



# Finance and Commercial.

## Financial Regulations for University Subsidiaries

### Index

Section	Paragraphs	Page Numbers
Introduction	1) Why do we need the Financial Regulations?	2-3
	2) The Role of the University Council and the University's Accountable Officer	3
	3) Format of the Regulations	4
	4) Status of the Financial Regulations	4-5
	5) Financial Management	5-6
	6) Risk Management, Audit and Other Financial Governance Matters	6-9
Income and Banking	7) General	10
	8) Income Received	10
	9) Income Based Contractual Commitments	10-11
Expenditure	10) Authority for Revenue Expenditure	12-13
	11) Authority to approve Capital Expenditure	13
	12) Procurement, Tendering, Ordering and Contracts	13
	13) University Purchasing Card	13-14
	14) Petty Cash	14
	15) Advances of Expenditure	14
	16) Salaries, fees, expenses and pensions	15
17) Benefits in Kind	15	
Other	18) Banking Arrangements, Treasury Management and Other Financial Reserves Issues	16
	19) Taxation	16-17
	20) Insurance, Vehicles, Property and Assets	17-18
	21) Computing	18
	22) Conflict of Interests	18
	23) The Subsidiary Company's Seal	18

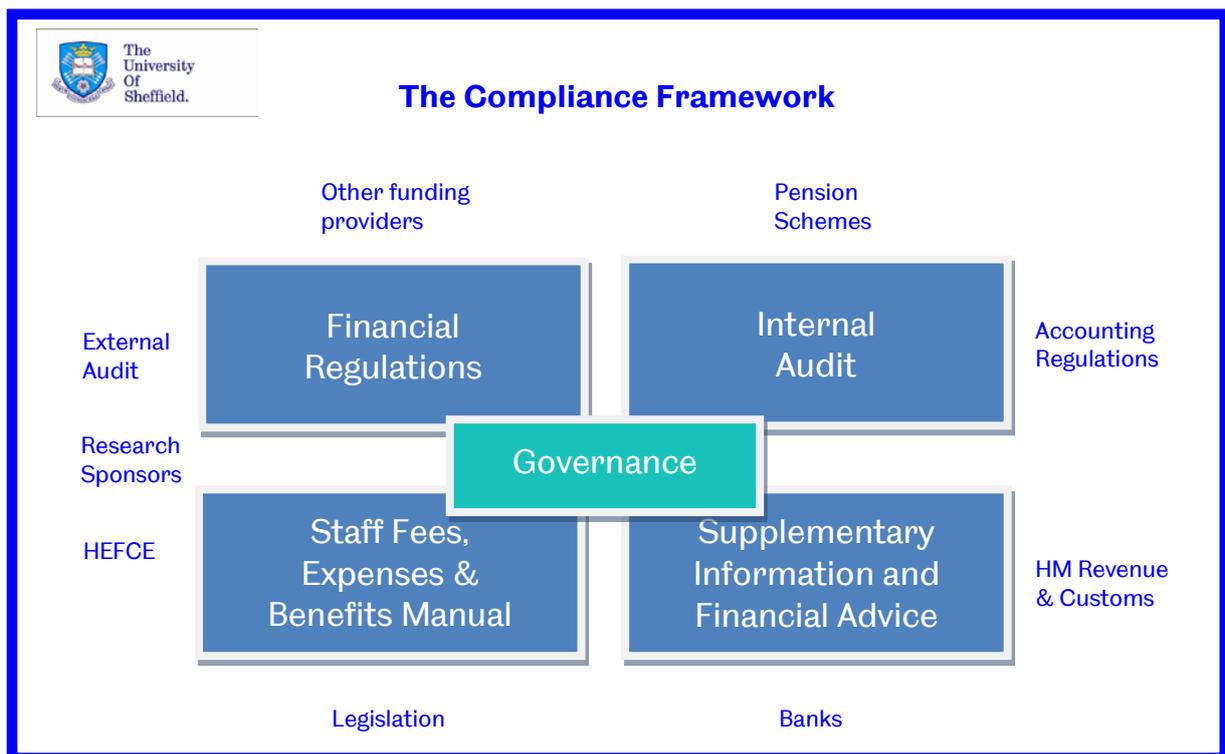
## Introduction

### 1. Why do we need the Financial Regulations?

The University of Sheffield is one of the United Kingdom's most successful Universities, both in terms of academic success and in the growth of its student body. The University holds an outstanding reputation, both nationally and internationally and this is evidenced in the numerous awards and high grades it has received from the various bodies responsible for assessing the higher education sector.

