

## Financial Regulations - Version 23, February 2018

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## **Introduction**

### **1. Background**

1.1 The institution (The University of Northampton) is a Higher Education Corporation. It conducts itself in accordance with its Instrument and Articles of Government and is accountable through its Board of Governors, which has ultimate responsibility for the institution's management and administration.

1.2 The institution is an exempt charity by virtue of Schedule 3 of the Charities Act 2011.

1.3 The Financial Memorandum between each Funding Council and the institution sets out the terms and conditions on which grant is made. The Board of Governors is responsible for ensuring that conditions of grants are met. As part of this process, the institution must adhere to the Office for Students Accountability and Audit Code of Practice, which requires it to have sound systems of financial and management control. The Financial Regulations of the institution form part of this overall system of accountability.

### **2. Status of Financial Regulations**

2.1 This document sets out the institution's Financial Regulations. It translates into practical guidance about the institution's broad policies relating to financial control. The Board of Governors approved this document on 20<sup>th</sup> February 2019 and it applies to the institution and all its subsidiary undertakings where the directors of that company have formally adopted no other set of Financial Regulations.

2.2 These Financial Regulations are subordinate to the institution's Instrument and Articles, and to any restrictions contained within the institution's Financial Memoranda with the Funding Councils and the Office for Students Accountability and Audit Code of Practice.

2.3 Compliance with the Financial Regulations is a requirement of all employees of the institution. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the institution's disciplinary policy. It is the responsibility of Budget Managers to ensure that their staff are aware of the existence and content of the institution's Financial Regulations, and that they are directed to the copy of them placed on the University Intranet.

2.4 The Director of Finance is responsible for undertaking an annual review of the Financial Regulations and for recommending to the Board of Governors any additions or changes thought necessary.

### **3. Responsibilities for Financial Control**

3.1 The Board of Governors

The Board of Governors is ultimately responsible for the management and administration of the institution. Its financial responsibilities are to:

- ensure the solvency of the institution;
- safeguard the institution's assets;
- ensure the effective and efficient use of resources;
- ensure that the funds provided by the Funding Councils are used in accordance with the terms and conditions specified in the institution's Financial Memoranda with the Funding Councils;
- ensure that financial control systems are in place and are working effectively;
- ensure that the institution complies with the Office for Students Accountability and Audit Code of Practice;
- approve the institution's strategic plan;
- approve annual estimates of income and expenditure and to approve the annual financial statements;
- appoint the institution's internal and external auditors.

### 3.2 The Vice Chancellor

The Vice Chancellor is the institution's designated accounting officer and is responsible for the financial administration of the institution's affairs. As the designated officer, the Vice Chancellor may be required to justify any of the institution's financial matters to the Public Accounts Committee at the House of Commons.

### 3.3 The Chief Operating Officer

The Chief Operating Officer is responsible to the Vice Chancellor for:

- development and recommendation of an overall financial strategy for the institution;
- Audit, Risk Management, Business Continuity, Data Protection, Health and Safety and, Equality and Diversity.
- ensuring robust business and financial planning to implement operational effectiveness and viability to support the University's aims and objectives.

### 3.4 The Director of Finance

The Director of Finance is responsible to the Chief Operating Officer for:

- monitoring progress against the agreed financial strategy and proposing amendments when required;
- providing professional advice to University staff, management and governors on all financial issues;
- development of institutional policies and procedures on financial matters;
- development of institutional strategy and policies in respect of procurement;
- leading institutional liaison with the internal and external auditors;
- preparing annual capital and revenue budgets and financial forecasts;
- providing management information at all levels to monitor expenditure against budgets;
- managing cash flow, investments and all financial operations;
- preparing the institution's annual financial statements and other financial returns which the institution is required to submit to other agencies;

- ensuring that the institution maintains robust financial control and allocation systems.

### 3.5 Budget Managers

3.5.1 Budget Managers are Deans of Faculty, Directors of Professional Services and other authorised senior managers to whom financial resources are allocated for management as part of the annual budgetary process. They are responsible to the Vice Chancellor for financial management in their own areas. They are advised by the Director of Finance in executing their financial duties and provided with guidance via the Financial Regulations and financial procedures.

3.5.2 Budget Managers are responsible for establishing and maintaining clear lines of responsibility within their area for all financial matters, and for ensuring that Financial Regulations are observed. Where purchasing authorities are further devolved, budget holders are accountable to their Budget Manager for their delegated budget.

### 3.6 Audit Committee

The Audit Committee, having received and reviewed reports from internal and external audit, and explanations from management, is required to report each year to the Board of Governors on the adequacy of the arrangements for internal control, managing risk and the management and quality assurance of data in the institution. This is done via an annual report, which is presented alongside the annual financial statements.

### 3.7 Contractual capacity and contract authorisation

3.7.1 Within the budgets approved by the Board of Governors, the Vice Chancellor, Budget Managers and any person to whom authority has been delegated by such Budget Manager, are authorised to approve expenditure and sign contracts or Purchase Orders for the carrying out of works and the supply of goods and services subject to 3.7.3 below.

Budget Holders and any person to whom authority has been delegated by a Budget Manager should not place further orders for goods and services if such expenditure would exceed their overall available budget, without the prior permission of the Director of Finance.

The form of agreement to be used in respect of any transaction shall generally be as provided for use in the University U4BW system, or as specified by the Head of Procurement or as provided by a suitably qualified professional advisor acting on behalf of the University.

