

OUR FINANCIAL REGULATIONS

These regulations were approved by our Board in July 2008.

The seven rules relating to the safe use of public funds

1. Don't bend or break the rules
2. Put in place and follow clear procedures
3. If approval is needed get it first
4. Don't allow a conflict of interests to appear, or appear to affect decisions
5. Don't use public money for private benefit
6. Be even handed
7. Record* the reasons for your decisions

Source: Regularity and Propriety: A Handbook (1997) HM Treasury

* An appropriate electronic record will suffice

Broad Overview of Responsibilities

Governors	<ul style="list-style-type: none"> Set Financial Strategy Set Estates Strategy Set Treasury Management Policy Approve Annual Budget Proposal Set Annual Financial Strategy Approve Annual Financial Statements Regularly review [and ensure] our solvency Set specific budgets for estates projects Approve purchase and disposal of land
Vice-Chancellor	<ul style="list-style-type: none"> Make annual budget proposal to the Board Approve changes to budget (so long as they fall within our overall strategy) All activities of each team and every member of staff
Corporate Management Team	<ul style="list-style-type: none"> Make annual budget proposal to Vice-Chancellor Agree the virement of revenue budgets
Principal Budget Holders	<ul style="list-style-type: none"> Managing their budget Managing the staff in their area Ensuring (either directly or indirectly) that sound procurement is undertaken for their area Ensuring invoices are raised where appropriate Periodically checking that the records held for the students studying their programmes are accurate about their studies
Financial Services	<ul style="list-style-type: none"> Managing our cash within the constraints set by our governors Paying duly authorised invoices Making our VAT and corporation tax returns Maintaining our student records Generating invoices where appropriate Running our procurement service
HR Services	<ul style="list-style-type: none"> Paying staff as appropriate Making our income tax, national insurance and superannuation returns

1 Status of Financial Regulations

Purpose

The purpose of financial regulations is to provide order in the conduct of our financial affairs, to ensure that we receive value for money for our expenditure, select appropriate activities, recover funds due to us and secure our assets.

Our financial regulations are intended to ensure that the University of East London is a destination of choice for any government department looking to spend or allocate public funds.

Our financial regulations are closely allied to our cherished value of being open, honest and accountable.

1.1 This document sets out our financial regulations. It translates into practical guidance our broad policies relating to financial control, drawing where necessary on appropriate legislation, our financial memorandum with the Higher Education Funding Council for England (HEFCE), guidance from HM Treasury, the select committee of Public Accounts, the National Audit Office, the Chartered Institute of Public Finance and Accountancy and resolutions of our board. The document itself refers to schedules, protocols and more detailed guidance which are maintained by Financial Services, HR Services and the Secretary and Registrar and which are available on their parts of our website.

1.2 These financial regulations are subordinate to the Education Reform Act (1988), our instrument and articles of government, our financial memorandum with HEFCE and its audit code of practice.

1.3 For the complete avoidance of doubt these financial regulations apply throughout our organisation including our subsidiary companies.

1.4 Many of our contracts of employment specify that the employee is bound by our financial regulations. All members of staff should regard themselves bound by them. It is not normally good practice to place any contractor (e.g. temporary assistance secured through an employment agency) in a position where they have to undertake any activity governed by these financial regulations. However if any contractor should find themselves undertaking such activities they too should regard themselves bound by these financial regulations.

1.5 Any member of staff who fails to comply with these financial regulations may be subject to disciplinary action. Contractors who fail to comply with these financial regulations should be regarded as in

breach of contract. Conversely a good protection for any member of staff subject to an accusation of fraud or irregularity is to demonstrate that at all relevant times they followed the guidance set out in these financial regulations.

1.6 Each member of CMT should ensure that all new employees joining them are advised of the existence of financial regulations and their obligations under them on their first day of attendance. Training and retraining for existing members of staff can be provided by agreement with financial services or personnel services.

1.7 The procedure for dealing with actual and suspected breaches of financial regulations and other irregularities is set out in section 39. The finance and general purposes committee of the board and the audit committee of the board shall receive an annual report on the operation of the financial regulations and shall advise the board of any changes that they consider necessary.

1.8 This document was approved by our board in July 2008.

2 Budgets

Principles

1. Our annual budget expresses in financial terms our plan for the coming year.
2. Only agreed departures should be made from our plan.
3. There should be regular reports on our progress against the plan.
4. Specific budgets may provide precise guidance on particular operations

2.1 There are two main types of budget. These are:

- a) Our annual budget which is approved by the board and sets out our income and expenditure, cash flow and balance sheet plans for the coming year.
- b) Budgets for specific activities including delivering the activities associated with specific grants and capital buildings budgets. These are sometimes referred to as project budgets.

Our annual budget

2.2 Each year, as part of our annual planning process, financial services shall work with our principal budget holders (as set out in schedule 1) to draft a budget. Budget preparation shall take account of:

- a) Our financial strategy
- b) Our inherited pattern of costs and activities
- c) Any specific guidance provided by the board
- d) Our annual planning process
- e) Estimates of the rate of inflation and known specific cost and income increases

2.3 Each year and normally in April the director of financial services shall propose to our corporate management team a budget they may commend to our Vice-Chancellor. Each year and normally in May our Vice-Chancellor shall consider the advice of the corporate management team and suggest a draft budget proposal to the finance and general purposes committee. Each year and normally in May our Vice-Chancellor shall consider the advice on the budget provided by the finance and general purposes committee and recommend a budget to the board.

2.4 Each year and normally in May the board shall consider the budget proposed to them by our Vice-Chancellor and determine whether or not to adopt it. [Our articles of governance are silent on the issue of what is to happen should the board not adopt the budget recommended by our Vice-Chancellor but it is to be assumed that the board would give reasons for their rejection of the proposed budget and the Vice-Chancellor would endeavour to prepare another budget which met their objections. Every effort must be made to agree a budget as soon as possible and at all events before the start of the financial year to which it refers.]

2.5 Once the annual budget has been adopted it is the Vice-Chancellor's responsibility to manage us within the guidance provided by the budget. For ease of management aspects of the budget may be delegated to the principal budget holders. Principal budget holder may have a net expenditure target – in which case they may not exceed it. Principal budget holders may have a net income target – in which case they must not fall below it (save when the failure is due to circumstances external to the University of East London which could not reasonably have been foreseen at the time the budget was agreed). The existence of individual budgets in the hands of principal budget holders in no way detracts from the overall responsibility of the Vice-Chancellor to deliver the budget.

2.6 Budgets may be flexed within the financial year. As a general rule principal budget holders may be expected to apply any additional income they receive during the year (other than tuition fees or HEFCE grant) to increase their gross expenditure by a similar amount. The budgets of heads of school will normally be increased or decreased by a proportion of any variation from the budgeted tuition fees [in recent years the proportion has been 60%]. The budgets of principal budget holders will not normally be increased or decreased in response to an increase or decrease in HEFCE grant.

2.7 The Vice-Chancellor may make changes to the budgets of individual principal budget holders where the effect of the change is not such as to either reduce the budgeted level of cash to be generated from operations or reduce the amount of cash and short term investments to be held at the year end. All such budget changes are to be reported to the corporate management team and the finance and general purposes committee of the board. The corporate management team may propose to our Vice-Chancellor changes in our annual budget. Financial Services shall maintain at all times a running record of our annual budget and the budget of each principal budget holder.

2.8 Where circumstances warrant it the Vice-Chancellor may propose to the board a change to our annual budget

2.9 At all times each principal budget holder shall manage their affairs to deliver the budget they have been set by the accounting officer. If at any time a principal budget holder has cause to believe that they will not achieve their budget they should immediately report this to the management accounting team of financial services and to the Vice-Chancellor. Principal budget holders shall not authorise expenditure that would cause them to fail to deliver their budget. Principal budget holders may delegate aspects of their budget to staff who they manage. (Indeed

good management practice suggests that certain budgets e.g. the catering services budget should indeed be delegated in this way.) Where a principal budget holder has delegated an aspect of their budget in this fashion then the person to whom they have delegated that aspect of the budget has a responsibility not to overspend. However the existence of budgets at a level below principal budget holder shall in no way detract from the responsibility of the principal budget holder to deliver their overall budget.

2.10 If at any time the director of financial services shall have cause to believe a principal budget holder will fail to deliver their budget they shall report this to the Vice-Chancellor. [As an aid to good management we shall normally operate explicit schemes to discourage a year-end burn up of budget. In recent years this has been through the operation of a savings account.]

2.11 If at any time the Vice-Chancellor has cause to believe that they will not deliver the budgeted level of cash to be generated from operations or the budgeted year end cash and short term investments holding they shall report this to the governors as soon as is reasonably practical.

Budgets for specific purposes

2.12 Capital building project budgets are an example of budgets for specific purposes. All capital buildings projects shall have a specific budget approved by the governors. As with all other aspects of our financial management overall responsibility for the delivery of capital building projects rests with our Vice-Chancellor. Each such project shall have a named person who shall be responsible to the Vice-Chancellor for the delivery of the project.