The University's activities are supported by substantial public funds and as a publicly funded body, the University is accountable to its stakeholders in ensuring the most efficient and effective use of its resources in support of the University's approved strategy.

This accountability places governance responsibilities on the University and its Subsidiaries and necessitates that the institution operates within a compliance framework.



The stakeholders illustrated above present opportunities to the University but they also place constraints on the way in which the University operates. Therefore, operating within a compliance framework dictates that the University must develop systems for internal control which include the Financial Regulations. This internal control framework is instrumental in ensuring the following:

- The University's Governance responsibilities are satisfied
- Financial probity is maintained
- The University is not exposed to unacceptable levels of risk.

## **2. The Role of the University Council and the University's Accountable Officer**

2.1 Council is the executive governing body of the University and is accountable for the overall operations of the University. Council is responsible for the administration and management of the affairs of the University and must ensure that:

- The University's assets are safeguarded
- The opportunities for theft or fraud are minimised
- The promotion of best practice and that resources are utilised and managed in the most efficient and effective manner
- Achievement of the University's objectives is supported

2.2 The Statutes of the University vest responsibility for the financial management of the University in the Council. In order for Council to execute this governance role, the University must ensure that clear systems are in place for internal control and for monitoring and reporting activities.

2.3 Under the Memorandum of Assurance and Accountability with HEFCE, the University Council as governing body is responsible for the use of funds. To assist and enable it to discharge this responsibility and to provide clear accountability, the governing body will designate a senior officer, normally the head of the institution, as the 'accountable officer': that is, the officer who reports to HEFCE on behalf of the institution.

2.4 The President and Vice-Chancellor is the University's accountable officer and is required by the Memorandum of Assurance and Accountability with HEFCE to advise Council on the discharge of all its responsibilities under the Memorandum and the Audit Code of Practice. In this capacity, the President and Vice-Chancellor must advise the University Council if, at any time, any action or policy under consideration by them appears to the President and Vice-Chancellor to be incompatible with the Memorandum of Assurance and Accountability. If the University Council decide nevertheless to proceed, the President and Vice-Chancellor must immediately inform the chief executive of HEFCE in writing. The President and Vice-Chancellor must ensure that annual estimates of income and expenditure are prepared for consideration by the University Council and for the management of budgets and resources within the estimates approved by the University Council. As the accountable officer, the President and Vice-Chancellor may be required to justify any of the University's financial matters to the Public Accounts Committee at the House of Commons.

### **3. Format of the Regulations**

- 3.1 The paragraphs above provide a brief illustration of the University's compliance framework and the requirement for Financial Regulations. However, these Regulations for Subsidiaries have been developed with the aim of providing a tool for all University Subsidiaries and their employees to assist in decision making when conducting activities on behalf of the Subsidiary. For the purposes of these Financial Regulations, a Subsidiary of the University will be as defined by the Companies Act 2006, Section 1159.
- 3.2 The Financial Regulations for Subsidiaries contain the key high-level principles contained within the more detailed guidance. The reader of the Financial Regulations for Subsidiaries should gain an understanding of the Subsidiary's overall approach toward financial management and control.

To support the University Financial Regulations there are:

- [Supplementary Information Appendices \(SIAs\)](#) which contain more detailed information on each individual area in order to provide policy or procedural guidance to the user and act as a tool in decision making when considering activities in greater detail.
- [Financial Advice Notes \(FANs\)](#) contain detailed guidance in the form of "how to?" guidelines and best practice advice for common activity areas.

Many of the Supplementary Information Appendices and Financial Advice Notes are specific to the operations of the University. With the exception of The Policy Document for Creation, Disposal and Governance of University Companies ([SIA 5](#)) these Supplementary Information Appendices and Financial Advice Notes are not mandatory as they would be inappropriate for the Subsidiary. Therefore a Subsidiary's Board of Directors ("Subsidiary Board") should consider the Supplementary Information Appendices and Financial Advice Notes as a source of reference to enable the Subsidiary Board to create similar guidance for the specific operations within that Subsidiary.

- 3.3 Thus, the Financial Regulations for Subsidiaries, Supplementary Information Appendices and Financial Advice Notes all aim to achieve a balance between ensuring the Subsidiary's compliance responsibilities are discharged in the most effective manner whilst also supporting all members of staff in their activities and roles by providing detailed guidance and advice on those topics most frequently encountered by most staff.

