

**MIDDLESEX UNIVERSITY**

**FINANCIAL REGULATIONS**

**March 2026**

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## INTRODUCTION

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These Financial Regulations set out the responsibilities and policy framework for financial management and control within Middlesex University. Their purpose is to provide both senior management and the Board of Governors with assurance that the University's resources are being properly used for the achievement of the University's Strategy and compliance with legal and regulatory obligations.

These regulations cover all financial matters. They are supported by detailed financial and purchasing policies and procedures which set out how the Financial Regulations will be implemented.

The term 'department' refers to any management unit such as a service, faculty, schools, departments or centres, depending on the organisational structure at the time they are being applied.

## CODE OF CONDUCT

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The University is committed to the highest standards of openness, integrity and accountability. Everyone employed by or representing the University should seek to conduct the University's affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life, which members of staff at all levels are expected to observe. [The seven principles](#) are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

All staff should abide by the [People policies](#) "Code of Conduct – Working Together" and "Conflict of Interest and Commitment Policy".

Members of the Board of Governors and members of the University Executive Team (UET) are required to disclose interests in the University's register of interests maintained by the Clerk to the Board of Governors. They are responsible for ensuring that their entries in the register are updated at least annually and as and when circumstances change during the year.

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## GENERAL PROVISIONS

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### 1. Incorporation and Legal Basis for Existence

The University is formally known as Middlesex University Higher Education Corporation and is a higher education corporation created under the provisions of the Education Reform Act 1988, as amended by the Further and Higher Education Act 1992. Its structure of governance is laid down in the Instrument and Articles of Government. The University is accountable through its Board of Governors, which has ultimate responsibility for the effectiveness of its management and administration.

The University is also an exempt charity under Schedule 3 of the Charities Act 2011. For the purposes of charity law, the Governors are the trustees of the University and, as required, must have regard to the Charity Commission's guidance on public interest. The University's principal regulator is the Office for Students (OfS).

The OfS' [Regulatory Framework for Higher Education in England](#) sets out the framework under which the University receives grants and other benefits associated with its status as a registered higher education provider. The Board of Governors is responsible for ensuring that the regulatory terms and conditions are met. As part of this process, the University must adhere to the OfS' Conditions of Registration, which require the University to have adequate and effective management and governance arrangements. The Financial Regulations of the University form part of this overall system of accountability and cover all activities of the University.

The University has incorporated subsidiaries and associated companies both in the UK and overseas. Those in the UK are incorporated under the Companies Act 2006. Subsidiary and associated companies in other countries are established under legislation in force in that country.

### 2. Status of Financial Regulations

The University's framework of governance is established in the Instrument and Articles of Government. These are supplemented by a set of internal Regulations which set out the responsibilities of key personnel and the Board and its committees and incorporate a scheme of delegation. These Financial Regulations set out responsibilities and the policy framework for financial management and control and apply to all activities at the University and all of its subsidiary undertakings both within the UK and overseas.

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These Financial Regulations are subordinate to local legislation, the University's Instrument and Articles of Government, Regulations and to any regulation set out by the OfS.

The purpose of these Financial Regulations is to provide a framework for control over the University's resources and provide both senior management and the Board of Governors with assurance that the University's resources are being properly used for the achievement of the University's Strategy and business objectives including:

- financial sustainability
- achieving value for money
- provision of effective financial controls
- compliance with legislation and regulation, and
- safeguarding the assets of the University.

Compliance with the Financial Regulations is compulsory for all staff connected with the University and, for employed staff, forms part of the Terms and Conditions of employment. A member of staff who fails to comply with them may be subject to action under the University's disciplinary procedures.

The term "staff" shall include all employees, agency workers and other workers providing services to the University that are in the scope of these regulations.

It is the responsibility of Deans and Directors of Professional Services to ensure that their staff are made aware of the existence and content of the University's Financial Regulations.

Student matters are addressed through student regulations and associated procedures and students are not expected to have knowledge of the Financial Regulations. However, these Regulations may be used to advise and inform those regulations and procedures and actions taken under them.

Notifications of breaches of these regulations should be made to the Chief Financial Officer (CFO). They may then initiate an investigation under the University's People policies and procedures. The regulator will be notified of any material breach of the Financial Regulations in line with the conditions set out for registration.

On the advice of the CFO, the Finance and Infrastructure Committee will advise the Audit, Assurance and Risk Committee of any additions or changes necessary. A formal review should be undertaken every three years.

In exceptional circumstances, the Audit, Assurance and Risk Committee may authorise a departure from the detailed provisions herein, such departure to be reported to the Board of Governors at the earliest opportunity.

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The University's financial policies and procedures set out how these regulations will be implemented and are available as separate documents on the staff intranet.

## **CORPORATE GOVERNANCE AND RESPONSIBILITIES**

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### **3. The Board of Governors**

The University's Board of Governors is ultimately responsible for the affairs of the University. In meeting this responsibility, it must:

- ensure the solvency and long-term sustainability of the University;
- safeguard the University's assets;
- appoint and performance manage the Vice-Chancellor;
- ensure the effective and efficient use of resources;
- maintain compliance with legal and regulatory obligations;
- ensure that financial control systems are in place and are working effectively;
- ensure that the University complies with the OfS' regulatory requirements;
- approve the University's strategy;
- approve financial plans and forecasts through the process of budget setting;
- approve the annual financial statements; and
- appoint the University's internal and external auditors.

### **4. Finance and Infrastructure Committee**

The Finance and Infrastructure Committee monitors the financial objectives of the University's strategy including financial sustainability, performance and compliance, in particular with regard to OfS requirements.

The Committee will examine annual forecasts, including the budget and performance against it, and the accounts to ensure consistency with their understanding of financial performance and position. It will consider any other matters relevant to the financial duties of the Board of Governors and make recommendations accordingly. The Committee will also ensure that the Board of Governors has adequate information to enable it to discharge its financial responsibilities.