2.13 Another example of budgets for specific purposes are capital and similar projects funded by specific grants from grant awarding bodies such as HEFCE and ODPM. Each such grant shall have a named person appointed by the relevant Dean or Director of Service who shall be responsible for delivery of the project. When considering grants from the European Social Fund or the European Regional Development Fund colleagues should have regard to advice obtainable from the director of external strategic and development services. When considering student mobility grants such as Erasmus or Socrates colleagues should have regard to advice obtainable from the director of corporate marketing and the international office.

2.14 A third example of budgets for specific budgets relate to specific research grants and the like. Normally these grants have a named principal investigator or the like who is nominated by the grant awarding body and is responsible for the day to day financial management of the grant. The existence of a specific grant as a funding source for a project shall not in any way negate the provision of any requirement of financial regulations. The financial management of all such specific grants shall be overseen by the principal budget holder of the school or service to which the principal investigator or the like belongs. (Further guidance on research is given in section 7)

Reporting on budgetary performance

2.15 With the exception of the first and twelfth accounting periods of each year financial services shall prepare a report on the performance of each principal budget holder and for each specific budget. With the exception of the first and twelfth accounting periods of each year financial services shall prepare a report on our overall financial performance. (Management accounting reports are not produced for the first period of each year because the impact of prepayments and accruals is liable to render the account of limited value and to enable staff time to be focussed on the production of our annual financial statements.) Principal budget holders may interrogate our financial records at any time to check their budgetary progress.

2.16 Each management accounting report produced for a principal budget holder shall compare figures for actual income and expenditure, budgeted income and expenditure and committed expenditure. Each report shall contain a forecast of income and expenditure for the rest of the financial year. These reports shall normally be produced no later than one week after the period end. On receipt of each management accounting report the principal budget holder shall compare their expectations for the report with the figures contained within in. Any significant difference between their expectation and the report should be discussed with the management accounting team as soon as possible.

2.17 When it appears to the chief management accountant that the books of account for the financial year have been closed they shall produce a final budget statement for each principal budget holder.

2.18 Each management accounting report produced on our financial performance shall compare figures for actual income and expenditure, budgeted income and expenditure and committed expenditure. Each report shall contain figures on our actual and budgeted balance sheet position. Each report shall contain figures on our actual and budgeted cash flow position. Each report shall contain a statement on all capital buildings projects and on specific capital projects and the like funded by grant awarding bodies such as HEFCE and ODPM. Each such report shall also contain a forecast of our out-turn position for the year end. Such reports shall normally be produced no later than one week after the period end. Each such report shall be forwarded to our Vice-Chancellor for their consideration. Such reports will normally be considered by our corporate management team.

2.19 Each meeting of our finance and general purposes committee between and including the months of November and July shall normally receive a management accounting report as set out in the previous paragraph. When our books of account have been closed the finance and general purposes committee shall receive a statement comparing our actual performance for the year with the budget for the year and with the most recent forecast for the year that they have received.

3 Selection of Activities

Principles

1. We will only undertake lawful activities
2. We will subject our activities to economic costing
3. We will not divert public funds to support overseas activities
4. We will not divert HEFCE funds to support inappropriate activities
5. We will only ever plan to undertake uneconomic activities as a result of an explicit and documented decision to do so.

3.1 Our powers to act are set out in section 124 of the Higher Education Act (1988). Broadly speaking we are permitted to provide further and higher education and to undertake research and publish research findings. These are our principal powers. We are also permitted to undertake activities which are necessary or expedient to our principal powers for example provide accommodation and catering for students. It is normally considered legitimate to sell surplus capacity acquired to support our principal powers eg renting out student accommodation outside the academic year.

3.2 Other legislation may restrict the manner in which we exercise our principal powers.

3.3 Any colleague in doubt as to whether a proposed activity is lawful or not should consult our Secretary and Registrar.

3.4 Before embarking on any new activity all colleagues should consider whether the activity is lawful and economic. No colleague should embark on any activity they consider unlawful. Colleagues who wish to undertake a research activity must complete an appropriate costing exercise according to the standards set out by the management accounting team within financial services. See research section 7 below.

3.5 Colleagues who wish to undertake an uneconomic activity must complete two tasks before starting on the activity.

(a) The first task is to document their explicit decision to embark on an uneconomic activity and the reason why they have decided to undertake such an activity

(b) The second task is to demonstrate a legitimate source of funds to support the deficit to be incurred on the activity

See section 3.11 below

See section 3.11 below.

3.6 We run a portfolio of publicly funded teaching and publicly funded research activities. We may cross-subsidise between these activities.

3.7 Deans of school run a portfolio of publicly funded teaching and publicly funded research activities within their school. They may cross-subsidise within these activities.

3.8 General HEFCE funds **must not** be used to subsidise any activity other than publicly funded teaching and publicly funded research.

3.9 Public funds **must not** be used to subsidise overseas activities.

3.10 In general deficits on non-publicly funded teaching and research must be matched with a surplus on a similar activity.

3.11 A decision to run an “other” activity that it is expected to make a deficit may only be taken after discussion with and agreement by our Vice-Chancellor (or nominee). Any such agreement and the reason for it should be documented. The documentation may be stored either on paper or electronically. Where the decision is not documented in the minutes of one of our committees then the record of the decision must be retained in the official files of the relevant principal budget holder.

3.12 Before agreeing to commence a contract with a value exceeding £M with any non-publicly funded UK institution, a financial credit check must be undertaken by the management accounts team in financial services. Contracts cannot be undertaken without written approval from financial services that such a check is positive and ample time must be included in any contract negotiations for such a check to be undertaken.

3.13 Each principal budget holder should keep their entire portfolio of activities under review to identify activities which were planned to run at a surplus or break even that are now falling into deficit. Principal budget holders who are uncertain how they approach this should consult the management accounting team. Where an existing activity falls into deficit it should be either:

(a) terminated

or

(b) the decision to proceed with the activity should be documented as set out in section 3.5 above.

3.13 Through the TRAC exercise HEFCE recognise five strands of activity:

- (a) Publicly funded teaching
- (b) Non-publicly funded teaching
- (c) Publicly funded research

- (d) Non-publicly funded research
- (e) Other

Financial services shall monitor each of these five strands of activity and report on their economics to the board through the corporate management team.

4 Pricing

Principles

1. Prices should be set after reflection on the economic costing of our activities
2. Prices should be set in accordance with our Articles of Government.
3. Prices should be set in a transparent fashion so that our customers can see that similar transactions have similar prices and can understand differences in prices charged.

4.1 The price (or tuition fee) to be charged for each programme or module is to be determined by our governors who have delegated this task to our finance and general purposes committee. In determining the tuition fees to be charged the finance and general purposes committee normally considers the advice of the fees working party chaired by our Director of Finance.

4.2 No tuition fees other than the tuition fees determined by the board shall be quoted to any prospective student or sponsoring organisation. Once the board has determined our tuition fees they shall be loaded into our student records system by financial services.

4.3 The price for all other goods and services we provide shall be determined in one of two ways:

Either: The price shall be determined by the budget holder of the school or service organising the activity and incurring the direct costs

Or: The price shall be determined by a market competition for example an auction for a particular good.

4.4 Where budget holders determine price they shall refer to:

(a) The economic cost of delivering the good or service

and

(b) The market for the good or service

4.5 Where there is not a clear market for the good or service price may be determined by the economic cost plus method of costing. The plus shall allow for the risks in providing the goods or services and the possibility that the purchaser may default on their obligations.

4.6 Where there is a stream of the sale of similar goods and services then the budget holder should normally publish a price list of these goods and services. Where there are significant departures from a price list then the reason for the departure should be recorded.

4.7 Guidance to prospective purchasers of the VAT liability to be incurred on particular goods and services should only be given in the context provided by section 35.

5 Recognising Income

Principle

1. Income should be recognised as soon as possible.
2. Regard should be had to the cost of collecting income.

5.1 Income may be recognised by any of the following means:

- a) A grant giver (e.g. HEFCE) may pay grant into our collections bank account
- b) For tuition fees we may invoice the income through our student records system
- c) For student rents we may invoice the income through our student records system
- d) We may raise a specific invoice for the particular goods or services that we have supplied
- e) We may capture the income as we bank funds received

5.2 Any member of staff who is informed of grant to be paid directly to us shall notify the management accounting team within financial services. This team shall maintain a register of expected grants, code grants received against an appropriate nominal account and identify any discrepancies between grants received and grants expected.

5.3 The credit control team within financial services shall invoice students for tuition fees through our student records system. The debtors ledger in respect of these debts shall be maintained by financial services.

5.4 The residential services team shall invoice students for student rent through our student records system. The debtors ledger in respect of these debts shall be maintained by financial services (although the debt collection activities will be undertaken during the period of residence by residential services).

