme Management Committee (CPMC)
<https://www.abdn.ac.uk/staffnet/governance/cpmc-5791.php>
- Investment Committee
<https://www.abdn.ac.uk/staffnet/governance/investment-committee-5805.php>

1.3.8 Audit Committee

<https://www.abdn.ac.uk/staffnet/governance/audit-committee-636.php>

1.3.9 Remuneration Committee

<https://www.abdn.ac.uk/staffnet/governance/remuneration-committee-635.php>

1.4 Roles and Responsibilities

1.4.1 Principal and Vice-Chancellor

The Principal is the chief executive of, and the designated accountable officer for, the University and is accountable to Court for implementation and delivery of agreed policy. The Principal must ensure that Court complies with all terms and conditions of public funding from the SFC as set out per the Financial Memorandum.

1.4.2 Secretary to the University

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

1.4.3 Director of Finance

Day to day financial administration is controlled by the Director of Finance who is responsible for:

- Preparing three year capital and revenue budgets and financial plans, and longer term strategic financial plans

- Preparing accounts, management information, monitoring and control of expenditure against budgets and financial operations
- Preparing the University's annual accounts and other financial statements including accounts which the institution is required to submit to other authorities
- Ensuring that the University maintains satisfactory financial systems and controls, including income collection, supplier and employee payments and treasury management
- Providing professional advice on all matters relating to financial policies and procedures.
- Day-to-day liaison with internal and external auditors in order to achieve efficient processes

1.4.4 The Finance section structure and main contacts are listed at :

<https://www.abdn.ac.uk/staffnet/working-here/finance.php>

1.4.5 **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. The Director of Finance will advise on and approve any financial system and procedures operating within Schools/Directorate.

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

1.5 **Risk Management**

1.5.1 Court has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the University, through a formal structured risk management process.

1.5.2 The University has a comprehensive Risk Management Framework, which is applicable across the institution at all levels. The University's risk management arrangements are an integral part of its wider strategic planning function. Risk management is a key mechanism which both underpins and supports delivery of strategic objectives, both institutionally and within Schools. Identified risks will generally reflect the University's strategic objectives and areas of strategic importance.

1.5.3 Risk Management is overseen by the Directorate of Planning with further information regarding the University's Risk Management Framework and associated guidance available from:

<https://www.abdn.ac.uk/staffnet/governance/risk-management-and-audit-276.php>

1.6 Code of Conduct

1.6.1 The University is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (the Nolan Committee) which governing body members and members of staff at all levels are expected to observe.

1.6.2 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. Members of Court, Committee Members and Senior Management or those involved in procurement are required to disclose interests in the University's register of interests maintained by the University Secretary. They will also be responsible for ensuring that entries in the register relating to them are kept up to date on a regular and prompt basis. The University's code of practice on conflict of interest can be found at:

https://www.abdn.ac.uk/staffnet/documents/policy-zone-governance-and-compliance/conflict_of_interest_policy_amended.pdf

1.6.3 Fraud

The University has a duty to its stakeholders to take all responsible steps to prevent fraud, whether perpetrated by staff, students, contractors and suppliers, other organisations or members of the public.

1.6.4 The University will maintain robust internal control mechanisms to both prevent and detect fraud. All line managers have a responsibility for maintaining documented control systems and must be seen to be setting an example by complying fully with these procedures and controls. The effectiveness of controls will be subject to review by the University's Internal Auditors.

1.6.5 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, management and the governing body 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. The Director of Finance shall immediately invoke the fraud response plan.

1.6.6 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

1.6.7 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.

1.6.8 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:

- 1.6.9 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
- 1.6.10 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.
- 1.6.11 The frequency and scale of hospitality accepted should not be significantly greater than the University would be likely to provide in return.
- 1.6.12 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. The Director of Finance will maintain an institutional register of gifts and hospitality received where the value is in excess of £50. Members of staff in receipt of such gifts or hospitality are obliged to notify their School/Directorate promptly. The Heads of School will maintain local registers for annual report to the Director of Finance.
- 1.6.13 **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. If the member of staff does not wish to raise the matter with the designated member of staff, or with the Principal or the Chair of Court, it may be raised with the Convener of the Audit Committee. In all cases, the whistle-blower can remain anonymous. The Public Disclosure Act 1998 gives legal protection to employees against being dismissed or penalised by their employers as a result of disclosing certain serious concerns.

1.6.14 **Criminal Finance Act 2017**

The Act introduced a 'corporate criminal offence of failure to prevent the facilitation of tax evasion'. The legislation applies to all business (corporates and partnerships) and all taxes.

- 1.6.15 The offence is not about the University avoiding, evading or underpaying tax, but about the University failing to prevent its employees/agents/associates from facilitating the evasion of tax by another party. There are two corporate offences – a domestic tax fraud offence and an overseas fraud offence. A UK incorporated body can be prosecuted for either offence. While the overseas offence is slightly narrower in scope, it still essentially means that universities need to consider potential risks for overseas tax evasion as well as UK tax evasion. The University's statement on the Criminal Finance Act 2017 can be found at:

[https://www.abdn.ac.uk/staffnet/documents/policy-zone-finance/Criminal Finances Act 2017 Statement.pdf](https://www.abdn.ac.uk/staffnet/documents/policy-zone-finance/Criminal_Finances_Act_2017_Statement.pdf)

1.6.16 **Modern Slavery Act 2015**

The Act sets out a number of offences relating to slavery and human trafficking and prescribes penalties for such offences. Section 54 of the Act includes disclosure obligations that apply to certain commercial organisations, including universities. This obligation is intended as a tool to fight slavery and human trafficking globally.