### **5. Audit, Assurance and Risk Committee**

The Audit, Assurance and Risk Committee is accountable to the Board of Governors for adequate and effective risk management, assurance, governance and control (including ensuring the probity of the financial statements and the effective management and quality assurance of data submitted to regulatory bodies) and for the economy, efficiency and effectiveness (Value for Money) of the University's activities.

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The Committee promotes a climate of financial discipline and control and is responsible for identifying and approving appropriate performance measures for the internal and external auditors and for monitoring that performance. It must also satisfy itself that suitable risk management processes are in place and that satisfactory arrangements exist to promote economy, efficiency and effectiveness.

The Committee meets with the University's internal and external auditors in attendance and, at least once a year, meets the internal and external auditors for discussion without officers present. The Committee considers detailed reports including recommendations for internal control.

The Audit, Assurance and Risk Committee is responsible for approval of any significant changes in accounting policies or practices.

## **6. Remuneration Committee**

The Committee sets the Vice-Chancellor's pay and conditions and reviews those of the University Executive Team.

## **7. Governance, Nominations and People Committee**

This Committee's role is to oversee the appointment of governors, the chairing and membership of committees, the effectiveness of the University's governance arrangements and the effectiveness of the University's people strategies.

## **8. Other Committees**

The committees listed above are standing committees of the Board of Governors. Other committees may be constituted as required to report to the main committees listed above. These might cover, for example, significant investment approval or internal controls. Task and finish Task Groups are also occasionally set up to conduct an in-depth review of any specific issue which falls under the Board's remit.

## **9. The Vice-Chancellor**

The Vice-Chancellor is appointed by the Board of Governors with ultimate executive responsibility for the management of the University and is the OfS' Accountable Officer for the University.

The Accountable Officer is personally responsible to the Board of Governors for ensuring compliance with requirements under the OfS' Regulatory Framework; the Accountable Officer's responsibilities can be found in [OfS Regulatory advice 10](#).

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The Board of Governors has delegated day to day responsibility for reviewing the adequacy of the system of internal control, and reporting material weaknesses or breakdowns in internal control to the Vice-Chancellor.

The Vice-Chancellor must ensure that annual estimates of income and expenditure are prepared for consideration by the Board of Governors and for the management of budgets and resources within the estimates approved by the Board of Governors.

## **10. The University Executive Team**

The Vice-Chancellor is responsible for appointing the University Executive Team (UET). The composition and division of roles and responsibilities is determined by the Vice-Chancellor and is documented within the University's organisational structure and individual job descriptions. All members of UET are responsible, collectively, for the delivery of the University's strategic objectives as agreed with the Board of Governors. This includes, but is not limited to, ensuring the financial sustainability of the University, and the establishment of effective internal controls, including internal financial controls.

Each member of UET is also responsible for ensuring effective operation of budgetary and spend controls for all areas under their direct authority, adherence to financial policies and procedures and the achievement of value for money.

## **11. The Chief Financial Officer**

The Chief Financial Officer (CFO), or equivalent role designated as the UET lead on financial matters, has specific responsibility for the overall financial sustainability, strategy and financial controls of the University. This responsibility extends to all global operations which have a financial impact on the University.

The CFO also acts as the main point of contact for the regulatory bodies on financial matters, ensuring that all relevant matters are reported where appropriate, all returns are made in a timely and efficient manner, and any bids for funding body grants are in line with the University's strategy.

The CFO is also responsible for reporting to the Finance and Infrastructure Committee any contingent liabilities over £2m arising where the likelihood is considered greater than 50%.

The CFO is responsible for ensuring:

- effective financial reporting to UET, Governors and external stakeholders such as banks takes place. As such the CFO is the UET lead for the Finance and Infrastructure Committee;
  - the preparation of University's annual accounts and other financial statements and returns which the University is required to submit to
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regulatory authorities and overseeing the relationship with the external auditors;

- that effective financial control and risk management processes are in place and that the University has an independent internal audit function, ensuring that key risks are managed, that any mitigating actions are in place and internal audit recommendations are acted upon in a timely way;
- that there is a framework for financial planning within the University and that annual capital and revenue budgets and financial plans are prepared;
- adequate management information is available to ensure effective monitoring and control of income and expenditure against budgets, and of cash flow and liquidity;
- that the University maintains satisfactory operational financial processes and systems;
- appropriate approvals for capital and revenue investment cases and business cases in general are in place; and
- sufficient provision of professional advice on all matters relating to financial policies, procedures, regulations and law, including the appointment of tax, pension and other relevant professional advisors.

The CFO is responsible for the operation of the University's financial systems, transaction processing, financial planning, and reporting functions and financial controls. Financial administration is controlled by the Finance leadership team on behalf of the CFO, and the CFO may delegate responsibilities to members of the team as appropriate.

## **12. Director of Human Resources**

The Director of Human Resources is responsible for the human resources function and for policy and compliance relating to all of the University's workers in the widest sense of the term.

## **13. Director of Governance**

The Director of Governance acts as Clerk to the Board of Governors and its committees and has a key role to play in the operation and conduct of the Board of Governors, and in ensuring that appropriate procedures are followed. The Clerk is responsible for ensuring governance processes are in line with best practice.

The Director of Governance is appointed by Board of Governors and reports directly to Board of Governors through the Chair on governance matters. The Director of Governance works to support both the Chair and the Vice-Chancellor with the aim of ensuring that they meet their responsibilities and in particular have sufficient information to allow effective decision making and assurance.

## **17. Budget Holders**

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Deans (heads of academic faculties) and Professional Services Directors (heads of professional services) are the Designated Budget Holders for the University. They may, however, delegate budgetary responsibility. Where a Budget Holder assigns a budget to someone within their line management structure, this creates a Delegated Budget Holder (together Budget Holders). Delegated Budget Holders in turn assume the same responsibilities for financial management. Delegated Budget Holders include those managing funded research, funded knowledge transfer or other funded projects.

