

THE UNIVERSITY *of York*

FINANCIAL REGULATIONS

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FINANCIAL REGULATIONS

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A GENERAL PROVISIONS

1 Background

- 1.1 The University is a chartered corporation. Its structure of governance is laid down in its charter and statutes. Changes to the Charter are subject to the approval of the Privy Council; changes to the statutes require the approval of the University and in some cases the Privy Council. The University is accountable through its Council, which has ultimate responsibility for the University's management and administration.
- 1.2 The University is an exempt charity by virtue of the Charities Act 1993.
- 1.3 The financial memorandum between the Higher Education Funding Council (HEFCE) and the University sets out the terms and conditions on which grant is made. The University Council is responsible for ensuring that conditions of grant are met. As part of this process, the University must adhere to HEFCE's audit code of practice, which requires it to have sound systems of financial and management control. The financial regulations of the University form part of this overall system of accountability.

2 Status of Financial Regulations

- 2.1 This document sets out the University's financial regulations. It translates into practical guidance the University's broad policies relating to financial control. This document was approved by the University Council on 28th November 2008 as amended in July 2010. It applies to the University and all its subsidiaries.
- 2.2 These financial regulations are subordinate to the University's Charter and Statutes and to any restrictions contained within the University's financial memorandum with HEFCE and HEFCE's audit code of practice.
- 2.3 The purpose of these regulations is to provide control over the totality of the University's resources and provide the University Council and management with assurances that the resources are being properly applied for the achievement of the University's strategic plan and the following general business objectives:
 - financial viability
 - achieving value for money
 - fulfilling its responsibility for the provision of effective financial controls over the use of public funds

- ensuring that the University complies with all relevant legislation
 - safeguarding the assets of the University.
- 2.4 Compliance with the financial regulations is compulsory for all staff within the University and its subsidiaries. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the University's disciplinary policy. The University Council will be notified of any such breach through the Audit Committee. It is the responsibility of heads of department to ensure that their staff are made aware of the existence and content of the University's financial regulations.
- 2.5 The Finance Committee is responsible for maintaining a continuous review of the financial regulations, through the Director of Finance, and for advising the University Council of any additions or changes necessary.
- 2.6 In exceptional circumstances, Finance Committee may authorise a departure from these provisions, such departure to be reported to the University Council at the earliest opportunity.

B CORPORATE GOVERNANCE

3 The University Council

3.1 The University Council is responsible for the management and administration of the University. Its financial responsibilities are to:

- ensure the solvency of the University and safeguard the University's assets
- appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Vice-Chancellor and other senior post-holders
- set a framework for pay and conditions of service of all other staff
- ensure that the University's financial, planning and other management controls, including controls against fraud and theft, are appropriate and sufficient to safeguard public funds
- approve the appointment of external auditors and an internal audit service
- secure the efficient, economical and effective management of all the University's resources and expenditure, capital assets and equipment, and staff, so that the public funds invested in the University are not put at risk
- ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution
- plan and conduct the University's financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure
- approve an annual budget before the start of each financial year
- approve tuition fees
- ensure that the University complies with HEFCE's audit code of practice
- approve the University's strategic plan
- approve the annual financial statements.

Whilst Council has responsibility for the University's financial affairs, it delegates the formulation of the Corporate Plan, the annual operating plans and the University's budget to Policy and Resources Committee.

Ultimate approval of these budgets and plans remains with Council. Council also reserves to itself the right to authorise all long-term borrowing, and to approve capital expenditure on budgeted University projects exceeding £4 million (excluding VAT), and investment in subsidiaries in excess of £1 million or involving potential liabilities of £1 million or more.

Council may delegate its powers to authorise specific expenditure to a sub-group of its members. Such sub-groups may exercise the powers of Council in respect of that expenditure, but may not

further delegate their responsibilities.

Committees authorised by Council to exercise powers are required to provide regular reports on their use of those powers. Council also requires to be regularly given sufficient financial background to provide an appropriate context within which it can judge the use of delegated authority and to assess the on-going financial position of the University.

4 Designated Officer

- 4.1 The Vice-Chancellor is the University's designated officer and is responsible for ensuring the financial administration of the University in accordance with the financial memorandum with HEFCE. As the designated officer, the Vice-Chancellor may be required to justify any of the University's financial matters to the Public Accounts Committee of the House of Commons.
- 4.2 The Vice-Chancellor shall demonstrate his or her oversight of financial matters by signing the balance sheet and the statement of corporate governance within the annual financial statements, and form 5 of the three-year financial forecasts submitted to HEFCE.

5 Committee Structure

- 5.1 The University Council has ultimate responsibility for the University's finances, but delegate's specific powers and processes to the committees detailed below. These committees are accountable to the University Council. A diagram depicting the committee structure is included at Appendix A.

Finance Committee

- 5.2 Monitoring of the University's financial position and control systems is undertaken by the Finance Committee. The Committee will examine annual estimates and accounts (including the accounting policies on which they are based) and recommend approval to the Policy and Resources Committee. It will ensure that short-term budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the financial duties of the University Council and make recommendations accordingly. The Committee will also ensure that the University Council has adequate information to enable it to discharge its financial responsibilities. The Finance Committee's terms of reference are shown at Appendix B.

Policy and Resources Committee

- 5.3 Consideration of the University's medium-term and strategic plans is undertaken by the Policy and Resources Committee. It is responsible for ensuring that all the financial implications of such plans are taken into account before their approval by the University Council. In doing so it may take advice from the Vice-Chancellor, or from other Council committees responsible for considering the University's capital programme before it can be recommended to the University Council for approval. It also considers and makes recommendations to the University Council on the allocation of resources between academic and non-academic areas. The Policy and Resources Committee's terms of reference are shown at Appendix D.

Audit Committee

- 5.4 Universities are required by their financial memorandum with HEFCE and by HEFCE's audit code of practice to appoint an Audit Committee. The Committee is independent, advisory and reports directly to the University Council. It has the right of access to all the information it considers necessary and to consult directly with the internal and external auditors. The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The Audit Committee's terms of reference are shown at Appendix C. The audit requirements of the University are set out in HEFCE's audit code of practice.

Remuneration Committee

- 5.5 Consideration of senior management's pay and conditions is the responsibility of the Remuneration Committee. It has the power to make recommendations to the University Council on remuneration, including pay and other benefits, as well as contractual arrangements.

Business and Community Committee

- 5.6 The main focus of the Business and Community Committee is on companies where the University's prime purpose and interest is to take forward its business and community strategy. The committee is responsible for approving cases to Policy and Resources Committee for forming

or taking interests in such companies, and for the oversight of the performance of those companies (including approving University nominations to their boards and University input to key aspects of their policies), both individually and as a portfolio.

6 Senior Managers with Financial Responsibility

The Director of Finance

6.1 Day-to-day financial administration is controlled by the Director of Finance, who is responsible to the Vice-Chancellor for:

- preparing annual capital and revenue budgets and financial plans
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations
- preparing the annual accounts and other financial statements and accounts which the University is required to submit to other authorities
- ensuring that the University maintains satisfactory financial systems
- providing professional advice on all matters relating to financial policies and procedures
- day-to-day liaison with internal and external auditors to achieve efficient processes.

Appendix E shows, for the main areas in which advice is sought, details of the key contacts within the finance department.

Heads of Department

6.2 Heads of Department are responsible to the Vice-Chancellor for the financial management of the areas or activities they control. They are advised by the Director of Finance in executing their financial duties. The Director of Finance will also supervise and approve the financial systems operating within departments, including the form in which accounts and financial records are kept.

Heads of Department must establish and maintain clear lines of responsibility within their department for all financial matters. Where resources are devolved to budget holders, they are accountable to their Head of Department.

Heads of Department shall provide the Director of Finance with the necessary information to enable:

- compilation of the University's financial statements

- implementation of financial planning
- implementation of audit and financial reviews, projects and value for money studies

All members of staff

6.3 All members of staff should be aware that they have a general responsibility for the security of the University's property, for avoiding loss and for due economy in the use of resources.

They should ensure that they know the University's financial authority limits (see section 20, Expenditure) and the value of those purchases for which quotations and tenders are required (see section 20, Tenders and Quotations).

All staff shall make available any records or information to the Director of Finance, or his or her authorised representative, relevant to the implementation of the University's financial policies, to these regulations and to financial controls.

They shall provide the Director of Finance with the financial or other information he or she deems necessary to carry out the requirements of the University Council.

All staff shall immediately notify the Director of Finance when any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, University cash or property. The Director of Finance shall take any necessary steps to investigate and report.

7 Risk Management

7.1 The University acknowledges the risks inherent in its business, and is committed to managing risks that may pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the risks considered to be acceptable or unacceptable by the University will be set out in a separate risk management strategy.

7.2 The University Council has overall responsibility for ensuring there is a risk management strategy and a common approach throughout the University, by developing and implementing a formal, structured risk management process in the whole organisation.

7.3 The University Council requires that the risk management strategy and supporting procedures include:

- the adoption of common terminology to define risk and risk management
- the establishment of University-wide criteria to measure risk, which link 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 (see above)

- a decision on the level of risk to be covered by insurance (see section 24 , Insurance)
- detailed regular review at department or support function level to identify significant risks associated with key objectives and other relevant areas
- risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing that risk.
- regular reporting to the University Council of all risks above established tolerance levels
- an annual review of the implementation of risk management arrangements
- the strategy and procedures must be capable of independent verification.

7.4 Heads of Department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the University may be exposed. The Registrar's advice should be sought to ensure that this is the case.

8 Whistle blowing

8.1 Whistle blowing, under the Public Interest Disclosure Act 1998, is disclosure by an employee (or other party) of actual or suspected malpractice in the workplace.