5.5 The responsibility for requesting invoices for other goods and services shall

lie with the school or service which is arranging the delivery of the goods or services. The invoice should be initiated at one of the following points:

- (a) When the order for the goods or services is accepted.
- (b) When the goods or services have been delivered.
- (c) At the time specified in the contract specifying the delivery of the goods or services

In agreeing the contractual arrangements for the delivery of goods or services budget holders shall have regard to the credit risk in parting with goods or services before payment is received and embarking on a large or lengthy project without due allowance for part-payment against milestones or part-payment at monthly/quarterly time intervals. Invoices should be initiated by completing the relevant form which is available on request from the credit control team in financial services. The form should be sent promptly and the financial control team should raise the associated invoice promptly.

5.6 It will not normally be economical to recover income due for invoices worth less than £A (see schedule 2). Budget holders should take this into account when devising income recovery systems for their activities.

5.7 Sometimes after income has been recognised it is discovered that the recognition is incorrect. For example it may be believed that a piece of consultancy has been delivered as planned but information provided by the customer leads the budget holder to conclude that the contract has not been fulfilled or an order has been accepted for a particular item only for that item to be damaged or otherwise unavailable. When this happens a credit note should be raised normally by the same team as raised the original invoice/invoice request. However the authority level necessary to raise a credit note is likely to involve a more highly paid member of staff within the team raising a credit note than the member of staff who raised the original invoice/invoice request.

6 Receiving Funds

Principles

1. Funds should be transferred securely to our collections bank account.
2. Funds should be transferred quickly into our collections bank account.
3. Funds should be collected so that it is readily possible to identify the payee and the reason for the payment.
4. The other three principles having been satisfied the cost of receiving funds should be minimised.

6.1 There is a hierarchy of preference for the receiving of funds set out in table 1 below.

Table 1: hierarchy of preference for the receipt of funds.

A	The receipt of funds directly into our collections bank account
B1	The receipt of funds from credit or debit cards via financial services' credit card hotline
B2	The receipt of funds from credit or debit cards via a UEL credit card machine
B3	The receipt of funds from credit or debit cards via the web
C1	The receipt of bankers drafts or other negotiable instruments by a UEL cashier
C2	The receipt of bankers drafts or other negotiable instruments by post
C3	The receipt of bankers drafts or other negotiable instruments by a UEL member of staff other than a trained cashier – see 6.9 below
D	The receipt of cash by a UEL cashier

6.2 Funds may be paid into UEL's collection bank account. The collection bank account details are set out on the Cashiers' page within the Financial Services web pages. When funds are paid in the transaction should identify the entity paying the funds in and the reason for which the payment is made.

6.3 Any member of staff or contractor wishing to receive funds in any form other than a direct payment into our collections bank account should seek the advice of the financial control team within financial services.

6.4 Financial services shall operate a credit card hotline telephone service for the receipt of funds from credit and debit cards. The hotline will be operated in accordance with the guidance set out by the financial control team.

6.5 The Financial Accountant may authorise a named post-holder to have custody of and operate a UEL credit card machine. All such machines shall be operated in accordance with the guidance provided by the financial control team. The financial control team will keep an inventory of all such machines and who they have been issued to.

6.6 Financial services shall operate a web payment system with a recognised secure web payment service. The web payment system shall be operated in accordance with the guidance set out by the financial control team.

6.7 UEL cashiers and other colleagues who have received appropriate training from the financial control team may receive cheques and negotiable instruments at an approved collection point in accordance with guidance provided by the relevant team.

6.8 Any member of staff or contractor giving advice on the address to which cheques and other negotiable instruments should be posted shall quote:

Financial Services – Cashiers
University of East London
Docklands Campus
London
E16 2RD

Members of staff and contractors giving such advice shall clearly state that all such cheques and other negotiable instruments should be drawn on a UK bank or a London branch of an overseas bank, be denominated in sterling and accompanied by an explanation of who is making the payment and why the payment is being made.

(Exceptionally other arrangements may be agreed with the financial control team.)

6.9 When cheques and other negotiable instruments are received (other than by someone trained to undertake cashiering duties and at an appropriate collection point) the person receiving the cheque etc shall immediately forward all relevant documents received to financial services

6.10 Cash may only be received in places approved by the financial control team, by post holders approved by the financial control team and in accordance with procedures set out by the financial control team. In all other cases members of staff offered cash in connection with their duties should decline the offer and refer the offerer to an appropriate payment method. The procedures for the receipt of cash will include the procedures for the issue of uniquely numbered receipts in a form approved by the financial control team. A receipt must always be generated when cash is received and the receipt must record the payment as one of cash. Cash may be received in a cash till. Cash tills may only be purchased with the authority of the financial control team. The financial control team will keep an inventory of all cash tills and their location.

6.11 Receipts are not required for payments other than payments by cash and should not normally be issued. Exceptionally receipts may be issued for other forms of payment. All receipts must be in a form approved by the financial control team and clearly indicate the form of the payment. The financial control team will keep an inventory of all official printed receipts and the person to whom they have been issued. (The secure payment service offered on our web provides an automatic e-receipt.)

6.12 Cash received shall be stored in a secure manner that has been approved by the financial control team and banked promptly in accordance with a procedure provided by the financial control team.

6.13 For the complete avoidance of doubt the following practices are specifically banned.

- (a) Opening bank accounts to receive funds due to us other than as approved by the director of finance.
- (b) Issuing of receipts other than in a manner approved by the financial control team in writing.

7 Research Grants and Contracts

Principles

1. To meet the particularly stringent requirements for accountability imposed on us by research councils and the like
2. To ensure that where we make a loss on research this is planned rather than an accident.

Within academia research is very widely defined. For financial purposes we need to work to a more precise definition than is commonly used in UEL – for example most market research is not research at all but is consultancy. Similarly most analytical testing is not research at all but rather is consultancy. For these purposes we shall use the Chartered Institute of Public Finance and Accountancy’s definition of research “an original investigation, undertaken to gain new knowledge and understanding”. Colleagues should always consult the Graduate School in advance who will provide advice on a case by case basis. Guidance on the VAT status of research contracts and consultancy contracts may only be provided by financial services. Advice should be sought as early as possible in order to reduce the risk that tax and/or penalties may become due after the project has commenced.

7.1 Grant or contract? This will depend on the nature of the legal relationship between ourselves and the third party. The research councils typically make grants for research, any intellectual property rights remain with us and we have freedom to publish the results of the research. Some charities, departments of state and most profit making organisations will commission research by means of a contract. The intellectual property rights are likely to transfer to the third party and there are likely to be restrictions on what we can publish. With most grants the grant must be made against specific expenditure incurred in delivering the research – known as a specific grant. Most research councils will now have a hybrid form of grant with direct costs provided on a specific grant basis but with attached overheads. Each sponsor will have their own rules on payments for overheads. The level of overhead that will be paid by the sponsor will be compared to the true overhead cost derived using TRAC methodology. Overheads invoiced or received should not be spent on the direct cost of the project but rather should be applied to our genuine needs. Contract research should normally be run through Knowledge Dock (UEL) Ltd and colleagues should always contact the Knowledge Dock team within ESDS as soon as possible for advice. As a general rule contracts provide an agreed price for the research and the funds received can be spent on any legitimate item but sometimes even in a contractual relationship the third party tries to insist that the funds are only to be applied on items related to the research

7.2 Principal investigator? Many research council grants will name a specific employee of ours as a principal investigator. Where this happens the grant may specify that should the principal investigator later change employer to another organisation that is capable of receiving grants then the unspent portion of the grant will transfer with the principal investigator.

7.3 Applying for a grant? All colleagues who intend to apply for a research grant must follow the Research Funding Guide available on the Graduate School pages on our website.

7.4 If the grant application is successful then the researcher is likely to find themselves subject to a dual set of requirements. Only members of the Vice-Chancellor's Group may sign to accept a grant. Regardless of the formalities of acceptance each grant awarded must be notified to the Graduate School. Each of the research councils have their own list of requirements that must be met and in addition our financial regulations must also be adhered to. Financial Services will help in constructing an appropriate regime and framing grant reports and claims. If, as is likely, the grant is awarded as a specific grant then a unique cost centre will be created for the grant and this must always be used when assigning a nominal code to expenditure. At the end of the research activity this cost centre will be closed and any gains or losses charged against the income and expenditure budget of the relevant school or service. Some principal budget holders will allocate budget to principal investigators of a share of any gains to be applied to legitimate activities within their general field of activities and within our financial regulations.

7.5 Individuals who find themselves bidding for or otherwise in contention for a research contract should make early contact with the Graduate School and Financial Services who will assist them to construct a suitable costing to TRAC standards. Thereafter the bidder should arrange with Knowledge Dock (UEL) Ltd how the contract proposal should be taken forward. As soon as the researcher has confirmation that a contract will be awarded the Graduate School and Financial Services should be informed. A unique cost centre is not required unless the contract is one of the form which requires expenditure to be made only on items specifically connected with the research. However some researchers find a unique cost centre helpful in the cost control process. Normally contracts do not impose their own conditions on how the contract value can be spent and in these cases only our financial regulations have to be followed. However even under a contract regime there may be instances where the researcher has to comply with a dual set of expenditure requirements. When the contract has been completed the cost centre must be closed down and the "profit" or "loss" on the contract transferred to the income and expenditure budget of the relevant school or service

7.6 For the complete avoidance of doubt it must be stated that even where a research grant or contract has a named "principal investigator" the relevant principal budget holder retains overall financial responsibility for the grant or contract. The "principal investigator" also has a specific responsibility not to exceed their grant.

