

London South Bank University

FINANCIAL REGULATIONS
UPDATED SEPTEMBER 2014

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Terminology

The following will apply in the Financial Regulations:

The University shall mean 'London South Bank University' and its subsidiary companies including South Bank University Enterprises Ltd.

Budget holder shall mean an individual who has been given delegated authority and responsibility for managing a budget within a department.

Department shall mean one of the several Departments in the University and will include, for example, any Unit, school or Professional Service Group which has Departmental status for financial management purposes

Dean shall mean both Executive and Non-Executive Deans

Glossary

HEFCE	Higher Education Funding Council for England
EU	European Union
VAT	Value Added Tax

Introduction

1.1 Purpose and Scope of the Regulations

This document sets out the University's financial regulations. It translates into practical guidance the University's broad policies relating to financial control. It applies to the University and any subsidiary companies, including South Bank University Enterprises Limited.

The purpose of the financial regulations is to provide control over the University's resources and provide management with assurances that the resources are being properly applied to ensure delivery of the University's corporate plan and its financial objectives including:

- Future financial viability
- Ensuring value for money
- The provision of effective financial control over the use of public funds
- Compliance with all relevant legislation
- Safeguarding the assets of the institution.

1.2 Compliance with the financial regulations

Compliance with the financial regulations is compulsory for all staff, including those employed by University subsidiary companies. Specific regulations relating to South Bank University Enterprises Limited that override University regulations are detailed in Appendix C. It is the responsibility of heads of department to ensure that their staff are made aware of the existence and content of the University's financial regulations.

A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the University's disciplinary policy.

1.3 Approval and amendment of the financial regulations

Proposals to amend the regulations shall be considered by the Policy and Resources Committee. The Vice Chancellor shall have the authority to make minor changes to the regulations.

The Finance Department is responsible for continuous review of the Financial Regulations and will advise the Policy and Resources Committee of any changes that are necessary.

Any recommendations for amendment or improvement should be made in the first instance to the Chief Financial Officer.

This version of the regulations was approved by The Policy and Resources Committee on 23rd September 2014.

Corporate Governance

2.1 Board of Governors

The Board of Governors (Board) is responsible for the management and administration of the University. Its financial responsibilities are to:

- ensure the solvency of the University
- safeguard the University's assets
- ensure the effective and efficient use of resources
- approve the annual budget and five year forecast
- approve the annual financial statements
- appoint the University's internal and external auditors
- ensure that financial control systems are in place and are working effectively
- ensure that the institution complies with the funding body's code of practice
- approve the University's strategic plan
- ensure that the funds provided by the funding body are used in accordance with the terms and conditions specified in the University's financial memorandum with the funding body.

2.2 The Vice Chancellor

The Vice Chancellor has ultimate executive responsibility for the organisation, direction and management of the University. The Vice Chancellor is the Designated Officer as identified by HEFCE and documented within the Financial Memorandum.

2.3 Committee Structure

The Board of Governors has ultimate responsibility for the University's finances, but delegates specific powers and processes to the various committees detailed below. These committees are accountable to the Board of Governors.

2.4 Policy and Resources Committee

The Committee:

Advises the Board of Governors on the University's performance, financial reporting and controls, and proposed investments. Its financial responsibilities include (references to sections in these financial regulations is included in the brackets):

- Recommending annually an income and expenditure budget, a capital budget and a five-year financial forecast for approval by the Board of Governors (4.1 and 4.2);
- Recommending the financial statements to the Board (4.16);
- Recommending to the Board the setting of non-regulated fees (5.2);
- Reviewing expenditure prior to Board approval (9.6);
- Recommending disposal of land to Board (9.14);
- Reviewing borrowing before approval by Board (10.5);
- Reviewing Lease finance arrangements for items with a capital value greater than £250,000 (10.5);
- Approval of investment policy (12.1);
- Approval of investment policies for charitable funds (12.3(b));
- Approval of investment policies for charitable funds (12.5); and
- Approval of levels of insurance (13.1(b))

2.5 Audit Committee

The University has an audit committee in compliance with HEFCE's audit code of practice to. The committee consists of independent and reports to the Board of Governors. The audit committee oversees LSBU's audit activities including the audit process for the financial

statements, appointing the internal and external auditors, monitoring value for money and advising the Board of Governors on the effectiveness of the internal control system.

The committee's financial responsibilities include (references to sections in these financial regulations is included in the brackets):

- Recommending appointment of external auditors to Board (4.13);
- Recommending annual reappointment of external auditors to Members. (4.13);
- Recommending appointment of internal auditors to Board (4.14);
- Recommending financial statements to Board (4.16); and
- Approving the write off of individual debts over £50k

The Audit Committee also monitors the University's Corporate Risk Management Programme. The audit requirements of the University can be found in Accountability and Audit: HEFCE code of practice. Copies of this document are available in the office of the Chief Financial Officer.

2.6 Code of conduct

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

All members of staff who have a beneficial financial or other interest in any contract between the University and a third party must disclose that interest to their Head of Department, the Chief Financial Officer and the Director of Human Resources.

As a result of the Bribery Act 2010, it is illegal for any employee to accept or offer a personal inducement or bribe. It is also a corporate offence to fail to prevent bribery.

Members of staff should not accept any gifts, rewards or hospitality from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the University would be likely to provide in return.

The University itself must not provide levels of hospitality or entertainment for students, external visitors, alumni, external stakeholders or actual/potential business partners that could be deemed to be an attempt to influence decision making

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice should be sought from the relevant head of department or the Chief Financial Officer.

2.7 Whistleblowing arrangements

The University has a separate Speak Up Policy under the Public Interest Disclosure Act 1998.

Risk Management

3.1 The University acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its objectives. Detailed guidance on the University's underlying approach to risk management and the agreed processes to be followed are set out in a separate risk management strategy.

- 3.2** The Board of Governors has overall responsibility for ensuring that there is a risk management strategy and a common approach to the management of risk throughout the University through the development, implementation and embedding within the organisation of a formal and structured risk management process.
- 3.3** The Executive assumes responsibility for implementing risk policy and for the effective operation of the University's risk management system.
- 3.4** In line with this policy, the Board requires that the risk management strategy and supporting procedures include:
- The adoption of common terminology in relation to the definition of risk and risk management
 - The establishment of institution wide criteria for the measurement of the likelihood and impact of each risk occurring
 - Development of a 'corporate level' risk framework for all significant risks to include a designated member of the Executive who will be responsible and accountable for managing the risk in question
 - Maintenance and regular review of risk management action plans for all risks above established tolerance levels to ensure that agreed additional controls and management actions are put in place in order to mitigate significant risks
 - Regular risk reports to the Audit Committee and Board of Governors
 - An appropriately risk focussed internal audit service
 - An annual review of the implementation of risk management arrangements.
- 3.5** The Board requires that all Schools and Professional Service Groups carry out a detailed regular review to identify the significant risks associated with the achievement of key objectives and other relevant areas. These procedures include:
- A member of the Executive to act as a 'risk champion' for each faculty and support department and to take responsibility for implementing risk policy within the particular faculty/Support Department
 - Development of faculty and departmental operational risk frameworks, to include a designated local 'risk owner' who will be responsible and accountable for managing the risk in question
 - Maintenance and regular review of risk management action plans for all risks above established tolerance levels to ensure that agreed additional controls and management actions are put in place in order to mitigate significant risks
 - Escalation of operational faculty and departmental risks for consideration by the Executive as necessary.

Financial Management and Control

4.1 Financial Planning

The Finance Department is responsible for preparing annually an income and expenditure budget, a capital budget and a five-year financial forecast for approval by the Board of Governors on the recommendation of the Policy and Resources Committee.

4.2 Budget preparation

LSBU's annual budget preparation is led by the Chief Financial Officer. Detailed planning and budgeting guidance is published on the Staff Gateway each year. This includes a budget timetable and information on budget assumptions.

The completed budget is presented to the Executive for approval before being submitted to the Policy and Resources Committee for recommendation to the Board of Governors, who confer final approval.

Once the budget is approved, members of the Executive will be issued with a formal letter of delegation which will include details of the budget for which they have responsibility.

4.3 Budgetary control

The Finance Department will prepare monthly management accounts for discussion at Executive meetings and hold monthly meetings with Schools and Professional Service Groups to discuss performance against the agreed budget.

The control of income and expenditure within the agreed budget is the responsibility of the designated budget holder. This responsibility is formalised in the letter of delegated authority issued to each budget holder at the start of the academic year. Budget holders will be given access to and training in the use of the University's web-based finance system to enable them to monitor income and expenditure on a daily basis. The Finance Department will also provide monthly management information to budget holders in the form of budget monitoring reports

The Finance Member of the Emergency Management Team (EMT) can authorize emergency expenditure. In these circumstances the Finance Member will be responsible for ensuring records of expenditure are kept to report during and after the incident takes place.

The Head of Department must report significant departures from agreed budgetary targets immediately to the Chief Financial Officer

4.4 Forecasting

Budget holders, in collaboration with their Finance Business Support Managers, will be responsible for in year budget re-forecast. The output of this process will be the latest expected position on income, expenditure and surplus compared to original budget. Budget holders are expected to incorporate all relevant information they have into these forecasts.