### **4. Status of the Financial Regulations for Subsidiaries**

- 4.1 The Financial Regulations for Subsidiaries have been approved by the University's Finance Committee. Subsequent amendments to the Financial Regulations for Subsidiaries will be approved by the University's Finance Committee, however the authority to execute operational changes to the

Supplementary Information Appendices and to Financial Advice Notes will be delegated to the Authorised Financial Officer and these may be adapted as appropriate to the Subsidiary by the Subsidiary Board as set out in 3.2 above. This will enable the Subsidiary to reflect the dynamic nature of its environment in the timeliest manner possible.

- 4.2 Compliance with the Financial Regulations for Subsidiaries is compulsory for all Officers and members of staff of all University Subsidiary companies by virtue of the Regulations of Council. A member of staff of a Subsidiary who fails to comply with the Financial Regulations for Subsidiaries may be subject to disciplinary action under the Subsidiary's disciplinary procedures.
- 4.3 It is the responsibility of the Subsidiary Board to ensure that their staff understand the content of the Financial Regulations for Subsidiaries and that access to the Regulations is made available.
- 4.4 These Financial Regulations for Subsidiaries have been adapted from those of the University. Questions in relation to the application of the Subsidiary's Financial Regulations to a subsidiary company must be directed to the Authorised Financial Officer.
- 4.5 The Financial Regulations for Subsidiaries apply to all the Subsidiary's activities irrespective of the source of funding.
- 4.6 Whilst these Financial Regulations for Subsidiaries indicate delegated authority for particular types of transaction, there are occasions where we undertake transactions which are not part of the normal day to day operation of the Subsidiary's activities and could be considered contentious at the time. Approval of these activities may be reserved for the Subsidiary Board decision.

## **5. Financial Management**

### **5.1 Subsidiary Financial Strategy and Budgeting Process**

- 5.1.1 It is the responsibility of the Subsidiary Board to approve, a Financial Strategy for the Subsidiary. This strategy sets out the financial objectives of the Subsidiary and the measures which will be used to ensure these objectives are met.
- 5.1.2 It is the responsibility of the Subsidiary Board to approve annually the Subsidiary financial forecasts including the Profit and Loss Account, Balance Sheet, Cash Flow Statement and Capital Programme.

### **5.2 Budgeting and Financial Planning**

- 5.2.1 Resources must be allocated annually by the Subsidiary Board, utilising appropriate resource allocation and budget setting methodologies.

- 5.2.2 A Subsidiary will be expected to generate its budgeted level of income from its activities and contain its expenditure within an allocated budget.

### **5.3 Financial Management and Value for Money**

- 5.3.1 It is a requirement that each Subsidiary manages its expenditure commitments within the allocations detailed above.
- 5.3.2 Expenditure from the funds available is within the discretion of the Subsidiary Board, in accordance with the Subsidiary's agreed Strategic Plan. Expenditure must be used for the furtherance of the Subsidiary's Strategic Plan and within the terms of the Financial Regulations for Subsidiaries and within the Law.
- 5.3.3 It is the responsibility of the Subsidiary Board to ensure that expenditure does not exceed the level of the annual expenditure budget.

The Subsidiary Board must ensure that the Subsidiary achieves Value for Money in all core and supporting activities. Value for Money is defined by the National Audit Office as the optimal use of resources to achieve the intended outcomes.

### **5.4 Reporting, Monitoring and Control**

- 5.4.1 Monitoring and Control of expenditure against approved budgets throughout the financial year must be co-ordinated by the Subsidiary Board. A pro-active approach must be taken by those responsible for budget monitoring and control, focusing on out-turn predictions and recovery plans where it is estimated that out-turn expenditure will be greater than budget or that income is lower than budget.
- 5.4.2 The Policy Document for Creation, Disposal and Governance of University Companies ([SIA 5](#)) details the financial reporting responsibilities that must be followed with respect to University Companies. "University Company" means any company in which either the University or a member of staff holds shares and the activities of the company is directly or indirectly linked to the activities of the University.
- 5.4.3 It is the responsibility of the Subsidiary Board to review its income and expenditure position and take appropriate action to ensure that expenditure budgets are not exceeded and that mitigating action is taken to reduce expenditure where the income is lower than budget.

## **6. Risk Management, Audit and Other Financial Governance Matters**

### **6.1 Risk Management**

- 6.1.1 Risk is defined as those activities which may impact adversely on the Subsidiary achieving its objectives.