Each Budget Holder is accountable to their UET member for financial management for the areas or activities they control. They are advised by the CFO in executing their financial duties.

Designated Budget Holders are responsible for establishing and maintaining clear lines of responsibility within their faculty or service for all financial matters.

Where resources are delegated by Budget Holders, those Delegated Budget Holders are accountable to their Budget Holder for their own budget.

Budget Holders shall ensure that, for their areas of responsibility:

- income and expenditure are maintained within agreed budgets;
- value for money is achieved at all times;
- where external funding is obtained, all funder rules are adhered to;
- financial policies and procedures are adhered to at all times; and
- risk is managed in line with risk management policies and procedures.

Further detail is given in the section on [Financial Management and Control](#).

### **18. All Members of Staff**

All members of staff should ensure that they are aware of the University's policies with regard to financial control and have undertaken any training relevant to the work they carry out. These policies include those listed in [Appendix B](#).

All members of staff have a general responsibility for:

- protecting the University's assets;
- achieving value for money with the University's resources;
- compliance with applicable laws; and
- adherence to the University's financial policies and procedures.

They shall make available any relevant records or information to the University's external auditors, the CFO and finance staff in connection with the implementation of the University's financial policies, these Financial Regulations and the systems of financial control, applicable laws, and investigations into compliance with these.

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## **RISK MANAGEMENT**

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### **19. Risk Management Process**

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 business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable / unacceptable by the University is available in the form of a risk appetite statement, and key risks and mitigations in the Institutional Risk Register.

The Board of Governors has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the University through the development, implementation and embedding of a formal, structured risk management process within the organisation. The Board of Governors delegates certain responsibilities to the Audit, Assurance and Risk Committee.

In line with this policy, the Board of Governors 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 university-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis;
  - a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes;
  - a decision on the level of risk to be covered by insurance;
  - detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas;
  - development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question;
  - regular reporting to the Board of Governors of all risks above established tolerance levels;
  - an annual review of the implementation of risk management arrangements; and
  - the ability to be independently verified.
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Appropriate legal advice must be sought in respect of any agreements negotiated with external bodies by the manager responsible for the agreement, including any contracts.

### *19-1 Insurance*

The CFO is responsible for the University's insurance arrangements. These insurance arrangements will form part of the University's overall risk management strategy. The nature and extent of insurance and levels of cover will be considered and approved by the Finance and Infrastructure Committee on an annual basis.

Managers with responsibility for any University operations or assets must notify, on a timely basis, the University's insurance manager of any new or changes to operations or assets that may require new or modified insurance arrangements. They must immediately advise the University's insurance manager of any event that may give rise to an insurance claim and act to maximise the chances of a successful claim.



## KEY LEGISLATION AND POLICIES

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### 20. Whistleblowing

Any concern about a workplace matter at the University should normally be raised with the relevant worker's immediate line manager or head of department. However, the University recognises that the seriousness or sensitivity of some issues, together with the identity of those involved, may make this difficult.

Whistleblowing, in the context of the Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998), is the reporting by a worker or former worker about past, present or future suspected or actual wrongdoing at Middlesex University. Workers are actively encouraged to report any wrongdoing within the definition of a statutory disclosure under the Act:

- that a criminal offence has been committed, is being committed or is likely to be committed;
- that a person has failed, is failing or is likely to fail to comply with any legal obligation to which they are subject;
- that a miscarriage of justice has occurred, is occurring or is likely to occur,
- that the health or safety of any individual has been, is being or is likely to be endangered;
- that the environment has been, is being or is likely to be damaged; or
- that information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.

The University's Whistleblowing / Confidential Reporting Policy and Procedure encompasses consultants, contractors and agency workers. It aims to promote an environment where workers can feel safe in raising concerns without being subject to detriment by providing alternative routes to making a disclosure and protections for those doing so.

### 21. Fraud

Fraud can be defined as (i) wrongful or criminal deception intended to result in financial or personal gain, or (ii) a person or thing intended to deceive others, typically by unjustifiably claiming or being credited with accomplishments or qualities. Committing fraud is a crime. The Financial Regulations cover fraud against the University and fraud perpetrated by a member of the University against others.

For an act to be fraud it must result in a financial gain to the person committing the fraud or a financial loss to somebody else. The gain or loss must be caused by one of the following three categories:

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- dishonestly making a false representation;
- dishonestly withholding information that the person is under a legal duty to disclose; or
- dishonestly abusing a position of trust in which the person is expected to safeguard, or not act against, the financial interests of another person.

The Financial Regulations require the University to have a policy covering prevention, detection, investigation and post-investigation follow up of fraud and a fraud response plan. The fraud response plan is maintained by the CFO and reviewed annually.

The OfS' Regulatory Framework requires reporting of significant fraud.

## **22. Bribery and Corruption**

Bribery can be defined as the offering, giving, receiving or soliciting of any item of value (money, goods, favours or other forms of recompense) to influence the actions of an official or other person in charge of a public or legal duty.

Corruption can be defined as dishonest or fraudulent conduct, typically involving bribery.

Participating in bribery, either offering or receiving bribes, is a crime that can result in serious consequences for the University including fines and loss of reputation. It can also have serious consequences for individuals including the possibility of disciplinary action, dismissal or criminal action. These consequences potentially extend to any associated person, representative, agent, subsidiary, partnership or body engaged on university business, including those within and outside of the UK.

The University is required to have an Anti-Bribery and Corruption Policy.

### ***22-1 Gifts and Hospitality***

The receiving or giving of gifts and hospitality could amount to bribery or corruption or give the impression of improper behaviour even when this is not intended. The receipt of gifts and hospitality is therefore the subject of the Financial Regulations and is specifically covered in the Anti-Bribery and Corruption Policy and also the Conflict of Interest and Commitment Policy.

## **23. Anti-Money Laundering**

Money laundering is the process of taking profits from crime and corruption and transforming them into legitimate assets. It takes criminally derived 'dirty funds' and converts them into other assets so they can be reintroduced into legitimate commerce. This process conceals the true origin or ownership of the funds, and so 'cleans' them.