3.7.2 Any proposal for projects, asset purchases, linked procurement contracts or major schemes of development over £750k which commits or potentially commits the University's financial resources, shall be submitted to the Board of Governors for approval in advance of commitment to such expenditure as detailed in S10 below.

3.7.3 Within annual budgets of the University approved by the Board of Governors, and utilising the workflow processes on the University U4BW system, any individual contract or

Purchase Order for the carrying out of works and the supply of goods and services which commits or potentially commits the University's resources, financial or other, (i.e. expenditure or income), must be approved by the nominated employees on behalf of the University banded, as follows:

- |                        |   |
|------------------------|---|
| • £1 to £1,000         | Employees up to Grade 6   |
| • £1,000 to £10,000    | Employees Grade 6 and above   |
| • £10,000 to £50,000   | Employees Grade 8 and above   |
| • £50,000 to £100,000  | Employees Grade 11 and above  |
| • £100,000 to £500,000 | Dean, Acting Dean or Director   |
| • £500,000 to £750,000 | The Vice-Chancellor and Chief Operating Officer.  |
| • Above £750,000       | The Vice-Chancellor and Chief Operating Officer with the authorisation of the Board of Governors. |

3.7.4 Approved Employees shall be nominated to approve or sign contracts and Purchase Orders to the limits set out above by their Budget Holder and notified to Finance for set up on the University U4BW system. Where required for business purposes, increases in authority levels to no more than £100,000 for an employee, limited to their next upward band, may be approved by the Director of Finance.

## Financial Arrangements

### 4. Financial Planning

4.1 The Director of Finance is responsible for preparing annually updated four-year financial forecasts for approval by the Board of Governors and submission to the Office for Students. The financial forecasts will be consistent with the current strategic plan, annual operating statements, University Bond and loan agreements and any resource strategies approved by the Board of Governors.

### 5. Annual Budget Preparation and Budgetary Control

#### 5a General Revenue

5.1 Revenue estimates relating to all University activities shall be prepared annually by the Director of Finance in consultation with the Senior Management Team and Budget Managers. They shall be submitted, together with a commentary to the Board of Governors for consideration and approval prior to the commencement of the University financial year.

5.2 The detailed process of financial allocation shall be determined by the Director of Finance and comply with such directions, procedures and timetables as may from time to time be laid down by the Vice Chancellor and the Board of Governors.

5.3 The approval of the revenue budget shall constitute authority for Budget Managers to incur expenditure in the financial year. Budget Managers will be responsible

for ensuring that total expenditure less total income in the year (net expenditure) or total income less total expenditure (net income) is in line with the approved budget.

5.4 Should a pay or non-pay expense budget be underspent, there should be no presumption that the extra money can be used elsewhere in the faculty/department or be carried over to the following year's budget. Virement between individual expenditure budgets will be agreed as part of the monthly financial review process within Finance, Virement between pay and non-pay budgets is not allowed unless formally approved by the Director of Finance.

5.5 Without prior notification to and approval from the Vice Chancellor and the Director of Finance, Budget Managers shall not incur net expenditure that exceeds, or delivers net income below the approved net expenditure or income budget for the area.

5.6 As a general principle, Budget Managers will be allocated a net income or expenditure target and it will be for individual Budget Managers to manage pay, non-pay and income in any one year to deliver the target. Budget Managers will be required to profile these three sources over the financial year to assist budget monitoring.

5.7 Within the arrangements set out above, the Vice Chancellor will wish to exercise control over the total University establishment and increases in permanent or temporary staff establishment shall be the subject of an HRR form that shall have final authorisation by the Director of Finance or his Deputy.

5.8 The Director of Finance shall report regularly to the Board of Governors progress of income and expenditure against budget and profiles in accordance with best practice and the Board's specific requirements.

5.9 In conjunction with the Director of Finance, all Budget Managers shall review their charges for tuition and services at least annually with the object of ensuring that the charges (subject to any regulations made by the Secretary of State or Board of Governors' policies) are consistent with approved University policies.

5.10 The Board of Governors shall determine the policy for the setting of tuition fees for full and part-time courses at the University that are not set by Statute or contractual agreement. The Board of Governors shall authorise only the Vice Chancellor in consultation with the Director of Finance to remit course fees in any individual case to the extent that the Vice Chancellor thinks it proper to do so on the grounds of hardship or for other reasonable cause.

5.11 Where an area fails to deliver its net income or expenditure budget, the Vice Chancellor or Board of Governors may require such overspending to be carried forward and set against the net income or expenditure budget provision for the following year.

5.12 Budget Managers have authority to spend their general revenue funds on individual items of equipment costing in excess of £5,000 and with a life exceeding 12 months subject to procurement rules. Such purchases, however, may be regarded as capital expenditure for accounting purposes.

5.13 Budget Managers are responsible for the economic, effective and efficient use of monies under their management.

## 5b Capital

5.14 Material capital expenditure over £750,000 may only be incurred if it falls within an expenditure project approved by the Board of Governors.

5.15 Any proposed expenditure on a Major Scheme (being a project or series of projects with a total value, including fees but excluding VAT, in excess of £750,000) must first be referred to the Board of Governors for detailed consideration, and the Board may require such reports to be delivered to them, as they feel appropriate.