- 1.6.17 The University's Slavery & Human Trafficking Statement is available from:

https://www.abdn.ac.uk/staffnet/documents/Procurement_Modern%20Slavery%20Statement2018%20-%20Published310118.pdf

1.6.18 **Value for Money**

The Financial Memorandum requires that Court is responsible for delivering value for money from public funds and should continually review its arrangements for managing all resources under its control, taking into account guidance on good practice issued from time to time by the funding body, the National Audit Office, the Public Accounts Committee or other relevant bodies.

- 1.6.19 Internal audit will consider value for money in its programme of work which will enable the Audit Committee to refer to value for money in its annual report.

1.6.20 **Agreements with External Bodies**

Any agreements negotiated with external bodies must cover any legal liabilities to which the University may be exposed. The University Secretary's or, in the case of research related agreements, the Directorate of Research and Innovation's advice should be sought to ensure that this is the case.

1.7 Auditors

1.7.1 **External Auditor**

The external auditor will be appointed by 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 Court, advised by the Audit Committee.

- 1.7.2 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 is 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 Financial Memorandum and the Financial Reporting Council's auditing standards.
- 1.7.3 The Director of Finance is responsible for drawing up a timetable for the production of annual financial statements and will advise staff and the external auditors accordingly.
- 1.7.4 Following consideration by the Audit Committee, the annual financial statements will be reviewed by the Policy & Resources Committee. On the recommendation of the Audit Committee and the Policy & Resources Committee they will be submitted to Court for approval.
- 1.7.5 **Internal Auditor**
The internal auditor is appointed by Court on the recommendation of the Audit Committee, normally for a period of up to five years subject to satisfactory performance.
- 1.7.6 The University's Financial Memorandum with the Funding Council requires that it has an effective internal audit function. Internal Audit 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 Court, the Principal and senior management with assurances on the adequacy of the internal control system.
- 1.7.7 Internal Audit is independent of the executive management of the University in its planning and operation and has direct access to Court, Principal and Chair of the Audit Committee.
- 1.7.8 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
- 1.7.9 **Other Auditors**
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.

2. FINANCIAL MANAGEMENT & CONTROL

2.1 Accounting Period

2.1.1 The University financial year runs from 1 August until 31 July of the following year.

2.2 Budgetary Process

2.2.1 The Director of Finance is responsible for coordinating the annual preparation of a three year revenue budget. Court must approve the first year budget, with the outlying years prepared on an indicative basis only on the recommendation of the Policy & Resources Committee. The figures are used to prepare the Strategic Planning Forecast as required by the SFC.

2.2.2 Resources are allocated annually by Court on the recommendation of the Policy & Resources Committee. Budget holders are responsible for the economic, effective and efficient use of resources allocated to them and ensuring budgets are used for eligible purposes.

2.2.3 The Director of Finance ensures that detailed budgets are prepared to reflect the outcome of the budget process and that these are communicated to budget holders as soon as possible following their approval by Court. Financial plans should be consistent and enable delivery of the University Strategic Plan approved by Court.

2.2.4 During the year, the Director of Finance, following discussion with budget holders, is responsible for coordinating the submission of significant budget revisions to the Policy & Resources Committee for consideration before submission to Court for approval.

2.3 Capital Programme

2.3.1 The Director of Finance, in conjunction with the University Management Group (UMG), the Director of Estates and Facilities and the Director of Digital and Information Systems, is responsible for the preparation of the 10 year capital plan which identifies and prioritises capital projects which will help achieve the University's strategic objectives. Resources for planned capital expenditure on land, buildings, equipment, digital infrastructure, furniture and associated costs will be allocated as part of the 10 year capital programme approved by Court. During the year the Director of Finance along with the Senior-Vice Principal are responsible for submitting capital programme amendments to the Policy & Resources Committee for approval.

2.3.2 An annual capital plan is produced on a rolling basis detailing the infrastructure projects approved for that financial year.

2.3.3 The University's accounting policies require that expenditure on assets or groups of related assets 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.

2.3.4 A project/programme board will be established for each major capital project and is responsible for managing the overall project budget and reporting to the Capital Programme Monitoring Committee. All projects should follow a PRINCE based methodology for project management.

2.3.5 Proposed major capital projects should be supported by:

- a statement which demonstrates the project is consistent with the strategic plan and should include an option appraisal and risk analysis
- an initial budget for the project for submission to the Policy & Resources Committee, the budget should include a breakdown of costs including professional fees, VAT, contingency and funding sources
- a financial evaluation of the plans detailing their impact on revenue compared with those of alternative plans
- a demonstration of compliance with approved tendering procedures and Funding Council regulations
- a cash flow forecast

2.3.6 Capital projects should assume VAT will not be recoverable on the project costs, unless specifically authorised to do otherwise.

2.3.7 Following completion of major capital projects, a final report is submitted to the Capital Programming Monitoring Committee recording actual expenditure against budget and reconciling funding arrangements. 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.

2.4 Other Major Developments including Overseas Activities

2.4.1 Any new aspect of business, proposed establishment of a company, joint venture or overseas activity, which will require an investment in buildings, resources or staff time should be presented to the Policy & Resources Committee. All projects should follow the University's PRINCE based methodology and proposals should be supported by a medium to long-term business plan (5 – 10 years) which sets out:

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

2.5 Budget Management

- 2.5.1 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.
- 2.5.2 Any forecast of a significant departure (greater than £100K or 10% whichever is lower) from budgetary targets must be reported immediately to the Head of School or University Secretary by budget holders and, if necessary, corrective action agreed and taken.
- 2.5.3 Any variances over £500K need to be referred to the Senior Management Team (SMT) and over £1M reported to the Policy & Resources Committee.
- 2.5.4 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.
- 2.5.5 As delegated by Court, Policy & Resources Committee must approve additional expenditure on approved projects within a tolerance threshold of up to the lower of 10% or £1m. Approval for additional expenditure in excess of the tolerance threshold must be approved by Court.
- 2.5.6 The Director of Finance is responsible for the provision of reports on all aspect of the University's finances to the Policy & Resources Committee throughout the year.
- 2.5.7 **Treatment of Year End Balances (Other than Discretionary Funds)**
Budget holders do not have 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 only.
- 2.5.8 **Discretionary Accounts**
Discretionary accounts are part of the University's statutory financial statements but the University has chosen to make funds available to Schools subject to the following conditions.
- 2.5.9 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 by the Head of School.
- 2.5.10 Discretionary Account budgets are agreed annually. 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.
- 2.5.11 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.