4.5 Year end balances

Budget holders will not be permitted to carry forward any unspent amounts at year end.

4.6 Financial year

The University's financial year runs from 1 August until 31 July.

4.7 Basis of accounting

The consolidated financial statements are prepared on a historical cost basis and in accordance with the Companies Act, the Higher Education SORP (Statement of Recommended Practice) and other applicable accounting standards.

4.8 Capitalisation and depreciation

New land and buildings will be recorded in the balance sheet at actual build or acquisition costs, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal installments over their estimated remaining useful life. Land will not be depreciated.

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

Expenditure on equipment, software and motor vehicles will be recorded in the balance sheet where the acquisition cost per item or group of items making up one asset is £10,000 or more. Depreciation will be charged on a straight line basis commencing in the month of acquisition at rates of:

- Equipment, fixtures and fittings and motor vehicles – 5 years
- Computer hardware and software – 4 years
- Refurbishment expenditure – 15 years
- Freehold buildings – 50 years
- Leasehold buildings – lower of 50 years and life of the lease.

4.7 Accounting records

In accordance with the Companies Act 2006, the Chief Financial Officer is responsible for the completeness and accuracy of accounting records.

4.8 Document Retention

The Finance Department is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

The University is required by law to retain prime documents for 6 years. These include:

- Official purchase orders
- Paid invoices
- Accounts raised
- Bank statements
- Copies of receipts
- Paid cheques
- Payroll records, including part-time lecturers' contracts.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies and the EU.

4.9 Taxation

The Chief Financial Officer is responsible for advising Deans and Heads of Professional Service Groups on taxation matters, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to the University. The Chief Financial Officer is responsible for maintaining the University's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date.

The University is an exempt charity and as such is exempt from corporation tax in respect of income or capital gains to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of VAT, except in the case of medical equipment and advertising.

To preserve corporation tax exemption, all commercial activities must be channeled through the University's trading subsidiary South Bank University Enterprises Limited (SBUEL). SBUEL is subject to corporation tax and VAT in the same way as any commercial organisation.

The Chief Financial Officer should be notified of any activities that are thought to be commercial in nature before they are undertaken.

4.10 Audit requirements

The university shall appoint both external and internal auditors. In accordance with the HEFCE Audit Code of Practice the same firm shall not under any circumstances be appointed as both external and internal auditors.

Both the external and internal auditors shall have authority to:

- Access University premises at reasonable times
- Access all records, documents and correspondence relating to any financial and other transactions of the institution
- Require and receive from any member of staff such explanations as are necessary concerning any matter under examination promptly.

4.11 External audit

The appointment of external auditors will take place every five years following a competitive tendering process. Appointment of the external auditors is the responsibility of the Board of Governors following recommendation of the Audit Committee.

During their period of office, the external auditors will be re-appointed annually by the Board on the recommendation of the Audit Committee.

The primary role of external audit is to report on the University's consolidated financial statements. This will involve carrying out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the consolidated financial statements.

The Financial Controller is responsible for drawing up a timetable for year-end accounts purposes and will advise staff and the external auditors accordingly.

Separate auditors may, at the discretion of the Audit Committee, be appointed to carry out audits of grant claims as and when required by the relevant funding bodies.

4.12 Internal audit

The appointment of internal auditors will take place every five years following a competitive tendering process. Appointment of the internal auditors is the responsibility of the Board of Governors following recommendation by the Audit Committee.

The primary role of internal audit is to deliver a risk based internal audit service which provides the Board of Governors with assurances on:

- The adequacy and effectiveness of the system of internal control and governance
- Risk management
- Data quality, and
- Value for money

The University's financial memorandum with HEFCE requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in Accountability and Audit: HEFCE Code of Practice.

4.13 Fraud and corruption

The Anti-Fraud Policy outlines the University's position on fraud and sets out responsibilities for its prevention and detection. The policy is intended to ensure that all cases of suspected fraud are promptly reported, investigated and dealt with as necessary, thereby safeguarding the finances and resources of the University and its subsidiaries. This policy applies to all staff and students.

When an incident of fraud is identified, appropriate action should be taken in accordance with the fraud response plan (Appendix A).

4.14 Financial statements approval

The consolidated financial statements and those of SBUEL are prepared by the finance department in line with the agreed external audit timetable.

The financial statements must be reviewed and approved by both the Policy & Resources Committee and the Audit Committee.

The financial statements of the University will be signed by the Chair of the Board of Governors, the Vice Chancellor and the external audit partner. The Accounts of SBUEL will be signed by a member of the SBUEL Board.

5 Income

5.1 General

The Chief Financial Officer is responsible for ensuring that appropriate procedures are in place to enable the University to receive all income to which it is entitled.

The cash office in the Finance Department, together with credit control, is responsible for the prompt collection, security and banking of all income received.

The Finance Department is responsible for ensuring that all grants notified by HEFCE and other funding bodies are received and recorded appropriately in the University's accounts.

The Finance Department is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

5.2 Tuition Fee Income

Setting of fees

The Board of Governors on recommendation of the Policy & Resources Committee is responsible for the setting of tuition fees.

Inputting of student data

A fees matrix within the QLS Student Records System (SRS) calculates the tuition fee for each student. To ensure the correct fee is calculated, student information must be input completely and correctly into QLS.

Invoicing of fees

The Finance Department is responsible for raising tuition fee invoices.

5.3 HEFCE Recurrent Grant funding

An agreement between HEFCE and the University sets out the minimum number of funded places which the University will provide in each academic program and mode, and the funding per student place. HEFCE makes payments in monthly installments. The profile over the financial year takes account of the timetable for the payment of tuition fees by the Student Loan Company.

5.4 HEFCE Specific Grant funding

The Chief Financial Officer shall ensure that all specific grants are applied in accordance with their terms, and that income from such grants is only recognised to the extent that it has been spent. The Finance Department will provide a unique source of funds code to ensure that expenditure can be accurately monitored.

5.5 HEFCE Capital Grant funding

These funds are allocated to the University for technical equipment and improvements to buildings. HEFCE recommends that each institution has a proper scheme for the planned replacement of equipment, and that it monitors expenditure on equipment and replacement plans.

The Vice Chancellor shall approve the allocation of funding to Schools and Professional Service Groups.

The Chief Financial Officer shall:

- ensure that equipment purchased is within the terms of the grant
- monitor allocations to avoid overspending;
- ensure that funds are claimed from HEFCE on a timely basis.

5.6 HEFCE Inherited liabilities reimbursement

HEFCE reimburses in full expenditure on capital and staff-related liabilities inherited by the University from the former ILEA where these liabilities were previously met from the former Advanced Further Education pool for capital-related payments. The liabilities eligible for reimbursement are:

- Debt charges on land and buildings;
- Pension increase payments in respect of pre 1989 retirees.

The Finance Department must ensure that:

- claims for reimbursement are submitted promptly at the end of each financial year;
- a record is kept, updated annually, with details of the amount and date when claimed, and the amount and date when paid.

5.7 Receipt of cash, cheques and credit/debit card payments

The cash office of the Finance Department deals with all monies received in payment of tuition fees. Schools must instruct all students that payments are to be made direct to the cash office and all students wishing to make a payment must be directed to the cash office.

The current single cash transaction limit for the University is the sterling equivalent of €15,000, translated at the most recent rate published by the Financial Times. This is to comply with the Money Laundering Regulations 2003. The cash office must not accept cash over this limit.

The Finance Department must be notified immediately of all cash received. Failure to do so could result in disciplinary proceedings.

All monies received must be recorded promptly and posted to the relevant student account in the University's Student Record System (SRS).

The University's contractor, Loomis, must carry out all banking. The amount banked must be confirmed.

All cash awaiting banking should be stored in a locked safe, and staff should ensure that insurance limits for the level of cash holding are not breached.

5.8 Receipt of BACS payments

All BACS and electronic receipts must be recorded and posted to the finance system on the day, or closest working day, to receipt.

5.9 Collection of tuition fee debt

Any student who has not paid an account for tuition fees or any other item owing to the University shall not receive their certificate for any degree, diploma or other qualification until all outstanding debts have been cleared. The name of such students shall not be included on pass lists. In addition such students shall be prevented from re-enrolling at the University and from using any of the facilities.

5.10 Collection of other debt

The Finance Department should ensure that:

- Debtor invoices are raised promptly on official invoices;
- Invoices are prepared accurately and are credited to the appropriate income account;
- Any credits granted are valid and properly authorised;
- VAT is charged at the correct rate where appropriate and accounted for;
- Outstanding debts are monitored and chased in a systematic manner

All debts (tuition fee and sales ledger) over 6 years old will be written off on an annual basis unless there is a reasonable expectation that the money can still be recovered. If the total value of the annual write off is less than £50k it can be approved by the Chief Financial Officer. Audit Committee approval is required where the total value of the annual write off exceeds £50k.