5.16 Any proposed expenditure on Minor Works (being a project with a total value, including fees but excluding VAT, in excess of £50,000 but less than £750,000), or on significant items of capital equipment (in excess of £50,000) must first be approved by the Vice Chancellor or Chief Operating Officer. The funds available for such expenditure will be established as part of the budget setting process for each financial year.

5.17 The Director of Finance will provide reports to each meeting of the Board of Governors monitoring the progress of expenditure against approved major works.

## 6. Accounting Policies and Records

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

6.2 The statements shall be prepared for a financial year-end of 31 July in the format prescribed by the Statement of Recommended Practice (SORP) for the sector.

6.3 The detailed accounting procedures and financial records of the University shall be determined by the Director of Finance in accordance with these Financial Regulations and best practice. No changes to these procedures and records shall be made, or new procedures or records introduced, without the Director of Finance's prior agreement.

6.4 All accounts and accounting records of the University (but not necessarily University subsidiary, joint venture or associate companies) shall be compiled by the Director of Finance (or staff under their control) except for where, on the advice of the Director of Finance, the Vice Chancellor has expressly authorised alternative arrangements.

6.5 The University's financial accounting system shall be the source of the institution's prime data for financial control and shall be accessible to all Budget Managers.

6.6 Financial records shall not be destroyed or otherwise disposed of other than in accordance with the arrangements approved by the Director of Finance.

## **7. Banking Arrangements and Payments**

- 7.1 The University's bankers shall be appointed by the Board of Governors on the recommendation of the Chief Operating Officer.
- 7.2 All arrangements with the University's bankers shall be made by the Director of Finance, who shall be authorised to operate such banking accounts and arrangements as considered necessary.
- 7.3 Payment arrangements for settlement of previously authorised expenditures from the University's bank accounts will be approved by the Director of Finance in accordance with the agreed bank mandate for that account

## **8. Borrowing**

- 8.1 All borrowings shall be effected in the name of the University or its approved subsidiary and, with the exception of short-term overdrafts, be authorised by the Board of Governors. The limits to borrowing agreed with Office for Students, as set out in the Terms and Conditions of Funding, must be fully observed and be in accordance with any University Bond or loan agreement.
- 8.2 The Director of Finance shall be the University's registrar of loan debt and shall maintain records of all borrowing of money by the University.

## **Income and Expenditure**

### **9. Income**

- 9.1 The collection of all money due to the University shall be in accordance with arrangements designed by the Director of Finance on behalf of the Board of Governors.
- 9.2 Unless income is received at the point of sale, each Budget Manager will use the U4BW system to provide Finance with details of work done, goods supplied or services rendered and of any other amounts due, thus enabling the prompt raising of Invoices for the recovery of income due.
- 9.3 Any use of receipt books or cash registers not within the Finance department will be authorised by the Director of Finance who shall satisfy himself as to the arrangements for their control. Acknowledgements for money received on behalf of the University shall not be given other than by official receipt.
- 9.4 All money and credits received by the University shall be paid into the University's banking accounts. Any cash received will be delivered to Finance or an authorised money collection service at least weekly, by the receiving person. Cash held will not exceed insured amounts at any time.

9.5 No deductions may be made from any cash or credit collected on behalf of the institution prior to its being paid over or banked.

9.6 No personal payments will be made out of money held on behalf of the University.

9.7 The Director of Finance shall be responsible for pursuing the late payment of monies due to the University, utilising professional and legal services as appropriate. In the event of failure to collect a sum due to the University, debts shall be written off as follows:

Deputy Director of Finance	up to £5,000
Director of Finance	£5,000 to £25,000
Vice Chancellor	£25,001 to £50,000
Board of Governors	over £50,000

A report on uncollected debts shall be presented regularly to the Board of Governors by the Director of Finance.

9.8 The Board of Governors shall authorise the Vice Chancellor to write off any debt up to £50,000 as outlined above in circumstances where proceedings are inappropriate or unlikely to be successful, subject to an annual report on debt recovery and the register of debts so written off being available to the Board for inspection. The waiving of amounts due to the University in particular circumstances shall be at the written discretion of the Vice Chancellor up to £50,000 with a recommendation to the Board of Governors over this sum.

9.9 Refunds and the issue of credit notes will be in accordance with procedures laid down by the Director of Finance on behalf of the Board of Governors.

## 10. Major Building, Engineering and Refurbishment Works and Minor Works programmes

10.1 A major scheme shall be defined as one with a total value, including fees but excluding VAT payable, in excess of £750,000. A minor works scheme shall be defined as one with a total value, including fees but excluding VAT payable, from £50,000 to £750,000.

Notwithstanding that a scheme falls within the University development strategy approved by the Board of Governors, schemes will be subject to the following rules:

- A Schemes of value over £50,000 and up to £750,000 (minor) must be approved by the Vice Chancellor and/or Chief Operating Officer using the delegated financial authority's mechanisms in consultation with the University Executive Team.

- B Schemes of value above £750,000 (major) must be approved by the Board of Governors, in advance of any binding agreement to proceed.
- C Schemes which run over more than one financial year and where the total value exceeds £750,000 will require Board of Governors approval.

10.2 Competition for all such schemes over £50,000 (as per S11.5) shall be by formal competitive tender, unless the Director of Finance waives this requirement in a particular case. The advice and the waiver shall be formally recorded and reported to the Board of Governors.