2.6 Financial Statements & Records

2.6.1 The University prepares a set of consolidated financial statements on an annual basis that include the University and any subsidiary companies. The financial statements must be prepared in accordance with current Financial Reporting Standards and the relevant Statement of Recommended Practice. The financial statements must also conform to guidance published by the SFC.

2.6.2 The consolidated financial statements are subject to audit by the University's external auditors. The draft statements are reviewed by Audit Committee and Policy & Resources Committee before approval by Court.

2.6.3 Financial Records

The Director of Finance is responsible for the retention of the main financial records. These will be kept in a form acceptable to the relevant authorities. The University is required by law to retain prime documents for six years in addition to the current financial year.

2.6.4 The records to be kept are:

- purchase orders
- supplier invoices
- sales invoices
- bank statements
- copies of receipts (original receipts are required for certain funding bodies)
- BACS files
- payroll records
- the complete transactions archive for each year from the finance system

2.6.5 In addition, other financial documents should be retained for three years or as determined by the funder, for example EU funded projects may require records to be kept for 10 years.

2.7 Taxation

2.7.1 The Director of Finance is responsible for the provision of advice to Schools/Directorates. The advice will take account of all relevant legislation in relation to compliance with statutory requirements for all aspects of taxation, including VAT, PAYE, National Insurance, corporation tax and import duty. The Director of Finance is responsible for making all tax payments and submitting tax returns as appropriate.

2.7.2 For any proposed overseas activity, such as staff secondments or overseas research grants, the Director of Finance must be notified in advance to ensure appropriate advice is taken regarding any overseas taxation implications. The taxation position must be agreed prior to signing any contract or agreeing a staff secondment.

2.8 Treasury Management

2.8.1 Treasury Management Policy

The Policy & Resources Committee is responsible for approving the treasury management policy which sets out the strategy and policies for cash management, long term investments

and borrowings. The policy must ensure compliance with any funding body approval for any secured or unsecured loans that go beyond the general consent levels set out in the Financial Memorandum.

https://www.abdn.ac.uk/staffnet/documents/policy-zone-finance/Treasury_Management_Policy_Jan_2018.pdf

2.8.2 **Borrowing**

All executive decisions concerning borrowing, investment or financing are delegated to the Director of Finance with the appropriate approval from Policy & Resources Committee and Court. All borrowing shall be undertaken in the name of the University and conform to funding body requirements.

2.8.3 Any new long term borrowing will only be used to invest in assets which can demonstrate a positive return on investment and allow the build-up of a fund to repay this borrowing or to refinance existing borrowing.

2.8.4 The University will build up funds to repay all outstanding debt, or have the ability to repay all outstanding debt. This repayment schedule will take into consideration that new borrowing will take time to produce new income streams and therefore the profile of the build-up of cash to repay debt, may be weighted towards the later years of debt maturity.

2.8.5 The University will maintain a Gearing Test which calculates the overall borrowing as a percentage of the net assets of the organisation. A gearing ratio, looks at the overall level of indebtedness against the net assets of the organisation. The higher the ratio, the larger the risk of being unable to service this debt. The University will not borrow funds which exceed 40% of the net assets of the University. The net assets will be per the University's consolidated balance sheet and will be net of provisions for pension liabilities. This test will be prepared on a 5 year absolute basis which will include the previous financial year, current financial year and projections for a further 3 years.

2.8.6 The University will maintain a Debt Service Cover test to ensure there is sufficient operational cashflow to meet interest repayments and to build up a fund for repayment of debt. The lower the ratio, the higher the risk that with a downturn in an organisation, it may not be able to service its debt. The University will maintain a debt service cover no less than 2.5 times the cash generation from operating activities. The cost of debt will include interest payable, the capital element of any finance lease and the amount to be set aside to repay non amortising debt (Barclays and new bond). The operating cashflow will be taken from the University's consolidated cashflow statement and will include inflows or outflows from exceptional items. This test will be prepared on a 5-year rolling basis which will include the previous financial year, current financial year and projections for a further 3 years.

2.8.7 Any new long term borrowing will only be used to invest in assets which can demonstrate a positive return on investment and allow the build-up of a fund to repay this borrowing or to refinance existing borrowing

2.8.8 On an annual basis, the University will prepare a Financing Report which will include the following items:

- Compliance with the SFC's financial memorandum, external lenders covenant restrictions and the University's own internal covenant requirements
- An assessment of progress against the approved repayment strategy

- Where covenants are breached, or are projected to be breached and/or if there are any shortfall in debt repayment contributions, a recovery plan will be implemented over a maximum period of 3 years
- An assessment of risks associated with the borrowing strategy
- Any possible refinancing options which are optimal for the University

2.8.9 **Minimum Cash Holding**

The University, will seek, over an appropriate period, to attain a minimum cash balance of two month's total payroll and operating costs. Whilst this fund is being built up, and in certain circumstances, due to the timing of capital expenditure and receipts, this may be breached, on the basis that a medium term plan is in place to move back to this minimum level.

2.8.10 **Appointment of Bankers and Other Professional Advisers**

Court is responsible for the appointment of the University's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Policy & Resources Committee. The appointment will initially be for a five year period, and reviewed annually thereafter.