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In practice, an ostensibly legitimate and regular transaction - such as the payment of student fees and their subsequent refund - can disguise money laundering and it is essential that universities deploy a range of policies and procedures to ensure that they do not become involved in money laundering by inadvertently legitimising suspect individuals or transactions.

Regulations require the University to set out policies and procedures for performing customer due diligence and the transaction monitoring arrangements on a risk-managed basis. They place emphasis on the need for the University to adopt systems and controls to mitigate any financial crime risks based on a risk-based approach and require the University to demonstrate and document that the risk assessment was carried out and kept up to date. The FCA's Financial Crime Guide includes a similar requirement on organisations to conduct regular risk assessments of financial crime risks.

The University is required to have an Anti-Money Laundering Policy.

#### ***23-1 Money Laundering Nominated Officer (MLNO)***

Universities are required to appoint a nominated officer to be aware of any suspicious activity in the business that might be linked to money laundering or terrorist financing, and if necessary to report it. However, universities are not necessarily required to register a Money Laundering Reporting Officer (MLRO).

The University's MLNO will ordinarily be the CFO.

#### **24. Criminal Finances Act 2017**

The Criminal Finances Act 2017 (CFA 2017) Part 3 introduces a new Corporate Criminal Offence of failure to prevent the facilitation of tax evasion.

Whilst it has always been a criminal offence to evade tax, and for anyone to help someone else evade tax, the CFA 2017 means that if a person 'associated' to the University, anywhere in the world, is found to have assisted a third-party in evading tax in the course of their duties, then the University itself could be deemed to have committed a corporate offence.

The University is required to have appropriate policies covering requirements under the CFA 2017.

#### **25. Payment Card Security**

The CFO is responsible for ensuring that the University complies with security standards for payment cards set out in the Payment Card Industries Data Security Standards (PCI-DSS). There is a requirement to have a separate policy concerning PCI-DSS compliance.

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## 26. Finance and Related Policies

The CFO is responsible for maintaining a suite of Finance Policies and ensuring that related policies exist and have appropriate finance input where these are the responsibility of another University function; the minimum required policies are set out in [Appendix B](#).

### FINANCIAL MANAGEMENT AND CONTROL

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## 27. Financial Planning

The CFO is responsible for preparing financial plans each year for approval by the Board of Governors on the recommendation of the Finance and Infrastructure Committee. These plans include the annual budget and financial forecasts for submission to regulatory bodies and other key external stakeholders such as banks.

The financial plans should include:

- income and expenditure forecasts;
- capital programme;
- balance sheet;
- cashflow;
- bank covenant modelling (if applicable);
- financial performance indicators; and
- analysis of risks and opportunities.

Financial plans should be consistent with the overall University strategy, specific thematic strategies and with financial targets and performance indicators approved by the Board of Governors.

The annual budget is the detailed financial plan that the University's senior management, specifically UET and Budget Holders, use to manage their operational areas of responsibility. The budget should be agreed and communicated before the start of each financial year, and should be updated at agreed intervals during the year to reflect changes in circumstances and priorities.

## 28. Capital Programme

The capital programme includes all major and minor expenditure on land, buildings, equipment, IT, furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the University's financial

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statements. Expenditure of this type must fall within the capital programme approved by the Board of Governors.

Implementation of the University's capital programme is managed through the Project Delivery Group (PDG). The PDG will ensure that all capital projects have appropriate programme management. The Board of Governors may establish separate governance structures to oversee specific highly significant projects.

Approvals for significant investments are set out in the [Financial Authority](#) section.

The PDG will also establish procedures for the approval of variations, taking into account the requirements of funding bodies and approval levels.

Following completion of a major capital project that required Board approval, a post-project evaluation report should be submitted to the PDG and the Finance and Infrastructure Committee, to include expenditure variance analysis, benefits realisation and any learnings relevant to future projects. The PDG may in addition require reports on smaller projects where this has value.

UET will oversee bids for funding from the capital programme and for ensuring that opportunities are taken where funding is available for existing or proposed projects.

## **29. Financial Monitoring and the Role of Budget Holders**

Definitions of Budget Holder and Designated / Delegated Budget Holder are given in the section on [Responsibilities](#).

The guidance below applies to all Budget Holders, irrespective of the source of funds. However, Designated Budget Holders retain ultimate responsibility for ensuring compliance within their areas. All Budget Holders are responsible to the University (through their line management structure) for their area of budget responsibility.

Budget Holders' responsibilities include the following:

- maintaining income and expenditure within agreed budgets;
  - achieving value for money at all times;
  - adherence to financial policies and procedures, including these Financial Regulations, by all staff members;
  - the overall financial management of their budget, delegating appropriate authority and responsibility to individuals nominated for such purposes;
  - preparing forecasts, budgets and other information for their budget unit;
  - monitoring performance against budget on a timely basis;
  - stewardship of all University assets including supporting the collection of debt;
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- managing the risk of fraud, mismanagement, bias, conflict of interest or anything which might appear to give rise to such; and
- seeking prompt and appropriate advice on any financial matters.

Any actual or anticipated future material departures from agreed budget totals must be reported immediately by the Budget Holder to their respective UET member, and corrective action taken. Any significant deviation from budget target that is likely to continue should be reported to the Head of FP&A or CFO. For clarity, Budget Holders are expected to manage to their overall budget totals and are empowered to manage non-significant offsetting over- and underspends.

Any departures from agreed budgets which do not follow this process may be treated as a disciplinary matter.

The CFO is responsible for ensuring that the budget holder has sufficient advice, information and support.

### **30. Financial Monitoring by Senior Management**

The CFO is responsible for the provision of regular financial monitoring reports to UET, the Finance and Infrastructure Committee and the Board of Governors, which has ultimate responsibility for the University's finances.