In exceptional circumstances debts may be required to be written off during the year (e.g. in the event of company liquidation). This will require the approval of only the Chief Financial Officer. The maximum limit for write off on any individual debt is £10k. Above this limit, approval of Audit Committee is required.

5.11 Access fund income

Eligibility

These funds are used to provide financial help to students in the following three areas whose access to higher or further education might be inhibited by financial hardship:

- Postgraduate home students studying at levels above first degree;
- Undergraduate home students;
- Further education home students aged 19 or over.

Administration

Student Services, under the direction of an Access Funds Panel shall administer these funds. The membership of this panel should be drawn from Student Services, the Student Union and the Finance Department. A nominee of the Head of Student Services should chair the panel. The nominee is responsible for:

- Advising on the criteria for the allocation of funds, this will be approved by the Vice Chancellor

- Authorising payments to students on the basis of evidence of need.

Reporting

The Director of Student Services shall be responsible to the Vice Chancellor for:

- Preparing regular reports for the Vice Chancellor on the payment of funds;
- Providing annual monitoring information to HEFCE in the form required showing the number of students in receipt of payments

5.12 Halls of residence income

The Executive shall determine the level of term time fees for student halls of residence, taking account of the implications for:

- (a) Student welfare;
- (b) The financial position of the University and the surplus or deficit on halls of residence operations.

The Executive will determine the level of fees for vacation lettings at halls of residence. In doing so they must take account of the need to maximise the income to the University from these activities.

The Director of Estates shall be responsible for invoicing students and other users and ensuring payment, with the assistance of the Finance Department. Every effort shall be made to recover amounts owed, including the use of debt collection agencies and the withholding of academic qualifications.

All students in halls of residence shall be required to sign a formal accommodation agreement. The agreed period of tenancy covers the full academic year.

5.13 Catering income

The parts of the University authorised to provide food and drink for sale to staff students and visitors are:

- (a) The Department of Estates or its contracted catering provider;
- (b) The National Bakery School

No other school, Professional Service Group or individual member of staff shall provide food and beverages for sale on the University's premises.

The Heads of Estates and of The National Bakery School shall determine the prices charged in the refectories and other catering outlets, taking account of:

- (a) the welfare of students and staff;
- (b) the financial position of the University and the surplus or deficit on catering operations.

Arrangements for dealing with catering cash receipts are set out in Section 10.10.

6. Research grants

6.1 General

Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which may be directed towards a specific aim or objective. It can use existing knowledge in experimental development to produce new or substantially improved materials, devices, products and processes including design and construction. It excludes routine testing and analysis of materials, components and processes.

The term 'Research Grant' is restricted to research projects funded by the UK and EU Research Councils, Charities and HEFCE. All other externally funded research projects are classified as 'Commercial Research Contracts'. These are managed by University Enterprise and dealt with in section 7 of these regulations.

Where approaches are to be made to outside bodies for support for research projects or where contracts are to be undertaken, it is the responsibility of the Dean to ensure that the financial implications have been appraised by the Central Research Support Office. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

The Central Research Support Office is responsible for examining every application for research funding. The Central Research Support Office should ensure that the full cost of research contracts is established.

The Finance Department shall maintain all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.

Where services or supplies need to be bought as part of a research agreement or grant, procurement support must be requested if this is required in the research grant terms and conditions.

Each grant or contract will have a named supervisor and will be assigned to a specific school.

6.2 Full Economic Costs

All UK universities are now obliged to identify the Full Economic Cost (FEC) of research activities and recover the best price possible for the work taking into account the funder's own regulations.

Therefore all projects must be costed using LSBU Full Economic Costing & Pricing Form available on the Central Research Support Office website.

Where possible, full economic costs should be recovered from the funder.

7 Other income-generating activity

7.1 Types of activity

Income generating activities are coordinated via University Enterprise. These include:

- Knowledge Transfer Partnerships;
- Commercial research contracts;
- Consultancy;
- Commercial exploitation of intellectual property;
- Sales of materials;
- Hire of facilities;
- Full cost courses and events

7.2 Responsibilities

Deans

- Encourage staff to undertake these activities where appropriate academically and financially;
- Manage the activities in accordance with these regulations and exercise proper control over the use of staff and facilities;
- Ensure that no work is undertaken before a contract has been signed by the University or, in the case of courses, payment or an employer's authorisation has been received;
- Attempt to ensure that no losses are incurred on these activities. If losses are incurred they shall be underwritten by a surplus from other income generating activities.

Academic staff members

- Inform their Dean before entering into an obligation to undertake external work. The Dean or nominated deputy shall consider whether that work will interfere with the performance of the individual's normal duties or compete or conflict with the interests of the University

University Enterprise

- Provide the procedural guidelines for income generating activities
- Ensure that all proposals for income generating activities to employers, funding bodies and offers of courses to individuals have been properly costed in line with Full Economic Costing (FEC);
- Deal with all contractual matters in consultation with the University Secretary & the Procurement Services Manager as appropriate;

Finance Department

- Provide a unique source of funds reference code to be used for each activity;
- Issue invoices based on invoice request forms;
- Authorise claims for grants and other payments which are due and are not covered by an invoice;
- Pursue customers where payment is not received by the due date.
- Provide the school or Professional Service Group and University Enterprise with the information needed for financial control and monitoring purposes

7.3 Approval of activities

Proposals must be discussed at an early stage with University Enterprise. University Enterprise will involve the Chief Financial Officer if such a proposal has a significant impact on resources.

University Enterprise shall negotiate with the client the service to be provided and the price to be charged, on the advice of the school concerned. The price charged shall take account of staffing costs and risks involved, the University overhead and planned school surplus required.

Approval shall be sought for each project on the appropriate Full Economic Costing (FEC) form available on the University Enterprise website. All FEC forms should be signed by the proposer and the appropriate Dean.

7.4 Scheme of Delegation for Commercial Sales

The table below sets out the delegation of authority with respect to authorising enterprise projects to be contracted with third parties for delivery of goods or services. Authorisation can be at project level or individual programme level. The table below reflects scenarios where commercial sales are managed by either SBUEL or by the University.

Total contract value (including VAT)	SBUEL	LSBU	
		school-led	Enterprise-led
Over £2m	SBUEL Board	Board of Governors	Board of Governors
Over £1m and up to £2m	SBUEL Board	VC	VC
Over £500k and up to £1m	PVC (External) & CFO	Dean & CFO	PVC (External) & CFO
Over 250k and up to £500k	PVC (External) or CFO	Dean	PVC (External)
Over £50k and up to £250k	PVC (External) or CFO	Dean	PVC (External)
Up to £50k	Chief Executive	Dean	Director of Enterprise

In all cases, projects must be subject to internal University agreement in addition to this project authorisation before any contract is issued. At a minimum, this should consist of an agreed FEC form signed the Dean of the school (or schools) responsible for delivery of the project, per the Financial Regulations. Only once both internal agreement (e.g. through the FEC) and project authorisation under this scheme of delegation have been received can a contract be signed by the appropriate person per Section 13.3 of the Financial Regulations.

7.5 South Bank University Enterprises Ltd

All activities commercial in nature and carried out with the intention of making a profit should be handled through the University's trading company SBUEL. VAT must be charged on all standard rated activities carried out by SBUEL.

8 Staff expenditure

8.1 Staffing budget

The Board of Governors approves the annual staffing budget which forms part of the overall budget.

Staffing shall be at a level that ensures that staff expenditure remains within budget for the financial year.

No permanent or temporary appointments in excess of the annual staffing budget shall be made without approval of the Chief Financial Officer.

The Executive Director of Human Resources must maintain staffing statistics and report to the University at regular intervals staff in post and vacancies.

8.2 Appointments to permanent posts

The Vice Chancellor is responsible for the appointment of staff. The Board of Governors is responsible for the appointment of senior post holders.

Permanent appointments should be made within the University's recruitment and selection procedures. The Human Resources Department shall seek confirmation from the hiring department that sufficient funds are available within the departmental budget in the current financial year to pay for the post before beginning the recruitment process. Holders of letters of delegated authority are responsible for ensuring that staffing levels remain within budget.

The Executive Director of Human Resources must notify promptly the Payroll Department of all appointments and terminations of employment, and any changes during employment, in sufficient time to enable the appropriate changes to be made to the payroll department.

8.3 Temporary Appointments

Holders of letters of delegated authority may authorise temporary appointments, including the use of agency staff to vacant posts or to meet business need where expenditure is within staffing budgets for the year, including grant funded staffing budgets.

Temporary appointments shall be made within the University's recruitment and selection procedures or through the University's approved supplier of agency staff.

8.4 Conditions of employment

The Board is responsible for setting the framework for the employment of university staff (which it may delegate to the HR Committee or the Executive).

8.5 Payroll

The Chief Financial Officer shall ensure that appropriate arrangements are in place to make proper payments. These shall include:

- (a) the information shall be transcribed into the form required to process payments;
- (b) the Financial Controller shall make validation checks of the proposed payment schedule before authority is given for payment to either the payments bureau or for manual payments.
- (c) pay slips shall be released to staff;

- (d) a check shall be made of the payroll transactions which shall be copied to the Human Resources Department to be checked against personnel records.