2.8.11 **Banking Arrangements**

The Director of Finance is responsible, on behalf of the Policy & Resources Committee, for liaising with the University's bankers in relation to the operation of bank accounts.

2.8.12 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 its subsidiary companies.

2.8.13 All automated transfers made on behalf of the University must be authorised and submitted by nominated individuals within the Finance section. The process is managed on-line by use of a digital identity card and a pin number, unique to each authorised individual. Payments up to an agreed amount, currently £50,000, can be authorised/submitted by one individual. Payments in excess of this must be authorised by two individuals before being processed.

2.8.14 All cheques drawn on behalf of the University must be signed in the form approved by the Policy & Resources Committee. Cheques over the agreed amount must be signed by two authorised persons. The use of cheques is kept to a minimum.

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

2.8.16 **Corporate Credit Cards**

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 Finance section. A credit limit for monthly spend is set depending on the purpose for which the card is to be used.

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

3. INCOME

3.1 General

3.1.1 All income received by the University must be banked in the appropriate University bank account and recorded within the University finance system, either via direct input or through an appropriate interface from another approved system. All income must be accounted for in full and should not be offset to meet miscellaneous expenditure or used as a petty cash float. Income must be accounted for in the relevant cost centre.

3.1.2 The Director of Finance is responsible for:

- ensuring that procedures and systems are in place to ensure that the University receives all income that it is entitled to including:
 - prompt issue of invoices
 - prompt collection and recording of income
 - ensuring security of and banking of all income
- co-ordination of credit control and debt collection
- implementation of agreed credit arrangements
- ensuring that all grants awarded are received and recorded appropriately
- ensuring that all claims for funding are made by the due date
- maintenance of financial records in respect of gifts and donations for the recovery of tax where appropriate

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

3.1.4 All relevant documents, including sales invoices must be in the University's standard format and have the prior approval of the Director of Finance.

3.1.5 All income received by Schools/Directorates must be recorded on a daily basis and remitted to the Finance section or through an approved direct banking arrangement. The custody and transit of all monies received must comply with the requirements of the University's insurers.

3.1.6 The University will accept payments according to the detailed financial procedures which are available at:

<https://www.abdn.ac.uk/infocenter/finance/paying.php>

3.1.7 The set-up of new customers, credit checks and payment terms must adhere to the University's credit policy

https://www.abdn.ac.uk/staffnet/documents/policy-zone-finance/University_Credit_Policy_Feb18.pdf

3.1.8 Tuition fees and rents, including student accommodation, are approved by the Policy & Resources Committee.

3.2 Student Fees

- 3.2.1 The procedures for collecting tuition and residence fees must be approved by the Director of Finance.
- 3.2.2 Any student who has academic fees outstanding will be prevented from registering at the University and from using any of the University facilities unless appropriate arrangements have been made. On completion of their studies, any student who has outstanding academic fees will not be awarded a degree, or any diploma, certificate and qualification until the outstanding debt has been cleared.
- 3.2.3 The links below provide details of current procedures regarding academic and non-academic student fees, tuition fee refunds, collection of debt procedures and implications for non-payment:

Tuition Fees etc.

<https://www.abdn.ac.uk/study/>

Student Debt Policy

https://www.abdn.ac.uk/staffnet/documents/policy-zone-finance/Student_Debt_Policy_Feb18.pdf

3.3 Research Grants & Contracts

3.3.1 Definition

Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which may be directed towards a specific aim or objective. There are many different funders of research projects including Research Councils UK, UK health authorities, the European Commission, charities and industry.

- 3.3.2 The term 'research grant' is restricted to research projects funded by UK Research Councils and charities. All other externally financed research projects are classified as 'research contracts'.

3.3.3 Applications

All applications for research projects must be forwarded by the applicant to the Research & Innovation Directorate for approval for submission to the funder. All applications will be on behalf of and in the name of the University. Full guidance on the application process for research projects and contracts is available at:

<https://www.abdn.ac.uk/staffnet/secure/grant-application-submission-2152.php>

3.3.4 Costing and Pricing

Research Financial Services (RFS), within the Research & Innovation Directorate, is responsible for providing appropriate costing and pricing advice. In order to price a research project appropriately, the full cost of the research and other financial implications needs to be identified by the applicants and discussed and appraised by Research & Innovation.

- 3.3.5 Where required by external research funders, research projects will be costed in accordance with Transparent Approach to Costing (TRAC) principles and the University policy on Full Economic Costing (fEC). In addition the application must be in line with the University's policy with regard to indirect costs and other expenses.

3.3.6 Full guidance on all research activities and policies is available at:

<https://www.abdn.ac.uk/staffnet/documents/policy-zone-research-and-knowledge-exchange/Research%20Governance%20Handbook%20short%20version%205%2020170922.pdf>

3.3.7 Grants and Contract Conditions

Funding bodies normally stipulate the terms and conditions under which funding is awarded, and these will be reviewed by Research and Innovation. Terms and conditions often include procedures regarding the submission of interim or final reports or the provision of other relevant information. It is the responsibility of the Principal Investigator and/or other Co-Applicants, to obtain a full set of terms and conditions from each funding body to enable appropriate monitoring of compliance, and to ensure that conditions of funding are met.

3.3.8 Acceptance of a Research Project

It is the responsibility of the Research & Innovation Directorate to accept awards and to negotiate and accept contracts on behalf of the University.

3.3.9 Financial Management

Each research project will have a named Principal Investigator and will be allocated a specific project code with a defined budget in accordance with the award. Research Financial Services will maintain all financial records relating to research projects, will provide regular expenditure reports to the Principal Investigator and shall initiate all claims for reimbursement from funding bodies on the due dates.

3.3.10 Management of staff and operating expenditure is the responsibility of the Head of School. The Head of School may delegate day-to-day control of a budget to a grant budget holder but any overspend or under-recovery of overheads, will be charged against school funds.