8. Banking

8.1 Under our Vice-Chancellor the director of finance has responsibility for the operation of all matters in respect of our bank accounts.

8.2 Bank accounts shall only be opened with the authority of our Vice Chancellor or by such persons to whom the Vice-Chancellor has delegated authority in the matter.

8.3 The Director of Finance shall maintain an appropriate scheme of division of duties relating to banking transactions.

8.4 Within the stewardship team of financial services the control team will be solely responsible for the custody of cheques and the operation of the autopay system. The control team shall not have access to update the purchase ledger.

8.5 Prior to generating a creditors payments run the payments team shall review all due payments and inspect the supporting information for all payments in excess of £B. The supporting documentation for all payments in excess of £G shall be reviewed by someone on the A list of cheque signatories and the supporting documentation for all payments in excess of £H shall be reviewed by someone on the B list of cheque signatories. Evidence of review shall be provided. The control team will only operate the autopay system when they have seen the evidence of these three reviews.

9 Expenditure

Principles

1. All expenditure must provide value for money. Value for money has three recognised components:

(a) Economy – a concept associated with achieving the best price for a good or service

(b) Efficiency – a concept associated with maximising the outputs for a given level of input

(c) Effectiveness – a concept associated with how closely the expenditure is tied to the delivery of our goals

(For example in designing an academic building reducing the cost per square metre would be an economy measure, reducing the amount of space wasted on non-productive areas like staircases and corridors would be an efficiency measure and creating a stimulating learning environment would be an effectiveness measure.)

Less may be more. Frequently the highest value for money that can be achieved is to spend nothing and this option should always be considered.

2. Expenditure should only be incurred when there is an identified budget for it.

3. The process of choosing who should be the beneficiaries of our expenditure should be an open process which can demonstrate regard to the first two principles.

9.1 Expenditure can be of eight broad types and for each of these there is specific guidance.

Revenue expenditure

- a) Expenditure on staff
- b) Expenditure on non-staff items
- c) Donations to students including bursaries
- d) Expenditure on interest payable
- e) Expenditure on depreciation
- f) Expenditure on other specific non-staff items recognised by financial services

Capital expenditure

- f) Capital expenditure on building projects
- g) Capital expenditure on equipment

10 Expenditure on Staff

Principles

1. Expenditure on staff should support our business objects and be within budget.
2. Expenditure on staff should be demonstrably fair.
3. Expenditure on staff should be supported by records that enable us to discharge our responsibilities to Her Majesty's Revenue and Customs, pension providers and other public bodies.

10.1 In cases of doubt colleagues should consult with the financial control team of financial services on the status of consultants and contractors. Our staff are those who are engaged in a contract of service to us. They have a contract of employment and are paid through payroll. Some individuals may appear to be members of staff (for instance temporary hands hired an employment agency) but are in fact a specific purchase of a non-staff item. HR Services maintain a check list for determining whether or not individuals should be employed as staff.

10.2 Our governors are directly responsible for the recruitment, terms of employment and dismissal of the holders of senior posts. Our governors have responsibility for the framework under which other members of staff are employed.

Employing new staff

10.3 Anyone who considers that we should employ a new member of staff should consult our *Recruitment and Selection Policy* which is on our website. The Financial Regulations set out the main financial requirements within that policy.

- (a) Anyone considering the possibility of employing a member of staff should also consider the alternative option of reallocating workloads.
- (b) Anyone considering employing a member of staff should also consider whether the relevant payroll costs can be contained within that part of our annual budget that has been set aside for their school or service.
- (c) Anyone who wishes to proceed to employ a member of staff must complete an application to recruit form. This form must be signed by the relevant principal budget holder.
- (d) Except in the cases listed below all new appointments must be approved by the staffing group and have received confirmation from the management accounting team of financial services that the host budget can afford the employment of the member of staff.

The exceptions to the requirements listed in (d) above are:

- hourly paid lecturers working for less than 200 hours per academic year

- members of staff employed in schools working for just a semester or less
- members of staff employed outside a school working for just four months or less.

Where a member of staff has been employed and their employment has not been agreed by the staffing group then should a colleague wish to extend their employment and their overall service would then exceed the values set out as exceptions then an approval from the staffing group must be sought.

10.4 All letters and contracts of employment will be issued by personnel services. HR services will be responsible for maintaining [whether electronically or otherwise] a standing data file or files for each employee containing all the details necessary to determine the individuals rights and responsibilities in employment eg hours of work, pay scale, tax code etc. Each employee will be assigned to a principal budget holder as set out in schedule 1. Each employee will be assigned one or more nominal codes against which their costs of employment should be charged.

Global pay changes

10.5 HR services shall be responsible for processing all global changes e.g. pay awards, global changes in hours of employment etc against each individual member of staff. For all significant changes personnel services will work in conjunction with the management accounting team of financial services to produce an estimate of the cost to us of such changes.

Individual permanent changes to gross pay

10.6 An individual permanent change to gross pay shall require the authority of the individual's principal budget holder or in the case of principal budget holders their line manager and the director of HR services or nominee. Principal budget holders who wish to request a permanent change to gross pay for an individual shall complete any necessary documentation required by HR services. The documentation shall include an opinion from the management accounting team of financial services that the increase can be accommodated within the principal budget holders' budget

Temporary increases to gross pay

10.7 HR services shall arrange protocols for the authorisation of temporary increases to gross pay where these are allowed under an individual's contract of employment e.g. the payment of overtime. Such payments shall only be authorised by the relevant principal budget holder or nominee.

Net pay

10.8 The conversion of gross pay to net pay under the director of personnel services shall be the responsibility of the payroll team. Except as permitted in section 10.9 below all payments to members of staff other than for travel and subsistence shall be made through payroll. Travel and subsistence payments may be made through payroll. The payroll team shall make all necessary deductions from gross pay in respect of income tax, national insurance contributions, pension

contributions and the like and shall inform the financial control team of the gross value of these deductions in order that relevant payments may be made to the appropriate authorities. Payments to employees should be by BACS. The Director of HR Services shall maintain at all times an appropriate scheme of division of duties for running payroll.

Advances of pay

10.9 In exceptional circumstances the Vice-Chancellor, the deputy vice-chancellor or the director of HR services (or nominee) may authorise an advance of pay. They may request the director of finance to make the payment. All such advances will be recorded by the payroll team and recovered by them as soon as possible.

Annual verification check

10.10 At least once a year HR services shall produce a schedule of people who appear to them to be current employees and circulate the relevant part of the schedule to each principal budget holder. For each person on the schedule the principal budget holder shall certify whether or not they are currently gainfully employed by us and return the schedule to personnel services.

Payments to individuals

10.11 Before directly contracting with an individual as a consultant or temporary member of staff (ie not via an employment agency) the regulations on the HR services website must be followed in all cases. The web pages contain guidance and a form which must be completed and submitted to HR services in advance of agreeing to offer the individual any work. HR services will assess the tax status of the work being undertaken and will confirm whether the individual can be recruited as a consultant and paid gross (purchase order required) or employed on a short term contract and paid net.

Responsibilities of principal budget holders

10.12 Principal budget holders shall ensure that the other necessary tasks to maintain an accurate payroll such as the correct recording of sickness absence etc are operated within their area of responsibility. They shall have regard to the guidance issued by HR services from time to time.

Departure of staff

10.13 Colleagues who receive a letter of resignation shall promptly pass a copy to HR services.

10.14 Any manager of staff who becomes aware that a member of their team has stopped attending for work (other than through annual leave, sick leave etc) shall immediately draw this matter to the attention of HR services.

10.15 HR services shall operate a general scheme regarding the termination of contracts of employment. In all cases where it is proposed that a contract of employment be terminated by mutual agreement and the former employee be financially compensated for this HR services shall prepare a costing of the proposed agreement. No contract of employment may be terminated in this manner without the express approval of our Vice-Chancellor.

10.16 Termination packages for employees whose annual pay exceeds £R must receive the prior agreement of governors in accordance with guidance provided by HEFCE.

10.17 Where a member of staff leaves our employment and owes us money as a result of salary or the like paid in advance then HR services shall notify the financial control team immediately.

11 Expenditure on non- staff items

Principles

1. Achieving value for money
2. Only spending where there is a budget that covers the expenditure
3. Openness in procurement

11.1 Expenditure on non-staff items can be broken down into four main categories:

- a) Specific purchases
- b) Continuous consumption
- c) Significant travel expenditure including all overseas travel
- d) Minor expenditure on travel

Specific purchases

11.2 Specific purchases will follow one of three routes:

- a) Purchases made under a purchase order
- b) Purchases made with a purchase card
- c) Purchases made through petty cash*

*Petty cash should only be used in an emergency and where purchases cannot be made via route a or b. For the avoidance of doubt the term petty cash includes the use of personal credit/debit cards. The use of personal cards or cash should not be used in order to circumvent financial controls. If a member of staff reaches their credit limit on their UEL purchasing card or is unable to use that card for any reason, they should not use their own credit/debit card or cash as an alternative.