- 6.1.2 The Subsidiary Board is responsible for ensuring that the Subsidiary has a robust approach to the management of opportunities and risks.
- 6.1.5 Risk registers must be updated and reported to the Subsidiary Board on a quarterly basis
- 6.1.6 Risk registers must be reported annually to the University's Risk Review Group with the audited annual financial statements.

## **6.2 Audit Requirements – Internal Audit**

- 6.2.1 The University has a mandatory obligation under the HEFCE Audit Code of Practice to have an effective Audit Committee and effective Internal Audit function. The HEFCE Audit Code of Practice applies, in principle, to University related companies including subsidiaries and other bodies which, indirectly, receive HEFCE funding.
- 6.2.2 The Internal Audit function should be independent of line management. Its prime responsibility is to provide University Council, the Subsidiary Board, the President and Vice-Chancellor and senior managers with an independent assessment on the adequacy and effectiveness of internal control systems, including risk management and governance; arrangements for promoting efficiency and effectiveness; and the arrangements for the management and quality of data.
- 6.2.3 The Internal Audit function has unrestricted access to all records, personnel and premises, including those of Subsidiaries and is authorised to obtain whatever information and explanations it considers necessary.
- 6.2.4 The Audit Committee is responsible for monitoring the performance of the Internal Audit function and receives a report from the Internal Auditors giving an opinion on the effectiveness of internal controls for the areas reviewed in the previous year.

## **6.3 Audit Requirements - External Audit**

- 6.3.1 The University Council is responsible for the appointment of professional external auditors to examine the University's and Subsidiary's financial statements and to provide an audit report for each financial year ending 31st July. Any such auditor shall be a member of a Recognised Qualifying Body (RQB). A RQB is a body declared by the UK Professional Oversight Board for accountancy as a body able to grant the audit qualification under the Companies Act 2006.
- 6.3.2 No person shall be appointed auditor who is, or any one of whose partners is, a member of the University Council, a member of any other Committee of the University or of the staff of the University.

- 6.3.3 The external auditors shall hold office for a period of up to five years, shall be eligible for re appointment and shall receive such remuneration as may be determined by the University Council. The University Council may remove an auditor or auditors before the end of their period of office in the event of serious shortcomings or breach of contract. The external auditors may make written representations to the University Council and shall have the right to be heard at the meeting at which their removal is being considered. The external auditors may resign by writing addressed to the University Council.
- 6.3.4 The external auditor shall have a right of access at all reasonable times to the books, records, accounts and vouchers of the Subsidiary and shall be entitled to require from the officers of the Subsidiary such information and explanations as may be necessary for the performance of their duties, including the provision of an audit report on the Subsidiary's annual financial statements.

#### **6.4. Fraud, Theft, Criminal Damage and Financial Irregularities**

- 6.4.1 It is the responsibility of all Officers and members of staff to ensure the correct and honest use of all Subsidiary resources and to report any circumstances which may indicate the improper use of these resources. If you do suspect any instance of fraud or misappropriation please report this immediately to either a member of the Subsidiary Board or the Subsidiary Financial Officer. The required actions are stated in the University's [Fraud Response Plan](#). See also Supplementary Information in relation to "Inducements, Bribery, Fraud and Corruption".

#### **6.5 Whistleblowing**

- 6.5.1 Whistleblowing in the context of the Public Interest Disclosure Act 1998 is the disclosure by an employee (or other party) about malpractice in the workplace. The University's policy, which must be adopted in a similar form by the Subsidiary, is set out in the document [Policy and Procedure on Public Interest Disclosure](#).

#### **6.6 Retention of Documents**

- 6.6.1 Documents relating to financial transactions must be retained in order to assist in the Subsidiary's administration and audit requirements and to meet certain statutory requirements.
- 6.6.2 The Subsidiary Board must ensure that these records and supporting documentation are retained by the Subsidiary in an adequate form and in a secure and accessible environment.

## **6.7 Authorised Financial Officer**

- 6.7.1 An Authorised Financial Officer of the University as referred to in these Financial Regulations is defined as the University's Chief Financial Officer, Director of Finance, Deputy Director of Finance, Assistant Directors of Finance, Commercial Director or interim authorised designate.
- 6.7.2 References in the Financial Regulations, their Supplementary Information Appendices and in any Financial Advice Notes to the Director of Finance shall apply equally to the Chief Financial Officer. Where the Chief Financial Officer is unavailable to fulfil any designated responsibilities, in exceptional circumstances these can be delegated to any 2 of the other Authorised Financial Officers acting together and in agreement.