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## FINANCIAL AUTHORITY

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### 31. Significant Investments

Any new initiative or series of related initiatives outside the capital programme which will require an investment in resources of, or puts at non-trivial risk resources of, more than £5.0m over its lifetime should be approved by the Board of Governors on the recommendation of the Finance and Infrastructure Committee, with a value of £2.0m to £5.0m from the Finance and Infrastructure Committee and up to £2.0m from UET. Please refer to the University's Scheme of Delegation and seek guidance from the CFO as to the attribution of value to a new initiative.

A new initiative can include but is not limited to partnerships (domestic or international), purchasing, leasing or renting land, buildings or equipment; the signing of a contract, or the establishment of a new business stream.

The CFO will establish protocols for the approval of significant investments. These will set out the information that is required for each proposed investment as well as establishment of financial criteria that they are required to meet.

### 32. Subsidiary Companies and Joint Ventures

In certain circumstances it may be advantageous to the University to establish or invest in a company, joint venture or other legal entity to undertake activities on behalf of the University. Any member of staff considering the use of a company, joint venture or other legal entity should first seek the advice of the CFO who will have due regard to university governance requirements and regulatory body rules.

The Board of Governors is responsible for approving the establishment and closure of all companies, joint ventures and other legal entities (including the shareholding arrangements) and, through delegation to the Governance, Nominations and People Committee, to appoint directors or equivalents of entities wholly or partially owned by the University. The Audit, Assurance and Risk Committee shall review the group structure annually.

The CFO is responsible for ensuring that any such entity has appropriate arrangements for monitoring and reporting financial risk and performance and shall ensure that appropriate governance arrangements are put in place to achieve this. This includes ensuring that suitable University representatives on governance boards and committees are appointed and acting in the University's interests.

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The directors or equivalents of entities where the University is a significant shareholder must submit business plans and budgets as requested to enable the University to set financial targets and assess risk and submit management accounts to the University at least quarterly.

Where the University has control of an entity:

- the University's internal and external auditors shall be appointed as entity's internal and external auditors unless specifically agreed by the CFO; and
- the entity's financial year shall be consistent with that of the University unless specifically agreed by the CFO.

### **33. Banking Arrangements and Other Professional Advisors**

The Board of Governors is responsible for the appointment of the University's bankers and professional financial advisers (such as investment managers) on the recommendation of the Finance and Infrastructure Committee. The appointment of such advisers shall generally be for a specified period, usually five years, after which consideration shall be given by the Finance and Infrastructure Committee to competitively tendering the service.

The CFO may appoint professional advisers to act as consultants on specific pieces of work such as overseas tax advice or pensions matters.

Only the CFO may authorise the opening or closing of a bank account in the name of the University or entity controlled by the University. All bank accounts, both UK and overseas, shall be in the name of the University or one of its subsidiary companies, and should be held with an approved banking service provider.

The structure of bank mandates relating to the University in the UK must be approved by Finance and Infrastructure Committee; likewise, overseas subsidiary companies' bank mandates must be approved by the Board of that subsidiary company. Within this structure, the CFO will approve specific signatories and their levels of authority. Details of the University's bank mandates are held by the CFO.

The CFO is responsible for ensuring that all bank accounts are subject to regular reconciliation.

### **34. Financing**

The Board of Governors is responsible for approving the University's Treasury Management Policy and all financing arrangements above £5.0m, such as bank and other loans (both to and by the University), leases, bond issues, credit facilities, counterparty limits and financial investments. Financing arrangements between £2.0m and £5.0m are the responsibility of the Finance and Infrastructure Committee and up to £2.0m of UET. This includes the approval of

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all related arrangements including loan security, interest rate swaps and covenants, save that all borrowing secured against university assets must be approved by the Board on the recommendation of Finance and Infrastructure Committee. Within these arrangements, the CFO can authorise drawdowns of specific facilities.

The Finance and Infrastructure Committee is responsible for monitoring performance against key financing performance indicators such as investment returns and covenant compliance. The CFO is responsible for managing key financing performance indicators.

## **35. Approval Authority**

### ***35-1 Non-Capital Non-Pay Expenditure***

The University shall maintain a schedule of expenditure approval limits setting out the roles that have approval authority and the levels and limits of that authority for non-capital, non-pay purchases. This is contained in [Appendix A](#).

### ***35-2 Capital***

The following is in addition to the requirement for [approval of the overall capital programme](#).

The purchase, lease (including lease extensions) or disposal of land or buildings over £5.0m (based on the present value of any lease commitment) requires approval from the Board of Governors on the recommendation of the Finance and Infrastructure Committee, with a value of £2.0m to £5.0m from the Finance and Infrastructure Committee and up to £2.0m from UET. Funding body consent may also be required if Exchequer funds are involved in the acquisition of the asset.

Any capital project of more than £5.0m over its lifetime should be approved by the Board of Governors on the recommendation of the Finance and Infrastructure Committee, £2.0m to £5.0m by the Finance and Infrastructure Committee and up to £2.0m by UET. Approval for items with a value of less than or equal to £30k can be delegated by UET for approval by the relevant Budget Holder.

For the sake of clarity these approval limits also apply to the method of financing such assets, with the exception that any arrangements that are not outright purchase with up-front payment shall require CFO approval for assets less than or equal to £30k that have not been approved by UET.

Disposal of non-trivial furniture, fittings, equipment or other non-property assets must be approved by the Budget Holder responsible for those assets or their delegate. Appropriate advice must be sought to ensure disposals do not compromise University data, health and safety, environmental or other

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obligations. Finance must be informed of all disposals of assets acquired for more than £30k in order that the asset register can be updated.

The CFO will establish protocols for the approval of significant capital investments. These will set out the information that is required for each proposed investment as well as establishment of financial criteria that they are required to meet. Any investment must be supported by a business case which has been authorised by the appropriate senior managers.