11.3 The form of procurement will vary with the value of the individual purchase and the frequency with which goods or services of that type are purchased – see table 2 below:

Table 2: Purchasing Concept

	Lower frequency purchases	Higher frequency purchases
Higher value purchases	One off procurement exercise leading to the issue of a purchase order	Selection of one or more relationship suppliers with individual purchases under a purchase order
Lower value purchases	“Junk” purchasing through a purchase order, a purchase card or petty cash	A purchasing exercise leading to a call-off contract and purchases under a purchase order or a purchase card

For the avoidance of doubt, individual staff members who have not been nominated as lead buyers by their Dean of School or Director of Service should not make any purchases with their own money which they subsequently wish to reclaim nor commit the university to any obligation to incur expenditure.

11.4 Each principal budget holder [as set out in schedule 1] will determine whether they wish to deploy one or more members of their school or service as a lead buyer or whether they will wish to opt-in to ‘Purchasing Solutions’ – the purchasing service run by financial services. The procurement team will endeavour to train each nominated lead buyer and assess their capacity for this task. Where the nominated lead buyer can demonstrate their capacity they will become an approved lead buyer. Approved lead buyers will be authorised to raise purchase orders in our accounting system. Only approved lead buyers and members of the procurement team are authorised to raise purchase orders. With the exception of the occasional small item purchased through petty cash items may only be purchased by purchase orders or purchase cards. There may be a financial limit placed on the size of an individual transaction that may be authorised by particular lead buyers and members of the procurement team

11.5 Following the approval of the annual budget each principal budget holder and their approved lead buyers will review the likely pattern of expenditure on specific purchases over the coming financial year. This review will have regard to the pattern of authorities set out in table 3 below:

Table 3. Approved purchase methods

Annual expenditure on type of good or service	Purchase method
Purchasing type 1. Up to £B – see schedule 2	Approved lead buyers to use their best endeavours to secure value for money
Purchasing type 1a. Between £B and £D – see schedule 2.	Approved lead buyers to use their best endeavours to secure value for money and to record and retain for inspection a contemporary record of the reasons for their decision.
Purchasing type 2. Between £D and £E – see schedule 2.	Procurement will be either from a call-off contract or a specific purchasing exercise the results of which will be recorded. Where a call-off contract exists for the goods or services this must be used except where a specific purchasing exercise demonstrates that the call-off contract does not provide value for money. Where a specific purchasing exercise demonstrates that the call-off contract does not provide value for money the approved lead
	buyer should immediately send a report on this outcome to the procurement team.
Purchasing type 3. Between £D and £E – see schedule 2	Procurement will be either from a call-off contract or a specific tender exercise – see purchasing web pages
Purchasing type 4. Above £E – see schedule 2	An open procurement process according to the standards of the European Union may be needed and specific directions from the procurement team must be sought and followed.

11.6 In making purchases approved lead buyers, the purchasing service and the holders of purchase cards shall have constant regard to the approved purchase methods set out in table 2. Where a framework agreement is in place for a particular commodity, it should be considered as the first resort for all such commodity requirements. The holders of such framework agreements should be considered as preferred suppliers. If a lead buyer believes that better value for money could be achieved by another process they should first discuss this with the procurement team. Details of preferred suppliers can be found on the procurement web pages.

11.7 In making a purchase by the purchase order route there are five steps which must take place.

- (i) Selection of supplier and raising of purchase order
- (ii) Granting of budgetary authority
- (iii) Issuing of goods/services received note declaring that the goods and services have been received and were fit for purpose
- (iv) Receipt of invoice or requisition for payment
- (iv) Authority to pay

In addition there may be a prior step of someone in the school or service raising a requisition. Requisitions may flow first to an approved lead buyer or first to someone within the school or service who has budgetary authority. Requisitions may nominate one or more suppliers who the approved lead buyer may include in their search for the best value for money. Any such nomination will in no wise over-write any part of these financial regulations.

11.8 The first step in all purchase order transactions must always be the raising of the purchase order. All purchase orders must be raised in our commitment accounting system. The director of finance shall liaise with the director of information technology services to ensure that each purchase order raised has a unique identifier. (A school or service may have nominated the same person as both a lead buyer and a person with budgetary authority. If the approved lead buyer does not have any or sufficient budgetary authority to incur the expenditure then the purchase order must be authorised by someone who does.) Normally when a purchase order has been raised it should be sent to the supplier. In all cases where it is anticipated that the supplier will invoice us they should as a minimum be notified of the purchase order number. For the avoidance of doubt, purchase orders should not be raised at the point an invoice has been received

11.9 As goods and services are received under a purchase order the relevant school or service should enter this information into our commitment accounting system. Where goods and services have only been partially received this should be noted on the goods received note. The person(s) raising the goods received note must not be the person who raised the relevant purchase order.

11.10 Normally the purchase order will specify the complete agreed price of providing the goods or service. [Occasionally it may not be possible to do this e.g. a contract to treat confidential waste which is related to the weight of the waste. In such cases the purchase order should specify how the price is to be determined and this will usually be by quoting an agreed unit price e.g. so much per tonne of confidential waste. Where the purchase order has to take this form the goods received note will normally supply the missing details e.g. n tonnes of confidential waste taken away for treatment.]

11.11 Where a purchase order, a goods received note and an invoice have been matched the financial control team may pay the invoice without further reference to the relevant school or service. Where the value of the invoice received exceeds the value of the purchase order the financial control team will request the supplier to forward a credit note for the difference prior to payment. Where an invoice has been received and no purchase order has been received the relevant team will request the supplier to forward a credit note for the entire value of the purchase order and there will be no payment. Where an invoice and a purchase order have been received but no goods received note has been provided the relevant team will ask the appropriate school or service to check to see whether or not they have received the goods or services in question and no payment will be made until the matter has been resolved.

11.12 Each principal budget holder may ask the purchasing team to supply one or more of their staff with a purchase card. (Details of the purchase card scheme are held on the purchasing web pages.) Each potential purchase card holder must receive appropriate training from the purchasing team prior to receiving a purchase card. Where the purchasing team consider that the person nominated would be an inappropriate purchase card holder they shall advise the principal budget holder. Each principal budget holder shall arrange for each purchase card holder's account to be scrutinised on a monthly basis within seven days of the end of the relevant month. Where the principal budget holder is them self a purchase card holder then their purchase card shall be scrutinised by their line manager on a monthly basis. For the complete avoidance of doubt purchases through purchase cards must conform to the requirements of table 2. Where a purchase card has been misused the purchase card holder will be held personally liable for losses which we may have incurred

11.13 Each principal budget holder may request one or more petty cash floats for their school or service from the Director of Finance. Petty cash floats are a vulnerable and archaic form of purchasing and consent to hold a petty cash float will not normally be granted. All petty cash holders must conform to the rules for petty cash holdings – see section 26. Purchases through petty cash must never exceed £U.

Single sources of supply and constrained sources of supply

11.14 For purchases above £C approved lead buyers may feel constrained by our purchasing procedures because they believe there is only one or a restricted range of suppliers for the goods and services which they wish to purchase. In the first instance they should discuss this concern with the purchasing team who may be able to identify a wider range of potential suppliers. If this discussion does not result in the identification of a wider range of suppliers then the approved lead buyer should request authority to proceed on the basis of a single or restricted range of suppliers from the procurement team. In these cases a purchase should not be made or a tender exercise initiated until the approved lead buyer has received the relevant consent in writing. In specifying items to be purchased in a competitive procurement exercise or tender care should be taken to ensure that the specification does not rely on a particular supplier's range of goods or services such that fair competition might be restricted or perceived to be restricted.

Continuous consumption

11.15 Some expenditure e.g. electricity, telephone usage charges, water, standard UK postal services are not purchased as a result of discreet purchasing decisions but are effectively the result of stream of continuous consumption decisions.

11.16 Principal budget holders who are responsible for such expenditure should arrange with the procurement team for such expenditure to be properly procured and covered by framework agreements.

Terms and conditions of contract

11.17 The relevant team shall maintain a general set of terms and conditions of contract. The relevant team shall ensure that these terms and conditions are linked to our purchase orders

Significant travel expenditure including all overseas travel

11.18 Employees who wish to incur significant travel expenditure should obtain the prior approval of their line manager or relevant budget holder as appropriate. All expenditure on overseas travel must receive the prior approval of our Vice-Chancellor or nominee(s). Expenditure on any overseas travel that the vice-chancellor wishes to undertake must receive the prior approval of the chair of our board of governors (or if they are not contactable the board's vice-chair). The form to record this approval is provided on the financial services web page.

11.19 Travel and subsistence expenditure should be reimbursed to the individual who has incurred the expenditure in accordance with our staff expenses policy.