3.3.11 Research Financial Services will report on a monthly basis, as part of Monthly Management Reporting for the University Management Group, monitor income against budget and ensure that any significant variances from plans are reviewed in a timely manner. The total value of research applications and awards is monitored and reviewed by the University's Research Policy Committee.

3.4 Donations and Endowments

3.4.1 The Director of Finance is responsible for maintaining financial records and for ensuring that incoming funds are properly classified and designated as appropriate. Claims for recovery of tax must be completed where appropriate.

3.4.2 Donations and endowments with donor imposed restrictions are recognised as income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

3.4.3 Donations with no restrictions are recognised as income when the University is entitled to the funds. Investment income and appreciation of endowments are recorded in income for the year for which they arise and are either restricted or unrestricted income according to the terms applied to the individual endowment fund.

3.4.4 There are five main types of donations and endowments identified within reserves:

- Restricted donations - the donor has specified that the donation must be used for a particular objective.
- Unrestricted donations – the donor does not specify the use of the donation.
- Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
- Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

3.4.5 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.

3.4.6 The Director of Finance is responsible for the monitoring the performance of Fund Managers and advising the Policy & Resources Committee on the control and investment of the endowment fund portfolio, via the Investment Committee.

3.4.7 The Policy & Resources Committee is responsible for ensuring that all the University's endowment funds are operated within any relevant legislation and the specific requirements for each endowment.

3.4.8 **Donation of Shares**

When shares are offered by a donor, the Director of Finance is responsible for the same due diligence they would normally undertake for a donation of cash. This includes, if necessary, approval by the Governance and Nominations Committee. In addition the Director of Finance will ensure:

- the donor is the rightful owner of the donated shares
- the company holding the shares complies with the University's ethical policies

3.4.9 At the time of the donation, the Director of Finance should obtain in writing the purpose of the donation.

3.5 **Other Income Generating Activities**

3.5.1 **Consultancies and other Paid Work**

Court has approved guidelines for the approval and undertaking of consultancies and other paid work, staff must comply with these guidelines which can be found at:

<https://www.abdn.ac.uk/staffnet/secure/consultancy-239.php#panel1537>

3.5.2 Unless otherwise stated in an individual's contract of employment, private consultancies or other paid work may not be accepted without the consent of the Head of School/Directorate, for Heads of School, the Senior Vice-Principal must be consulted.

- 3.5.3 Applications for permission to undertake consultancy or other work as a purely private activity must be submitted to the Head of School, 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) and the price to be charged to the client
 - an undertaking that the work will not interfere with the teaching and normal duties of the member(s) of staff concerned
- 3.5.4 Research & Innovation has the delegated authority to approve and negotiate terms for all consultancy arrangements.
- 3.5.5 **Non-credit Bearing Courses and Other Services**
A 'non-credit bearing course' is any course which does not form part of the award bearing teaching load of a School. Staff wishing to run a non-credit bearing 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.
- 3.5.6 Some non-credit bearing courses will meet the SFC's definition of Continuing Professional Development (CPD), i.e. established on a self-financing basis to develop work-related skills or knowledge. Research & Innovation advise on the co-ordination of all CPD provision and provide advice to staff wishing to run CPD courses. The CPD Business Development Officer in Research & Innovation should be informed of all potential and on-going CPD provision.
- 3.5.7 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 & 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 & Innovation.
- 3.5.8 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 Other Services should break-even as a minimum and be reviewed on an annual basis.
- 3.5.9 Any deficits on non-credit bearing courses or other services accounts must be met from available school core budgets.
- 3.5.10 **Matched Funding**
Approval shall be dependent on the Head of School being able to demonstrate that eligible matching funds are available and that the project is financially viable within the context of the School's overall portfolio by the application of the University's costing and pricing policy.

3.6 Debt Collection

3.6.1 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:

- sales invoices are raised promptly using official University invoices
- invoices are accurate and correctly recorded and coded within the University finance system
- where appropriate, VAT is correctly charged and accounted for
- monthly statements are issued for all outstanding debt
- prompt and effective action is taken to collect overdue debts, in accordance with the University's financial procedures
- outstanding debts are monitored and reports are prepared for management

3.6.2 Credit arrangements will be approved by the Policy & Resources Committee. The Director of Finance is responsible for implementing agreed credit arrangements.

3.6.3 Requests to write-off debts in excess of £50,000 must be referred in writing to the Director of Finance for submission to the Policy & Resources Committee for consideration. Debts below this level may be written off with the permission of the Director of Finance, and authorised by the Assistant Director, Financial Accounting.

3.7 Refunds

3.7.1 The University seeks to minimise the opportunities for money laundering in accordance with the relevant money laundering regulations in force. Refunds will be made to the individual/organisation that provided payment, and will follow the method by which the money was received, for example to the original bank account or credit card from which payment was made.

4. EXPENDITURE

4.1 General

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

4.2 Delegation of Financial Authority

4.2.1 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:

- | | |
|--|---------------------|
| • 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 |

4.2.2 In addition to the above authorisation, projects must have the required budgetary approval as detailed in section 2.5.

4.2.3 The set-up of any requisitioner or authoriser, and financial limits detailed above will be managed by the Finance section.

4.2.4 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.

4.2.5 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.

4.2.6 When the Head of School/Directorate or Director of Finance is on annual or other long term leave, delegated authority must be agreed with the Director of Finance. For the Director of Finance, authorisation is delegated to a member of the Finance Management Team.

4.3 Procurement

4.3.1 The University requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability and 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.