## **6.8 Subsidiary Board**

6.8.1 The Subsidiary Board is the executive governing body of the Subsidiary and is accountable for the overall operations of the Subsidiary. The Subsidiary Board is responsible for the administration and management of the affairs of the Subsidiary and must ensure that:

- The Subsidiary's assets are safeguarded
- The opportunities for theft or fraud are minimised
- The promotion of best practice and that resources are utilised and managed in the most efficient and effective manner
- Achievement of the Subsidiary's objectives is supported

6.8.2 The Memorandum and Articles of Association of the Subsidiary vest responsibility for the financial management of the Subsidiary in the Subsidiary Board. In order for the Subsidiary Board to execute this governance role, the Subsidiary Board must ensure that clear systems are in place for internal control and for monitoring and reporting activities.

6.8.3 The Subsidiary Board must appoint suitably qualified directors and conduct its business in accordance with these Financial Regulations for Subsidiaries. The University Council will annually seek assurance that the Subsidiary Board possesses the attributes necessary to provide proper stewardship and control.

## **6.9 Subsidiary Financial Officer**

6.9.1 A Subsidiary Financial Officer as referred to in these Financial Regulations must be identified and authorised by the Subsidiary Board and notified to the Authorised Financial Officer.

## **Income**

### **7. General**

7.1 The Subsidiary Financial Officer is responsible for ensuring that procedures and systems are in operation to enable the Subsidiary to receive all income to which it is due. This responsibility includes ensuring that systems are in operation for the timely issue of invoices, prompt collection, recording, security and banking of all income when received.

7.2 The University's "terms of trade" are that invoices are to be paid upon receipt. No variation in these terms may be made without the authorisation of the Subsidiary Financial Officer.

The responsibility for pursuing debts rests with the Subsidiary Financial Officer. Staff are required to provide whatever information is needed to assist this process.

7.3 All cheques accepted in respect of sums due to the Subsidiary shall be made payable in the full name of the Subsidiary. Only official Subsidiary sales invoices may be used and sales orders and associated sales invoices and credit notes should be raised without delay.

### **8. Income Received**

8.1 All monies received from whatever source must be recorded, together with the form in which they were received.

8.2 Monies received must be remitted to the Subsidiary Financial Officer or through direct banking arrangement (as approved by the Subsidiary Financial Officer), on a daily basis or at such other interval as may be specified by the Subsidiary Financial Officer.

8.3 Custody of all cash holdings must comply with the requirements of the Subsidiary's insurers. Official receipts must be issued by for all income received.

8.4 No deductions may be made from any cash collected on behalf of the Subsidiary. Personal or other cheques must not be cashed out of monies received.

### **9. Income Based Contractual Commitments**

9.1 In order to identify and manage risk, it is important that all activities are covered by appropriate contractual arrangements.

- 9.2 The Subsidiary could be held liable for an income generating contract or agreement, implicit or implied, even where the person claiming to make the arrangement on behalf of the Subsidiary did not have the Subsidiary's express authority to do so.
- 9.3 Any contract requiring the substantial commitment of resources obligations or risks should be reviewed independently of those concerned with the bid, and after taking financial advice from the Subsidiary Financial Officer and, where appropriate, legal advice.
- 9.4 No University Company may be set up to exploit any University owned intellectual or other property or right unless this has been approved by the Authorised Financial Officer. Staff must follow the Policy Document for the Creation, Disposal and Governance of University Companies ([SIA 5](#)). "University Company" means any company in which either the University or a member of staff holds shares and the activities of the company is directly or indirectly linked to the activities of the University.
- 9.5 The activity should also be reviewed to assess its alignment with the strategic direction of the Subsidiary. No contract should be entered into that may jeopardise the reputation of the Subsidiary or the University.
- 9.6 For all services contracts and agreements, the Subsidiary Financial Officer or their delegated representative are authorised to sign such documents on behalf of the Subsidiary. Where a contract is material in terms of financial value, its term or the nature of the activity, approval may be sought from the Subsidiary Board.
- 9.7 When entering into a contract of significant value within the context of the Subsidiary's financial position the financial standing of the customer should be ascertained prior to entering into any commitment and adequate records should be maintained of this process. As a minimum requirement credit checks should be requested on contracts with income of £10,000 and above. A credit check shall be organised through the Subsidiary Financial Officer. This is particularly important where the Subsidiary is likely to incur significant expenditure in advance of income being received. Subsidiaries should consider advance payments or staged payments where a contract takes place over a long period of time. A credit check may not be required or relevant for certain sponsors such as Government funded agencies but, wherever possible and in particular for SMEs, this check must be undertaken.
- 9.8 Income from any source received by the Subsidiary may attract VAT and may be liable to Corporation Tax. The Subsidiary Financial Officer is responsible for ensuring such liabilities are minimised and Taxation section in the University's Finance Department should be consulted prior to entering into contractual obligations where potential taxation implications have not been fully identified.