### *35-3 Contracts and New Business Streams*

Any new contract bid or business stream that is forecast to generate income of greater than £2.0m requires the approval of the UET member responsible for Research and Knowledge Transfer (R&KT) in the case of R&KT grant or contract bids, or in the case of other bids or new business streams the UET member for the area leading the bid or managing the business stream plus the CFO.

Any such bids or business cases for new business streams must be submitted for approval on the recommendation of the Designated Budget Holder, and the Director of Research or Knowledge Transfer where appropriate.

New academic partnership arrangements must be signed off by the UET lead for Partnerships.

Any contract outside the clear scope of the Scheme of Delegation or other part of the Financial Regulations shall be signed by two Governors.

### *35-4 Other Specific Approval Limits*

Bad debt write-offs greater than £100k for an individual debtor or class of related debtors require the approval of the Finance and Infrastructure Committee, and less than or equal to £100k by the CFO.

The same limits shall apply to stock write-offs.

Prosecution, defence or settlement of litigation involving amounts above £2.0 million or being otherwise material to the interests of the University shall be approved by the Board of Governors with UET approval below that limit.

Major changes to pension schemes shall be approved by the Board of Governors.

Non-speculative hedging of interest rates, foreign exchange and power / commodities shall be approved by the CFO.

### *35-5 Indemnities, Guarantees and Letters of Support*

Any member of staff asked to give an indemnity or guarantee (including letters of support), for whatever purpose, should consult the CFO before any such indemnity or guarantee is given.

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## COMPLIANCE

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### 36. Tax

The CFO is responsible for the University's compliance with all taxation guidance and legislation in the UK and overseas. The CFO will issue instructions to ensure compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

The CFO is responsible for maintaining the University and its subsidiaries' tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

The Director of Human Resources is responsible for ensuring that the University has an accurate record of all employees and other staff who work for but may not be employed by the University, sufficient to ensure compliance with payroll and expenses taxes. Individual heads of department and line managers are responsible for ensuring that they supply all employee and other staff information, such as on starters and leavers, on a timely basis.

The Director of Human Resources is responsible for:

- determining the employment status of university staff, guided by the CFO on current tax legislation and regulations; and
- setting all contractual terms and conditions connected with employment or engagement of staff.

The CFO is responsible for:

- ensuring that the University runs compliant payroll and expenses systems, based on the HR records, which provides payments in line with university contracts and policy and current tax legislation and regulations; and
- ensuring that the University remains aware of changes in legislation and regulations or the application of tax legislation and responds appropriately, making use of professional tax advice where required.

The CFO and the Director of Human Resources are jointly responsible for setting expenses policies.

Ongoing advice on tax compliance is provided by the CFO, with support from the Payroll Manager for payroll and expenses taxes and from the University's professional tax advisors.

The University is not responsible for staff members' personal tax. Where a member of staff incurs additional personal tax as part of the requirements of their role, for example through working in another tax jurisdiction, the University may

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choose to meet some or all of those liabilities provided that the arrangements were approved in advance by the CFO.

All staff have a responsibility for ensuring that they do not undertake activities on behalf of the University that will give rise to the University incurring actual or potential tax liabilities or which will affect the tax liabilities or status of the University without the prior approval of the CFO. If any staff member is in doubt about the tax implications for the University of any activity that they undertake, they must always consult the CFO. Staff must not enter into negotiations with tax authorities without authorisation from the CFO.

Recruiting managers and budget holders are responsible for ensuring that employment status assessments are completed prior to engaging staff who are not employed by the University.

## **37. Audit**

### ***37-1 External Audit and Financial Statements***

The re-appointment of external auditors to the University will take place annually and is the responsibility of the Board of Governors on the advice of the Audit, Assurance and Risk Committee. Rotation of the engagement partner should be considered by the audit firm and Audit, Assurance and Risk Committee at least every five years, but in any case, they should not hold this position for more than ten continuous years, and full market testing should normally be carried out after that period.

The primary role of external audit is to report on the University's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Financial Reporting Council's statements of auditing standards.

The University's financial year shall run from 1 August to 31 July. The accounting policies to be followed are as set out in the notes to the accounts.

External auditors shall have authority to:

- access University premises at reasonable times;
- access all assets, records, documents and correspondence relating to any financial and other transactions of university;
- require and receive such explanations as are necessary concerning any matter under examination; and
- require any employee of the University to account for cash, stores or any other University property under their control.

Under no circumstances should staff members conceal any information from or mislead them.

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The financial statements should be reviewed by the Audit, Assurance and Risk Committee and the Finance and Infrastructure Committee. On the recommendation of these two committees, they will be submitted to the Board of Governors for approval.

### *37-2 Internal Audit*

The internal auditor is appointed by the Board of Governors on the recommendation of the Audit, Assurance and Risk Committee for up to five years, with the option to extend by up to two years on an annual basis with approval from the Audit, Assurance and Risk Committee.

The main responsibility of internal audit is to provide the Board of Governors, the Vice-Chancellor and senior management with assurances on the adequacy of the internal control system, as well as providing an objective and independent appraisal of all the University's activities, financial and otherwise.

The internal audit service remains independent in its planning and operation and has direct access to the Board of Governors, Vice-Chancellor and chair of the Audit, Assurance and Risk Committee. The internal auditor will also comply with the Chartered Institute for Internal Auditors' Internal Audit Code of Practice.

The Audit, Assurance and Risk Committee will approve the annual programme of audits as proposed and agreed by the internal auditors, UET and the Finance and Infrastructure Committee, and receive and review the reports. Additional audits may be commissioned and approved by the CFO to address emerging issues that require internal audit expertise, such as fraud investigations.

Internal auditors shall have authority to:

- access University premises at reasonable times;
- access all assets, records, documents and correspondence relating to any financial and other transactions of university;
- require and receive such explanations as are necessary concerning any matter under examination; and
- require any employee to account for cash, stores or any other University property under their control.

Under no circumstances should staff members conceal information from or mislead them.

