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 Audit & Risk 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 SFC 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 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.

1.4 **Roles and Responsibilities**

1.4.1 **Heads of School/Professional Services Directors**

Heads of School/Professional Services Directors are responsible respectively to the Senior Vice-Principal/ Chief Operating Officer 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/Directorates.
1.4.2 Heads of School/Directorates are responsible for establishing and maintaining clear lines of responsibility and segregation of duties within their Schools/Directorates 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.

1.6 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 Scottish Government’s Model Code of Conduct for Members of Devolved Public Bodies, and forms part of the Code of Conduct for Court which governing body members must sign up to when appointed. Members of staff at all levels are also expected to observe the same principles as defined by the Model Code.

1.6.2 The Nine Principles of Public Life in Scotland are:

- **Duty**
  You have a duty to uphold the law and act in accordance with the law and the public trust placed in you. You have a duty to act in the interests of the public body of which you are a member and in accordance with the core functions and duties of that body.

- **Selflessness**
  You have a duty to take decisions solely in terms of public interest. You must not act in order to gain financial or other material benefit for yourself, family or friends.

- **Integrity**
  You must not place yourself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties.

- **Objectivity**
  You must make decisions solely on merit and in a way that is consistent with the functions of the public body when carrying out public business including making appointments, awarding contracts or recommending individuals for rewards and benefits.

- **Accountability and Stewardship**
  You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that the public body uses its resources prudently and in accordance with the law.
• **Openness**
  You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.

• **Honesty**
  You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

• **Leadership**
  You have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public’s trust and confidence in the integrity of the public body and its members in conducting public business.

• **Respect**
  You must respect fellow members of your public body and employees of the body and the role they play, treating them with courtesy at all times. Similarly, you must respect members of the public when performing duties as a member of your public body.

1.6.3 **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 & Chief Operating Officer. 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/governance/policies-proceeedures-plans-and-gudelines-399.php

1.6.4 **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.

1.6.5 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:

Search Policy Zone | StaffNet | The University of Aberdeen (abdn.ac.uk)

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 Chair of the Audit and Risk Committee.
1.6.8 **Anti-Money Laundering**

The University is committed to the highest standards of ethical conduct and integrity in their business activities in the UK and overseas. It will therefore ensure that it has in place proper, robust financial controls so that it can protect its funds and ensure continuing public trust and confidence in it. Some of those controls are intended to ensure that the University complies, in full, with its obligations not to engage or otherwise be implicated in money laundering or terrorist financing.

1.6.9 **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:

1.6.10 **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

1.6.11 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.

1.6.12 The frequency and scale of hospitality accepted should not be significantly greater than the University would be likely to provide in return.

1.6.13 Gifts of a personal nature can only be accepted to a maximum value of £100.

1.6.14 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.

1.6.15 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. All gifts received on behalf of the University must be reported to the Director of Finance.

1.6.16 **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 University Secretary. 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 Chair of the Audit and Risk 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.

1.6.17 **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.

1.6.18 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:

1.6.19 **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.

1.6.20 The University’s Slavery & Human Trafficking Statement is available from:


2. **FINANCIAL MANAGEMENT & CONTROL**

2.1 **Budget Management**

2.1.1 Court has the overall authority for University finance and it delegates responsibility for monitoring of these finances to the Policy & Resources Committee, who in turn delegates specific responsibilities to the Estates, Digital Strategy and Investment Committees. It is a requirement that Project Boards are established to manage strategically important projects and these Boards will report to the Policy & Resources sub-committees or to the University’s Senior Management Team.

2.1.2 Any forecast of a departure (greater than £100K or 10% whichever is lower) from the overall budget target (including project budgets) must be reported immediately to the Head of School or Chief Operating Officer by budget holders and, if necessary, corrective action agreed and taken.
2.1.3 Any variances over £500K need to be referred to the Senior Management Team (SMT) and over £1M reported to the Policy & Resources Committee.

2.1.4 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. Projects planned within the overall approved budget, with a total cost between £1m and £5m, must also be approved by Policy & Resources Committee. Projects over £5m in total cost or which are novel or contentious are subject to approval by Court.

2.1.5 Budget holder’s authority and responsibilities are set out within the Budgetary Autonomy and Responsibilities of Heads of School procedure.

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. This applies to all revenue, capital and project expenditure. 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

3.2.2 In addition to the above authorisation, projects must have the required budgetary approval as detailed in section 2.1.

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

3.2.4 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 revenue, capital or project budget allocations approved by Court or the Policy & Resources Committee.
3.2.5 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.

3.2.6 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.