A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health, safety or the environment, and the cover-up of any of these malpractices. It does not matter whether or not the information is confidential. The whistleblowing can involve malpractice in the UK or any other country or territory.

8.2 Normally, any concern about a workplace matter at the University should be raised with the member of staff'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 the person the member of staff thinks may be involved, may make this difficult or impossible.

8.3 A member of staff may, therefore, make the disclosure to one of the people designated for this purpose, for example the Registrar. If the member of staff does not wish to raise the matter with this person, or with the Vice-Chancellor or the Chair of the University Council, they may raise it with the Chair of the Audit Committee.

8.4 The full procedure is set out in the University's whistleblowing policy, which is available through the Human Resources department. Further details of the Public Interest Disclosure Act 1998 are set out at Appendix F.

9 Code of Conduct

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

The University also expects staff at all levels to observe the code of conduct contained in its financial procedures, which covers:

- probity and propriety
- selflessness, objectivity and honesty
- relationships

9.2 Additionally, members of the University Council, senior management and staff involved in procurement must disclose any interests in the University's register of interests maintained by the Registrar (or other designated officer). They must ensure that entries in the register relating to them are kept up to date regularly and promptly.

9.3 In particular, no person shall be a signatory to a University contract where he or she also has an interest in the activities of the other party.

Receiving gifts or hospitality

9.4 It is an offence under the Prevention of Corruption Act 1906 (and subsequent laws) for staff to accept any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles for all members of staff must be:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
- the action of individuals in their official capacity should not give the impression (to any member of the public, to any organisation with whom they deal, or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

Therefore, staff should not accept any gifts, rewards or hospitality (or have them given to their family) from any organisation or individual with whom they have contact in the course of their work, that would cause them to reach a position whereby they might be, or might be suspected by others to have been, influenced in making a business decision as a consequence of accepting such

hospitality.

The frequency and scale of hospitality they accept should not be significantly greater than the University would be likely to provide in return. When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant Head of Department or the Director of Finance.

Further guidance on ethical practices in purchasing and supply management can be found on the website of the Chartered Institute of Purchasing and Supply at

<http://www.cips.org/aboutcips/whatwedo/professionalcodeofethics/>

C FINANCIAL MANAGEMENT AND CONTROL

10 Financial Planning

10.1 The Director of Finance is responsible for preparing annually a rolling five year financial plan for the University and its subsidiaries, for approval by the University Council on the recommendation of the Policy and Resources Committee and for submitting financial forecasts to HEFCE. Financial plans should be consistent with the strategic plans approved by the University Council.

Budget objectives

10.2 The University Council may, from time to time, set budget objectives for the University. These will help the Director of Finance in preparing his or her more detailed financial plans for the University.

Resource allocation

10.3 Resources are allocated annually by the University Council on the recommendation of the Policy and Resources Committee, and on the basis of the above objectives. Heads of Department are responsible for the economic, effective and efficient use of resources allocated to them.

Budget preparation

10.4 The Director of Finance is responsible for preparing each year a revenue budget and capital programme for consideration by the Finance Committee and the Policy and Resources Committee before submission to the University Council. The budget also includes monthly cash flow forecasts and a projected year-end balance sheet. The Director of Finance must ensure that detailed budgets are prepared to support the resource allocation process and must communicate these to Heads of Department as soon as possible following approval by the University Council. During the year, the Director of Finance is responsible for submitting any revised budgets to the Finance Committee for consideration before submission to the University Council for approval.

Capital programme

10.5 The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs, whether funded from capital grants or capitalised for inclusion in the University's financial statements. Expenditure of this type can only be considered as part of the

capital programme approved by the University Council.

The Director of Finance will establish protocols to include a project in the capital programme for approval by the University Council. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet. The protocols are summarised at Appendix H and are shown in more detail in financial procedures. The Director of Finance will also establish procedures to gain approval for capital variations, including the notification of large variations to HEFCE, as laid down in HEFCE guidelines. The Director of Finance is responsible for providing regular statements on all capital expenditure to Finance and Estates Committees. Following completion of a capital project, a post-project evaluation or final report should be submitted to Estates Committee, reporting actual expenditure against budget, reconciling funding arrangements where a variance has occurred, and showing any other issues affecting the project. Post-project evaluations may also need to be sent to the relevant HEFCE officer, as laid down in HEFCE guidelines.

Other major developments

- 10.6 Any new aspect of University business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time should be presented for approval to the Policy and Resources Committee (with prior review by the Business and Community Committee).

The Director of Finance will establish protocols for these major developments to enable them to be considered for approval by the University Council. These will set out the information required for each proposed development and the financial criteria they must meet.

11 Financial Control

Budgetary control

- 11.1 The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible to their Head of Department for the income and expenditure appropriate to their budget.

Significant departures from their budgetary targets must be reported immediately to the Director of Finance by the Head of Department and, if necessary, corrective action taken.

Financial information

- 11.2 The budget holders are assisted by the provision of management information by the Director of Finance. The types of management information available to the different levels of budget holders, and when it will be received, are described in the detailed financial procedures.

The Director of Finance is responsible for supplying budgetary reports on all aspects of the University's finances to the Finance Committee on a basis determined by the Finance Committee, but subject to any specific requirements of HEFCE. These reports are presented to the University Council, which has overall responsibility for the University's finances.

Virement

- 11.3 Where a budget holder is responsible for more than one budget, virement is permitted between items of non-staff expenditure, with the written approval of the Head of Department.

Treatment of year-end balances

- 11.4 Departmental reserves comprise the cumulative balances on departmental funds i.e. the balances on Continuing Education (C), Other Services Rendered (E) and Miscellaneous (M) activity codes. Any balances on C or E codes automatically roll forward across financial years until the specific project comes to an end, at which point any surplus or deficit is transferred into a general reserves M code. Departmental reserves may be used to fund specific capital expenditure not provided for by the University, or to provide "buffer" funding for research staff between contracts. Only in exceptional circumstances, and by prior agreement with the Finance Department, will a reduction in the level of reserves be permitted. Expenditure from accumulated reserves is subject to the following constraints:
- Any capital expenditure of more than £20,000 per item must be discussed, in advance, with the Director of Finance so that the cash flow implications can be taken into account. Approval of expenditure on capital items is subject to special rules as detailed in Appendix H.
 - Any salary commitments made must not exceed £25,000 per annum, or 20% of the reserves, without the prior authorisation of the Director of Finance.

12 Accounting Arrangements

Financial year

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

Basis of accounting

12.2 The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

Format of the financial statements

12.3 The financial statements are prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education, subject to any specific requirements of HEFCE.

Capitalisation and depreciation

12.4 New land and buildings will be recorded in the balance sheet at actual build or acquisition cost. If received as gifts, they will be recorded at depreciated replacement value. Buildings will be depreciated in equal instalments over their estimated remaining useful life. Land will not be depreciated.

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value. Expenditure incurred on the acquisition of individual items or groups of related items of equipment (including computers and software) will be recorded in the balance sheet where the acquisition cost is £20,000 or more. All equipment will be depreciated over its expected useful life.

Accounting records

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

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

- official purchase orders

- paid invoices
- accounts raised
- bank statements

- copies of receipts
- paid cheques
- payroll records, including expense claims

The Director of Finance will make appropriate arrangements for the retention of electronic records. Staff should ensure their retention arrangements comply with any specific requirements of funding organisations, such as regional development agencies.

Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder.

Public access

- 12.6 In accordance with the Charities Act 1993 and Freedom of Information Act 2000, the University's financial statements are published each year at <http://www.york.ac.uk/admin/finance/> Copies of the University's most recent financial statements are available for public inspection on request.

Under the broader Freedom of Information legislation that governs the University and other public bodies (including any wholly-owned subsidiaries), there is a statutory right of access to all the financial and other information it holds. Applicants have the right to be told within 20 working days if the University holds the information requested, and to have this information communicated to them (subject to exemptions). The University also has a duty to publish information proactively via its Freedom of Information Publication Scheme

Taxation

- 12.7 The Director of Finance is responsible for advising Heads of Department on all taxation issues, in the light of guidance from the appropriate bodies and relevant legislation. Therefore the Director of Finance will issue instructions to departments on compliance with their statutory requirements, including VAT, PAYE, national insurance, corporation tax and import duty.

The Director of Finance is responsible for maintaining the University's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

13 Audit Requirements

General

- 13.1 External auditors and internal auditors have authority to:

- access University premises at reasonable times
- access all assets, records, documents and correspondence relating to any financial and other transactions of the University
- require and receive such explanations as are necessary concerning any matter under examination
- require any employee of the University to account for cash, stores or any other University property under his or her control
- access records belonging to third parties, such as contractors, when required

The Director of Finance is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly. The Finance and Audit Committees are responsible for jointly reviewing the financial statements and submitting them to the University Council for approval.

External audit

13.2 The appointment of external auditors will take place annually and is the responsibility of the University Council, advised by the Audit Committee.

The primary role of external audit is to report on the University's financial statements. They therefore carry out examination of the statements and underlying records and control systems to reach their opinion on the statements and to report on the appropriate use of funds. Their duties follow advice in HEFCE's audit code of practice and the Auditing Practices Board's statements of auditing standards.

Internal audit

13.3 The internal auditor is appointed by the University Council on the recommendation of the Audit Committee.

The University's financial memorandum with HEFCE requires that it has an effective internal audit function, whose duties and responsibilities are in accordance with HEFCE's audit code of practice. The main responsibility of internal audit is to provide the University Council, Audit Committee, the Vice-Chancellor and senior management with assurances on the adequacy of the internal control system.