8.6 Deductions

The Chief Financial Officer shall arrange for deductions of income tax, national insurance, pension contributions and other deductions, and ensure that proper records are kept.

8.7 Sickness, Maternity and Other Benefits

The Executive Director of Human Resources shall verify the entitlements and notify the Financial Controller of payments to be made.

8.8 Pay Awards

The Board of Governors shall determine the annual pay level of senior post holders.

The Board of Governors shall decide annually whether the University should opt in or out of national pay negotiations. The Executive shall then make a recommendation to the Board based on budgetary consideration from year to year.

The Vice Chancellor shall after consultation with the Human Resources Committee approve the offer made to the trades unions. When agreement on the size of the pay award and the date of implementation has been reached, the Vice Chancellor shall approve the pay award having regard to the financial implications for the University.

The Director of Human Resources shall notify the Chief Financial Officer of:

- (a) the nature of the pay award and the groups of staff to whom it applies;
- (b) any other arrangements for other groups of staff.
- (c) Increases in pay due as a result of pay awards

8.9 Bonus payments

The Vice Chancellor shall determine:

- (a) the principles each year underlying the performance bonus payments to eligible staff;
- (b) the amount of the annual performance bonus to be paid to each of these staff.

8.10 Promotion

The permanent promotion of staff shall operate through:

- (a) the normal recruitment procedure for vacant posts;
- (b) upgrading for staffing in re-graded posts.

All proposals for temporary promotion shall be approved by the Vice Chancellor.

9.0 Expenditure

9.1 Scope

These regulations apply to all expenditure, including spending of grant monies and leasing arrangements, but exclude salaried payroll.

Further guidance explaining the regulations and examples of how they apply are available on the Procurement Services website.

9.2 Purpose

The purpose of these regulations is to:

- Ensure that the University's expenditure represents Value For Money including 'economy' ('doing things at best price'), 'effectiveness' (doing the right things) and 'efficiency' (doing things the right way);
- Comply with European and UK legislation and statutory requirements;
- Manage and minimise risks, including commercial protection in all contractual arrangements and mitigation against fraud and corruption.

9.3 Investment Appraisal Process

The Investment Appraisal process applies to all activities with a significant impact on current business activities or activities with significant resource requirements, including:

- Capital expenditure bids
- Operating expenditure outside existing budgets

Where the value of the bid is no more than £250k, a short business case can be submitted. The Finance department will maintain guidance on the investment approval process. Authorisation for all expenditure must be sought in accordance with approval limits set out in section 9.6 below.

9.4 Use of existing and Mandatory Contract Arrangements

The University has a number of contracts that must be used for specified services, supplies or works. A list of mandatory contracts can be found on the Procurement website.

Where approved contracts are available, these must be used for all purchases. These contracts cover a wide range of goods and services and have been selected through a competitive process. These contracts should be used by either directly calling off from the existing contract, or where a framework agreement is in place with multiple suppliers, through requesting quotes from the specified list of suppliers in that category. Call-off methods are detailed for each mandatory contract and are listed on the Procurement website.

The University has a number of expenditure categories where specific Professional Service Groups lead and manage any orders that need to be made. The relevant Professional Service Group must be used to advise and process expenditure in these areas. Mandatory usage of departments by category is listed on the Procurement website.

9.5 Competition requirements for new contracts

9.5.1 Obtaining Value for Money

Value for money is the over-riding principle on procurement, ordering and tendering. The University requires all budget holders to obtain supplies, services and works at the most

economically advantageous cost, consistent with quality, delivery requirements, whole life cost and always in accordance with sound business practice.

It is in contravention of the Financial Regulations to procure from suppliers for reasons other than value for money, as defined above. Procurement decisions need to be justified and 'audit trail' records must therefore be completed.

Table 1: Competition and Audit Trail Requirements:

Total Contract Value (Including VAT)	Level of Competition Required	Supporting 'Audit Trail' Documents Required
Over £50,000	Competitive Tender *	<ul style="list-style-type: none"> • Business Case Approval Form (where Board/Exec approval required) + <ul style="list-style-type: none"> • Full Evaluation Matrix Or Single Quotation/Tender Form** + <ul style="list-style-type: none"> • Authority to Award Report
Over £10,000 and up to £50,000	3 Competitive Proposals	Competitive Quotes Form Or Single Quotation/Tender Form**
Up to and including £10,000	Department's Discretion ***	None

* *Procurements exceeding £50,000 over the total contract term must be discussed with Procurement Services at the beginning of the planning stage, to agree the procurement strategy and route and professional Procurement input required. Procurement will instruct on minimum tenderer numbers, EU compliance requirements and use of e-tendering.*

** *Where there are no sources of competition, quotations must still be obtained and a Single Quotation/Tender Form completed.*

*** *Heads of Dept/school will have the discretion to decide whether or not to obtain quotations, however value for money must always be obtained. It is advised that at least one written quotation is obtained for items with a value of £10,000 or under.*

Table 1 above sets out minimum competition and audit trail requirements when obtaining supplies, services or works. Thresholds relate to the value over the total contract term including any potential extensions – not to per annum values. If items are bought on a rolling contract basis, the estimated per annum value should be multiplied by 4 to determine the level of competition required.

Where there is a need for a single requirement that can be divided into a number of stages, or a number of similar or identical requirements, the total value must be used when assessing the level of competition required. Contracts must not be disaggregated and split into separate contracts with smaller values to avoid having to comply with the competition requirements listed below.

Where the total committed volume cannot be determined, usage and values should be estimated to determine the level of competition required. Where more than one area of the

University is likely to use the contract, competition should be based on estimated University-wide demand and total contract values.

The best value tender or quote shall be accepted (following appropriate evaluation of price and quality criteria). Approval by the Head of Procurement shall be required in all cases when award is not recommended to the most economically advantageous tender /quote.

Head of Departments and Schools must ensure that competitive processes are undertaken by staff with appropriate skills and expertise. The Dean or Head of Department shall be responsible for ensuring the goods or services are adequately specified.

'Supporting Audit Trail Documents' templates and guidance are available on the Procurement Services website.

The University's e-tender system must be used to run competitive tenders, unless otherwise agreed with Procurement Services. Tender opening ceremonies for competitive tenders must be witnessed by either Procurement Services or University Secretary representatives.

9.5.2 External Funding with Specific Procurement Requirements

Where the University is receiving external funding (for example from HEFCE) towards the purchase of goods or services there may be specific procurement requirements which must be followed (for example the limit for carrying out competitive tenders may be lower). These may differ from the procedures set out within the Financial Regulations. If these requirements are not adhered to the University may not receive the funding. In order to ensure that these procurement requirements are fully understood and adhered to, Procurement Services must be consulted before purchasing any goods or services for which the University is receiving external funding with specific procurement requirements.

Capital grants allocated by external organizations, such as HEFCE, must be spent solely for the purposes specified. The Finance Department shall maintain records of expenditure of HEFCE grants in the form required by the funding body.

9.5.3 Terms and Conditions

Appropriate terms must be clearly established at the outset of all competitive procurements. Procurement Services must be consulted in all instances where the University's standard terms and conditions are not used, in advance of committing the University.

9.5.4 Conflict of Interest

Any potential conflict of interest which a member of staff making or influencing a procurement may have with a supplier, must be notified to Procurement as soon as the conflict is known.

All staff involved in a competitive tender are required to complete a Declaration of Interest form, at the start of their involvement.

9.6 Authorisation levels

9.6.1 Authorisation for all expenditure must be sought in accordance with the threshold requirements detailed in Table 2. Thresholds relate to the value over the total contract term including any potential extensions – not to per annum values.

Table 2: Approval Requirements by Value Threshold for requisitions/orders and authorisations to award contracts

Total Contract Value (Including VAT)	Capital	Revenue	
		In Budget	Outside Budget
Over £2 million	Board of Governors	Board of Governors	Board of Governors
Over £1 million and up to £2 million	Board of Governors	Delegated Levels of Authority and Regulations	Board of Governors
Over £500,000 and up to £1 million	Executive	Delegated Levels of Authority and Regulations	Board of Governors
Over £250,000 and up to £500,000	Executive	Delegated Levels of Authority and Regulations	Executive
Over £50,000 and up to £250,000	VC & CFO	Delegated Levels of Authority and Regulations	VC & CFO
Up to and Including £50,000	VC & CFO	Delegated Levels of Authority and Regulations	Executive member *

* Requirement still remains to deliver against agreed budget

Capital and Revenue budgets are as defined in the department and school budgeting process. Board of Governor approval is to be sought through submission of a Strategic Outline Business Case at initial project stages prior to tendering. Where Board of Governor approval is needed, papers should be submitted in advance to Executive and the Policy and Resources Committee.

Executive approval is to be sought through submission of a Strategic Outline, or Options Appraisal Business Case prior to tendering.

9.6.2 Threshold Application for Framework Agreements

For some categories, the University puts in place overarching framework agreements, which are 'umbrella agreements' with either one or several suppliers. Framework agreements set out the terms, mainly relating to scope of service/supply, price, quality and potential quantity, under which individual contracts (call-offs) can be made. The University becomes committed to expenditure when a call off is made, and a discreet contract is entered into.