## Expenditure

### 10. Authority for Revenue Expenditure

- 10.1 The Subsidiary Board is responsible for all expenditure. The authority to commit the Subsidiary may be delegated to named individuals (or budget holders) within the Subsidiary to place orders for goods and services within the limits of their agreed budgets. The Subsidiary should operate appropriate and robust segregation of duties over expenditure authorisation, purchase orders and payments. No one individual shall be nominated to both authorise expenditure and to create purchase orders. The authorised signatories should not place further orders for goods and services if such expenditure would exceed the available budget, without the prior permission of the Subsidiary Board.
- 10.2 All purchases shall be evaluated and made in accordance with the most "Economically Advantageous" terms; this evaluation shall include (but not limited to) price, delivery, quality, whole life costing and terms and conditions.
- 10.3 The Subsidiary Board or delegated representatives are not authorised to commit the Subsidiary to expenditure without first ensuring that sufficient funds are available to meet the cost.
- 10.4 The Subsidiary Board or delegated representatives are not authorised to commit the University or Subsidiary to investment or ownership in (or disposal of) any University Company. All staff must follow the Policy Document for the Creation, Disposal and Governance of University Companies. (See [SIA 5](#)) "University Company" means any company in which either the University or a member of staff holds shares and the activities of the company is directly or indirectly linked to the activities of the University.
- 10.5 The Subsidiary Financial Officer is responsible for making payments to suppliers for goods and services and for approving all payment procedures.
- 10.6 The Subsidiary Board or delegated representatives are the only persons authorised to make offers of employment and to appoint persons on behalf of the Subsidiary.
- 10.7 Approval to fill new or existing posts should be sought in accordance with the guidance of the Subsidiary Board.
- 10.8 All letters of appointment and contracts of employment must be issued in accordance with the guidance of the Subsidiary Board. No salaries shall be paid until a formal letter of appointment has been accepted by the prospective employee.
- 10.9 All contracts with financial implications shall be signed in accordance with procedures approved by the Subsidiary Financial Officer. All contracts

requiring payment via a banker's instruction, (i.e. direct debit or standing order) shall be signed by the Subsidiary Financial Officer or delegated representative. All contracts issued by suppliers that require a signature shall be forwarded to the Subsidiary Financial Officer for their approval and signature. Where a contract is material in terms of financial value, its term or the nature of the activity, approval may be sought from the Subsidiary Board.

- 10.10 For internal control purposes, no one individual shall be nominated to both authorise expenditure and create purchase orders.

## **11. Authority to approve Capital Expenditure**

- 11.1 All capital expenditure decisions shall be subject to a rigorous process of evaluation in accordance with the guidance of the Subsidiary Board.
- 11.2 The categories of capital expenditure include new buildings construction, major refurbishments, acquisitions or disposals of land, buildings and plant and machinery.
- 11.3 All related documentation must be approved by the Subsidiary Financial Officer.
- 11.4 The Subsidiary Board or their delegated representative shall be authorised to approve property lease agreements.
- 11.5 The Subsidiary Financial Officer has authority to approve other individual equipment leases.

## **12. Procurement, Tendering, Ordering and Contracts**

- 12.1 The Financial Regulations for Subsidiaries on purchasing and ordering apply whatever the source of funding.
- 12.2 The Subsidiary Financial Officer is responsible for the identification of suitable suppliers to the Subsidiary, assessing supplier suitability; negotiating contracts and ensuring that the University's tendering procedures are adhered to.
- 12.3 The ordering of goods and services shall be in accordance with the Subsidiary's procurement policies.
- 12.4 Official Subsidiary orders must be prepared for the purchase of all goods or services. The only exceptions to the requirement for a purchase order are for purchases made using the Subsidiary Purchasing card or via petty cash.

## **13. Subsidiary Purchasing Card**

- 13.1 Subsidiary Purchasing Card facilities (including Subsidiary Purchasing Cards, Credit Cards, Debits Cards, Trade Cards and similar) may be issued to

members of staff at the request of, and with approval from, the Subsidiary Financial Officer.