The internal audit service is independent in its planning and operation and has direct access to the University Council, Vice-Chancellor and Chair of the Audit Committee. The formal responsibilities of internal audit are detailed at Appendix J. The internal auditor will also comply with the Auditing Practices Board's Guidance for Internal Auditors.

Fraud and corruption

- 13.4 It is the duty of all members of staff, management and the University Council to notify the Director of Finance immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. The University regards these matters as gross misconduct. The Director of Finance shall immediately invoke the fraud response plan. Actions and responsibilities are outlined in Appendix K.

Value for money

- 13.5 It is a requirement of the financial memorandum that the University Council is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by HEFCE, the National Audit Office, the Public Accounts Committee or other relevant bodies.

To fulfil this responsibility, the University Council will develop and revise each year a plan for 'value for money work' that will provide evidence of compliance with HEFCE's requirements. It will be used to enable the Audit Committee to refer to value for money in its annual report.

Other auditors

- 13.6 The University will, from time to time, be subject to audit or investigation by external bodies such as HEFCE, National Audit Office, European Court of Auditors, or HMRC. These bodies will have the same rights of access as external and internal auditors.

14 Treasury Management

Treasury management policy

- 14.1 The Finance Committee is responsible for setting out a strategy and policies for cash management, long-term investments and borrowings in a treasury management policy statement. This involves compliance with HEFCE rules for approval of any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Finance Committee has a responsibility to ensure implementation, monitoring and review of such policies.

Within policy parameters approved through Council, executive decisions on borrowing, investment or financing are delegated to the Director of Finance and reported through an appropriate system. All borrowing is undertaken in the name of the University and must conform to any relevant HEFCE requirements. The Director of Finance will report to the Finance

Committee quarterly on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her. Further details of treasury management can be found at Appendix N.

Appointment of bankers and other professional advisers

- 14.2 The University Council is responsible for the appointment of the University's bankers and other professional financial advisers (such as investment managers), on the recommendation of the Finance Committee. The appointments are for a specified period, after which consideration is given by the Finance Committee to competitively re-tendering the service.

Banking arrangements and guarantees

- 14.3 The Director of Finance is responsible, on behalf of the Vice-Chancellor, for liaising with the University's bankers in relation to its bank accounts and the issue of cheques. All cheques are ordered on the authority of the Director of Finance, who must make arrangements for their safe custody.

Only the Director of Finance may open or close a bank account for dealing with the University's funds. All bank accounts shall be in the name of the University or one of its subsidiary companies. The power to give guarantees and indemnities in the University's name to bankers or other institutions is exercisable only by the Director of Finance. Individual guarantees in excess of £100,000 must seek prior approval from the Senior Management Group and be subsequently reported to Finance Committee.

Departments must not borrow money from external sources and no guarantees or 'letters of comfort' are to be issued except via the Director of Finance. All cheques drawn on behalf of the University must be signed in the form approved by the Finance Committee. Cheques up to an agreed amount, specified in the University's detailed financial procedures, shall require one pre-printed signature. Cheques over the agreed amount must be signed by two authorised persons, of which only one may be that of an authorised member of staff in the finance department. Details of authorised persons and limits shall be provided for in the University's detailed financial procedures (see section 20, Expenditure).

All automated transfers on behalf of the University, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Finance Committee. Details of authorised persons and limits shall be provided for in the University's detailed financial procedures (see section 20, Expenditure).

The Director of Finance is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

15 Income

General

- 15.1 The Director of Finance is responsible for ensuring appropriate procedures enable the University to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Director of Finance.

The Director of Finance is responsible for the prompt collection, security and banking of all income received. The Director of Finance is responsible for ensuring that all grants notified by HEFCE and other bodies are received and appropriately recorded in the University's accounts. The Director of Finance is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

Maximisation of income

- 15.2 It is the responsibility of all staff to ensure that revenue to the University is maximised by efficient procedures for the identification, collection and banking of income. This includes the prompt notification to the Director of Finance of sums due, so that collection can be initiated.

Receipt of cash and cheques

- 15.3 All monies received by departments from whatever source must be recorded by the department on a daily basis, together with the form in which they were received, for example cash and cheques.

All monies received must be paid to the cash office promptly, following the timetable prescribed by the Director of Finance in financial procedures. The custody and transit of all monies must comply with the requirements of the University's insurers.

All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous departmental expenses or be paid into the departmental petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the University.

- Receipts by credit or debit card: The University may only receive payments by debit or credit card using procedures approved by the Director of Finance.

- Internet receipts: Payments to the University via the internet should be arranged through the University's Online Payment Scheme. Any member of staff wishing to arrange for payment via the internet through a different system must seek guidance from the Director of Finance at an early stage.

Collection of debts

15.4 The Director of Finance should ensure that:

- debtors' invoices are raised promptly on official invoices, in respect of all income due to the University
- invoices are prepared with care, that is they are recorded in the ledger, show the correct amount due and are credited to the appropriate income account
- any credits granted are valid, properly authorised and completely recorded
- VAT is correctly charged where appropriate, and accounted for
- monies received are posted to the correct debtors' account
- swift and effective action is taken in collecting overdue debts, following the protocols in the financial procedures
- outstanding debts are monitored and reports prepared for management.

Only the Director of Finance can implement credit arrangements and indicate the periods in which different types of invoice must be paid. Any subsequent changes must be submitted to the Finance Committee for approval.

Requests to write off debts up to £5000 must be authorised by either the Financial Controller or the Deputy Director of Finance or the Financial Accountant. All other requests to write off debts must be authorised by the Director of Finance.

Student fees

15.5 The procedures for collecting tuition and residence fees must be approved by the Director of Finance. He or she is responsible for ensuring that all student fees due to the University are received.

Any student who has not paid an account for fees or any other item owing to the University shall not receive the certificate for any degree, diploma or other qualification awarded by the University until all outstanding debts have been cleared. Such students shall be prevented from re-enrolling at the University and from using any of its facilities unless appropriate arrangements

have been made.

Student loans

15.6 Appropriate records will be maintained to support all transactions involving student loans.

Emergency/hardship loans

15.7 The University's scheme for emergency/hardship loans must be approved by the University Council. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made other than in accordance with the approved scheme.

The Director of Finance is responsible for ensuring the adequacy of the systems in place for:

- approving loans in accordance with the scheme
- paying loans that have been approved
- recovering loans that have been paid

16 Research Grants and Contracts

General

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

The term 'research grant' is restricted to research projects funded by the UK research councils, charities and the higher education funding bodies.

All other externally financed research projects are classified as 'research contracts'. 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 implications have been appraised by the Director of Finance. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

The Director of Finance is responsible for examining every formal application for grant and ensuring there are resources to meet all commitments. The Director of Finance should ensure that the full cost of research contracts is established. The research agreement must be in line with the

University's policy with regard to indirect costs and other expenses and take account of different procedures for the pricing of research projects depending on the nature of the funding source.

Research grants and contracts shall be accepted on behalf of the University by the Registrar.

The Director of Finance will maintain financial records relating to research grants and contracts and initiate claims for reimbursement from sponsoring bodies by the due date. Each grant or contract will have a named supervisor or grant holder.

Control of pay and non-pay expenditure will be contained within the department. The Head of Department may delegate day-to-day control of the account to a supervisor or grant holder, but any overspend or under-recovery of overheads is to be the clear responsibility of the department, with any loss being a charge on departmental funds.

Recovery of overheads

- 16.2 For all but EC grants, US government bodies, and UK charities, overheads will be charged to research activity on the basis of full economic costs.

Costing/transparency

- 16.3 The University has adopted the principles on costing and pricing recommended by the Joint Costing and Pricing Steering Group (JCPSG).

Staff undertaking research activity must maintain the records specified by the Director of Finance to enable compilation of returns to HEFCE which meet the requirements of the Transparency Review.

Grant and contract conditions

- 16.4 Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding procurement, and the submission of interim or final reports or the provision of other relevant information. Failure to fulfil these conditions often means that the University will suffer a significant financial penalty. It is the responsibility of the named supervisor or grant holder to ensure that conditions of funding are met. The Research Support Office (RSO) supports the University in its mission to undertake research of the highest quality. The RSO provides administrative support and expert advice to University of York staff and students for their externally sponsored work. Further details can be found at

http://www.york.ac.uk/research/staff_research.html

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 against the department's or centre's funds.

17 Other Income-Generating Activity

Private consultancies and other paid work

17.1 Unless otherwise stated in a member of staff's contract:

- outside consultancies or other paid work may not be accepted without the express consent of the Head of Department (in the case of the Head of the Department, the Vice-Chancellor)
- applications for permission to undertake work as a purely private activity must be submitted to the Head of Department or Vice-Chancellor, as appropriate, and include the following information:
 - the name of the member(s) of staff concerned
 - brief description of the work involved
 - the proposed start date and duration of the work
 - full details of any University resources required (for the calculation of the full economic cost and reimbursement arrangements)
 - an undertaking that the work will not interfere with the teaching and normal University duties of the member(s) of staff concerned

Short courses and services rendered

17.2 In this context, a short course is any course which does not form part of the award-bearing teaching load of the department. Courses and conferences organised by departments and/or individual members of staff must be costed appropriately.

Any staff wishing to run a short course must have the permission of their Head of Department. The course organiser will be responsible to the Head of Department for day-to-day management of the course. The term 'services rendered' includes consultancy, testing and analysis of materials, components, processes and other laboratory services or the use of existing facilities.

Off-site collaborative provision (franchising)

17.3 Any contract or arrangement whereby the University provides education to students away from University premises, or with the assistance of persons other than the University's own staff or with independent contractors (partner organisations), must be subject to the following

procedure.