3.3 Procurement

3.3.1 Procurement Procedures
The Director of Finance is responsible for ensuring that procedures are in place so that the University complies with all procurement legislation. The mandatory World Trade Organisation Agreement on Government Procurement (GPA), UK and/or Scottish legislation 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.

3.3.2 It is the responsibility of the Head of School/Directorate to ensure that their members of staff comply with the World Trade Organisation Agreement on Government Procurement (GPA), UK and/or Scottish legislation 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 Public Contracts Scotland (PCS) national contracts advertising portal or Find a Tender portal which replaced the Official Journal of European Union (OJEU) with the conclusion of Brexit.

3.3.3 The University requires all budget holders, irrespective of the source of funds, to obtain value for money in all transactions including supplies, equipment and services and works 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, considering framework agreements as appropriate and must always consider the University’s wider responsibilities in terms of legal, moral, social, economic and environmental impact. Factors to be considered in determining best value for money are noted in the procurement procedures.

3.3.4 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 of £50,000 and over excluding VAT
- develop appropriate standing supply arrangements on behalf of the University to assist budget holders in meeting their value for money obligations
- vet all orders of £50,000 and over excluding VAT before they leave the University
- draft and negotiate all large-scale contracts with a total value of £50,000 and over excluding VAT undertaken by the University, in collaboration with the responsible School/Directorate
• ensure that the University complies with the World Trade Organisation Agreement on Government Procurement (GPA), UK and/or Scottish Public Procurement legislation

3.3.5 **Tenders & Quotations**
Heads of School/Directorates and delegated budget holders must comply with the University’s tendering procedures contained in the University procurement policy. University employees involved in purchasing, at whatever level, should act ethically at all times. The Code of Ethics is available at:

www.abdn.ac.uk/staffnet/documents/Procurement_Code%20of%20Ethics%20120221.pdf

3.3.6 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.

3.4 **Suppliers**

3.4.1 The Director of Finance is responsible for the set-up and maintenance of all suppliers within the finance system.

3.4.2 Details of the procedure and information required to request the set-up or amendment of a supplier can be found at:

[Supplier Set Up | StaffNet | The University of Aberdeen (abdn.ac.uk)](abdn.ac.uk)

3.4.3 Requests to amend supplier bank details will only be carried out by the Procurement Team once a series of checks to ensure that the change is a genuine request have been undertaken.

3.5 **Purchase Orders**

3.5.1 The ordering of goods and services must be in accordance with the University’s detailed procurement procedures. 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.

3.5.2 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.

3.5.3 Heads of Schools/Professional Services Directors are responsible for ensuring that expenditure within their area does not exceed the approved budget allocation.

3.5.4 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.

3.6 **Building and Commercial Property Contracts**

3.6.1 Building and commercial property contracts are the responsibility of the Policy & Resources Committee and are administered by the Director of Estates and Facilities subject to the
approval limits detailed in the Budget Management section of these Financial Regulations (2.5).

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

3.6.3 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).

3.7 Other Contracts

3.7.1 Conditions of contract for the purchase of goods and services will be as described in the University’s detailed procurement policy.

3.7.2 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:

https://www.abdn.ac.uk/staffnet/working-here/purchasing-procurement-1110.php

3.8 Corporate Credit Cards

3.8.1 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.

3.8.2 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.

3.8.3 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.

3.8.4 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.

3.8.5 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.

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

Credit Card Policy
Search Policy Zone | StaffNet | The University of Aberdeen (abdn.ac.uk)

Expenses and Benefits Policy
Search Policy Zone | StaffNet | The University of Aberdeen (abdn.ac.uk)
3.9 Receipt of Goods

3.9.1 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.

3.9.2 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.

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

3.10 Payment of Invoices

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

3.10.2 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.

3.10.3 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 receipted 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

3.11 Staff Expenses

3.11.1 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
3.11.2 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.

3.11.3 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.

3.11.4 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.

3.11.5 **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.

3.11.6 The detailed expenses and benefits policy is available at:

Search Policy Zone | StaffNet | The University of Aberdeen (abdn.ac.uk)

4. **ASSETS & LIABILITIES**

4.1 **Assets**

4.1.1 **Land, Buildings, Plant and Equipment**

The purchase, sale of land or buildings, or other items of equipment should be undertaken in line with the following authority and with reference to Funding Council requirements where exchequer funded assets or exchequer funds are involved.

<table>
<thead>
<tr>
<th>Value</th>
<th>Authorisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to - £1m</td>
<td>Senior Management Team</td>
</tr>
<tr>
<td>£1m - £5m</td>
<td>Policy &amp; Resources Committee</td>
</tr>
<tr>
<td>Over £5m</td>
<td>Court</td>
</tr>
</tbody>
</table>