- 4.3.2 The procurement function is the responsibility of the Director of Finance and will:
- ensure that the University's procurement policy is known and observed by all involved in procurement for the University
 - provide advice on matters of University procurement policy and practice
 - provide advice to and assist Schools/Directorates, where required on specific purchases over £50,000
 - develop appropriate standing supply arrangements on behalf of the University to assist budget holders in meeting their value for money obligations
 - vet all orders above £50,000 before they leave the University
 - draft and negotiate all large-scale contracts in excess of £50,000 undertaken by the University, in collaboration with the responsible School/Directorate
 - ensure that the University complies with national procurement legislation in accordance with European Union procurement directives

4.3.3 **Tenders & Quotations**

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

- 4.3.4 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.

4.3.5 **Procurement Regulations**

The Director of Finance is responsible for ensuring that procedures are in place so that the University complies with all procurement legislation. 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.

- 4.3.6 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.

4.4 **Purchase Orders**

- 4.4.1 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. In exceptional circumstances, urgent orders may be given orally but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.
- 4.4.2 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.

- 4.4.3 Heads of Schools/Directorates are responsible for ensuring that expenditure within their area does not exceed the approved budget allocation.
- 4.4.4 When transferring goods or services between Schools/Directorates, internal orders must be used apart from specific items where alternative procedures have been developed, for example photocopying charges.

4.5 Contracts

- 4.5.1 Building and commercial property contracts are the responsibility of the Policy & Resources Committee and are administered by the Director of Estates and Facilities.
- 4.5.2 Consultants may be appointed if the project, as determined by the Policy & Resources Committee, is too large or too specialised. Appointments shall be subject to tendering and other procedures where appropriate.
- 4.5.3 Major project proposals will require business plans or costings as appropriate for consideration by the Policy & Resources Committee.
- 4.5.4 Major building contract payments shall be made only on receipt of an authorised certificate approved by the Director of Estates and Facilities (or other duly authorised officer).
- 4.5.5 Conditions of contract for the purchase of goods and services will be as described in the University's detailed procurement policy.
- 4.5.6 Schools/Directorates or members of staff who wish to enter into contracts with third parties on behalf of the University must comply with the University policy and practice, further details are available from:

<http://www.abdn.ac.uk/procurement/>

4.6 Corporate Credit Cards

- 4.6.1 The operation and control of the University's credit cards is the responsibility of the Director of Finance. There will be appropriate oversight of the distribution of such cards and the associated card limits.
- 4.6.2 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.
- 4.6.3 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.
- 4.6.4 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.

- 4.6.5 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.
- 4.6.6 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

4.7 Receipt of Goods

- 4.7.1 Goods must be received at designated receipt and distribution points and should be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.
- 4.7.2 Goods received must be entered onto the finance system on the day of receipt. If the goods are deemed to be unsatisfactory the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery the record should be marked accordingly and the supplier immediately notified.
- 4.7.3 All persons receiving goods on behalf of the University must be independent of those who negotiated prices and terms and approved the purchase order.

4.8 Payment of Invoices

- 4.8.1 The procedures for making all payments will be in a form specified by the Director of Finance.
- 4.8.2 Suppliers are instructed by the purchase order to submit invoices for goods or services to Accounts Payable, quoting the University purchase order number. Invoices received without a purchase order number will be returned to the supplier.
- 4.8.3 Invoice payments will only be made by Accounts Payable against orders which have been authorised for payment by the appropriate budget holder and where orders have been goods received and match the invoice in the finance system. An invoice will be paid if:
- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
 - it is matched to the order within acceptable tolerance levels
 - 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

4.9 Petty Cash

4.9.1 Where a single item costs less than £40 it can be paid from School petty cash under the detailed Petty Cash policy. Such expenditure must be supported by receipts or vouchers where available.

4.9.2 The policy is available at:

https://www.abdn.ac.uk/staffnet/documents/finance-policies-and-procedures/PettyCash_2017.pdf

4.10 Staff Expenses

4.10.1 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

4.10.2 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.

4.10.3 Claims for members of Court will be authorised by the University Secretary. Claims for meeting attendance will be based on out-of-pocket expenses but only reasonable expenses can be reimbursed.

4.10.4 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.

4.10.5 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.

4.10.6 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

4.11 Other Payments

4.11.1 Student Maintenance

Payments for maintenance and other payments to students shall be made on the authority of the Director of Finance, supported by detailed claims approved by the Head of School/Directorate.

4.11.2 Individual payments under 'outward collaborative provision' contracts shall be authorised by the Director of Finance. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved e.g. collaborative EU research project.

4.11.3 Project Advances

The Director of Finance and the relevant Head of School may jointly approve cash advances in accordance with the University's detailed Advances Policy.

The policy is available at:

https://www.abdn.ac.uk/staffnet/documents/finance-policies-and-procedures/Advances_Jul_2017.pdf

4.11.4 Payment to Volunteers

It is the responsibility of the Head of School/Directorate to ensure that payments made to volunteers (individuals who volunteer for clinical trials etc.) are correctly administered. The University allows two types of payment from an approved budget:

- reimbursement of actual costs when fully supported by receipts;
- a small gift or thank you payment as long as it is clearly a token of appreciation, not compensation, and there is no sense that these goods, vouchers or cash are expected in advance

4.11.5 Detailed guidance can be found in the Payments to Individuals guide

[https://www.abdn.ac.uk/staffnet/documents/finance-general/Payments to Individuals Guidance April 2016.docx](https://www.abdn.ac.uk/staffnet/documents/finance-general/Payments_to_Individuals_Guidance_April_2016.docx)

4.12 Late Payment Rules

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

- small business can charge interest on overdue invoices
- interest is chargeable on sales made after 1 November 1998
- the Act also applies to overseas organisations
- the institution can be sued for non-payment

4.12.2 In view of the penalties in this Act, the governing body requires that invoices must be passed for payment as soon as they are received.

4.13 Salaries & Pensions

4.13.1 Salaries

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.