There must be a contract signed by the Vice-Chancellor and on behalf of any partner organisation that complies, as a minimum, with the HEFCE model contract (as amended from time to time) before any provision is made. Contracts for significant changes in franchising activity must be approved in advance by the University Council. Where the activity would represent a significant departure from the University's strategic plan, the University Council shall approve the departure, and the Vice-Chancellor shall seek the views of and inform HEFCE.

European Union (EU) and matched funding

- 17.4 Any EU or matched project requires the approval of the appropriate officer prior to any commitment being entered into. Such approval depends on the Head of Department being able to demonstrate that eligible matching funds are available and that the project is financially viable, by the application of the University's costing and pricing policy.

If the University sub-contracts such work to external providers, the relevant Head of Department must ensure that:

- this is on the basis of a written contract which allows for full audit access to detailed records
- appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality
- payments are only made against detailed invoices

Profitability and recovery of overheads

- 17.5 All other income-generating activities must be self-financing or surplus-generating unless it is intended that a new course is to be launched as a 'loss leader'. If that is the case, the reason for it must be specified and agreed by the Head of Department and the Director of Finance.

Other income-generating activities organised by members of staff must be costed and agreed with the Director of Finance before any commitments are made. Provision must be made for charging both direct and indirect costs in accordance with the University's costing and pricing policy, in particular for the recovery of overheads.

Deficits

- 17.6 Any unplanned deficits incurred on other income-generating activities will be charged to departmental funds.

Additional payments to staff

- 17.7 Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Head of Department, and in the case of a Head of Department, the Vice-Chancellor.

18 Intellectual Property Rights and Patents

General

- 18.1 Certain activities undertaken within the University including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as 'intellectual property' and are governed by the University's Ordinances and Regulations. Further guidance can be found at <http://www.york.ac.uk/admin/aso/ordreg/r12.htm>

19 Expenditure

General

- 19.1 The Director of Finance is responsible for making payments to suppliers of goods and services to the University.

Scheme of delegation/financial authorities

- 19.2 The Head of Department is responsible for purchases within his or her department. Purchasing authority may be delegated to named individuals within the department. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures.

The Director of Finance will maintain a register of authorised signatories and Heads of Department must supply specimen signatures of the people authorised to certify invoices for payment (for paper-based systems). Central control is exercised over the creation of requisitioners and authorisers and their respective financial limits. The Director of Finance must be notified immediately of any changes to the authorities to commit expenditure. Heads of Department and budget holders are not authorised to commit the University to expenditure without first reserving sufficient funds to meet the purchase cost. The member of staff (or budget holder) authorising the invoice for payment must be a different individual from the member of staff responsible for signing the purchase order form.

Procurement

19.3 The University requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice. Factors to be considered in determining lowest cost are noted in the financial procedures. The supplies manager is responsible to the Director of Facilities Management for:

- ensuring that the University's purchasing policy is known and observed by all involved in purchasing for the University
- advising on matters of University purchasing policy and practice
- advising and assisting departments where required on specific departmental purchases
- developing appropriate standing supply arrangements to assist budget holders in meeting their value for money obligations
- vetting all orders above £20,000 before they leave the University
- the drafting and negotiation of all large-scale purchase contracts (generally in excess of £135,000 or the OJEU threshold, as revised from time to time) undertaken by the University, in collaboration with the responsible department
- ensuring that the University complies with EU regulations on public purchasing policy.

Purchase orders

19.4 The ordering of goods and services shall be in accordance with the University's detailed Supplies Office guidelines at <http://www.york.ac.uk/admin/supplies/>

Official University orders must be placed for the purchase of all goods or services, except those made using (in order of preference) purchasing cards, company credit cards or petty cash. In exceptional circumstances, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed 'confirmation order only' no later than the following working day. When transferring goods or services between departments, an interdepartmental transfer form must be used. It is the responsibility of the Director of Facilities Management (through the University's supplies manager) to ensure that all purchase orders refer to the University's conditions of contract (see section 20, Contracts and Appendix L).

University credit cards

19.5 The operation and control of the University's credit cards is the responsibility of the Director of Finance.

Holders of credit cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs. The Director of Finance shall determine what information is required on purchases made via purchasing cards, and the deadlines for receipt in the finance section, to enable financial control to be maintained: cardholders must provide that information. All enquiries regarding the issuance of credit cards should be directed to the Payments Office in the Finance Department.

The Head of Department's written authorisation is required for all credit card applications.

Usage of credit cards

- For University related expenditure only.
- Only to be used if there is no reasonable alternative method of payment.
- Not to be used with existing suppliers without consulting with Payments Office in advance.
- All receipts and VAT invoices to be retained and attached to statements.
- All statements to be coded, authorised and sent promptly to Payments Office.

Web

There are two main problems in using the Web for transactions:

- The details transmitted in transacting via the Web are technically insecure.
- There is great difficulty in proving that transactions actually took place with the site/vendor anticipated.

To limit exposure to potential problems in this area, credit card details should only be given over the web in the following circumstances:

- Transactions with a known company that operates Secure Socket Layer (SSL).
i.e. unbroken key or Locked Padlock symbol appears in bottom left of Navigator window.
- A print-out of the transaction should be retained. It is critical that an invoice, or equivalent, is available in order to process the transaction.
- No University credit card details should be quoted in e-mail communications.

To avoid/limit personal or department liability the loss of any credit cards must be notified to

HSBC immediately as per the instructions given when the credit card was issued. The Payments office must also be notified as soon as possible.

In the event of misuse, University cardholders may be held personally liable.

The Director of Finance reserves the right to withdraw cards or to restrict their issuance.

Tenders and quotations

19.6 Heads of Department and delegated budget holders must comply with the University's tendering procedures contained in the code of tendering practice, as follows:

- under £5,000: the budget holder has discretion to decide whether or not to obtain quotations, but value for money must always be obtained. The purchaser will be expected to explain and document any derogation from the use of any University, regional or national agreement set up to cover the specific area of the purchase
- from £5,000 to £15,000: the budget holder is required to obtain at least three quotations where the market structure allows. A value for money statement must be produced to support the final decision, taking into account any whole life costing considerations.
- from £15,000 to £50,000: the person placing the order must arrange for at least three written quotations to be obtained by the purchaser where the market structure allows. A value for money statement must be produced to support the final decision, taking into account any whole life costing considerations.
- over £50,000 and up to the EU threshold: all items will require three competitive tenders where the market structure allows for this. Purchases must use the University tendering process and templates. The Supplies Office must be informed of the requirements at the outset and will have oversight of the process and be consulted on the specification development, the tender strategy evaluation and the eventual award. The award decision must demonstrate consideration of applicable whole life costing elements and achieve a robust value for money solution. A suitable tender scoring framework shall be used.
- over the EU threshold: all applicable purchases must be made in compliance with the current and relevant EU procurement regulations. Purchases must use the University tendering process and templates. The Supplies Office will lead the exercise with the support of the relevant departmental staff. The award decision must demonstrate consideration of applicable whole life costing elements and achieve a robust value for money solution. A suitable tender scoring framework must be advertised with the EU procurement notice and subsequent award decisions must

conform with that framework.

- For purchases above £50,000 that cannot be subject to competition for genuine and legitimate reasons, i.e. only one supplier can meet the defined performance requirements, and then the purchase is conditional upon completion and approval of the Single Supply Source Authorisation form. This approval does not negate the tender process with a sole supplier or the requirement to advertise the contract under the EU procurement regulations.

Only partnership arrangements for the supply of goods or services specifically approved by the finance committee or the University Council will fall outside these arrangements for tenders and quotations. The main points covered by the University's code of tendering practice are described at Appendix M and may be subject to special rules imposed by funding bodies.

Post-tender negotiations

19.7 Post-tender negotiations (i.e. after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms can only be entered into under the following circumstances:

- where the final bid evaluation does not present overwhelming evidence for one supplier
- where some doubt may exist as to quality and/or performance or where terms and conditions need clarification
- for orders with a potential value of greater than £100,000
- for supply agreements for a period of 12 months or more Post-tender negotiations may only be followed where:
 - it would not put other tenderers at a disadvantage or distort competition
 - it would not affect suppliers' confidence and trust in the University's tendering process. All post-tender negotiations must be conducted within the scope of the EU procurement regulations and must be controlled, officially documented and reported to the Finance Committee. Only trained and experienced procurement staff should conduct post-tender negotiation, so staff who wish to undertake this practice must contact the Supplies Office in the first instance.

Contracts

19.8 Contracts and framework agreements for supplies and services are implemented when a particular item or service has been identified as being frequently requested. These contracts have already been competitively tendered by the Supplies Office. They list goods and services that University users may purchase at agreed prices or levels of discount, and they represent value

for money. The University's standard terms and conditions apply to all contracts negotiated by the Supplies Office and offer protections against suppliers' unfavourable terms.

Where a contract/framework exists for a particular item/service, the purchase order must be placed with the supplier indicated. Please consult the Supplies Office intranet pages for a list of available contracts.

Building contracts are the responsibility of the Estates Committee and are administered by the University's Director of Estates. Proposals will normally be initiated by the Director of Estates in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments. Consultants may be appointed if the project, as determined by Estates Committee, is too large or too specialised for Estates department resources. Appointments shall be subject to tendering and other appropriate procedures.

Proposals shall be presented in the form of costing or investment appraisals prepared in conjunction with the Director of Finance for Estates Committee consideration. Investment appraisals should comply with appropriate HEFCE guidance. Following consideration by Estates Committee and Policy and Resources Committee, and approval by the University Council, submissions should be forwarded to HEFCE where appropriate. If agreement is secured from HEFCE, HEFCE procedural rules should be followed. HEFCE guidance on best practice should be followed even when HEFCE approval is not required.