Other travel and subsistence expenditure

11.20 Travel and subsistence expenditure should be reimbursed to the individual who has incurred the expenditure in accordance with our staff expenses policy.

12. Donations and financial support to students

Principles

1. Donations and financial support to students should only be made when there is budgetary authority to do so.
2. All donations and financial support must be made against clear criteria and not unfairly discriminate against individual students or groups of student.

12.1 Donations and financial support to students may be made from within the annual budget or from specific grants eg the access to learning fund.

12.2 Our corporate marketing and the international office service provide a number of scholarships.

12.3 The student finance team of student services operate a number of welfare funds provided specifically for that purpose by the Higher Education Funding Council for England and other grant awarding bodies.

12.4 From 1 September 2006 we shall operate the governments Minimum Student Bursary Scheme “the UEL Student Bursary” The Student Loans Company will operate this scheme and make payments to students on our behalf.

12.5 From 1 September 2006 we shall operate a system of bursaries in kind for new FT EU undergraduate students (and PGCE students) “the UEL Progress Bursary”.

12.6 From 1 September 2006 we shall operate an “automatic” system of bursaries for new PT EU undergraduate students. These bursaries will be offset against tuition fees by financial services.

12.7 Other schools and services may operate a number of lesser scholarship, bursary and donation schemes but only with the approval of the Fees Working Group. The Fees Working Group is chaired by our Director of Finance. Schools and services may make trivial donations in kind to students. Where schools and services incur significant expenditure to support donations in kind they should ensure this expenditure cannot be confused with day to day running expenditure in our books of account. For the complete avoidance of doubt on no account whatsoever should a member of staff request reimbursement for any personal payment they have made to a student.

12.8 Schools and services shall request that donations be paid to students in accordance with a protocol provided by financial services and which captures the authority to make the donation.

13 Expenditure on leases and hire purchase agreements

Any expenditure on hire purchase agreements or leases which extend over a financial year end may only be incurred with the specific written consent of the financial control team. Leases may not be broken or renewed around our financial year end to by-pass this requirement.

14 Expenditure on interest payable

This is under the day-to-day management of Financial Services and is covered within section 32 on Treasury Management

15 Expenditure on depreciation

15.1 Expenditure on depreciation is an inevitable consequence of capital expenditure and once the decision to incur capital expenditure has been made expenditure on depreciation is not subject to control in the conventional sense.

15.2 The financial control team will be responsible for calculating expenditure on depreciation and ensuring it is properly recorded in our books of account.

16 Expenditure on other specific non- staff items recognised by financial services

16.1 There are a number of other specific non-staff items of expenditure which are not triggered by a specific procurement decision per se e.g. bad debts, bursaries etc.

16.2 For each of these items a protocol will be provided by financial services

A note on Capital Expenditure

Capital expenditure consists of expenditure on items that have a life of greater than one year and which confer an economic benefit on us. For the purposes of our books of account we do not capitalise individual items with a value less than £G.

17 Capital expenditure on buildings projects

17.1 The board will maintain an estates strategy on the advice of the Capital Projects Steering Group.

17.2 The likely capital cost of achieving the estates strategy will be recorded in the annual financial projections which are shared with the Higher Education Funding Council for England. The board may also maintain a specific estates finance strategy.

17.3 The likely aggregate cost of capital building projects in the coming financial year will be included in the Annual Budget.

17.4 Before commencing construction on any capital building project the Vice-Chancellor shall seek a specific budget for the project from the governors. Any report seeking a specific budget for a capital buildings project shall:

- a) Show how the capital buildings project relates to the estates strategy
- b) Provide a breakdown of the likely costs and their incidence
- c) Provide an investment appraisal to HM Treasury standards of the project
- d) Request a specific sum as the project budget

In granting approval for a capital buildings project the governors may instruct the Vice-Chancellor to provide a post investment appraisal of the project.

17.5 Procurement related to capital buildings projects will be subject to the same regulations as for revenue expenditure set out in section 11.

17.6 A report on expenditure against budget for capital buildings projects shall be provided to meetings of the corporate management team, the Capital Projects Steering Group and to the Finance and General Purposes Committee.

17.7 Each capital building project shall have a named project manager who shall be responsible to our Vice-Chancellor for the delivery of the project. For capital building projects with a value in excess of £L the project manager shall provide a monthly cash flow projection to the financial control team on a regular basis. The financial control team will maintain financial records in relation to capital building projects and alert the project manager to potential budget overspends

18 Capital Expenditure on equipment

18.1 Capital expenditure on equipment can arise as a result of:

- a) Principal Budget Holders using their income and expenditure budgets to purchase capital items
- b) A revenue contribution to capital outlay line included within revenue expenditure in our Annual Budget
- c) Specific grants
- d) The fit-out element of a capital buildings project
- e) Accepting the gift of an item of capital equipment

18.2 Capitalised expenditure from revenue budgets is charged against the revenue budget and then brought into capital expenditure at the year end.

18.3 Significant expenditure from specific grants on capital items is monitored in the projects report that is prepared by the management accounting team within financial services.

18.4 Procurement relating to capital expenditure on equipment will be subject to the same regulations as for revenue expenditure set out in section 11.

18.5 Colleagues who believe that an existing stream of revenue payments e.g. hiring or leasing of equipment provides lower value for money than buying and maintaining an item of equipment should consult the Chief Management Accountant. A revenue to capital budget swop is normally possible.

18.6 When authorising capital equipment expenditure the authorising person or body may insist that a post investment appraisal be completed.

19 Professional Purchasing Support

Principle

1. We will always be able to demonstrate value for money on non-staff expenditure by making use of appropriate purchasing support.

19.1 Professional purchasing support from our procurement team within Financial Services can be provided directly in one of three modes.

- a) Through providing advice to an approved lead buyer
- b) Through Purchasing Solutions
- c) By direct assistance to a principal budget holder

Professional purchasing support will also be provided directly by constructing and accessing call-off contracts and framework agreements.

19.2 The procurement team will:

- a) Maintain the content of our procurement web pages
- b) Liaise with relevant purchasing consortia and national and regional purchasing initiatives and ensure that the benefits of these arrangements are suitably publicised within UEL
- c) Maintain our purchasing card scheme and provide training in its use
- d) Secure training for nominated lead buyers and assess their competence prior to the awarding of approved lead buyer status
- e) Be the principal champion of our commitment accounting system
- f) Run Purchasing Solutions
- g) Advise how to avoid being trapped in a single supplier situation and authorise requests to proceed on the basis of a single or restricted range of suppliers
- h) Advise on the whole-life costing approach to procurement
- i) Act as our internal source of expertise on European Union procurement requirements
- j) Advise on developments in procurement
- k) Maintain our major call-off and framework purchasing arrangements
- l) Seek out opportunities for securing value for money through the aggregation of the procurement requirements of individual principal budget holders
- m) Provide advice on disposal arrangements
- n) Act, where appropriate, as the lead team on particular procurement rich specific grants
- o) Maintain a general set of terms and conditions of contract linked to our purchase orders and provide advice generally on terms and conditions of contract.
- p) Run individual tendering exercises when requested.
- q) Provide guidance [which may be binding] on specific purchasing exercises
- r) Provide guidance [which may be binding] on tendering and tender appraisal.

Balance Sheet items

20 Tangible Fixed Assets

Principle

1. To demonstrate our stewardship of high value capital items and to maintain accurate books of account.

20.1 The financial control team of financial services shall maintain a fixed assets register of all fixed assets that are recorded in our financial statements. The minimum value for capitalising an asset is £G. Our Vice-Chancellor is responsible for the security of all our assets.

20.2 Each asset recorded shall be assigned to a school or service. At least once a year the dean of school or director of service shall be required to account for the fixed assets assigned to their care. Any change to the fixed asset which needs to be recorded in the fixed assets ledger shall be notified immediately to the financial control team.

20.3 The financial control team shall agree with the Secretary and Registrar and the Director of Facilities the secure storage arrangements for key documentation relating to our land and building assets eg title deeds.

20.4 The financial control team shall record which of our assets are subject to the Treasury Funded Asset regime.

20.5 Deans of school and directors of service should maintain inventories of assets that have not been capitalised. The accuracy of any such inventory shall be proved by the relevant dean of school or director of service at intervals of no greater than once a year.

20.6 In order to reduce the risk of loss of small, high value assets such as laptops, digital cameras etc deans of schools and directors of service should consider implementing procedures which ensure that the location of such items is known at all times.

21 Long Term Investments

The financial control team of financial services shall maintain a register of all our long term investments. The financial control team shall agree with the Secretary and Registrar secure storage for key documentation relating to such investments.

22 Stocks

Principal budget holders who operate a trading service with a stock of goods for sale shall arrange a year-end stock take of these stocks in response to guidance from the financial control team of financial services.

23 Debtors

Principles

1. To recover all funds that are due to us
2. To maintain accurate books of account

23.1 The credit control team of financial services shall maintain one or more debtors ledger of monies owed to us. Debits shall be posted to the ledger by means of invoices, returned to drawer payments and admin charges. Credits shall be posted to the ledger by means of payments, credit notes and bad debts.