[https://www.abdn.ac.uk/staffnet/documents/finance-general/Payments to Individuals Guidance April 2016.docx](https://www.abdn.ac.uk/staffnet/documents/finance-general/Payments%20to%20Individuals%20Guidance%20April%202016.docx)

4.13.2 All payments to University staff will normally be paid into a UK Bank or Building Society account only. Payments to employees whose normal place of work is an overseas campus etc. will be paid in the relevant country.

4.13.3 All University staff will be appointed to the salary scales approved by Court and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Director of People. The Director of People will be responsible for keeping the Director of Finance informed of all matters relating to staff for payroll purposes.

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

[https://www.abdn.ac.uk/staffnet/documents/policy-zone-employment/Temporary%20Services%20%20Aug%202015%20\(Revised%20July%202017%20due%20to%20College%20restructure\).pdf](https://www.abdn.ac.uk/staffnet/documents/policy-zone-employment/Temporary%20Services%20%20Aug%202015%20(Revised%20July%202017%20due%20to%20College%20restructure).pdf)

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

4.13.6 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.

4.13.7 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.

4.13.8 Pensions

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

4.13.9 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)

4.13.10 Severance and other Non-recurring Payments

Severance payments shall only be made in accordance with relevant legislation and funding body guidance and under a scheme approved by Court through the Policy & Resources Committee and where appropriate, the Remuneration Committee. Professional advice should be obtained where necessary.

4.13.11 All such payments shall be authorised by the Principal and calculations checked by the Director of People or the Director of Finance. Any individual amounts which do not fall within the parameters above or are in excess of £100,000 require approval by the Policy & Resources Committee.

4.13.12 In exceptional circumstances this approval may be given by the chair of the Remuneration Committee and the chair of the Policy & Resources Committee in consultation with the Principal, to be reported to the next meeting of the relevant committee.

5. ASSETS & LIABILITIES

5.1 Assets

5.1.1 Land, Buildings, Plant and Equipment

The purchase, sale or lease of land or buildings, or any other transaction within the University's Capital Plan, in excess of £250,000, should only be undertaken with authority from Court and with reference to Funding Council requirements where exchequer funded assets or exchequer funds are involved. In addition, Court has delegated authority to the Policy & Resources Committee to approve capital expenditure out with the Capital Plan for projects costing between £1m - £5m. Court approval is required for projects in excess of £5m.

5.1.2 The Director of Finance is responsible for maintaining the University's fixed asset register of land, buildings, equipment, fixtures and fittings that cost in excess of £20,000.

5.1.3 Shares

University investments for endowments and certain pension funds are overseen by the Investment Committee. The Committee monitors the external management of funds, advises on performance benchmarks and targets and reports to the Policy & Resources Committee via the Director of Finance.

5.1.4 The decision surrounding the creation, investment in and disposal of spin-out companies are overseen by the Strategic Business Ventures Group on behalf of the Policy & Resources Committee. In addition, the Group considers proposals to invest in and dispose of shares received from the disposal of spin-out companies.

5.1.5 Inventories

Heads of Schools/Directorates are responsible for maintaining inventories for all plant, equipment and furniture and stores in their Schools/Directorates with a value in line with the detailed policy. The inventory must include items donated or held in trust.

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

<https://www.abdn.ac.uk/staffnet/documents/policy-zone-finance/Inventories-Disposals-2017.pdf>

5.1.7 Stocks and Stores

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

5.1.8 Heads of Schools/Directorates of areas that require that stocks to be valued 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/directorates are issued in accordance with advice contained in the University's detailed financial procedures.

5.1.9 **Safeguarding Assets**

Heads of School/Directorate are responsible for the care, custody and security of the assets and intellectual property under their control. Assets owned by the University shall, so far as is practical, be effectively marked to identify them as University property.

5.1.10 **Asset Disposal**

Disposal of equipment must be in accordance with procedures agreed by the Policy & Resources Committee and contained in the University's detailed financial procedures.

<https://www.abdn.ac.uk/staffnet/documents/policy-zone-finance/Inventories-Disposals-2017.pdf>

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

5.2 **Intellectual Property Rights and Patents**

5.2.1 **General**

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.

5.2.2 **Intellectual Property Rights**

The Policy & Resources Committee is responsible for approving the policy governing intellectual property accruing to the University from inventions and discoveries made by staff in the course of their work.

5.2.3 In the event of the University becoming involved in the commercial exploitation of inventions and research, this must be in accordance with the University's policy on intellectual property and spin-outs. That detailed policy can be found at:

https://www.abdn.ac.uk/staffnet/research/IP_policy.php

5.2.4 Research and Innovation has the delegated authority to negotiate and accept contracts on matters relating to intellectual property, including commercialisation, material transfer, licensing, confidentiality and assignment agreements.

5.3 **Insurance**

5.3.1 The Director of Finance is responsible for arranging insurance cover. 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.

5.3.2 Heads of Schools/Directorates must ensure that any agreements negotiated within their School/Directorate, 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/Directorates must give prompt notification to the Director of Finance of any potential new risks, additional property and equipment which may require insurance and any alterations affecting existing risks.

- 5.3.3 Heads of Schools/Directorates 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/Directorate for transmission to the insurers.
- 5.3.4 The Director of Finance will keep a register of all insurances affected by the University and the property and risks covered.
- 5.3.5 The Heads of Schools/Directorates are responsible for keeping suitable records of plant and equipment which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.
- 5.3.6 All staff using their own vehicles on behalf of the University shall maintain their own, appropriate insurance cover for business use.
- 5.3.7 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 personal vehicles whilst they are parked in University grounds unless the damage is as a result of a negligent act by the University.

6. OTHER ITEMS

6.1 Student Welfare & Discretionary Funds

6.1.1 The Director of Finance will prescribe the format for recording the use of student welfare funds. Records of discretionary funds will be maintained according to funding body requirements.