Value for money will be an objective in the letting of all contracts. Conditions of contract for the purchase of goods, services and works will be followed as described in the University's detailed financial procedures. The main points are described at Appendix M.

EU regulations

- 19.9 The supplies manager is responsible for ensuring the University complies with its legal obligations under EU procurement regulations. These apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The supplies manager will advise Heads of Department on the value thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier. It is the responsibility of Heads of Department to ensure that their staff comply with the regulations, by notifying the supplies manager of any purchase that is likely to exceed the thresholds. This must be done well in advance to permit time to advertise in journals, especially the *Official Journal*

of the European Union (OJEU). The supplies manager is also required to submit to HEFCE annually details on expenditure which exceeds the EU threshold. Copies of documentation falling into this category must be provided by Heads of Department to the supplies manager.

Receipt of goods

19.10 All goods received should be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

All goods received must be entered onto an appropriate goods received document or electronic receipting system on the day of receipt. If the goods are deemed to be unsatisfactory, the record must be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are 'short' on delivery, the record should be marked accordingly and the supplier immediately notified. People receipting goods on behalf of the University must be different individuals from those who negotiated prices and terms and placed the official order.

Payment of invoices

19.11 The procedures for making all payments shall be in a form specified by the Director of Finance.

The Director of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by computer cheques or BACS transfer each week. In exceptional circumstances the Director of Finance will prepare cheques manually for urgent payments. Heads of Department are responsible for ensuring that expenditure within their departments does not exceed funds available. Care must be taken by the budget holder to ensure that discounts receivable are obtained. Certification of an invoice or receipting of an electronic order will ensure that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory
- where appropriate, it is matched to the order
- invoice details (quantity, price discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- where appropriate, an entry has been made on a stores record or departmental inventory

- an appropriate cost centre is quoted. This must be one of the cost centre codes in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

Staff reimbursement for travel and subsistence

19.12 The University's purchasing and payments procedures enable the majority of non-pay supplies to be procured through the creditors system without staff needing to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement. Where such purchases by staff are planned, the Director of Finance and the relevant Head of Department may jointly approve cash advances to staff who are going to incur expenditure on the University's behalf. Upon completion of the travel or project to which an advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance must be repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

All claims for payment of subsistence allowances, travelling and incidental expenses must be completed in a form approved by the Director of Finance.

Claims by members of staff must be authorised by their Head of Department or their nominee. The certification shall be taken to mean that:

- the journeys were authorised
- the expenses were properly and necessarily incurred
- the allowances are properly payable by the University
- consideration has been given to value for money in choosing the mode of transport.

Arrangements for travel by the Vice-Chancellor or members of the University Council shall be approved by the Treasurer. Arrangements for travel by the Chair shall be approved by the Registrar. Detailed guidance on expenses is given at APPENDIX O which forms an integral part of the Financial Regulations.

Petty cash

19.13 A petty cash float is managed by each departmental manager to cover minor items of expenditure, where the usual purchasing procedure through either completion of a stock or non-stock requisition is not viable or value for money. The maximum individual transaction amount available via petty cash is £50.

Under no circumstances should petty cash be used for the payment of salaries, wages, staff travelling, subsistence or other expenses. Petty cash should not be used for round sum payments to individuals, entertaining, provision of uniforms and similar items that are covered by HMRC expenses rules.

Petty cash must not be borrowed or used for personal purposes, for cashing personal cheques or for other non business use. Petty cash should not be used if the item is available through: (a) the normal purchasing procedures of using a stock or non-stock requisition; or (b) if the item is available under contract and can be obtained through normal purchasing procedures. The Director of Finance can make available to departments imprests necessary for the disbursements of petty cash expenses. However, it is important for security that petty cash imprest floats are kept to a minimum.

Requisitions for reimbursements must be sent to the Director of Finance, together with appropriate receipts or vouchers, before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed. The member of staff granted a float is personally responsible for its safe-keeping. The petty cash box must be kept locked in a secure place, in compliance with the requirements of the University's insurers, and will be subject to periodic checks by the head of department or another person nominated by him or her. Standard University petty cash books are supplied by the Director of Finance and must be used for recording all imprest accounts.

At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by the Head of Department.

Other payments

19.14 Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Director of Finance, supported by detailed claims approved by the Head of Department.

Late payment rules

19.15 The Late Payment of Debts (Interest) Act 1998 gives small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

- small businesses can charge interest on overdue invoices
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England
- the Act also applies to overseas organisations

- the University can be sued for non-payment. In view of these penalties, the University Council requires that invoices must be passed for payment as soon as they are received.

Project advances

19.16 The Director of Finance and the relevant Head of Department may jointly approve cash advances for projects carried out away from the University where cash expenditure may be unavoidable.

Receipts or paid invoices must be retained for all sums expended in this way. On completion of the project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to a project or individual is outstanding.

Giving hospitality

19.17 Staff who are entertaining guests from outside bodies should normally use the University's catering facilities. Where this is not the case, reasons must be given on the claim for reimbursement. The limits concerning acceptable expenditure for entertaining guests are set out in the University's detailed financial procedures.

20 Pay Expenditure

Remuneration policy

20.1 All University staff will be appointed to the salary scales approved by the University Council and in accordance with appropriate conditions of service. All letters of appointment must be issued by the HR Department.

The University Council will determine what other benefits, such as cars, medical and life insurance, are to be available, the basis of their provision (contributory or not) and the staff to whom they are to be available. Salaries and other benefits for senior management will be determined by the Remuneration Committee set up by the University Council.

Appointment of staff

20.2 All contracts of service shall be concluded in accordance with the University's approved HR practices and procedures. All offers of employment with the University shall be made in writing by the director of HR. Budget holders shall ensure that the Director of Finance and the Director of HR are provided promptly with all information they may require in connection with the

appointment, resignation or dismissal of employees.

Salaries and wages

- 20.3 The Director of Finance 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 Director of Finance.

The Director of HR is responsible for keeping the Director of Finance informed of all matters relating to personnel for payroll purposes, in particular:

- appointments, resignations, dismissals, supervisions, secondments and transfers
- changes in remuneration other than normal increments and pay awards
- information necessary to maintain records of service for superannuation, income tax and national insurance.

The Director of Finance is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

The Director of Finance is responsible for keeping all records relating to payroll including those of a statutory nature. All payments must be made in accordance with the University's detailed payroll financial procedures and comply with HMRC regulations.

Pension schemes

- 20.4 The University Council is legally the employer in relation to pension arrangements for employees.

The Director of Finance is responsible for day-to-day superannuation matters, including:

- paying contributions to the University of York Pensions Trust Ltd and the Universities Superannuation Scheme Ltd (USS)
- preparing the annual returns to the above
- administering the University's pension fund. The Director of HR is responsible for administering eligibility to pension arrangements and for informing the Director of Finance when deductions should begin or cease for staff.

Severance and other non-recurring payments

- 20.5 Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the University Council through the Senior Management Group. Professional

advice should be obtained where necessary. All such payments shall be authorised by the Vice-Chancellor and calculations checked by the Director of HR or Director of Finance. Any individual amounts that do not fall within the parameters above, or are in excess of £50,000, require approval by the Policy and Resources Committee. In exceptional circumstances this approval may be given by the Director of HR in consultation with the Vice-Chancellor, to be reported to the next meeting of the Committee.

All cases referred to an Employment Tribunal shall be notified to the HR Policy and the Policy and Resources Committees at the earliest opportunity in order that budget provision may be made as necessary. All determinations of Tribunals must be similarly notified.

21 Assets

Land, buildings, fixed plant and machinery

21.1 The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the University Council and with reference to HEFCE requirements where exchequer-funded assets or exchequer funds are involved.

Fixed asset register

21.2 The Director of Finance is responsible for maintaining the University's register of land, buildings, fixed plant and machinery. Heads of Department will provide the Director of Finance with any information needed to maintain the register.

Inventories

21.3 Departments are responsible for maintaining an inventory of assets entrusted to their departments or acquired out of departmental recurrent budgets or from other sources.

The inventory should set out the following information for each asset:

- Full description of the asset;
 - Asset identification number;
 - Date of acquisition;
 - Cost at acquisition;
 - Location of the asset;
 - Name of the person responsible for the asset
- Inventories must be checked at least annually as described in the University's detailed financial procedures. When transferring equipment etc between departments, a transfer record must be kept and the inventories amended accordingly.

Stocks and stores

21.4 Heads of Department are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments. The systems used for stores accounting in departments must have the approval of the Director of Finance.

Heads of Department are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature must be subject to appropriate safety and security checks. Those Heads of Department whose stocks require valuation in the balance sheet must ensure that their stock-taking procedures have the approval of the Director of Finance and that instructions to appropriate staff in their departments are in accordance with the University's financial procedures.

Safeguarding assets

21.5 Heads of Department are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash etc under their control. They will consult the Director of Finance in any case where security is thought to be defective or where special security arrangements may be needed.

Assets owned by the University shall, so far as is practical, be effectively marked to identify them as University property.

Personal use

21.6 Assets owned or leased by the University shall not be subject to personal use without authorisation of the Head of Department.

Asset disposal

21.7 Disposal of equipment and furniture must be in accordance with procedures agreed by the Finance Committee and contained in the University's detailed financial procedures.

Disposal of land and buildings must only take place with the authorisation of the University Council. HEFCE consent may also be required if exchequer funds were involved in the acquisition of the asset. For all disposals, including of scrap metal, departments must complete an Asset Disposal Form and return this to the finance department, so the Fixed Assets register can be updated and any revision to the University's insurance arrangements can be advised to Campus Services. All departments are responsible for the prompt banking of any proceeds in accordance with 16.2. The official Asset Disposal Form can be found at Appendix P.