- 13.2 Subsidiary Purchasing Card facilities should only be used for the purchase of goods or services in connection with Subsidiary business and against budgets for which the cardholder has authority to make purchases.
- 13.3 Card holders shall be asked to sign, and abide by, the Terms and Conditions of use under which cards are issued. The use of Subsidiary Purchasing Card facilities for personal expenditure is prohibited.
- 13.4 The misuse of Subsidiary Purchasing Card facilities shall be grounds for the card being revoked, recovery of Subsidiary monies through Payroll deductions, and, potentially, disciplinary action.
- 13.5 The Subsidiary Financial Officer is responsible for the operation and control of the Subsidiary Purchasing Cards.

#### **14. Petty Cash**

- 14.1 Wherever possible payment for small sundry items should be made using a Subsidiary Purchasing Card. However, some single items of low value require cash payment and should be made from petty cash funds.
- 14.2 The Subsidiary Financial Officer may make available such imprests as are considered necessary for the disbursement of petty cash expenses.
- 14.3 Any petty cash payment must be supported by an appropriate receipt and it is the responsibility of the Subsidiary Financial Officer to maintain robust records reconciling to the balance of funds held at any one time.
- 14.4 Staff should not pay income received into the petty cash accounts and should not make personal advances or cash personal cheques from these accounts.

#### **15. Advances of Expenditure**

- 15.1 It is acknowledged that in exceptional circumstances it may be necessary to claim monies in advance of the expenditure being incurred. Such requests should not be seen as an alternative to the normal procurement process. Wherever possible, arrangements should be made for the Subsidiary to be invoiced or a Subsidiary Purchasing Card to be used.
- 15.2 Staff in receipt of an advance must retain all receipts to support each item of expenditure (credit/debit card receipts cannot be accepted as they do not itemise goods and services purchased).
- 15.3 A Statement of Expenditure should be completed in all circumstances and all unspent monies and receipts returned within one week of the intended date of expenditure.

## **16. Salaries, fees, expenses and pensions**

- 16.1 The Subsidiary Financial Officer is responsible for processing all payments of salaries, fees, expenses and pensions to all staff, workers and pensioners including payments for overtime. All time sheets, expenses claims and other pay documents must be in a form, including electronic and on-line versions prescribed by the Subsidiary Financial Officer or delegated representative.
- 16.2 Supervisor and managers must notify the Subsidiary Financial Officer or delegated representative promptly of any matters relating to the remuneration of their staff and workers including, where appropriate, properly authorised returns, including electronic and on-line versions, of hours worked, overtime and absence due to sickness.
- 16.3 The Subsidiary Financial Officer is responsible for making all payroll deductions required by law, and any voluntary deductions including pensions and for accounting for those deductions to the appropriate authorities and third party organisations.
- 16.4 The Subsidiary Financial Officer is responsible for the administration of all pension matters relating to the pension schemes approved by the Subsidiary.

## **17. Benefits in Kind**

- 17.1 The Subsidiary Financial Officer is responsible for ensuring that the Subsidiary correctly operates the rules concerning the taxation of benefits in kind. In order to protect individual members of staff and the Subsidiary from unnecessary liability assessments, members of staff shall follow the procedures agreed by the Subsidiary Board.

## **Other**

### **18. Banking Arrangements, Treasury Management and Other Financial Issues**

- 18.1 The University Council is responsible for the appointment of the University's and its subsidiaries bankers following a competitive tendering exercise, usually conducted every 5 years.
- 18.2 The Subsidiary Financial Officer is responsible for arranging the appropriate banking facilities as required for the Subsidiary, together with authorised bank signatories. Authority for all bank payments, whether by cheque or electronic means, must be evidenced by at least two authorised signatories.
- 18.3 The Subsidiary Financial Officer is responsible for opening and closing all bank accounts. All such bank accounts shall be in the name of the Subsidiary. Staff may not open or maintain separate bank accounts under any circumstances.
- 18.4 The Subsidiary Financial Officer is responsible for ensuring that all bank accounts are subject to regular reconciliation and that any unusual or unreconciled items are investigated as appropriate.
- 18.5 The Subsidiary Financial Officer is responsible for the banking of all monies received by the Subsidiary with the minimum of delay, for the ordering and issuing of cheques by the Subsidiary, for the safekeeping of any unused cheques and for the arrangement of electronic payments.
- 18.6 All cheques and payments by electronic data processing drawn on behalf of the Subsidiary must be signed in accordance with the bank mandate current at that time.
- 18.7 The investment of Subsidiary funds is the responsibility of the Subsidiary Financial Officer who shall act in accordance with the guidance of the Subsidiary Board and report on all relevant matters to them.
- 18.8 Staff may not separately hold funds and therefore may not invest such funds.