10.3 Providing that a major scheme has been approved by the Board of Governors in accordance with its agreed procedure, the Vice Chancellor shall be authorised to accept the best value for money tenders for the scheme and sign the resultant contracts on behalf of the institution, except where the seal of the institution needs to be placed on the contracts. In this case, the Chair or Deputy Chair of the Board of Governors shall also sign the contracts - see also the University's Byelaws.

10.4 If the total of the planned expenditure or actual expenditure for a major scheme exceeds the estimate given to the Board of Governors by more than 10%, the Chair, Deputy Chair of the Board of Governors, or another Independent Governor shall be required to approve any tender acceptances in respect of the scheme.

10.5 Where applicable, the requirements of the European public procurement directives and the corresponding UK legislation shall be observed in the advertising and tendering of projects and scheme.

10.6 The Director of Finance shall establish a separate accounting code for each scheme and shall report expenditure to date against budget and anticipated cost outturn to each meeting of the Board of Governors as part of their financial monitoring statement.

10.7 Variations to any agreed contract shall be in writing and shall be authorised by the Director of Finance (as Project Manager) or the University's professional advisers. If the total net cumulative effect of such variations is expected to lead to total actual expenditure exceeding the scheme budget by 10% or £100,000, whichever is the lower, a report shall be made to the Board of Governors.

10.8 All payments against the scheme shall be by certified invoice or a certificate provided by the University's external professional advisers.

10.9 The Director of Finance shall, when considering it necessary, examine any documents, records and accounts relating to the scheme and shall be entitled to receive such information and explanations as may be required.

10.10 Claims from contractors for additional payments shall be handled by the University's professional staff or advisers, the University's solicitors and the Clerk to the Board of Governors as appropriate. Where these represent 10% of the original budget or £100,000, whichever is the lower, a report will be made to the Board of Governors.

10.11 Where a contract, which provides for liquidated damages, is not completed within the contract period or an extension thereof, the Clerk to the Board of Governors and the Director of Finance shall be informed so that appropriate action may be taken. Any waiver of damages shall only be on the advice of the University's professional staff or advisers or its solicitors and shall be reported to the Board of Governors.

## **11. Orders for Goods, Services and Minor Works**

11.1 No purchase order shall be issued for goods, services or minor works unless financial provision for the expenditure can be met within an approved budget. Minor works are defined as one-off works of a building, engineering or refurbishment nature with a value of £750,000 or less being managed by the Director of Finance or the University's professional advisers.

11.2 Purchases made on the University U4BW system shall require Purchase orders for all goods, services or minor works to be supplied to the University. Purchase orders are not required for supplies of utility services, for periodical payments such as rent or rates, for imprest purchases, purchasing card transactions or such other exceptions as the Director of Finance may approve.

11.3 The University U4BW procurement system or procurement cards will be used for all orders of goods and services. Purchase orders will be raised on the procurement system only by authorised staff and after appropriate training. Budget Managers shall bear full responsibility for all purchase orders requested and shall nominate suitable staff to receipt goods and approve invoices in accordance with the delegated authorities set out in S3.

11.4 For purchases of goods and services estimated to exceed £3,000 in value but less than £50,000, at least three written, competitive quotations against the same specification must be obtained, unless this requirement is waived by the Director of Finance or Deputy Director of Finance on the advice of the Head of Procurement. The agreed best value quotation will be accepted at all times.

11.5 For purchases of goods and services estimated to exceed £50,000 in value (excluding minor works at 11.6 below), or where the Head of Procurement considers that better value for money will be achieved through competition rather than the approved supplier, at least three competitive tenders will be required, unless the Director of Finance or Deputy Director of Finance waives this requirement. The tendering process will be undertaken by the Head of Procurement who shall prepare detailed guidance on the procedure to be followed that will form part of the financial procedures.

11.6 For orders for minor works, the written, competitive quotation threshold will be £10,000 and the tender threshold £50,000 unless this requirement is waived by the Director of Finance or Deputy Director of Finance on the advice of the Head of Procurement

11.7 Acceptance of tenders after approval by the Head of Procurement and the signing of the subsequent order/contract shall be as in 3.7 above, except where the seal of the

University needs to be placed on the contract, in which case see also the University's Byelaws. Any recommendation to accept a tender other than the best value for money shall be accompanied by a report from the Budget Manager and the Head of Procurement and be subject to approval by the Director of Finance.

11.8 All tender documents and purchases shall seek the best value for money payment terms available for the University. Deviation from the University standard payment terms shall only be with the approval of the Director of Finance.

11.9 Where applicable, the requirements of the European public procurement directives and the corresponding UK legislation shall be observed in the advertising of tenders.

11.10 All figures within this section are exclusive of VAT and represent the University's total outlay over the period of the agreement.

## **12. External Consultants**

12.1 The use of external consultants may be authorised by a Dean or Director from their budgets up to a value of £50,000. Above this level, and for all expenditure from budgets not allocated to Budget Managers, authority will be given by a member of the University Executive Team.

12.2 The selection of consultants shall follow the requirements of 11.4 and 11.5.

## **13. Payment of Accounts**

13.1 The normal method of payment of money due from the University and its subsidiary companies shall be by BACS/CHAPS, faster payment, cheque, standing order, direct debit or other electronic transfer, under procedures maintained by the Director of Finance.