All other assets

- 21.8 Heads of Department are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the University, whether tangible (such as stock – see above) or intangible (such as intellectual property – see section 19), including electronic data.

22 Charitable donations

Gifts, benefactions and donations

- 22.1 The Director of Finance is responsible for maintaining financial records of gifts, benefactions and donations made to the University and initiating claims for recovery of tax where appropriate. See Appendix Q.

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

Student welfare and access funds

- 22.2 The Director of Finance will prescribe the format for recording the use of student welfare funds.

Records of access funds will be maintained according to HEFCE requirements.

23 Other

Insurance

- 23.1 The Director of Facilities Management is responsible for the University's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy (see section 8 Risk Management), all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and should provide sufficient cover to meet any potential risk to all assets.

The Director of Facilities Management is responsible for effecting insurance cover as determined by the Senior Management Group. He or she is therefore responsible for procurement of the insurance contract, negotiating claims and maintaining the necessary records. The Director of Facilities Management will keep a register of all insurances effected by the University and the property and risks covered. He or she will also deal with the University's insurers and advisers

about specific insurance claims. Heads of Department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the University may be exposed. The Director of Facilities Management's advice should be sought to ensure that this is the case. Heads of Department must promptly inform the Director of Facilities Management of any potential new risks and/or additional property and equipment that may require insurance and of any alterations affecting existing risks. Heads of Department must inform the Director of Facilities Management immediately of any event that may give rise to an insurance claim. The Director of Facilities Management will notify the University's insurers and, if appropriate, prepare a claim in conjunction with the Head of Department for transmission to the insurers. The Director of Estates is responsible for keeping records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed. All staff using their own vehicles on behalf of the University must maintain appropriate insurance cover for business use.

Companies and joint ventures

- 23.2 In certain circumstances it may be advantageous to the University to establish a company or a joint venture to undertake services on its behalf. Any member of staff considering the use of a company or a joint venture should first seek the advice of their Head of Department and the Director of Finance, who should have due regard to guidance issued by the HEFCE.
- 23.3 The University Council is responsible for approving the establishment of all companies or joint ventures and the procedure to be followed. . This will have regard to any guidance provided by the funding bodies. The process involved in forming a company or a joint venture and arrangements for monitoring and reporting on the activities of these undertakings are documented in the University's financial procedures.

It is the responsibility of the University Council to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the University. The directors of companies where the University is the majority shareholder must submit, via the Finance and Business and Community Committees, an annual report to the University Council. They will also submit business plans or budgets as requested to enable the Committee to assess the risk to the University. The University's internal and external auditors shall also be appointed to such companies. Where the University is the majority shareholder in a company, that company's financial year shall be consistent with that of the University.

Security

- 23.4 Keys issued to safes or other similar containers must be kept securely, and the loss of such keys must be reported to the Director of Finance immediately.

The Director of the Computing Service shall be responsible for security and privacy of information held on the University's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. . Information relating to individuals, whether in electronic or manual format, is subject to the Data Protection Act 1998. A data protection officer shall be nominated in each department to ensure compliance with the Act and the safety, integrity and security of such documents. The Director of Finance is responsible for the safekeeping of official and legal documents relating to the University. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Director of Finance. All such documents must be held in a secure, fireproof location and copies held at a separate location.

Students' Union

- 23.5 The Students' Union is a separate legal entity from the University but is recognised to fulfil a valuable role in relation to the University's students.

Subject to any constraints imposed by HEFCE, the University Council shall determine the level of grant to be paid annually to the Students' Union. The University Council requires the Union to provide for information details of its proposed budget to assist in determining the appropriate level of grant. The Students' Union is responsible for maintaining its own bank account and financial records and preparing its own annual financial statements. In accordance with an agreement between the University and the Students' Union, the Union will provide monthly statements of income and expenditure to the Director of Finance and the finance committee for information purposes only. At the year end, the Students' Union financial statements will be audited by appropriately qualified auditors and will be presented to the Finance Committee for information. In accordance with an agreement between the University and the Students' Union, the University's internal auditor shall have access to the records, assets and staff of the Students' Union in the same way as other areas of the University.

Use of the University's seal

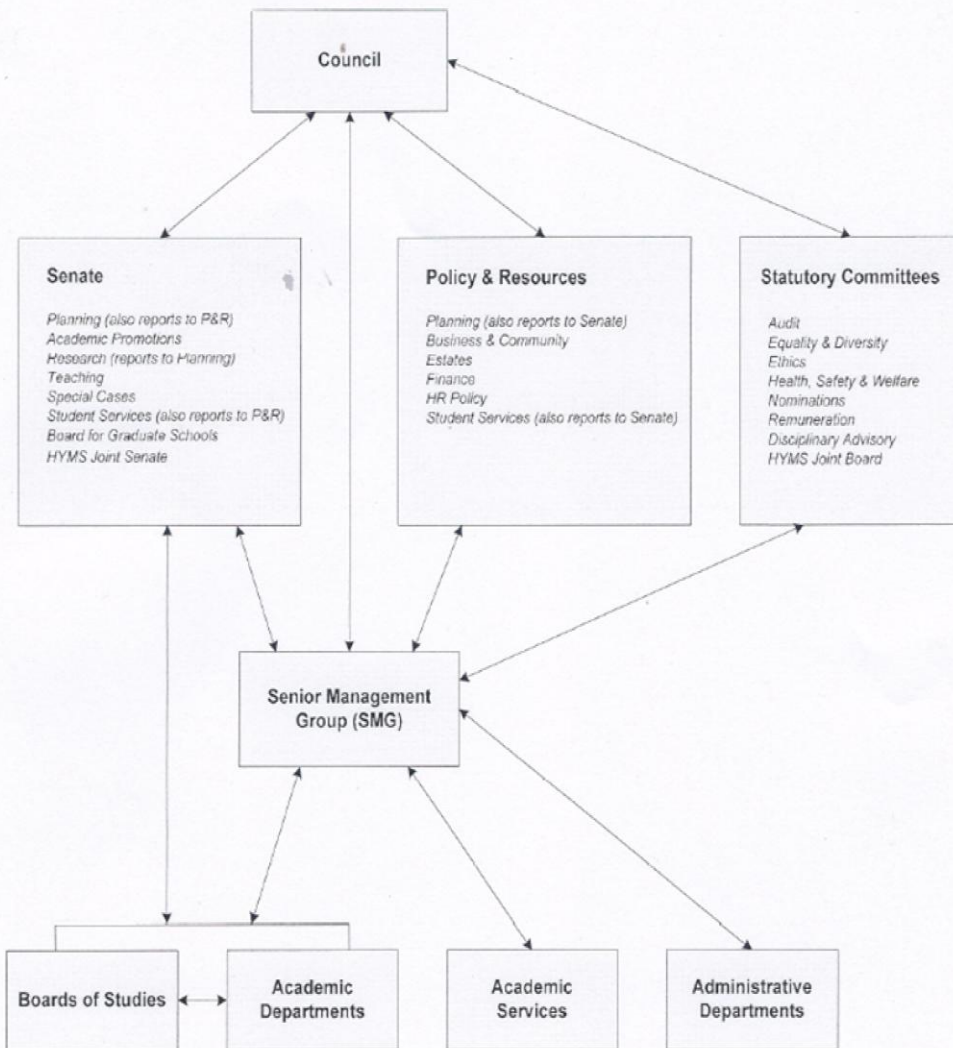
- 23.6 Where a deed or document requires the University's seal, it must be sealed by the Registrar or, in his or her absence, the Director of Finance, in the presence of a member of the University

Council.

The Registrar is responsible for submitting a report to each meeting of the University Council detailing the use of the University's seal since the last meeting.

APPENDIX A: COMMITTEE STRUCTURE

Delegation of Council Responsibility Map (including Committee Structure)



↔ Lines of delegation of responsibility and reverse accountability

Revised 29 April 2008

APPENDIX B: FINANCE COMMITTEE RESPONSIBILITIES

- To monitor the financial performance of the University and its subsidiaries against budget on a quarterly basis, to monitor the updated forecast for the year and to report significant variances to Council.
- To ensure the annual accounts are drawn up in accordance with the appropriate accounting conventions and that they meet external reporting requirements.
- To monitor the budget-setting process for the University and its subsidiary companies in accordance with an annual budgetary cycle.
- To monitor and review the schedule of risks in respect of income generation and financial management.
- To monitor the performance of the University's financial investments including its endowments and restricted funds.
- To monitor the financial position of the University's Pension Scheme and other pension arrangements.
- To monitor and update the University's Financial Regulations.
- To receive the Financial Statements of the University of York Students' Union
- To ensure that the requirement of the financial memorandum with HEFCE to maintain financial solvency is fulfilled.
- • To oversee
 - Cash management and borrowing policies
 - The University's banking arrangements
 - The University's insurance arrangements.
 - Any other matters as directed by the University Council
- In the course of its work to take account of equality of opportunity.