23.2 The credit control team shall be responsible for chasing debt in the debtors ledger and for initiating appropriate sanctions against debtors who are declining to pay the sums due. Sometimes debtors query the charges that have been posted to their account. Where relevant, colleagues in schools and services shall promptly assist the credit control team in resolving these queries. The credit control team shall act in accordance with our Fees Policies and Students Charter.

23.3 The credit control team shall conduct an aged debt analysis to identify those debtors to whom most energy should be applied.

23.4 Bad debt write offs shall be made in accordance with the protocol at schedule 4.

24 Prepayments and accruals

At the end of each financial year principal budget holders will assist financial services to identify significant items for which a charge has been made but the goods or services involved have not been received and also to identify where goods and services have been received but a charge has not yet been made.

25 Creditors

The financial control team of financial services shall be responsible for the maintenance of one or more creditors ledgers and for bringing to account the other creditors balances eg tax and social security due but not yet paid that together constitute creditors within the balance sheet.

26 Cash, petty cash and other cash floats

26.1 Petty cash and other cash floats, where issued, will be issued to a named individual who shall be personally responsible for their safe keeping. The financial control team of financial services shall provide guidance on the security arrangements for keeping cash, petty cash and other cash floats. The holding of a key to a safe or other secure cash holding box shall be a personal responsibility that may not be delegated without the specific written permission of the financial control team

26.2 The holders of petty cash shall only make disbursements from their holdings against authorised vouchers. At periodic intervals the holders of petty cash may request that their petty cash holding be reimbursed by our financial control team by presenting the financial control team with the authorised vouchers and an account of the expenditure incurred assigned to appropriate nominal codes.

26.3 Petty cash and other cash floats should be made available for inspection during normal working hours. Unannounced spot checks may be undertaken by financial services or the relevant principal budget holder.

26.4 At the end of each financial year every principal budget holder whose members of staff are responsible for petty cash and other cash floats shall count the cash and any vouchers held by the named individuals and make a return on the float to the financial control team.

26.5 Personal cheques may not be cashed against a cash float.

26.6 Some cash floats are provided for the purpose of providing change for cash transactions. These cash floats may not be used for meeting expenditure.

26.7 Holders of petty cash floats may neither accept cash receipts nor reimburse expenditure out of such receipts except with the express written permission of the financial accountant or other qualified accountant within financial services.

27 Cash, short term investments, leasing and borrowing

See section 32 on Treasury Management.

28 Pension liabilities

28.1 The director of HR services shall keep our pension arrangements under review and report to our Vice-Chancellor on their conclusions

28.2 The stewardship team of financial services shall commission an annual report on our Local Government Superannuation Scheme liabilities from a qualified actuary. The outcome of their report shall be incorporated into our annual financial statements and where significant changes have occurred these shall be reported to our Finance and General Purposes Committee.

29 Deferred Capital Grants

The financial control team of financial services shall identify the link between deferred capital grants and the tangible fixed assets to which they relate. They will match the relevant depreciation on the tangible fixed assets with a release from deferred capital grants.

30 Reserve accounting

The financial control team of financial services shall make all necessary accounting entries relating to our reserves. In particular they shall record to which property assets our revaluation reserve relates and make appropriate adjustments if any of these assets are sold.

31 Cash management

31.1 Maintaining our solvency is the responsibility of our board and cannot be delegated. As part of our annual budget the board approves a monthly cash flow budget.

31.2 Each time the board meets and each time its finance and general purposes committee meets it shall receive a statement on our current solvency levels and a forward projection of solvency covering at least the next twelve months. Under our Vice-Chancellor this statement shall be prepared by financial services.

31.3 Under our Vice-Chancellor financial services have day to day responsibility to ensure that the board's responsibility with regard to our solvency is not compromised.

31.4 The timing of any particular payment or recovery of funds is the responsibility of financial services. Colleagues in other areas should not make commitments to external parties about the specific dates on which funds might flow. Colleagues who wish to see cash flow on specific days should liaise with our payments team. As a general rule of thumb financial services will aim to pay invoices no later than 30 days after the date of the invoice or the date of the goods received note (whichever is the later.) These arrangements may be over-written by specific contract terms. Colleagues who wish to enter into contractual arrangements for payment terms of less than 30 days of an invoice should liaise with our financial control team in advance of purchasing any good or service under such terms.

32 Treasury Management

32.1 The finance committee of the board of governors shall review its Treasury Management Policy at intervals no greater than once a year.

32.2 Under the Vice-Chancellor the director of finance shall draft an Annual Financial Strategy for determination by the finance and general purposes committee annually.

32.3 The contents of the Treasury Management Policy and the Annual Financial Strategy shall have regard for the guidance issued by the Chartered Institute of Public Finance and Accountancy on these matters.

33 Subsidiary companies

33.1 In accordance with advice provided by the Her Majesty's Revenue and Customs and the Charities Commission we have a subsidiary company which undertakes potentially profitable trading activities on our behalf – this company is Knowledge Dock (UEL) Limited. We have also inherited a number of other dormant companies.

33.2 We have a general power to create new subsidiary companies where it is necessary or expedient to do so in pursuit of our general powers. Our ability to invest in subsidiary companies is highly restricted.

33.3 New subsidiary companies may only be created by a resolution of the board.

33.4 The performance of all active subsidiary companies will be reviewed twice a year by the governors' finance and general purposes committee.

33.5 Any report on an actual or proposed company to the governors will be accompanied by a commentary from our nominated officer.

33.6 Any sale to a subsidiary company should take place at arms length eg the price to be charged to the subsidiary company should be the same as the price that would be charged to an independent third party. Subsidiary companies should not be provided with "free issue" goods and services.

33.7 The circumstances under which it would be appropriate for us to buy items from a subsidiary company are so unusual that anyone contemplating such a purchase should first consult the director of finance.

33.8 The annual financial statements of all subsidiary companies shall be consolidated in our annual financial statements.

34 Taxation

Principle

1. To ensure that we keep appropriate records for tax purposes and pay the correct sums of tax to the authorities.

34.1 Under our Vice-Chancellor responsibility for taxation is split between two services as follows:

- (a) The director of finance is responsible for value added tax and for corporation tax
- (b) The director of HR services is responsible for income tax and national insurance as it applies to employees.

34.2 The responsibility for our quarterly VAT returns and for determining the VAT status of supplies that we make rests under the director of finance with the financial control team. When making new sorts of supplies of goods and services to third parties colleagues should consult the financial control team on the VAT status of those supplies. Except when dealing with well established types of supply (eg providing students with hot meals) colleagues other than those in financial services should not make statements about the VAT status of a particular transaction.

34.3 The responsibility for making appropriate returns with regard to corporation tax rests under the director of finance with the financial control team.

34.4 The responsibility for calculating appropriate deductions from payments to employees for income tax purposes rests under the director of HR services with the payroll team. The responsibility for calculating national insurance liabilities of ourselves and our employees rests under the director of HR services with the payroll team.

34.5 It is the responsibility of all colleagues to assist the payroll and financial control team with any enquiries they make in connection with determining our taxation liabilities.

34.6 From time to time the payroll and financial control teams may ask colleagues to keep particular local records in order to make and later justify particular tax calculations.

35 Risk Management and Insurance

Principle

1. Insurance may be required by statute and additional insurance may be required because of our low appetite for risk.

35.1 Under our Vice-Chancellor the champion of our risk management policy is the Secretary and Registrar. The Secretary and Registrar shall maintain our risk policy.

35.2 A combination of statutory requirements and our low appetite for absorbing unmitigated risks will require us to take out a number of insurance policies. Our Secretary and Registrar will lead in the development of specifying the general perils against which we should insure and the limitations to those insurance policies.

35.3 Within this general framework the director of facilities services will maintain appropriate insurance policies for us. Principal Budget Holders shall notify the Director of Facilities Services (or nominee) in writing, and as soon as practicable, of any loss, liability or damage or any event likely to lead to a claim.

36 Students' Union

Principle

1. To meet the statutory constraints on our relationship with our students union.

36.1 The University of East London Students Union (UELSU) is a separate legal entity. Amongst other matters it is responsible for maintaining its own bank account and financial records.

36.2 Our governors shall receive UELSU's audited financial statements each year. The level of the annual grant to be paid to UELSU shall be subject to a specific vote of the board.

37 Actual or potential conflict of interest

37.1 A conflict of interest is something which could influence your judgement or which could be perceived (by a reasonable member of the public) to do so. This might arise as a result of:

- a) direct financial consequences for yourself
- b) indirect financial consequences for yourself through, for example, contracting with someone else you or a close member of your family is employed by.
- c) non-financial consequences which might be held to benefit yourself. (For example a charitable organisation might wish to book one of our campuses for a big event. No prominent member of that charity who is employed by us should take part in the negotiation of the terms and conditions under which the charity makes use of the campus.)

37.2 Conflicts of interest may arise from your position, the position of any partner or from close family members.

37.3 Governors and members of the corporate management team and principal members of financial services must declare their interests in advance to the secretary and registrar who will maintain a public register of such interests.