### *37-3 Other Auditors*

The University may, from time to time, appoint or be subject to audit or investigation by external bodies such as the funding bodies, research funders and HMRC. They have rights of access as determined by relevant contract agreements, regulations and laws. Staff members should seek advice from the CFO or University legal staff if they are unsure of their obligations.

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### 38. Office for Students

The OfS is the University's principal regulator and the University must comply with its [Regulatory Framework for Higher Education in England](#). This includes conditions concerning Financial Viability and Sustainability (Condition D) and Public Interest Governance (Condition E1).

Condition D requires, amongst other things, that the University prepare financial statements in accordance with FRS102 and the current OfS Accounts Direction, and, where it is considered appropriate, the FEHE SORP. It also requires the University to maintain a Reserves Policy with minimum liquidity requirements.

Condition E1 sets out public interest governance principles which include accountability, risk management and regularity, propriety & value for money.

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## FINANCE OPERATIONS

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### INCOME

#### 39. General

The CFO is responsible for ensuring that appropriate procedures and controls are in operation to enable the University to receive all income to which it is entitled. All forms and other official documents and systems in use must have the prior approval of the CFO.

The CFO is responsible for ensuring the following:

- prompt collection, security and banking of all income received;
- grants notified by the funding body and other bodies are received and appropriately recorded in the University's accounts; and
- all claims for funds, including research grants and contracts, are made by the due date.

The University does not accept cash as a method of payment except as agreed by the CFO. Any staff handling cash must adhere to appropriate security procedures and must not put themselves or other staff members at risk.

The Student Fees and Finance Team is responsible for the day-to-day management and processing of income. It is the responsibility of all staff to ensure that all revenue due to the University is collected on a timely basis by the efficient application of agreed procedures for the identification, billing and collection of income.

UET is responsible for the approval of student and non-student debt management policies.

#### *39-1 Student Debt*

The procedures for collecting tuition, residence and other fees must be approved by the CFO who is responsible for ensuring that student fees due to the University are collected.

Any student who has not paid in full fees or any other material item relating to their teaching or supervision shall not receive any qualification awarded by the University until material outstanding debts have been cleared. Such students shall be prevented from re-enrolling at the University and/or from using any of the University's academic facilities unless appropriate payment arrangements have been made.

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## FINANCE OPERATIONS –

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Any student who has not paid non-academic debts such as residence costs or nursery costs shall have those services withdrawn. Action will be taken to recover debts.

The University will employ the use of debt collection agencies and legal action in the collection of all debt.

The Student Marketing and UK Recruitment and the International Recruitment teams are responsible to the CFO for ensuring that the University has appropriate controls over discounts, bursaries, scholarships and similar items. Awards should not be made other than in accordance with an approved scheme. Award schemes must be approved by UET, though their detailed implementation will be the responsibility of the relevant Director of Service.

Any discretionary refunds to students must be authorised by Finance in accordance with policy.

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## RESEARCH AND KNOWLEDGE EXCHANGE

### 40. Bids and Approvals

Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which may be directed towards a specific aim or objective. Knowledge exchange is a process that brings together academic staff, users of research and wider groups and communities to exchange ideas, evidence and expertise and is often considered part of a university's research activity.

Grant funded research defines a project where an academic or service responds to a call from a funding body. Contract research defines a project when an academic is called upon to undertake research on behalf of a client with outputs that are not necessarily in the public domain.

Where approaches are to be made to outside bodies for support for research projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the head of department to ensure that the financial and commercial implications have been appraised by the Research and Knowledge Exchange Office (RKEO).

The Deans, or their nominee, are responsible for examining every formal application for grants or contracts. The RKEO should ensure that the full cost of research grants and contracts is established and, where permissible by the rules of the funding, funded. The research agreement must be in line with the University's policy with regard to recovery of indirect costs and other expenses. Non-standard costings and contracts with complex financial terms should be referred to the CFO or Head of Business Partnering.

Research grants and contracts shall be accepted on behalf of the University by the Deans or their nominee, or through the Director of Research and Knowledge Exchange. Large grants and contracts may require further approval as outlined in the section covering [Approval Authority](#).

### 41. Awards and Monitoring

The Finance Post Award Team shall initiate all claims for reimbursement from sponsoring bodies by the due date and be responsible for accounting for the grant or contract in accordance with accounting rules and for financial reporting.

The grant or contract shall be managed in line with the funding agreement. University policies and procedures shall apply except where the funding agreement specifies otherwise. In all cases applicable national laws and regulations, including tax laws and regulations, shall always be complied with and take precedence over the funding agreement and University policies.

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## FINANCE OPERATIONS –

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Each grant or contract will have a named principal investigator (PI) or grant holder and will be assigned to a specific Budget Holder by the head of department. Any overspend or under-recovery of overheads is the responsibility of, and will be charged to, the responsible department.

Any loss to the University resulting from a failure to meet conditions of funding is the responsibility of the Budget Holder and will be charged to the responsible department. Loss of income or reputation which results from evident negligence may lead to disciplinary action. It is the responsibility of the Budget Holder for the grant or contract to seek advice on compliance with laws, regulations and policies applicable to the financial management of the grant or contract.

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## EXPENDITURE

### 42. General

The CFO is responsible for making payments to suppliers of goods and services to the University and the payment of staff via the payroll.

### 43. Goods and Services

The Procurement department is responsible for developing the procurement (purchasing) policy and procedures to determine how non-pay expenditure will be managed to:

- protect the commercial interests of the University;
- provide contracts that give best value for money; and
- ensure compliance with all relevant legislation.

It shall be responsible for developing policies and materials to guide and support staff who purchase goods and services. Staff must ensure that they are aware of the correct processes and procedures and should consult the Procurement team if unsure. Failure to follow correct process may result in a breach of legal and regulatory requirements and could lead to disciplinary action.

The Accounts Payable team is responsible for the payment of supplier invoices. It is University policy to pay suppliers within agreed terms and failure to do so may result in penalties and impact the University's credit rating and reputation. Requisitioners and approvers must ensure that they support this by following the correct processes and procedures including ensuring that invoices are sent to Accounts Payable and that any goods receipting and approvals are dealt with promptly.