13.2 All goods shall be ordered from suppliers to be received at the University Resource Centre where they will be checked for compliance with the relevant purchase order and receipted on U4BW. Goods should not be ordered to be delivered to individuals or to a Faculty or Department.

13.3 Authority to purchase goods and services will arise at the point of final approval on the Procurement system or payment by Procurement card. The Director of Finance shall be entitled to make such enquiries and to receive such information and explanations as may be required before or after payment has been made.

13.4 Any amendment required to an invoice or supplier account shall be made by requesting a revised invoice from the supplier or a credit note to be raised.

## **14. Card Payments and Special Payments**

14.1 The use of University procurement cards shall be in accordance with procedures and controls determined by the Director of Finance.

14.2 Budget Managers shall be responsible for the nomination of staff within their area who shall be allowed to hold such cards and for ensuring that their staff comply fully with the procedures and controls.

14.3 The Head of Procurement or Director of Finance may, at any time, cancel or suspend a card which he believes has been used improperly, or the details of which have been disclosed to other parties by the nominated cardholder, or where the cardholder fails to submit proper receipts as required for their expenditure on the card within the required period.

14.4 The Director of Finance shall have authority to authorise special payments without the prior approval of the Board of Governors where it would be required whether or not provision has been made in the approved estimates up to the value of £500,000, in the following cases:

- payments specifically required by Statute;
- payments under a Court Order;
- payments under legally binding agreements entered into by and on behalf of the University;
- payments made on the advice of the Clerk to the Board of Governors, or the university approved solicitors, in the settlement of any action or claim against the University.

## **15. Payment of Expenses and Travelling and Subsistence Payments**

15.1 The mileage rates and other allowances to be paid to staff whilst travelling on official business shall be determined from time to time by the University Executive management in accordance with HMRC guidelines on non-taxable expense reimbursement and included in the University Travel and Expenses Policy.

15.2 Claims for payment of expenses incurred on University business will be made on the U4BW expenses system workflow and be approved on U4BW, after review against the University expense policy, by the member of staff's approving manager. Detailed guidance on the making of claims, and what is allowable, is contained within the Travel and Expenses policies.

15.3 The Director of Finance will arrange for the payment of authorised claims after applying such checks as felt necessary and seeking clarification from a Budget or other Manager as appropriate. Finance staff will reject any expense claims that do not comply with the expense policy or have sufficient proof of expenditure.

15.4 Expense claims made by Governors shall be authorised by the Chair, whose own claims shall be authorised by the Director of Finance. The claims of Non-Governors co-

opted to the Board's Committees shall be authorised by the Clerk of the Board of Governors. The chair may delegate authorisation to the Clerk to the Board of Governors for claims in line with the University Travel and Expenses policies.

## **16. Travel on behalf of the University outside the UK**

16.1 All travel outside the UK by University staff shall be authorised by their member of the Senior Management or University Management Team as per the Travel policy.

16.2 Travel outside the UK by members of the Senior Management Team and University Executive Team shall be approved in advance by either the Vice Chancellor or Chief Operating Officer, whose own travel shall be authorised by the Vice Chancellor and Chair of the Board of Governors respectively.

16.3 There will no University contribution to the costs of a member of staff being accompanied by their spouse or any other person. Any additional costs incurred by the University arising from someone accompanying a member of staff on University business will be reimbursed to the University by that staff member. Please refer to the Travel and Expenses Policies for further details.

## **17. Salaries, Wages and Pensions**

17.1 The payment of all salaries, wages, pensions, ex-gratia payments, compensation and other emoluments to all employees or former employees of the University shall be made under arrangements approved by the Director of Finance.

17.2 The Director of Human Resources shall maintain records of staffing, salary scales and terms and conditions of employment determined by the Board of Governors and shall ensure that these are followed.

17.3 Appointments of all employees shall be made in accordance with the policies and procedures of the University and approved posts, grades and rates of pay.

17.4 The Director of Human Resources shall issue all letters of engagement, contracts of employment and amendments thereto and shall provide information to the Director of Finance as required.

17.5 Temporary staff may be engaged by Budget Managers only if their costs can be met from approved budgets and the University's procedures for the appointment of temporary staff are followed. Use shall be made of the University in-house recruitment franchise (Unitemps) wherever possible.

17.6 All temporary and permanent re-grading of existing staff shall be conducted in accordance with the University's policies and procedures.

17.7 Each Budget Manager shall notify Human Resources as soon as possible, and in the form prescribed, of all matters affecting the payment of emoluments, and in particular:

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

17.8 All time records or other pay documents shall be in a form approved by the Director of Human Resources and shall be certified by or on behalf of the Budget Manager. The names of persons authorised to sign such records shall be sent to the Director of Human Resources by each Budget Manager, together with specimen signatures, and shall be amended on the occasion of any change.

17.9 It shall be a condition of employment that salaries are paid directly to a bank or building society account.

## **Audit and Fraud Prevention**

### **18. External Audit**

18.1 The appointment of external auditors for an agreed period shall be by the Board of Governors, advised in its decision by the Audit Committee, after an appropriate tender process. At least one member of the Audit Committee will be involved in the agreed process of appointment.

18.2 The external auditor shall have a right of access at all reasonable times to any of the books, records, accounts and vouchers of the University and shall be entitled to require from the officers of the University any such information and explanations as may be necessary for the performance of their duties.