### **19. Taxation**

- 19.1 The Subsidiary Financial Officer is responsible for maintaining all records in relation to taxation, making all payments, receiving appropriate credits and ensuring all returns are made to the relevant authorities in a timely manner, including returns of PAYE, National Insurance, Corporation Tax, Income Tax and VAT.
- 19.2 Matters relating to Corporation Tax and Value Added Tax must be dealt with under the guidance of the Taxation Section of the University Finance Department. Under no circumstances should any member of staff make direct

contact with HM Revenue & Customs without first consulting the Subsidiary Financial Officer.

- 19.3 There may be opportunities to mitigate the Subsidiary's tax liabilities arising and advice should be sought from the Taxation Section of the University's Finance Department.

## **20. Insurance, Vehicles, Property and Assets**

20.1 The Subsidiary Financial Officer is responsible for:

- The assessment of risk arising from the Subsidiary's activities
- Reviewing annually and arranging insurance
- Negotiating all claims on its behalf
- Maintaining all necessary records

20.2 Staff shall immediately notify the Subsidiary Financial Officer of any new risks, or alterations to existing risks, that might increase or extend the Subsidiary's exposure to legal liability, or of any new liability or asset of the Subsidiary that appears to require insurance cover.

20.3 Staff shall immediately notify the Subsidiary Financial Officer in writing of any loss, liability, accident, damage or other event that might lead to a claim being made by or against the Subsidiary.

20.4 All vehicles belonging to the Subsidiary should be registered in the name of Subsidiary, and details of all vehicles leased by, or on short term hire to the Subsidiary should be notified to the Subsidiary Financial Officer.

20.5 The Subsidiary Financial Officer is responsible for ensuring the safe custody of registration documents, MOT and insurance certificates, and any associated documentation relating to motor vehicles owned or leased by the Subsidiary.

20.6 It is the responsibility of the Subsidiary Financial Officer to ensure that the Subsidiary complies with all necessary formalities relating to the insurance of a vehicle; and staff shall ensure that the Subsidiary Financial Officer is informed of all acquisitions, disposals of any vehicles owned or leased.

20.7 The Subsidiary Board are responsible for ensuring that members of staff return all items of Subsidiary property, including equipment, computers, laptop computers, mobile telephones, other electronic storage devices, uniforms, identity cards and keys, prior to termination of their employment with the Subsidiary.

20.8 The Subsidiary Financial Officer shall be informed whenever matters of security affect the finances of the Subsidiary.

20.9 Adequate security shall be maintained over all confidential financial records and information. Any actual or suspected loss of security of financial records shall be handled in accordance with the procedure approved by the Subsidiary Board.

## **21. Computing**

21.1 The Subsidiary Board is responsible for the arrangements for the acquisition, development and implementation of the Subsidiary's management information systems and for advising on the procedures to be adopted with regard to their acquisition, development and implementation.

## **22. Conflict of Interests**

22.1 All members of staff are required to abide by the terms and conditions of their appointment. This may include the requirement not to undertake any other paid work, unless given the permission to do so on and when the terms and conditions approved for the particular undertaking in question has been obtained.

22.2 Any member of staff who, during the course of their work on behalf of the Subsidiary, becomes involved in a situation where there is, or might reasonably be deemed by others to be, a conflict of interest, shall report the matter immediately to a member of the Subsidiary Board or the Subsidiary Financial Officer as appropriate.

22.3 Members of staff are required to follow all of the Subsidiary's policies, procedures and guidelines relating to conflict of interests (personal relationships, whistle-blowing, etc.).

22.4 Conflict of interests should be minimised by ensuring:

- Full disclosure of all external work and Directorships or other such commitments held with third parties with whom the Subsidiary wishes to negotiate contracts.
- Wherever possible line managers should withdraw from exercising managerial/ supervisory responsibilities where a close relative, partner or friend is involved: in all cases involving line management, close relationships must be declared to the Subsidiary Board.

## **23. The Subsidiary Company's Seal**

23.1 If so authorised by the Subsidiary's Memorandum and Articles of Association, the Subsidiary Board will have authority to authorise affixing of the Subsidiary Company's seal.