Framework agreements are to be authorised according to the approval levels in Table 2, based on expenditure levels estimated over the term of the framework. Subsequent call offs are also subject to the approval requirements indicated in Table 2, with Executive approval replacing any Board of Governor approval requirement indicated.

9.6.3 Board of Governor/Executive Delegation

When approving, the Board of Governors and Executive shall specify any future delegations that may apply during the remaining stages of the competitive procurement process.

9.6.4 Delegated Budget Authority

Holders of letters of delegated authority are responsible for the approval of expenditure within the budget set out in their letter of delegated authority subject to the limits stated in table 2. Holders of letters of delegated authority are responsible for agreeing with the Financial Controller a scheme of delegation within their departments. Where authority has been formally delegated to Heads of Department (HoD'S) and other staff, these staff will be responsible for the approval of expenditure within their departmental budget up to the limit set out in the appendix to their letter of delegated authority. Changes to agreed authorization levels must be recorded on the Authorised Signatory list, maintained by the Financial Controller.

These arrangements are also to be applied to employees of subsidiary companies who are given delegated authority in respect of budgets.

9.6.5 Procurement Services Approvals

In addition to budgetary approval, each requisition may be subject to procurement approval to ensure that requisitions, and related procurement exercises, comply with procurement and tendering policy.

Procurement Services approve all Purchase Orders converted from requisitions approved by budget holders and other supporting authorisations as required in Table 2.

9.7 Purchase requisitions, Orders and Contracts

9.7.1 Purchase requisitions, and subsequent official University orders must be placed to commit all expenditure, using the web requisition process. Purchase requisitions and orders are not required when items are ordered and paid for via a University Procurement Card or for a specific exempt category as listed in the University's Financial Regulations below.

9.7.2 University Procurement Cards are to be used for low value, high volume transactions and separate guidelines applicable to these cards must be followed [link to policy]. Requirements to use approved contracts and to follow competition requirements apply to Purchase Card orders. The misuse or non-compliance of the purchasing card procedures will result in the card being withdrawn and in certain cases may result in disciplinary action being taken. The following categories of spend require appropriate contracts to be put in place in accordance with competition requirements, however they do not require a purchase requisition/order to be raised:

- Accreditation
- Bursary and Scholarship
- Childcare Vouchers
- Contract Catering (Elior only)
- Funding distribution
- Mobile phone rental (via ICT)
- Pension costs paid to LPFA
- Postage (via EAF)

- Contract Printing (Cannon only)
- Legal Fees Associated with Compromise Agreements
- Leased Computer Hardware
- Courier Charges
- CRB checks (via HR)
- Credit card charges
- Franchise payments
- Student recruitment agency fees
- Rates
- Registrations on behalf of Students
- Rent and service agreements
- Student placements
- Telephone call charges
- Utilities
- Taxation

9.7.3 New Suppliers

Where a supplier is new to the University, a New Supplier Form must be completed. Procurement Services and Finance may review the level of risk relating to suppliers at supplier set up stage and on an ongoing basis, and alternative procurement solutions may be required.

9.7.4 Terms and Conditions

Purchase Orders fulfil the role of acceptance of a supplier's offer and bind a contract on the University's terms and conditions. The University's standard terms and conditions are automatically applied to University orders. Where a contract already exists, contract terms must be specified by requisitioners on requisitions and orders, to ensure that they take precedence.

9.7.5 Segregation of Duties

There must be adequate segregation of duties in place, as specified in the Procurement procedures and guidance, in particular requisitions must be raised and authorised by different individuals where staff make a commitment on behalf of the University. The University operates an electronic requisition system and the authorization hierarchy within the system must be maintained in such a way that requisitions have to be raised and authorized by different individuals. Authorization of requisitions must be within a budget holder's delegated budget authority

9.8 Estate Specific Expenditure

In addition to the above regulations, there are specific requirements regarding expenditure on the University estate.

9.8.1 Estates Strategy

The Estates Department should only carry out work approved as part of the Estates Strategy, and that approved by Executive in order to maintain existing estate through planned and reactive maintenance and project works.

The Board of Governors shall approve an Estates Strategy and consider amendments to it where updating is required at regular intervals. The strategy shall take account of:

- (a) The quantity, quality, configuration and legal interests in the current estate;
- (b) Planned student numbers and course provision and teaching methods;

- (c) Consequential anticipated growth in staff numbers, both academic and non-academic;
- (a) The efficiency of management of existing accommodation and space utilisation;
- (a) The financial implications, with investment appraisals where appropriate, in consultation with the Chief Chief Financial Officer.

All recommendations to the Board of Governors for property acquisitions and disposals shall be supported by surveyor's report as laid down in the Charities Act 1993.

All proposed building projects shall be considered by the Executive and they should meet the overall objectives of the Estates strategy and approved financial limits.

9.8.2 EU Directives

Higher Education Institutions (HEI's) are required by law to comply with the EU Directives if they intend to let a contract (or series of contracts) above or equal to the thresholds for goods, services or works contracts prescribed by EU Directives.

Estates & Facilities is responsible for consulting with Procurement Services at the planning stage of any works or project to ensure that EU Directive and UK statutory procurement obligations will be met.

9.8.3 Progress and Completion Reports

The Director of Estates & Facilities shall make regular reports to the Vice Chancellor on the progress of building projects with an estimated cost of over £50,000, indicating:

- (a) Expenditure to date against budget;
- (b) Remaining expenditure;
- (c) Emerging problems;
- (d) Changes to risk profile

Reports shall be made to meetings of the Property Committee on the progress of all projects approved by the Board of Governors.

9.8.4

The Director of Estates shall conduct a formal post completion review after all major capital projects to identify strengths and weaknesses and to feed these into the procedure for managing future projects.

9.8.5 Procedures for disposals of Exchequer Funded Assets

Where the University sells any land and buildings, including any interest in land and buildings, which was acquired or developed in whole or in part using Exchequer funds, the following conditions must be satisfied:

- a) The University must take independent professional advice on the terms and conditions of the sale.
- b) If, having considered that advice, the University is satisfied that the terms and conditions under which the sale is proposed are the best that can reasonably be obtained for the University at that time.

- c). The University must notify HEFCE in writing of the sale within 15 working days of the exchange of contracts for that sale.

9.8.6 Retention of proceeds from sale of exchequer funded assets

The University may retain the proceeds of sale provided that all the following conditions are satisfied:

- a) They are used for capital expenditure on assets, with a life of more than 12 months, that are used for activities eligible for funding as specified in sub-section 65(2)(a) and (b) of the Further and Higher Education Act 1992, but excluding capital expenditure on assets that are used primarily for activities listed in paragraph 60 of the Financial Memorandum with HEFCE.
- b) Where the expenditure is on an estates project, it conforms with the University's current estate strategy.
- c) Where the expenditure is on an estates project, the University has regard to HEFCE guidance, issued from time to time, on appraising property options.
- d) The sale proceeds are reinvested in full within 3 years.
- e) The University notifies HEFCE in writing within 15 working days of the date the sale proceeds are first reinvested; if the reinvestment is done in stages, the University must notify HEFCE in writing within 15 working days of each stage of the reinvestment.

9.8.7 Procedures when proceeds cannot be entirely retained

If the above conditions in paragraph 9.8.5 are not satisfied, the University shall pay to HEFCE:

- a) Where the Exchequer funds were provided before 1 August 1975, an amount equal to the original value of the Exchequer funds.
- b) In cases where the interest in the land and buildings was acquired or developed, since 1 August 1975, wholly with the aid of Exchequer funds, all the sale proceeds (including any element in respect of intangible assets sold as part of the transaction) after deduction of the expenses of the transaction.
- c) In cases where neither sub-paragraphs a or b apply, that proportion of the sale proceeds, after deduction of the expenses of the transaction, which corresponds to the value of the Exchequer funds as a percentage of the costs of acquisition or development of the land and buildings at the date of acquisition or development.
- d) Where only part of the sale proceeds is reinvested in accordance with sub-paragraph 9.9.5(a), but all other conditions in paragraph 9.9.5 are satisfied, the University shall repay that part of the sale proceeds that is not reinvested in accordance with sub-paragraph 9.9.5(a), subject to sub-paragraphs 9.9.5 a-c above.
- e) Where the sale proceeds are only partly reinvested within three years, but all other conditions in paragraph 9.9.5 are satisfied, the University shall repay that part of the sale proceeds that is not reinvested within three years, subject to sub-paragraph 9.9.5 a-c above.

9.9 Supplier invoices

9.9.1 Receipt of invoices

All supplier invoices should be sent by the supplier to the Accounts Payable team within the Finance Department. On receipt, invoices should be registered on the finance system

9.9.2 Approval of invoices

Invoices that relate to goods or services for which a purchase requisition was raised are known as 'committed' invoices. Committed invoices will quote a purchase order number. Invoices that relate to goods and services for which no purchase requisition was raised are known as 'uncommitted' invoices. Uncommitted invoices will not contain a purchase order number.