### **19. Internal Audit**

19.1 The University's internal auditors will be appointed by the Board of Governors for an agreed period on the recommendation of the Audit Committee and the appointment will be subject to an annual performance review. The Firm so appointed shall nominate an Audit Partner to manage the contract.

19.2 A continuous internal audit, under the independent control and direction of the Audit Partner, shall be arranged to carry out an examination of all accounting, financial and other operations of the University. The strategic and annual plans for this work shall be approved annually by the Board of Governors on the recommendation of the Audit Committee. The Audit Committee shall also agree the overall internal audit methodology and the reporting arrangements.

19.3 It is the responsibility of internal audit to give an annual opinion to the Board of Governors and Vice Chancellor through the Audit Committee on the adequacy and effectiveness of the complete internal control and risk management system within the institution and the extent to which the Board of Governors can rely on it. The report should also comment on other activities for which the Board of Governors is responsible and to which the internal audit service has access.

19.4 The internal auditor shall have a right of access at all reasonable times to any of the books, records, accounts and vouchers of the University and shall be entitled to require from the officers of the University any such information and explanations that may be necessary for the performance of their duties.

19.5 Whenever any matter arises which involves, or is thought to involve, financial or accounting irregularities or any suspected irregularity in the exercise of the functions of the University, a staff member will notify either their line manager, HR Representative or the Director of Finance who shall forthwith notify the Chief Operating Officer and the Vice Chancellor. The Director of Finance in consultation with the Chief Operating Officer and the Vice Chancellor shall take such steps as considered necessary by way of investigations and report.

19.6 A report on any matters arising from identified irregularities shall be made to the Board of Governors through the Chair of the Audit Committee. The Chair of the Audit Committee will further advise such matters to the Internal and/or External Auditors as deemed necessary and approve further investigations or reviews as required.

19.7 Employees raising concerns to an appropriate person or body, either internally or externally, made in good faith, and in the reasonable belief that the disclosed concern tends to show malpractice, are protected by the University's Whistleblowing Policy and Union Operating and Facilities Agreement.

## **20. Anti-fraud Policy and Anti-Bribery Policy**

20.1 The Board of Governors recognises that, as a publicly funded organisation, the University has a particular responsibility to combat fraud and bribery within its operations.

20.2 The Vice Chancellor shall be responsible for the maintenance of an anti-fraud policy and anti-bribery policy for the University that focuses on both the prevention and detection of fraud and bribery.

## **21. Declarations of Interest**

21.1 The Clerk to the Board of Governors or a nominee will maintain a register of declarations of interest for the University.

21.2 Declarations of interest will be sought on an annual basis from all members of the Board of Governors, the University Executive Team, the Senior Management Team and any University staff member involved in approving procurement over £10,000 per annum.

21.3 Any member of Board of Governors, a Board Committee member, or University of Northampton staff member, who has a personal, financial or other beneficial interest in any financial arrangement to which the University is a party, or is considering becoming a party, should disclose that fact to the Clerk of the Board of Governors or a nominee. The Clerk of the Board of Governors will maintain a register of declarations of interest. The term 'personal' includes situations where a family member of a Board of Governors member or an employee has an interest.

21.4 A summary of all declarations of interest will be sent to the Head of Procurement and the Board of Governors for review.

## **22. Hospitality and Gifts**

22.1 The acceptance of personal gifts from established suppliers of goods and services to the University is acceptable, up to a value determined from time to time by the Board of Governors, and detailed in the Policy and Procedure on Acceptance of Gifts and Hospitality. Above this level, gifts shall become the property of the University and, along with gifts made to the University, shall be recorded in the register maintained by the Clerk on behalf of the Vice Chancellor.

22.2 Reasonable hospitality may be accepted where the invitation is by an organisation or supplier to a range of its clients/customers and networking opportunities for the University arise, or offered on an individual basis in the normal course of a business relationship - see Policy and Procedure on Acceptance of Gifts and Hospitality.

22.3 A record of gifts and hospitality received should be maintained in each School and Professional Service as per the above Policy and sent at the end of each financial year to the Clerk of the Board of Governors. A summary of all non de-minimus gifts and hospitality will then be sent to the Head of Procurement for review and subsequently to the Audit Committee for review.

## **Assets**

### **23. Estates**

23.1 The Vice Chancellor shall ensure the maintenance of a register of all properties owned or occupied by the University. This will record the purpose for which held, location, area and purchase or rent payable details.

23.2 The Vice Chancellor shall ensure the maintenance of a register of any tenancies of University property granted to third parties.

23.3 The Vice Chancellor shall arrange the secure custody of all University title deeds.

23.4 Within budgets approved by the Board, the Vice Chancellor, Chief Operating Officer and Director of Finance shall be authorised to take a lease or licence of any land or premises for the purposes of the University, and to grant a lease or licence of land or premises belonging to the University for a period. In either case, this shall not exceed seven years, subject to any provision required in the lease or licence to use the University Seal.

23.5 Any lease or licence of land or premises belonging to the University for a period, in either case exceeding seven years, shall be approved by the Board of Governors, subject to any provision required in the lease or licence to use the University Seal.