Direct debits may only be set up by Finance.

#### *43-1 Staff Reimbursement*

The University's purchasing procedures will enable the majority of non-pay supplies to be procured without staff having to incur personal expense and should be used wherever possible. However, on occasion, staff may incur expenses and are entitled to reimbursement. Staff should refer to the Travel, Subsistence and Expense Policy.

### 44. Pay

All University staff will be appointed to the salary scales within policy approved by the Board of Governors and in accordance with appropriate conditions of service. All letters of appointment for permanent staff must be issued by Human Resources (HR). Other contracts may be issued from time to time as delegated in a form approved by HR.

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## FINANCE OPERATIONS –

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Approval authority to recruit new staff shall be required, such approval criteria to be at the discretion of the COO/CIO.

The Board of Governors will determine benefits for senior postholders within the remuneration policy, the basis of their provision (contributory or not) and the staff to whom they are to be available. The Director of Human Resources has this responsibility for other staff.

Salaries and other benefits for senior post holders will be determined by the Remuneration Committee.

The CFO is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the CFO.

The Director of Human Resources will be responsible for keeping the CFO informed of all matters relating to human resources for payroll purposes. In particular these include:

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

Line managers are responsible for ensuring that HR are made aware of any leavers and other payroll changes on a timely basis. Any overspends as a result of late information which cannot be recovered from staff will be charged to the budget that the staff member is costed in.

### *44-1 Pensions*

The Board of Governors is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

The CFO is responsible for the overall relationships with the pension schemes, and for ensuring effective execution of day-to-day pension matters.

### *44-2 Severance Payments*

The Board of Governors is responsible for approving severance schemes in accordance with applicable legislation on the recommendation of the Director of Human Resources and CFO. One-off payments which are not in line with a

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voluntary severance scheme approved by the Board of Governors shall be authorised by either the Vice-Chancellor or the CFO.

## **ASSETS AND LIABILITIES**

### **45. Property, Plant and Equipment**

The CFO is responsible for maintaining the University's register of property, plant and equipment. Budget holders will provide the CFO with any information required to maintain the register, such as disposals or changes of use which may affect their value to the University.

Assets owned or leased by the University shall not be subject to personal use nor loaned to third parties without proper authorisation by a UET member unless permitted by policy or being an approved business activity.

### **46. Stocks and Stores**

Budget holders are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting must have the approval of the CFO.

The term stocks and stores refers to stocks of non-trivial value where receipts and issues are controlled and recorded.

Budget holders are responsible for ensuring that regular inspections and stock checks are carried out.

### **47. Gifts, Benefactions and Donations**

The CFO is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the University and initiating claims for recovery of tax where appropriate.

### **48. Trust Funds**

The CFO is responsible for maintaining a record of the requirements for each trust fund and for advising the Finance and Infrastructure Committee on the control and investment of fund balances.

The Finance and Infrastructure Committee is responsible for ensuring that all the University's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

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## FINANCE OPERATIONS –

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### APPENDIX A – SCHEDULE OF EXPENDITURE APPROVAL LIMITS

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| <b>JOB ROLE</b>  | <b>EXPENSE AND PURCHASING CARD APPROVAL</b> | <b>PURCHASE REQUISITION APPROVAL</b> |
|--|---|--------------------------------------|
| Board of Governors   | Unlimited                                   | Unlimited                            |
| Finance and Infrastructure Committee [1]                                       | £1,000,000                                  | £5,000,000                           |
| UET [1]  | £250,000                                    | £2,000,000                           |
| Vice-Chancellor or CFO + second UET member [1]                                 | £100,000                                    | £500,000                             |
| UET Member   | £25,000                                     | £100,000                             |
| Professional Services Directors  | £15,000                                     | £50,000                              |
| Deputy Dean or Director / Head of Academic or Professional Services Department | £10,000                                     | £30,000                              |
| Local Manager  | £5,000                                      | £10,000                              |
| School Executive Manager / Cost Centre Manager                                 | £1,000                                      | £5,000                               |
| Other Managers   | Pre-Approve                                 | Pre-Approve                          |

The Scheme of Delegation of Authority sets out the maximum limits for non-capital non-pay expenditure approvals. It is the responsibility of the Budget Holder to assign appropriate limits where budget responsibility is being delegated. Limits should not be assigned to staff members where they are not required or in excess of those reasonably required to manage any delegated budget responsibility.

[1] The higher limit shall apply to expenditure within an approved budget or contract. The lower limit shall apply to expenditure in excess of an approved budget or outside of an approved contract.

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## APPENDIX B – LIST OF FINANCE AND RELATED POLICIES

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The following are the minimum required set of Finance and Procurement policies and procedures:

1. **Travel, Subsistence and Expense Policy**
2. **Procurement Policy**
3. **Guidelines for Purchasing**
4. **Purchasing Card Policy**
5. **Staff Guide to Tuition Fees**
6. **Student Debt Policy**
7. **Sundry Income Debt Management Policy**
8. **Treasury Management Policy**
9. **Investment Policy**
10. **PCI-DSS Compliance Policy**
11. **Anti-Money Laundering Policy**
12. **Counter Fraud Policy including Fraud Response Plan**
13. **Anti-Bribery and Corruption Policy**

The following related policies are essential to ensure an adequate framework for financial control:

1. **Code of Conduct – Working Together** (owned by HR)
  2. **Whistleblowing / Confidential Reporting Policy and Procedure** (owned by UET Office)
  3. **Conflict of Interest and Commitment** (owned by HR)
  4. **IR35 Guidance** (owned by HR)
  5. **Risk Management Policy** (owned by Strategic Planning and Performance Team)
  6. **Records Management Policy** (owned by Records Management)
  7. **Research Governance of Large Projects** (owned by Research and Knowledge Exchange Office)
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