Committed invoices should be receipted on the finance system by the person who raised the original requisition as evidence that the invoice has been checked, the goods or service has been received and the department wishes the supplier to be paid. Where an invoice exceeds the original purchase order, the invoice will be referred forward to the budget holder to approve payment of the invoice.

Uncommitted invoices should be approved only by the relevant budget holder in line with levels of delegated authority. If the invoice exceeds the budget holder's delegated authority. This is because the approval of an uncommitted invoice is giving authority for a budget to be spent. In the case of committed invoices, this authority has already been given by the raising and approval of a purchase requisition.

For both committed and uncommitted invoices, receipting or invoice approval confirms that:

- (a) Goods or services have been received or undertaken in accordance with specification and are satisfactory;
- (b) The prices or charges are in accordance with the contract or order;
- (c) The invoice is arithmetically accurate and VAT has been applied at the correct rate;
- (d) Where inventories or stores records are required proper entries have been made.

9.9.3 Payment of invoices

Once approved, Finance Staff should arrange payment within the University's Standard terms of business or any bespoke terms of business agreed with particular suppliers.

Note that if there is a delay in approving invoices, Finance Staff will be unable to meet these terms of business. Departments should therefore ensure that their suppliers send invoices directly to the Finance Department quoting the purchase order number.

9.10 Purchasing cards

Purchasing cards are issued to named staff to make low value purchases. Before issuing a purchasing card, staff should read the purchasing card guide and sign the staff declaration.

All cards are issued with a standard single transaction limit of £500 and a monthly limit of £1,000 to prevent card holders spending more than an agreed amount per month. Procurement Services Applications for all cards must be authorized by the Dean or head of Professional Service Group. Requests for cards with limits over the standard transaction and credit limit, or where cash withdrawal is requested, should be authorized by the Head of Procurement Services or the Financial Controller.

The Procurement Services Manager and the Financial Controller will;

- control the issue of the cards,
- update procedures and check compliance therewith;
- ensure transactions are verified and authorized in a timely manner.

Cards can be used for items costing under £500 or within individual card limits.. They can also be used for travel, accommodation and subsistence costs in accordance with the Travel, subsistence and expenses policy.

They cannot be used;

- for personal purchases
- by anyone other than the person to whom the card was issued
- to withdraw cash unless the cardholder is specifically authorized to do so.

The misuse or non-compliance of the procedures will result in the card being withdrawn and in certain cases may result in disciplinary action being taken.

9.11 Authorised signatory list and authorisation hierarchy

The Authorised signatory list is kept and maintained by the Financial Controller. It is the responsibility of the school or Professional Service Group to ensure that an up to date set of authorised signatory sheets are given to the Financial Controller. The University's electronic Procurement to Pay system is set up with hierarchies for the raising and approval of requisition and approval of non-committed invoices. The Financial Controller is responsible for ensuing electronic authorisations are in line with the authorised signatory list.

9.12 Fixed Asset Register

The Chief Financial Officer shall:

- (a) Ensure there is a central register of all items of capital expenditure with a purchase value of £10,000 or over including VAT within the finance system Agresso

Deans and Heads of Professional Service Groups shall:

- a) Ensure the safekeeping of all equipment held in the school or Professional Service Group;
- b) Ensure that the equipment is marked as the property of London South Bank University.
- c) Report all losses of equipment through theft or damage on the prescribed forms to the Director of Estates & Facilities with copies to the Vice Chancellor and Chief Financial Officer

9.13 Equipment Removal

Land and Buildings may only be disposed of with the authorization of the Board of Governors on the recommendation of the Policy and Resources Committee.

Equipment, vehicles, fixtures and fittings shall not be removed from the University without the written approval of the Dean or Head of Professional Service Group. In all such cases, the Chief Financial Officer shall be informed at least two working days in advance so that, appropriate insurance arrangements can be made.

Schools and Professional Service Groups shall notify the appropriate Professional Service Group of any item of standard equipment or other goods which are no longer required, who shall advise if the item can be redeployed elsewhere in the University. .

Where an item cannot be redeployed, Deans or Heads of Professional Service Groups shall make arrangements to dispose of obsolete items. The Dean or Head of Professional Service Group is responsible for disposing of the item in a way that maximizes the proceeds and value for money to the University. This includes obtaining valuations where appropriate and quotes for costs of disposal. In exceptional circumstances, the Director of Finance may authorize the item to be donated or offered at reduced cost to students, other educational establishments, charities or local community groups.

The school or Professional Service Group shall advise the Chief Financial Officer of any proposed disposal of equipment or other goods so that, if appropriate, she or he may arrange for an invoice to be raised for payment to be obtained by the University and for accounting entries to be made in the University Accounts.

10 Cash management

10.1 Bank accounts

The Board of Governors shall approve:

- (a) the appointment and terms of engagement of the University's bankers;
- (b) the bank mandate which determines the terms on which cheques may be drawn on the University's bankers;
- (c) the bank account signatories and levels of authority;
- (d) overdraft and loan facilities.

All bank accounts for the University's transactions shall be held in the name of the University, and may be opened only on the authority of the Board of Governors. No bank account other than one authorised by the Board of Governors shall be operated for University's purposes. No member of staff shall open an account bearing the name of the University, or any abbreviation of it.

10.2 Signatories

The University's bank accounts shall be operated in accordance with the mandates given to the bankers under the authority of the Board of Governors. The Board of Governors has determined that the holders of the following posts shall be signatories to the University's bank accounts;

Vice Chancellor
Deputy Vice Chancellor
Chief Financial Officer
Pro Vice Chancellors
University Secretary and Clerk to the Board of Governors
Chief Operating Officer Executive Director of Human Resources
Financial Controller
Financial Planning Manager

10.3 Signatory limits

Signatory limits apply for both cheque limits and electronic payments such as Bacs

- (a) For Payments of less than £10,000 - one signature and may be signed in holograph by cheque writing machine;
- (b) For payments of £10,000 and above - but less than £20,000 - one signature but may not be signed in holograph by cheque writing machine;
- (c) For payments of £20,000 and over- two signatures only one of which can be a member of the Finance Department.

10.4 Records and reconciliation

The Chief Financial Officer shall

- (a) maintain a record of all bank accounts, signatories and levels of authority;
- (b) ensure adequate procedures are in place to control the issue and use of cheque stationery and for the control of electronic payment authorization
- (c) maintain proper records of all bank payments;
- (d) ensure that all bank accounts are reconciled at monthly or more frequent intervals, independently of the staff involved in making payments and banking cash.

The following accounting controls shall apply:

- (e) there shall be a monthly bank reconciliation for each bank account;

The reconciliation shall be verified by the Financial Accountant;

- (f) Unresolved discrepancies shall be reported to the Financial Controller and if still unresolved to the Chief Financial Officer

Cashbook records shall be maintained as part of the integrated accounting system.

10.5 Borrowing

All raising of capital finance must be approved, in advance, by the Policy and Resources Committee and the Board of Governors. The Board of Governors may, at its discretion, authorise an ad-hoc committee of its members to agree final documentation and execute documents within certain parameters set by the Board of Governors.

All borrowing raised on the security of any of the University's assets must be approved, in advance, by the Policy and Resources Committee and the Board of Governors. The Board of Governors may, at its discretion, authorise an ad-hoc committee of its members to agree final documentation and execute documents within certain parameters set by the Board of Governors.

Unsecured, overdraft borrowing must be within limits set by the Chief Financial Officer. Authorisation by the Chief Financial Officer must be given for unsecured, overdraft borrowings within such limits.

Lease finance arrangements for items with a capital value greater than £250,000 must be approved, in advance, by the Policy and Resources Committee.

The University has no pre-determined restrictions on sources of funding with any consideration of suitability of potential lenders being carried out at the time of approval.

The University has no pre-determined requirements on the mix between fixed and variable rates of interest. The suitability of the mix will be reviewed at the time of approval and should bear in mind market expectations and future cash requirements; the costs of doing so should be related to the need to spread the risk through a balanced portfolio.

10.6 HEFCE borrowing limits

The University shall obtain prior written HEFCE consent before it undertakes such a level of borrowing that the Annualised Servicing Cost (ASC) of all long-term borrowing exceeds a threshold of 4 per cent (or such higher level permitted by HEFCE) of total income as reported in the latest audited financial statements, or the estimated amount for the current year if that is lower. The ASC is the capital repayments and total interest costs spread evenly over the period of the borrowing. In assessing total long-term borrowing and total income, all inherited debt that is fully reimbursed by HEFCE, and all such reimbursements shall be ignored.

10.7 Short-term borrowing

The University shall obtain prior written consent from HEFCE before its negative net cash or cash equivalents, as determined on a cash book basis and as defined in FRS 1: Cash Flow Statements, exceeds the lower of 5 per cent of total income or £2M.

10.8 Late repayment penalties

The Chief Financial Officer shall confirm in writing with the University's bankers that arrangements are in place to ensure the prompt repayment of loans to avoid any penalties that form part of the loan agreement.