## **24. University Assets**

24.1 Asset registers shall be maintained by the Director of Finance and these will record the dates of purchase and a description of equipment, plant and machinery with an individual purchase value exceeding such a sum as may be determined by the Director of Finance from time to time

24.2 Any surpluses and deficiencies identified in University assets shall be investigated and the asset registers noted accordingly. Any deficiencies must be reported to the Director of Finance for write-off. Any write-off of equipment with a replacement value exceeding £50,000 shall be reported to the Board of Governors.

24.3 The University's property (excepting personal laptop computers and devices) shall not be removed from the site unless on University business and with the authority of the Budget Manager.

24.4 Working items which are not obsolete and are surplus to requirements shall be offered to other Faculties and departments where practical. Thereafter, where cost effective, they shall be disposed of by competitive tender or public auction. Regulatory restrictions on the disposal of assets (e.g. Waste Electrical and Electronic Equipment regulations) shall be observed.

24.5 Broken or obsolete items shall be written off and disposed of using the relevant financial procedure and observing any regulatory restrictions.

## **25. Stocks and Stores**

25.1 Budget Managers shall be responsible for the custody and physical control of stocks and stores in their area and the level of stocks shall not exceed normal operational requirements.

25.2 Records of stocks and stores must be kept where required by the Director of Finance and in an approved form.

25.3 Where records are required, Budget Managers shall arrange for periodical examination of stocks by persons other than storekeepers and shall ensure that all stocks are checked at least once in every year, surpluses and deficiencies investigated and the

records noted accordingly. Deficiencies must be reported to the Director of Finance for write-off. Any write-off of stocks or stores in excess of £50,000 shall be reported to the Board of Governors.

25.4 The Director of Finance shall be entitled to receive from each Budget Manager such information as may be required in relation to stores for the accounting, costing and financial records.

25.5 Surplus stocks shall be offered to other areas. Thereafter, where cost effective, they shall be disposed of by competitive tender or public auction.

## **26. Depreciation of Assets**

26.1 The policy for the depreciation of assets will be as outlined in the Accounting Policies note of the University financial statements.

## **27. Security**

27.1 Each Budget Manager is responsible for maintaining proper security at all times over all cash and other University assets under their management.

27.2 Money shall not be left unattended and shall be kept in a safe if available, or other secure place that must be kept locked. The keys should be carried on the persons of those responsible or kept otherwise secure. The loss of safe keys must be reported to the Director of Finance immediately.

27.3 Budget Managers shall be responsible for maintaining proper security and privacy in respect of personal information held on computer and in paper form in compliance with relevant legislation (including GDPR) and University policies and procedures.

## **28. Investments**

28.1 A treasury management policy shall be prepared and regularly updated by the Director of Finance and approved by the Board of Governors. This shall include reference to the investment products and vehicles which may be utilised by the University and the maximum sum to be invested with a counterparty.

28.2 All investments of money shall be made in the name of the University. The Board of Governors shall authorise the Vice Chancellor to undertake investment of funds of the University not immediately required for the discharge of its functions subject to the regular reporting to the Board.

28.3 A report on investments made on behalf of the University shall be presented by the Director of Finance to each meeting of the Board of Governors in a format to be agreed with the Board.

28.4 The Director of Finance shall present an annual report on investment performance to the Treasury Committee of the Board of Governors.

## **Research and Consultancy**

### **29. Intellectual Property Rights and Patents**

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

29.2 The Vice Chancellor shall be responsible for establishing procedures to deal with any patents accruing to the University from inventions and discoveries made by staff in the course of their research.

29.3 In the event of the institution deciding to become involved in the commercial exploitation of inventions and research, the matter shall then proceed in accordance with the intellectual property procedures issued by the University.

### **30. Externally Funded Research and Knowledge Transfer**

30.1 All bids for externally funded research and knowledge transfer shall seek to maximise the recovery of University overheads. The full economic cost of the activity shall be established using the approved costing mechanism, and pricing will be established in accordance with this.

30.2 All bids must be authorised by the Budget Manager to whom the principal investigator reports before submission.

30.3 All contracts resulting from successful bids must be signed in accordance with the University's contract authorisation procedures in 3.7 above.

30.4 Monies secured by members of the University staff shall only be used for the contracts to which they relate and shall be handled through the University's U4BW system, thereby forming part of the University's audited financial statements approved by the Board of Governors. Funding secured by members of University staff in connection with their role in the University and relating to research or other projects shall not be held in a personal capacity.

30.5 Each grant or contract shall have a named employee principal as the budget manager and will be assigned a specific project code.

30.6 The named employee principal shall be responsible for ensuring that projects do not overspend and that monies are spent only in accordance with the terms of their grant, and in accordance with normal University procurement and expense policies. In particular, research monies are to be treated as University funds and not the personal property of the

employee principal, so procurement of capital items and research or personal expenditures on the project must comply with existing University policies.

### **31. Consultancy**

31.1 The pricing of all consultancy services offered by University staff shall seek to maximise the recovery of University overheads where competitively possible. The full economic cost of the activity shall be established using the approved costing mechanism, and pricing will be established in accordance with this. Pricing may be reduced to win competitive tenders, but not to below the direct costs of supplying the services tendered.

31.2 Consultancy work will be delivered via the University or one of the University companies under the appropriate terms and conditions.

31.3 Staff members offering commercial services or consultancy under their own name or via a separate partnership or corporate entity must have regard to the terms of their University employment contract and may not utilise the University logo or refer to their University position or connection except with the permission of the Board of Governors. Where such permission is granted, they shall supply annual accounts for inspection to the Director of Finance.

