Handling Staff Leaving and Retirement Events in uBASE

This note provides guidance on the financial management of one-off staff events to mark the occasion of a member of staff leaving, or retiring from, the University. This note does NOT cover one-off events, for example to mark major contract awards, OR annual, all staff events such as Christmas parties, summer barbeques, and other similar annual departmental events. Guidance on annual staff events is available here.

What to consider

The first consideration is whether catering for your event will be provided by the University Accommodation and Campus Services. If you wish to use an external supplier for leaving or retirement events, then a taxable benefit in kind may be chargeable on the staff attending (see point 2 on this section). You must contact the Tax Section for advice BEFORE the event is booked and any monies exchanged.

The second thing to think about is whether or not your Department will pay for the full cost of the event, or if you will be asking members of staff to contribute to the cost.

Staff leaving and retirement events are covered by:

1. University Financial Regulations, which state that:
   i. Heads of Department, at their discretion, may pay for refreshments for presentation ceremonies which are held to mark the retirement or departure of individual staff in their Department, provided that:
      - The cost per head (to the University) must be no more than £10.00.
      - The total cost of the event can be met from within the Department’s budget.
      - The catering for the event is provided by the University Accommodation and Campus Services.
      - The event is expected to be attended exclusively by University staff*.

      * If required, partners and/or family members, and/or former close colleagues of the leaver or retiree, may attend the event without breaching the regulations; provided that the ratio stated in the Financial Regulations of at least six members of University staff attending the event for every one guest (6:1) is maintained. If you are unable to meet this ratio then you must contact the Tax Section for advice before inviting guests to the event.
   ii. Flowers and gifts for members of staff leaving or retiring from the University should NOT be purchased from University funds. The only exceptions should be long service awards (meeting HMRC rules) and flowers or charitable donations in respect of the funeral of a (former) member of staff. (See guidance below on ‘Collections for staff leaving, or retiring from, the University’).
   iii. Contributions to gifts or a cheque to be presented to a member of staff leaving or retiring are not part of the cost of the event itself, and these contributions must be handled separately (see guidance below on ‘Collections for staff leaving, or retiring from, the University’).
2. HMRC and University of Sheffield agreement, which covers:

There are no specific HMRC regulations on retirement and leaving events. However, the University has an agreement with HMRC that no taxable benefit in kind will be charged on staff attending these events if the conditions set out in the Financial Regulations (above) are met. The University financial regulations follow the terms agreed with HM Revenue & Customs (‘HMRC’) on organising such events. Meeting the regulations will avoid a taxable benefit in kind being charged on members of staff attending the event.

If you do not meet this condition, and you wish to use an external supplier, then a taxable benefit in kind may be chargeable on the staff attending. You must contact the Tax Section for advice BEFORE the event is booked and any monies exchanged so that you can properly budget for the full cost of the event, which may include the income tax and NIC liabilities if the department wishes to meet this cost on behalf of its staff.

How to pay for, and record your celebration event in uBASE

If you are NOT requesting a contribution from staff all of the purchases for the event itself (not the collection) should simply be charged to the Departmental Cost Centre which is funding the event. If you are only charging a very nominal staff contribution (eg £1 for £25 per head cost) please contact the Tax Team to discuss the implications.

However, if you are requesting staff contributions to the cost of the event, irrespective of the supplier, then you must contact the Assistant Finance Manager for your Academic Department or Professional Services Department to request a new ‘X project account’.

1) For costs and income for an event (Accommodation and Campus Services provide the catering)

   a) If the Department is paying for the event. The costs of the event on an internal trade requisition are charged to the Departmental Cost Centre from which the department’s financial contribution to the event is being made.

       - The cost (debit) appears as a charge to the Cost Centre
       - There is no VAT on this transaction (use VAT code XA)

   b) If you are asking staff to make a contribution then this is classed as income to the University, because it has supplied a service of catering to the employee, and this income is subject to VAT (use VAT code Z8).

       - The cash receipts should be credited to a new ‘X project account’ set up for this purpose
       - The ‘X project account’ is credited with the net amount of the income (after VAT has been deducted)

   c) When the event is complete your Finance Manager will arrange for the necessary transfers between the Cost Centre and the ‘X project account’ before closing the ‘X project account’ down. This will leave a nil balance on the Project Code and the net cost of the event (after any staff contributions if received) remains charged against the relevant Cost Centre.

2) For costs and income for an event (External supplier providing the catering)

   a) You must contact the Tax Section for advice BEFORE the event is booked and any monies exchanged so that you can properly budget for the full cost of the event, which may include the income tax and NIC

TO MEET THE CONDITIONS SET BY HMRC THE UNIVERSITY MUST PROVIDE THE CATERING FOR THE EVENT
liabilities if the department wishes to meet this cost on behalf of its staff

Useful links for additional guidance

Full VAT coding advice can be found on the VAT web pages including the A-Z of VAT queries and which codes to use. VAT and Tax Exemption issues – contact the Tax Team.

Project accounts and cost centres – contact the Assistant Finance Manager for your Academic Department or Professional Services Department.

Guidance on paying in income.

Collections for staff leaving, or retiring from, the University

University funds must NOT be used to contribute to a collection or any form of gift (including flowers, food or alcohol) for a member of staff leaving the University.

To help you organise a collection for a member of staff who is leaving, or retiring from, the University you can ask for a collection (suspense) account to be created. A collection (suspense) account is not treated as part of the ‘University funds’; even though cheques paid in to the account should be made payable to ‘The University of Sheffield’. You can only use monies paid into that a collection (suspense) account to purchase a gift (using cash), or to present a cheque made out to pay the individual who is leaving.

To set up a collection (suspense) account please complete the on-line request form. Once the account has been created you’ll receive an email from Group Accounting and Planning which will give you the information you need to pay money in to, or take money out of, the collection (suspense) account.

PLEASE NOTE

To make sure that collection funds are not treated as University funds there are very clear rules about how the money can be withdrawn from a collection (suspense) account. These are:

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>Cash withdrawal to be spent on a gift</td>
<td>Requisition and Purchase Order raised to supplier</td>
</tr>
<tr>
<td>Cash withdrawal to be given to leaver</td>
<td>Corporate Card purchase</td>
</tr>
<tr>
<td>Cash withdrawal to purchase gift vouchers</td>
<td>Expenses Claim to refund gift purchase</td>
</tr>
<tr>
<td>Cheque made out to the leaver</td>
<td>Cheque made out to supplier</td>
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<td>Cheque made out to anyone other than leaver</td>
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<td>To pay for all or part of a leaving celebration event</td>
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