10.9 Cash and cheque and electronic receipts

The current single cash transaction limit for the University is the sterling equivalent of €15,000, translated at the most recent rate published by the Financial Times. This is to comply with the Money Laundering Regulations 2003.

All cheques or cash received shall be paid to the cashier with the minimum of delay.

The Chief Financial Officer shall agree with a Dean or Head of Professional Service Group the arrangements under which the school or Professional Service Group may receive cash, cheques and other receipts. These arrangements shall ensure that:

- (a) The cash and cheques shall be paid to the cashier at the earliest possible opportunity in their entirety.
- (b) They shall not be used to cash any cheques or pay any item of expenditure:
- (b) no monies other than petty cash floats shall be held in Schools/Professional Service Groups except as authorised by the Chief Financial Officer
- (c) Schools and Professional Service Groups which are authorised to receive cash and cheques shall keep proper records in the form specified by the Chief Financial Officer.

The Chief Financial Officer shall make arrangements for receiving cash and cheques. They shall ensure that:

- (a) every sum of cash received shall be immediately acknowledged by the issue of an official receipt with the exception of cheques, where receipts should only be issued for cheques from students;

The Chief Financial Officer shall determine the form and serial numbering of all official orders, receipts, books and tickets of value etc., and shall:

- (a) control their issue to Schools and Professional Service Groups;
- (b) Ensure that all receipts and issues are properly recorded.

10.10 Catering Cash Receipts

All catering and residence cash takings received by the Department Estates and the National Bakery School shall be:

- (a) Recorded through school and Departmental tills and verified by appropriate till readings. In the case of University controlled vending machines, the readings shall be supported by sales control sheets;
- (b) Paid directly to the Finance Department or an officially nominated collection agent. All takings shall be controlled and received in the manner prescribed by the Chief Financial Officer.

10.11 Cash Collection procedures

The Chief Financial Officer shall arrange for independent checks to be carried out at annual intervals of the cash collection procedures at each of the catering sites where these are managed by the University. The arrangements shall ensure that:

- (a) the checks are carried out by a designated member of the Finance Department;
- (b) a diary is kept with details of checks and the results;
- (c) A senior member of staff of the Finance Department reviews the checks and discusses any action to be taken with the budget holder of the department receiving the receipts.

10.12 Cheque Payments

Cheque payment controls shall be maintained by the Purchase Ledger Supervisor.

- (a) The control shall be performed before each cheque run.
- (b) The cheque pre-list shall be authorised by the Chief Financial Officer or a nominated deputy.
- (c) The cheque stationery shall be kept in a secure place at all times, and proper controls maintained on the use of cheque stationery.
- (d) The number of cheques signed shall be checked against the meter reading on the cheque signing machine, and verified by a designated member of staff within the Finance Department. The cheque signing machine shall be kept locked when not in use and in a secure place at all times.

At the discretion of the Chief Financial Officer payments may be made in advance to members of staff and students of the University in case of need.

10.13 Non-University Monies

The Chief Financial Officer may make arrangements from time to time, with the agreement of the Vice Chancellor or Pro Vice Chancellor (Academic) and Director of the Student Services,

to handle monies that do not belong to the University. Examples are extra-departmental funds, and prize or scholarship funds.

In such cases, the Chief Financial Officer shall:

- (a) set up proper accounting arrangements;
- (b) Make appropriate charges.

11. Petty cash

11.1 Cash Floats

The Finance Department shall make advances for defraying petty cash expenses to school Administrative Officers or an authorised person in a school/Professional Service Group.

They shall:

- (a) sign a receipt for cash advance from the Finance Department;
- (b) Be responsible for keeping the cash in a secure place;
- (c) Keep an account of payments in the form required by the Chief Financial Officer;
- (d) Be required to account for payments made and cash remaining at regular intervals.

11.2 Cash Payments

The rules on payments are:

- (a) they are limited to minor items of expenditure up to a value of £50 per payee on one occasion;
- (b) requests for payments shall be supported by vouchers (with accompanying receipts) certified as correct by the school Administrator Officer or authorised person in a Professional Service Group/school
- (c) personal cheques shall not be cashed;
- (d) All vouchers shall be sent to the Finance Department with a claim for reimbursement at monthly intervals.

Because of the trading nature of catering and residences, reimbursement of petty cash may on occasions be required more often.

Petty cash accounts shall record:

- (a) advances and reimbursements from the Chief Financial Officer;
- (b) Payments.

No cash received other than advances and reimbursements shall be paid into these accounts.

11.3 Year end certification of petty cash

All petty cash holders are required to certify the balance on their respective floats at the financial year end of 31 July. The cash office of the finance department may carry out spot checks to ensure the amounts certified are correct.

12. Investments

12.1 Policy

The Policy and Resources Committee shall be responsible for establishing an investment policy for the University.

The Chief Financial Officer shall be responsible for:

- (a) implementing the policy;
- (b) Deciding how to allocate funds between short-term deposits and longer term investments, in the light of cash flow forecasts.

12.2 Short-Term Deposits

The Chief Financial Officer shall be authorised to place cash on deposit for periods not exceeding six months. He/she shall:

- (a) seek to maximise the return from deposits to the University, consistent with the avoidance of risk to the principal;
- (b) Review the investment on a daily basis in the light of interest rate changes;
- (c) Maintain a record of such deposit;
- (d) Present a monthly report to the Vice Chancellor on the state of deposits and the income earned/accrued;
- (e) Prepare longer term cash flow forecasts to assist the management of the University's cash assets.

12.3 Investment of Surplus and Trust Funds

The long-term investments of the University shall be determined by the Chief Financial Officer in accordance with the policies determined by the Policy and Resources Committee on the basis of professional advice. The following rules shall apply:

- (a) all investments shall be in the name of the University or its nominees;
- (b) Trust funds shall be invested in a manner authorised by the Policy and Resources Committee.
- (c) all investments shall be reviewed on a monthly basis;
- (d) The Chief Financial Officer shall maintain a register of all investments.

12.4 Types of investment permitted

The investments may be made in:

- (a) UK stocks listed on the London Stock Exchange and debentures;
- (b) Government securities;
- (b) unit trusts;
- (d) Major UK Banks;

- (e) major UK Building Societies;
- (f) UK Local Authorities;
- (f) Other institutions rated as triple A.

12.5 Charitable funds investment strategy

The charitable funds investment strategy shall be approved by the Policy and Resources Committee. The current strategy is that

- The target income should be expressed in monetary terms and should be set at £20,000. This target to be achieved to within a 10% margin.
- The Fund Manager should be permitted to invest up to 7 – 8% of the portfolio in overseas equities. It is expected that this would be in multinational European or North American securities.
- The capital growth target to exceed the Wood MacKenzie index by 1%.

13 Insurance

13.1 Cover

The University Secretary and Clerk to the Board of Governors and the Chief Financial Officer shall ensure that:

- (a) Appropriate insurance cover is provided for all aspects of the University's activities;
- (b) The University's insurance portfolio is reviewed annually in consultation with the University's brokers; after the Policy and Resources Committee have approved the proposed terms; and shall negotiate all claims with the University's brokers.

13.2 Tendering for insurance contracts

The contract for brokerage services (or for direct insurance services, if a broker is not used) shall be put out to open tender every five years.

13.3 Cover required

The insurance cover shall include:

- Buildings (all risks)
- Contents of buildings (all risks)
- Public liability
- Employer's liability
- Fidelity guarantee
- Professional indemnity
- Cheque signing indemnity
- Personal accident (assault)
- Travel / personal accident (UK and overseas)
- Engineering equipment
- Computers
- Deterioration of stock
- Motor fleet
- All risks of radioisotopes

Governors' liability
Playgroup activity
Directors and Officers Liability
And any other that, in the opinion of the Policy and Resources Committee, is appropriate.

Deans and Heads Professional Service Groups shall review the school's or Professional Service Group's activities and advise the Secretary and Chief Financial Officer if in their opinion a material risk not covered by insurance is being incurred.

13.4 Claims and Incident Reports

Deans and heads of Professional Service Groups shall, as a matter of urgency, notify fires, accidents or other incidents which might give rise to an insurance claim to:

The Vice-Chancellor
The University Secretary
The Chief Financial Officer

The report should give as much information as possible to include in particular:

- (a) a detailed description of the incident, its time and cause (if known);
- (b) practical consequences - particularly details of any interim measures required to cope with affect of the incident;
- (c) Financial consequences, if assessable in advance of insurance appraisal.

The University Secretary and Chief Financial Officer shall:

- (a) verify the insurance of any incidents which may give rise to a claim;
- (b) Submit a full claim where appropriate.

In instances where members of staff may incur loss of or damage to personal possessions and where the University has no insurance cover or responsibility, claims may be considered in very exceptional circumstances provided that full details, in writing, to the University Secretary and Chief Financial Officer and support is given by the member of staff's Senior Line Manager.

14. Contracts

14.1 Signature under Seal

The Common Seal shall only be used on the authority of the Board of Governors. Every instrument to which the seal shall be affixed shall be signed by a Governor and shall be countersigned by either the University Secretary & Clerk to the Board, a second governor or by some other person appointed by the Board of Governors for that purpose - see below. A register shall be maintained and the use of the Common Seal reported to the Board of Governors.