## **General**

### **32. Insurances and Ex-gratia Payments**

32.1 The University shall engage, by standard procurement processes, the services of a professional insurance broker to assist in the delivery of its insurance requirements.

32.2 The Director of Finance shall effect all insurance cover deemed necessary and economically justified following an assessment of institutional risk. The Director of Finance, or their nominee, shall negotiate and settle annual premium renewals in conjunction with the brokers and deal with all claims in consultation with the broker and other persons where necessary.

32.3 The Director of Finance shall keep a register of all insurances effected by the institution and any claims submitted thereon.

32.4 Budget Managers shall give prompt notification to the Director of Finance of all new risks, legal liabilities, properties or vehicles which need to be assessed and of any alterations affecting existing insurances.

32.5 Budget Managers shall notify the Director of Finance promptly in writing of any loss, liability or damage or any event likely to lead to a claim.

32.6 All appropriate employees of the University shall be included in a suitable fidelity guarantee insurance.

32.7 The Director of Finance shall present an annual report on insurances to the Board of Governors.

32.8 Budget Managers and the Clerk to the Board of Governors shall consult with the Director of Finance, regarding the terms of any indemnity that the University is required to give. These will then be authorised in accordance with the limits set out in S3.7.

32.9 Any ex-gratia payments other than in respect of payments to employees shall be approved by the Director of Finance.

### **33. Trust Funds etc.**

33.1 Unless otherwise specified in the initiating documentation, all trusts, donations, legacies and the like shall be administered by the nominated responsible Dean or Director,

33.2 The nominated Dean or Director is responsible for maintaining a record of the requirements of each trust, donation, etc., and for advising the Board of Governors on the control and use of fund balances. The Director of Finance is responsible for maintaining an accurate financial record of each fund and managing any longer term investment of donated funds.

### **34. Funds not administered directly by the Director of Finance**

34.1 Each Budget Manager shall make themselves and the Director of Finance aware of any such funds administered by them or employees under their control and shall arrange for the proper management and record keeping of such funds.

34.2 Budget Managers shall ensure that an appropriate person inspects such funds annually.

34.3 Such funds shall not be banked in the names of employees.

34.4 The Director of Finance shall maintain a register of such funds.

### **35. Taxation**

35.1 The Director of Finance shall be responsible for ensuring that all statutory requirements with regard to income and corporation taxes and VAT are complied with and shall issue detailed guidance to Budget Managers and other staff as required.

35.2 Budget Managers shall ensure that the guidance from the Director or Deputy Director of Finance is fully implemented within their areas of responsibility and that staff comply with statutory requirements

## **36. University Companies, Joint Venture Companies and Investments**

36.1 The Board of Governors, with due regard to the restrictions in the University bond and loan agreements, shall be responsible for approving the establishment of any new University companies, joint venture arrangements or acquisition of a controlling interest in any company, including any new sub-subsidiaries of those companies and for the procedure to be followed to do so. The Board of Governors shall also be responsible for approving investment in another company's share capital, where that investment is not a controlling interest but has a value of £500,000 or more.

36.2 The Clerk to the Board of Governors shall be responsible for the provision of company secretarial services in any company where the University has a controlling interest.

36.3 The Vice Chancellor and/or Chief Operating Officer shall be responsible for approving the investment in another company, where that investment is less than £500,000, with due regard to the restrictions in the University bond and loan agreements. All new investments shall be notified to the next meeting of the Board of Governors after set-up.

36.4 The Board of Governors shall be responsible for agreeing the appointment or approval of company directors to represent the University.

36.5 The Board of Governors shall receive an annual report of all existing University companies, joint ventures and investments.

## **37. Major Educational Contracts and Franchise Agreements**

37.1 All bids for major educational contracts not covered under funding memoranda (for example, with the NHS) must be prepared in conjunction with the Director of Finance who shall approve the financial aspects of the resultant contract before signature.

37.2 The financial aspects and due diligence of all organisations and contracts involving the delivery of University academic programmes under validation or franchise agreements must be approved by the Director of Finance prior to the signing of the contract with the third party.

## **38. Data quality and Security**

38.1 Data input into the Finance system (including purchase order, journals etc.) must be sufficiently detailed that any end user will understand what the item is.

38.2 All corporate information must be stored on the University managed network rather than on personally owned devices. This ensures that information will be backed up and is accessible as appropriate.

38.3 Each member of staff must be responsible for the security of any corporate data they create, access, copy, store or transmit via paper, electronically or via any portable electronic media. Any loss or unintended transmission of data must be notified to the staff member's Executive team member and Head of IT.

## **39. Legal proceedings**

39.1 The Board shall delegate authority to the Vice Chancellor to institute and defend legal proceedings and subject to the provisions of the Instrument, Articles and Byelaws, to do such other things as may be necessary or incidental to the exercise of such powers and duties, provided no proceedings incurring anticipated legal costs above £50,000 shall be brought without the prior approval of the Chair of the Board.

39.2 The Board shall delegate authority to the Vice Chancellor to arrange for the University to be represented at any public or local inquiry or tribunal by Counsel, Solicitor or other person, where the interests of the University so require.

39.3 An annual report on legal proceeding shall be made to the Board as necessary, with significant legal proceedings arising during the year being reported to the next available meeting of the Board.