APPENDIX C: AUDIT COMMITTEE TERMS OF REFERENCE

Duties

- To review the annual consolidated financial statements of the University and its subsidiaries to ensure they comply with all relevant statutory requirements and appropriate accounting conventions.
 - To oversee the University's policy on fraud and irregularities, to be notified of any action taken under that policy, and to be advised of any significant losses.
 - To review, in conjunction with internal audit, the system of internal control.
 - To ensure, in conjunction with internal audit, that arrangements are in place to promote economy, efficiency and effectiveness.
 - To consider internal audit's programme of work and to monitor its effectiveness, including management's response.
 - To receive internal audit reports and, in conjunction with the University Officers, to monitor progress in implementing the recommendations made and resolving any differences.
- Note: The Head of Internal Audit has the right to meet the Audit Committee in private.
- To promote co-ordination between internal audit and the external auditors.
 - To consider and discuss with the external auditors the scope of their audit and subsequently their results.
 - To review with the external auditors any management letters arising from their audit of the University and to discuss with the Director of Finance and other appropriate University Officers any work which implements agreed solutions.
- Note: The external auditors have the right to meet the Audit Committee in private and to seek a special meeting if they think it appropriate.
- To make recommendations to the Council regarding the appointment, re-appointment and remuneration of both the internal and external auditors
 - To make recommendations to the Council regarding the provision of any non-audit work by either internal or external auditors.
 - To monitor annually the performance and effectiveness of external and internal auditors, including any matters affecting their objectivity. To make an annual report to the Council on the work of the Committee.
 - To keep under review on behalf of the Council the effectiveness of the University's approach to risk management, control and governance arrangements, and in particular to review the external

auditors' management letter, the internal auditors' annual report, and management responses.

- To receive any relevant reports from the National Audit Office, HEFCE and other organisations.
- In the event of the merger or dissolution of the institution, to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

Reporting Procedures

- The minutes (or a report) of meetings of the Committee will be circulated to all members of the University Council.
- The Committee will provide an annual report for the University's financial year to the University Council and designated officer, summarising the activity for the year. It will give the Committee's opinion on the extent to which the University Council may rely on the internal control and risk management system and the arrangements for securing economy, efficiency and effectiveness. (This opinion should be based upon the information presented to the Committee.) The Audit Committee annual report should normally be submitted to the University Council before the members' responsibility statement in the annual financial statement is signed.

Secretarial Arrangements

- The secretarial support to the Audit Committee will be provided by the secretary to the University Council (or other appropriate independent individual).

APPENDIX D: POLICY AND RESOURCES COMMITTEE TERMS OF REFERENCE

Primary Purpose

To oversee the implementation of the non-academic aspects of the Corporate Plan. Issues where the Committee's role is to **decide** (i.e. to assess and consider defined possibilities or priorities)

- To approve within financial parameters established by Council the priorities for capital expenditure in all areas of the University
- To determine the University's borrowing strategy Issues where the Committee's role is to formally **approve** (i.e. the proposal is developed elsewhere and the Committee gives the authority to proceed)
- The establishment of subsidiary companies
- Specific capital proposals within the agreed capital programme and costing between £0.5 million and £2 million
- To delegate to the Senior Management Group authority to approve capital proposals within the agreed capital programme and costing less than £500,000 Issues where the Committee's role is to inform or **shape policy** or strategy
- action being undertaken by executive action or a higher committee
- To formulate the Corporate Plan
- To formulate the University's risk management strategy, keep the strategy under review and maintain the University's risk register
- To recommend annual budgets for all areas of the University
- To advise Council on capital proposals within the agreed capital programme and costing above £2 million
- To undertake detailed project or financial assessments in respect of any area of activity as determined by Council from time to time

Issues where the Committee's role is to monitor and **keep under review** (e.g. the implementation of policies or the effectiveness of processes)

- The Corporate Plan
- The strategic planning, resource allocation and budgetary framework of the University
- The medium and long-term financial outlook of the University and to determine courses of action where appropriate

preparation of the financial plan, consolidation and submission of planning data to HEFCE, compilation of the detailed annual budget and production of comparative statistics. The

APPENDIX E: KEY CONTACTS IN THE FINANCE DEPARTMENT

Financial Services

- ii Financial Services are based in Market Square and cover the following functions:
- iii. Accounts Payable. This section pays the money owed by the University, other than payroll items. Payments are mainly to suppliers of goods and services but the section also administers access fund and emergency loan payments to students and petty cash payments. Payments can be made to any country and in most currencies.
- iv. Cash Office. All income due to the University must be banked through the finance department. Payments are received by BACS, cheque, cash, credit cards or debit cards and can be in sterling or foreign currencies. Security arrangements for cash in transit are made for transfers between financial services and the bank but not for internal transfers to financial services.
- v. Fees Office. The Fees Office raises all University invoices, collects tuition and residence fees and carries out debt collection, including court action where appropriate. . Instalment facilities are available for some categories of student in relation to their tuition fees. Overdue debts are pursued in consultation with the relevant departments. Both the cash and fees offices operate a counter service for enquiries, from 10am to 4pm.
- vi. Pensions and payroll. This department manages all the University's payrolls, including that for the University of York Pension Fund. It also submits PAYE and USS returns

Financial Accounting

- vii. Financial Accounting covers the maintenance of the accounting system and the preparation of final accounts, treasury management, which involves borrowing and lending, cash flow forecasting and managing the University bank accounts. Several services are for the specific benefit of users:
- viii. Systems Support Office provides advice and training for users of the data held in the Agresso accounting system.
- ix. Major capital projects assists with preparing bids for funding, investment appraisals and monitoring of capital schemes and projects. It is mandatory for the negotiation of funding

packages to be carried out by finance department staff.

Management Accounting

- x. Much of the work in Management Accounting is at a corporate level. This includes the Director of Finance also provides regular monitoring statements and financial advice to the University Council and its committees.
- xi. Budget monitoring. Detailed management accounts are produced to show performance against departmental budgets at account code level. Budgets are constantly updated and departmental users are kept informed. All users also receive regular visits from finance department staff to ensure their monitoring statements are being received, understood and used.
- xii. Budget planning. Advice is available for budget managers to help them prepare their business plans. This is particularly important in the area of 'other services rendered' and research grant contracts where markets can be volatile.
- xiii. Research Support Office. 'Other services rendered' and research project numbers are allocated when proposal forms are received by the Research Support Office, so that income and expenditure can be matched to the right projects. Advice is available on preparing bids for projects, especially for external funding. Arrangements are also made for vetting and auditing various grant claims.

Management Control

- xiv. A range of services provided by the finance department relate to the overall control of the University's systems. Some of these are mandatory.
- xv. **Internal audit.** All Universities must have an independent internal audit function which operates under guidance from the Audit Committee. The finance department is responsible for the receipt and co-ordination of responses to audit reports and, in conjunction with the Registrar, for the implementation of audit committee projects.
- xvi. **Procedures and regulations.** Financial regulations and detailed financial procedures are maintained and disseminated by the finance department as required by HEFCE and Audit Committee.

Finance Department Post-Holders And Contact Details

A list of sections and personnel within Finance can be located at:

<http://www.york.ac.uk/admin/finance/>

APPENDIX F: MAIN FEATURES OF THE PUBLIC INTEREST DISCLOSURE ACT 1998

Summary

Since 1999, the Public Interest Disclosure Act has encouraged people to blow the whistle about malpractice in the workplace. It is designed to ensure that organisations respond by acting on the message rather than against the messenger. The Act applies to employees blowing the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It applies whether or not the information is confidential and extends to malpractice occurring in the UK and any other country or territory. In addition to employees, it covers trainees, agency staff, contractors, home workers, trainees and professionals in the NHS. Employment law restrictions on minimum length of service and age do not apply. The Act does not cover self-employed people, volunteers, the army, intelligence services or police officers.

Internal Disclosures

A disclosure in good faith to a manager or the employer will be protected if the whistleblower has a reasonable suspicion that the malpractice has occurred, is occurring or is likely to occur.

Regulatory Disclosures

The Act protects disclosures made in good faith to prescribed bodies such as the Health and Safety Executive, the Financial Services Authority and HM Revenue and Customs, where the whistleblower has a reasonable belief that the information and their allegation(s) are substantially true.

Wider Disclosures

Wider disclosures (e.g. to the police, the media, MPs, and non-prescribed regulators) are protected if, in addition to the tests for regulatory disclosures, they are reasonable in all the circumstances and they meet one of the three preconditions. Provided they are not made for personal gain, these preconditions are that the whistleblower:

- reasonably believed they would be victimised if they raised the matter internally or with a designated regulator
- reasonably believed a cover-up was likely and there was no regulator
- had already raised the matter internally or with a prescribed regulator.

Full Protection

Where the whistleblower is victimised in breach of the Act they can bring a claim to an employment tribunal for compensation. Awards are uncapped and based on the losses suffered. Additionally, where an employee is sacked, they may apply for an interim order to keep their job. Not all disclosures made by an employee are protected under the Act. Those that are include criminal acts, health and safety violations, breaches of legislation and miscarriages of justice. However, such whistle blowing is only protected as long as the disclosure is made in good faith to the employer, or any other person authorised under a procedure set up by the employer for this purpose

Qualifying Areas

The topics qualifying for protection under the Act are information that the employee reasonably believes tends to show one or more of the following is happening now, took place in the past, or is likely to happen in the future:

- a criminal offence
- the breach of a legal obligation
- a miscarriage of justice
- a danger to the health or safety of any individual
- damage to the environment
- deliberate covering up of information tending to show any of the above five matters.

APPENDIX G: THE SEVEN PRINCIPLES OF PUBLIC LIFE

from the Report of the Committee for Standards in Public Life (The Nolan Report)

Selflessness

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

Integrity

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

Objectivity

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

Accountability

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

Openness

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

Honesty

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

Leadership

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

APPENDIX H: SUMMARY OF PROTOCOLS FOR PROPOSED CAPITAL EXPENDITURE

The following levels of approval for business cases apply:

- Vice-Chancellor Up to £1million
- Policy and Resources Committee £1million-£4million
- Council Over £4million
- Proposed capital projects should be supported by:
- A statement that demonstrates the project's consistency with the strategic plans and estates strategy approved by the University Council.
- An initial budget for the project for submission to the policy and resources committee and the estates committee. The budget should include a breakdown of costs including professional fees, VAT and funding sources.
- A financial evaluation including whole-life cost estimates, of the plans together with their impact on revenue plus advice on the impact of alternative plans.
- An investment appraisal in an approved format which complies with HEFCE guidance on option and investment appraisal.
- A demonstration of compliance with EU regulations, normal tendering procedures and HEFCE regulations. This will require careful consideration where partnership arrangements are in place.
- A cash flow forecast.