Other persons who have been authorised by the Board of Governors to sign contracts under Seal are:

Vice Chancellor, Pro Vice Chancellor Students and Education, Pro Vice Chancellor Research and Engagement and Chief Financial Officer

14.2 Signature of Employment Contracts

The signatories authorised by the Board of Governors to sign contracts of employment are as in 14.1 plus the Executive Director of Human Resources and Deputy Head of Human Resources.

14.3 Signature of Other Contracts

The following persons are authorised to sign other contracts on behalf of the University:

Vice Chancellor
Pro Vice Chancellor Students and Education and Pro Vice Chancellor Research and Engagement
Chief Financial Officer
University Secretary and Clerk to the Board of Governors

Head of Procurement (£50,000 and under)

14.4 Disclosure of Beneficial Interest

A member of staff who has a beneficial financial or any other interest, whether direct or indirect, in any contract between the University and a third party shall disclose that interest to the Head of School/Professional Service Group and to the Chief Financial Officer. A record of the interest will be entered in the Register of Interests held by the Secretary.

14.5 Content of Contracts

Every contract issued by the University shall use the appropriate standard contract documentation. Copies of all standard contract documentation are available from the Procurement Services Manager. The advice of the Procurement Services Manager should be sought if any amendments are required to the standard documentation.

The Contracts (Rights of Third parties) Act 1999 came into force on 11 May 2000. It applies to all contracts made on or after this date in England, Wales and Northern Ireland. The Act gives third parties named in contracts, or expressed to benefit from them, the right to sue under those contracts. The majority of contracts entered into by the University will exclude this right as far as possible. This exclusion is incorporated into the University's standard contract documentation. Where, in a particular case, the parties to a contract are considering conferring a benefit on one or more third parties, advice must be sought from the University Secretary/Procurement Services Manager as to the implications of any such arrangement, before entering into negotiations with any of the other parties that may be involved in the proposed contractual arrangements.

All contract documentation must be approved by the Procurement Services Manager prior to signature.

14.6 Copies of Contracts

The University Secretary shall hold:

- (a) Copies of all contracts with a value of over £50,000;
- (b) All titles, deeds and lease agreements.

14.7 Contract Performance

Holders of letters of delegated authority must ensure that all expenditure contracts within their budget area have a contract owner responsible for monitoring performance through regular meetings with the contractor. Reports of any discrepancy or failure must be completed. Procurement Services advice should be sought in order to assist in the management of poor contract performance and emerging risks.

Appendix A

Fraud Response plan

When an incidence of fraud is identified, there is an immediate need to safeguard assets, recover losses and secure evidence for legal and disciplinary processes. In order to meet these objectives, the University has a fraud response plan. Staff and students are required to act in accordance with the fraud response plan.

If a member of staff discovers or suspects a fraud, theft, corruption or other financial irregularity, they must immediately inform their Dean or Head of Professional Service Group and the Chief Financial Officer. Failure to do so will result in disciplinary action. The Chief Financial Officer will instigate the following responses:

- Take action to mitigate the potential loss to the University
- Immediately inform the Vice Chancellor, the University Secretary, the Head of Internal Audit and The University's Employee and Officers insurers.
- Initiate an investigation. The scope of this investigation should be agreed with the Vice Chancellor and the University Secretary.
- Decide whether or not to treat this incident as a criminal investigation and involve the police and/or accredited fraud investigators
- Take steps to prevent a recurrence of such an irregularity or breach of internal controls.

If it is suspected that a fraud may be significant:

- The chair of the Audit Committee, the Chair of the Board of Governors and the University's HEFCE accounting officer should also be informed (The Accountability and Audit: HEFCE Code of Practice, which flows from the HEFCE Financial Memorandum, contains a mandatory requirement that any significant fraud must be reported to the HEFCE Accounting Officer)
- The Chair of Audit Committee will decide whether or not to convene an extraordinary meeting of Audit Committee to consider action already taken, or proposed to be taken.
- The CFO will liaise with the VC, Chair of Audit Committee and Head of Internal Auditors appropriate to determine the role of internal audit in the investigation.

A significant fraud is one where:

- The sums of money involved are significant
- The fraud involves senior officers of the University
- The particulars of the fraud or irregularity are novel, unusual or complex
- There is likely to be public interest because of the nature of the fraud or irregularity, or the people involved.

In the event of a suspected fraud involving the Finance Department, the Vice Chancellor will initiate action. The Chief Financial Officer will not be involved in the subsequent investigations.

In the event of a suspected fraud involving the Vice Chancellor, the Chief Financial Officer will inform the Chair of the Board of Governors directly.

Investigation of a suspected fraud

The investigation must be conducted on a timely basis, observing the principles of natural justice and preserving confidentiality.

All staff must cooperate in an investigation or action to mitigate loss and must observe reasonable expectations of confidentiality.

The Vice Chancellor may take action during the investigation against any member of staff who is potentially implicated in the suspected fraud. This action may include:

- Temporary suspension from duty
- Denial of access to University buildings and computer networks

Result of investigation

In the event that an allegation is substantiated, the action taken by the Vice Chancellor as a consequence will be recorded in writing. Such action should be proportionate to the allegation but may include:

- Temporary suspension from duty
- Denial of access to University buildings and computer networks
- Summary dismissal or dismissal under notice
- Notification of the police
- Notification of other parties likely to be affected
- Restitution by the perpetrator
- Other disciplinary procedures

Appendix B

The seven principles of public life from the report of the committee for standards in public life (The Nolan report)

Selflessness

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Appendix C – Specific procedures relating to SBUEL

University Regulations apply to the subsidiary company, SBUEL, with separate financial procedures covering the following areas:

Area	Section in these regulations
1. Expenditure	Paragraph 9.1 - 9.6
2. Travel, subsistence and Expenses Policy	University Travel, Subsistence and Expenses Policy
3. Delegated authorities	Letters of delegated authority
4. HR policies	Paragraphs 8.1-8.13

Changes to these financial procedures relating to SBUEL will be approved by the SBUEL board. A Statement of Governance was approved by the LSBU board on 19th July 2012.

The board of SBUEL will consider an annual budget for the Company, which will be approved by the LSBU board as part of the overall University budget approval process. Performance against budget will be reviewed by Policy and Resources Committee and the main board as part of the monthly management accounts

The Director of Enterprise is responsible for maintaining a risk register and the SBUEL board should consider this at its board meetings. Any Significant risks should be escalated to the LSBU Executive for future consideration and inclusion in the LSBU corporate risk register.

Appendix D

Associated documents:

The following documents and procedures support these Financial Regulations and are available on the Staff Intranet or from the Finance Department:

Regulations:

Code of ethics relating to procurement
Tuition fee regulations

Policies:

Travel and Expense policy
Gifts and Hospitality Policy
Anti-Fraud Policy
Speak Up Policy
Risk Policy
Procurement Tendering Policy
SBUEL Governance statement
Anti-Bribery Policy
Recovery of Payroll Overpayments

Procedures and Guidance

Letter of delegated authority 2014
Purchasing card guide
VAT Guidance
Capitalisation guidance notes
School/Department managers guide to contract management
Manual payment procedures
SBUEL Letter of delegated authority
SBUEL Expenditure procedures
SBUEL HR procedures
General ledger guidance note
Credit Control procedures

Forms:

VAT exemption form for medical research expenditure
VAT exemption form for Advertising expenditure

Appendix E

Changes to the Financial Regulations in this version

Paragraph	Page	Update
Terminology throughout		Changes reflect new university structures including, replacing Faculties with Schools and new posts and titles including Chief Financial Officer, Chief Operating Officer, Deputy Vice Chancellor, Deans and Executive Director of HR and Pro Vice Chancellors,
Glossary		Removal of PAYE, NI and SORP from Glossary as not necessary
4.19	13	Amended wording regarding HEFCE grant funding
6.4		Introduction of a scheme of delegation for commercial sales. This change was recommended by the Board of SBUEL. It is through such projects that much of the University's enterprise income is generated but these contracts also bind the University (or SBUEL) to committing sometimes substantial resources, including staff time, to the delivery of projects, often to closely defined timescales, therefore an approval process is necessary. The authorisation thresholds are based on the thresholds in place for the authorisation of expenditure. To supplement this new section of the regulations, the Authorised Signatory Register has been updated to include the authorisation of sales invoice requests.
7.10	24	Removal of section on staff development and training
8.10	30	Added wording to make it clear that uncommitted invoices can only be approved in line with delegated authorities
8.11	31	Change to regulations for the issue of purchasing cards, include a default transaction limit of £500 and monthly spend limit of £1,000, to say that all card applications must be authorised by the Dean or Head of Professional Service Group Professional Service Group, and that cards issued with transaction or credit limits above the default amount must be authorised by the Head of Procurement Services or the Financial Controller
Appendix A	46	Update Fraud Response Plan as approved by Audit Committee on 13 June 2014
Associated documents	49	Reference to letter of delegated authority 2014 Addition of GL guidance note Credit control procedures Recovery of payroll overpayments