37.4 Governors and employees must withdraw from any discussion or decision making process in which they have an actual or perceived conflict of interest.

37.5 Employees must not take part in any financial process in which they or any partner or close member of the family will benefit. (Eg a field leader has legitimately and independently arranged for their head of school's partner to give a lecture on one of their programmes. The head of school must not authorise a travel and subsistence claim relating to their partner.)

37.6 Very occasionally a financial benefit will be so general that it becomes impossible to avoid a conflict of interest. For example when determining whether a potential pay award is affordable the chief management accountant should be able to give their advice even though they would be likely to benefit from the pay award. In all such cases the potential conflict of interest should be declared.

37.7 Before undertaking paid work for a third party all members of staff should check that this is permitted under their contract of employment. In many cases such work is only permitted if the written permission of the vice-chancellor has first been granted

37.8 We may exchange trivial gifts with our suppliers and business partners eg calendars, pens, ties etc. Hospitality should not be accepted where it is of scale and nature that may not be reciprocated by ourselves. Offers or receipt of substantial gifts and hospitality should be immediately reported to the Secretary and Registrar.

37.9 A report on related party transaction is included in our annual financial statements.

38 Potential breaches of financial regulations, potential fraud, losses and other potential irregularities.

38.1 All colleagues who encounter evidence that there has been a breach of our financial regulations or that a fraud may have occurred (or be in process) or that a loss has been incurred or of other financial irregularity should report the evidence to their line manager.

38.2 In the event that their line manager does not act on the evidence presented then the colleague should follow the procedure set out in our *Policy on Public Interest Disclosure* set out on our website.

38.3 Where a colleague believes their line manager is involved in the breach of financial regulations, or fraud or other financial regularity then they should follow the procedure set out in our *Policy on Public Interest Disclosure* set out on our website.

38.4 All significant losses, frauds and major irregularities shall be reported to the next meeting of the Audit Committee. The Audit Committee shall also consider an annual report on losses, frauds and major irregularities.

39 Disposals

Principles

1 To ensure that assets acquired with public funds secure value for money in their disposal.

2 To support our vision regarding the environmental sustainability of our operations and in this regard particularly to ensure that we abide by the conventional hierarchy of:

- Reduce
- Reuse
- Recycle
- Recover

3 To remove from our midst those items that are no longer contributing to our economic well being.

39.1 The consent of the board must be obtained for any disposal of land and buildings.

39.2 Assets listed in our fixed assets register may only be disposed of in accordance with the protocol provided by the financial control team of financial services. Information on disposals, however they occur (eg theft, loss, sale or redundancy) must be provided to the director of finance as soon as the disposal occurs. Sale proceeds or amounts claimed under insurance policies must also be provided.

39.3 Our procurement team will provide advice on the disposal of items. The following sequence should be observed when disposing of items:

- can the item be reused elsewhere within us?
- can the item be sold to be reused elsewhere?
- is there another public body or a charity or one or more students who would wish to reuse the item if they did not have to pay for it?
- can the item be recycled?
- is there any useful recovery that can be made from the item?

Where items are disposed of free of charge then we should not bear any transport costs incurred in moving them to their new location.

Our procurement team will provide advice on selling items for disposal. They may recommend an electronic auction site for the disposal of the item. Items cannot be disposed of without the written approval of the relevant dean of school or director of service (such authorisation to be provided to Financial Services as described in 41.2)

39.4 Members of staff may purchase items for disposal if:

- (a) They pay more for the item than it could conceivably be worth
- (b) They purchase the item through an open auction or other offer for sale
- (c) They buy the item at the established market price for an item of that type

Where members of staff buy an item under route (a) or (c) then authoritative guidance on the price needs to be provided by an independent member of staff. All such sales should be appropriately documented.

40 Audit Committee

Principles

1. We shall have a process of internal audit to inform the corporate management team, our Vice-Chancellor and the governors on whether or not we are operating an appropriate system of internal control.
2. Our system of internal and external audit shall assist in providing a very safe home for public funds.

40.1 Our board shall appoint an audit committee who shall operate in accordance with the HEFCE code of practice for audit committees.

40.2 Our board shall appoint internal and external auditors on the advice of our audit committee.

40.3 Internal and external auditors may contact our accounting officer and the audit committee at any time. The normal point of liaison for the internal auditors shall be the Secretary and Registrar. The normal point of liaison for the external auditors shall be the director of finance.

40.4 External and internal auditors shall have authority to:

- access our premises at reasonable times
- access all assets, records, documents and correspondence relating to any transaction
- require and receive such explanations as are necessary concerning any matter under investigation
- require any employee to account for cash, store or other property under their control
- access records belonging to third parties such as contractors when required and where access is permitted

41 Authority

Principles

1. Authority for a decision should be clear
2. Authority for many decisions may be recorded other than by a manual signature on a physical piece of paper

41.1 Authority may be derived from:

- a) An authorised minute from a relevant meeting
- b) The signature of an appropriate person
- c) A consent or instruction issued through our e-mail system from the personal account of an appropriate person
- d) Someone operating as an appropriately authorised user within one of our main computer systems eg personnel, student records, finance system

Schedule 1. Our principal budget holders

Architecture and the Visual Arts	Dean of School
Business	Dean of School
Computing and Technology	Dean of School
Distance and e-learning	Dean of School
Education	Dean of School
Graduate School	PVC (Research, outreach and infrastructure)
Health and Bioscience	Dean of School
Law	Dean of School
Psychology	Dean of School
Social Science Media and Cultural Studies	Dean of School
Corporate Marketing and the International Office	Director of Service
External, Strategic and Development Services	Director of Service
Facilities Services	Director of Service
Financial Services	Director of Service
Information Technology Services	Director of Service
Library and Learning Services	Director of Service
HR Services	Director of Service
PSP Academic Services	Pro-Vice-Chancellor (Academic)
Student Services	Director of Service
Combined Honours unit	Head of Modular Programmes
VCG support Group	Vice-Chancellor
Salaries of the Holders of Senior Posts	Vice-Chancellor
Sundry items	Secretary and Registrar

Schedule 2. Value limits for particular transaction types

	Category	Value	Comment
A	Sum below which it is not normally economic to raise an invoice	£100	
R	Annual pay of employee above which termination payment must be approved by governors	£100,000	This is the lower limit for salary disclosure that is determined each year by HEFCE in their accounts directive to HEIs. The value quoted is the value set for 2007-08 financial statements
B	Purchase value below which only general propriety and value for money considerations apply	£1,000	
C	Purchase value above which a record of the reasons for the choice of supplier must be retained.	£1,000	
D	Purchase value above which three written quotations must be received (or dispensation for single source supply sought)	£3,000	
E	Purchase value above which supply must be awarded through a tender process	£30,000	A member of the procurement team must be included in the decision making process
F	Purchase value above which purchasers must seek advice from purchasing team on EU procedures	£100,000	As a public body we are subject to EU procurement rules. For most purchases the current limit is just above £144,000 but this value is subject to. A member of the procurement team must be included in the decision making process change and not as easy to remember as £100,000

G	Value above which tangible fixed assets must be capitalised	£5,000	At any one time we will have a substantial stock of computers and furniture which is not capitalised. However if we endeavoured to keep track of this kit we would fail and our financial statements would always be wrong. The summer of 2006 might be an exception (but fortunately falls into two financial years) but in general our expenditure on computers and furniture is not lumpy enough for this accounting policy to cause distortions.
H	Amount above which two authorised bank signatories must authorise a payment	£15,000	For financial control
L	Value of buildings projects above which a cash flow statement must be provided to financial services on a monthly basis.	£1,000,000	For cash flow projections.
M	Value of contracts above which a credit check on a non-publicly funded institution must be undertaken by financial services	£50,000	For financial control

Schedule 3 – General Limits to Financial Authority

For raising purchase orders, goods received notes and payment requests.

Group	Members	Limit
1	Vice-Chancellor Deputy Vice-Chancellor Director of Finance Pro-vice-chancellor Secretary and Registrar	None
2	Other principal budget holders (eg deans of schools and directors of service)	£50,000
3	Principal officers, lecturers and other more highly paid posts (salary band F and above)	Level set by their principal budget holder but not to exceed £10,000.
4	Other lead buyers	Their principal budget holder may authorise the raising of purchase orders with a value not to exceed £10,000
5	All other staff	Level set by their principal budget holder but not to exceed £1,000

1. The Stewardship team shall maintain a database of authorised staff for these purposes and a record of their signature.

2. At their discretion the vice-chancellor may revoke the authorisation rights of any individual.

3. For good reason the director of finance or the chief accountant may suspend the authorisation rights of staff in groups 3, 4 and 5.

Schedule 4 Bad debt write off authority levels

Credit Manager	Up to £1,000
Chief Accountant	Up to £10,000
Director of Finance	Up to £20,000
Vice Chancellor	Unlimited

Bad debts written off are to be reported to the Finance and General Purposes Committee at each meeting.