6.2 Voluntary Funds

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

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

6.3 Security

6.3.1 The Director of Finance is responsible for the safekeeping of official financial documents relating to the University. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

6.3.2 Heads of Schools/Directorates 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 and Facilities in any case where physical security is thought to be defective or where it is considered that special security arrangements may be needed.

6.3.3 Keys to safes or other similar containers must be secured by the person responsible.

6.3.4 The Director of Digital and Information Services is responsible for advising on arrangements for maintaining proper security and privacy of information held on the University network and for ensuring that, where data is to be shared with other bodies, a Data Sharing Agreement (DSA) is put in place. Appropriate levels of security will be provided, such as passwords for networked PCs, together with restricted physical access to network shares. Information relating to personal data held will be subject to the provisions of all relevant legislation. A University Data Protection Officer (DPO) has been nominated to ensure compliance with the Act. The DPO maintains a register of DSAs.

6.4 Companies, Joint Ventures & Consortium Arrangements

6.4.1 In certain circumstances it may be beneficial for the University to form a Company or joint venture to undertake services or commercialisation of intellectual property on behalf of the University.

6.4.2 Court has approved a policy for the creation and governance of companies. The policy can be found at:

https://www.abdn.ac.uk/staffnet/research/IP_policy.php

- 6.4.3 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 Court to dispose of its investment or wind up a company.
- 6.4.4 It is the responsibility of the Strategic Business Ventures Group to approve the constitution and shareholding arrangements and, if required, appoint University representative directors of companies, wholly or partially owned by the University. Research & Innovation have the delegated authority to negotiate and accept the contractual relationship surrounding company spin-outs.
- 6.4.5 The formal link between a 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.
- 6.4.6 The directors of companies where the University is the majority shareholder are required to submit, via the Strategic Business Ventures Group, a report to Court. The Strategic Business Ventures Group formally reports to the Policy & Resources Committee on all companies, where the University has a shareholding, on a six monthly basis.
- 6.4.7 All shareholders and directors (where they are employed by the university) are required to submit a conflict of interest declaration form as required by the Code of Practice on Conflicts:
https://www.abdn.ac.uk/staffnet/documents/policy-zone-governance-and-compliance/conflict_of_interest_policy_amended.pdf
- 6.4.8 Where the University is involved in a joint venture arrangement, a formal Joint Venture Agreement and Operating Agreement will be put in place with Policy & Resources Committee approval. This will include the reporting requirements to the Policy & Resources Committee on an annual basis.

Glossary

The following general terms have been used in this document:

AUDIT COMMITTEE	A committee of Court that provides advice on the effectiveness of the University's procedures for audit, financial control, governance and risk management, and provides assurances in these key areas through its annual report to the Scottish Funding Council, which is approved by Court.
BUDGET HOLDER	The member of staff who has been assigned their own budget other than a Head of School or Directorate and is accountable to their Head of School or Directorate for it.
COURT	The governing body of the University. It is charged with the administration and management of its resource and property.
DIRECTOR OF FINANCE	The chief financial officer of the University.
FINANCIAL MEMORANDUM	Sets out the formal accountability relationship between the SFC and institutions, and the requirements with which institutions are expected to comply in return of payment of grant by SFC.
INVESTMENT COMMITTEE	A committee that provides advice and makes recommendations to University management on the investment of University funds.
PRINCIPAL	The chief executive of the University responsible to Court for maintaining and promoting the efficiency and good order of the University.
FINANCIAL REPORTING COUNCIL	The Financial Reporting Council (FRC) sets the UK Corporate Governance and Stewardship Codes and UK standards for accounting and actuarial work. As the Competent Authority for audit in the UK the FRC sets auditing and ethical standards and monitors and enforces audit quality.
FINANCIAL REPORTING STANDARDS (FRS)	The financial reporting standards FRS 100, 101, 102 and 103 (known as new UK GAAP) are effective from 1 January 2015. These FRSs replace existing financial reporting standards issued by the FRC for reporting periods starting on or after 1 January 2015.

FULL ECONOMIC COST (fEC)	The forecast of and accounting for the full economic cost of individual research projects on a reliable, comprehensive and consistent basis.
HEADS OF SCHOOL/DIRECTORATE	Head of School/Directorate of the University who is responsible for the budget of their whole School/Directorate.
POLICY & RESOURCES COMMITTEE	A committee of Court to integrate academic, financial, estate and human resources planning and policy making, advising Court and Senate on long-term strategic objectives; and to oversee the operational performance of the University
SCOTTISH FUNDING COUNCIL (SFC)	The Scottish Funding Council (SFC) is the national, strategic body that is responsible for funding teaching and learning provision, research and other activities in Scotland's colleges and universities
SEGREGATION OF DUTIES	The concept of having more than one person required to complete a task. In business the separation is an internal control intended to prevent fraud and error.
SENATE	The body responsible for academic matters whose role is to direct and regulate the teaching and research work of the University.
STATEMENT OF RECOMMENDED PRACTICE (SORP)	A statement of recommended practice (SORP) is set of recommendations usually as regards accounting practices and the reporting of financial information drawn up by a regulatory body.
STRATEGIC BUSINESS VENTURES GROUP	A committee with the devolved authority to make decisions surrounding the creation of spin-out committees and the monitoring of University investment in spin-out and subsidiary companies .
TRANSPARENT APPROACH TO COSTING (TRAC)	The standard method used for costing in the higher education sector in the UK.
UNIVERSITY ORDINANCES	Ordinances provide the constitutional framework that allows the University to govern its affairs. Ordinances are detailed regulations and procedures covering all aspects of University business.

UNIVERSITY SECRETARY

The chief administrative officer of the University and principal officer of Court.