APPENDIX I: SUMMARY OF PROTOCOLS FOR PROPOSED MAJOR DEVELOPMENTS

The proposal should be supported by a business plan for an appropriate number of years, depending upon the size of the project, which sets out:

- a demonstration of the proposal's consistency with the strategic plans approved by the University Council and with the University's powers under current legislation
- details of the market need and the assumptions (based on reference data) of the level of business available
- details of the business and what product or service will be delivered
- an outline plan for promoting the business to the identified market and achieving planned levels of business
- details of the staff required to deliver, promote and manage the business, together with any re-skilling or recruitment issues
- details of any premises and other resources required
- a financial evaluation of the proposal together with its impact on revenue and surplus, plus advice on the impact of possible alternative plans and sensitivity analyses in respect of key assumptions
- contingency plans for managing adverse sensitivities
- consideration of taxation and other legislative or regulatory issues
- a three-year financial forecast for the proposal including a monthly cash flow forecast and details of the impact on the University cash flow forecast for the financial years in question. More detail on these protocols can be found in the University's financial procedures.

APPENDIX J: INTERNAL AUDIT RESPONSIBILITIES FROM THE HEFCE'S AUDIT CODE OF PRACTICE

The prime responsibility of the internal audit service is to provide the University Council, the designated officer and the SMG of the University with assurance on the adequacy and effectiveness of internal control systems, including risk management and governance. Responsibility for the control of their own area remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot offer any guarantee against material errors, loss or fraud. Internal audit also offers help to management to improve their systems of control and reduce the potential risks faced by the University. In such circumstances, internal auditors apply their professional skills in a systematic and disciplined way to contribute to the achievement of corporate objectives Risk management and assessment provides the opportunity for internal audit work to be efficient and focused

APPENDIX K: FRAUD RESPONSE PLAN

Purpose

- 1 The purpose of this plan is to define authority levels, responsibilities for action and reporting lines in the event of a suspected fraud or irregularity. The use of the plan should enable the University to:
 - prevent further loss
 - establish and secure evidence necessary for criminal and disciplinary action
 - notify HEFCE, if the circumstances are covered by the mandatory aspects of the audit code of practice
 - recover losses
 - initiate any disciplinary or criminal process
 - deal with requests for references for employees disciplined or prosecuted for fraud
 - review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud
 - keep all personnel who need to know suitably informed about the incident and the University's response
 - assign responsibility for investigating the incident
 - establish circumstances in which external specialists should be involved
 - establish lines of communication with the police.

Initiating Action

- 2 All actual or suspected incidents should be reported without delay to the Director of Finance. The Director of Finance shall, within 24 hours, hold a meeting of the following project group to decide on the initial response:
 - Director of HR, in the chair
 - a senior representative of internal audit
- 3 The project group will decide on the action to be taken. This will normally be a special investigation, led by internal audit. The decision to initiate a special investigation shall constitute authority to internal audit to use time provided in their operating plan for special investigations, or contingency time, or to switch internal audit resources from planned audits.

Prevention of Further Loss

- 4 Where initial investigation provides reasonable grounds for suspecting that a member or members of staff have been engaged in activities constituting fraud, the project group will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspects.
- 5 It may be necessary to plan for a rapid suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action. In these circumstances, the suspect(s) should be approached unannounced. They should be supervised at all times before leaving the University's premises. They should be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the University. Any security passes and keys to premises, offices and furniture should be kept by the investigators.
- 6 Advice should be obtained from the Head of Security on denying access to the University while suspects remain suspended (for example, by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly, access permissions to the University's computer systems should be withdrawn without delay.
- 7 Internal audit shall consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect may have had opportunities to misappropriate the University's assets.

Establishing and Securing Evidence

- 8 A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other staff. The University will follow disciplinary procedures against any member of staff who has committed fraud. The University will normally encourage the Crown Prosecution Service to pursue the prosecution of any such individual.
- 9 Internal audit will:
 - maintain familiarity with the University's disciplinary procedures, to ensure that evidence requirements will be met during any fraud investigation
 - establish and maintain contact with the police where appropriate
 - train audit staff where relevant in the evidence rules for interviews under the Police and Criminal Evidence Act
 - ensure that staff involved in fraud investigations are familiar with and follow rules on the

admissibility of documentary and other evidence in criminal proceedings.

Notifying Hefce

- 10 The circumstances in which the Vice-Chancellor, on behalf of the University must inform HEFCE about actual or suspected frauds are detailed in HEFCE's audit code of practice.

Recovery of Losses

- 11 Recovering losses is a major objective of any fraud investigation. Internal audit will quantify the amount of any loss, and repayment will be sought in all cases.
- 12 Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The University would normally expect to recover any costs, in addition.

References for Employees Disciplined or Prosecuted For Fraud

- 13 The staff handbook requires any request for a reference for a member of staff who has been disciplined or prosecuted for fraud to be referred to the Director of HR. The Director of HR must prepare any answer to a request for a reference having regard to employment law.

Reporting to Council and Audit Committee

- 14 Any incident matching the criteria in HEFCE's audit code of practice (as in paragraph 10 above) shall be reported without delay by the Vice-Chancellor to the Chairs of both the University Council and the Audit Committee.
- 15 Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the Chairs of both the University Council and the Audit Committee.
- 16 On completion of a special investigation, a report shall be written by internal audit for the Audit Committee containing:
- a description of the incident, the value of any loss, the people involved and the method of their fraud
 - the measures by the University or the department to prevent a recurrence
 - any action needed to strengthen future responses to fraud. There should be a follow-up report on whether or not the actions have been taken.

Reporting Lines after Fraud

17 The project group shall provide a confidential report to the Chair of the University Council, the Chair of the Audit Committee, the Vice-Chancellor and the external audit partner at least monthly, unless the report recipients request a lesser frequency. The scope of the report shall include:

- quantity of losses
- progress with recovery action
- progress with disciplinary action
- progress with criminal action
- estimate of resources required to conclude the investigation
- actions taken to prevent and detect similar incidents.

Responsibility for Investigation

18 All special investigations shall normally be led by internal audit, not by management. Management must co-operate with requests for assistance from internal audit.

19 Some special investigations may require the use of technical expertise which internal audit does not possess. In these circumstances, the project group may approve the appointment of external specialists to lead or contribute to the special investigation.

Review of Fraud Response Plan

20 This plan will be reviewed for fitness of purpose at least annually or after each use. Any need for change will be reported to the audit committee for approval.

APPENDIX L: CONDITIONS OF CONTRACT FOR THE PURCHASE OF GOODS AND SERVICES

List of Headings

- variation of conditions
- specification
- identification of goods
- packaging
- containers and pallets
- forms
- delivery
- property and risk
- rejection of goods
- default by contractor
- *force majeure*
- price and payment
- indemnity
- insurance
- transfer and sub-contracting
- patents etc
- confidentiality
- inducements to purchase
- insolvency
- publicity
- law

APPENDIX M: MAIN POINTS INCLUDED IN THE UNIVERSITY'S CODE OF TENDERING PRACTICE

- Duty to comply by the University's staff.
- EU regulations to be complied with.
- • Competitive tendering procedure, which will:
 - ensure fairness of competition
 - ensure that companies invited to tender are financially and technically able to meet the University's requirements
 - indicate the terms of the contract -outline the appropriate British standards to be complied with
- Quotation procedure, which will indicate:
 - the minimum number of firms that should be expected to provide quotations
 - lists of available firms in existence which have been approved by the University that might undertake the work specified
 - the terms by which the contractors will be paid
 - single tender action
 - the national requirements concerning good practice that should be followed
- Submission of tenders (e.g. time, date, etc).
- Receipt and safe custody of tenders and records.
- Admissibility and acceptance of tenders.
- Acceptance of tenders/quotations.
- Scope for justification to accept tenders not at the lowest price.

APPENDIX N: TREASURY MANAGEMENT POLICY

1 Treasury objectives

The University's overall objectives apply across the institution and its subsidiaries ('the group'). The objectives are:

- To ensure the most competitive return on surplus cash balances within the group
- To ensure the availability of flexible and competitively priced funding to support the University's capital expansion programme
- To identify and manage financial risks, including interest rate and foreign currency risk, from all areas of the group's operations, and to optimise performance consistent with those risks
- To ensure compliance at all times with banking covenants and the HEFCE Financial Memorandum

2 Attitude to Risk

2.1 Funding

2.1.1 The group takes a risk-averse approach to funding, given the need to provide funds to support its capital programme as well as recurrent operational cash flows and their seasonal fluctuations. Any long term debt will be incurred only for specific capital expansion plans. The group will not accept Basis/Market risk, i.e. that any product or instrument will yield at sale or redemption a lesser amount than was originally invested. Any additional borrowing by subsidiaries through loans, finance leases, or operating leases, which have not already been approved through their current budget and long term plans, must first be notified to the Director of Finance, who controls the overall limits on borrowing. Meeting these objectives will be through developing long term relationships with a number of major clearing banks, as at 2.5.

2.2 Investment of short term deposits

2.2.1 All temporary cash surpluses (either £ sterling, Euros, or \$US) will be held in relatively liquid form and invested for periods not in excess of one year. Deposits may only be placed with the banks with which the University has a relationship, as at 2.5, or with financial institutions operating from or regulated by jurisdictions in the EU, and carrying a minimum short term rating with any of the following rating agencies:

- Fitch F1
- Standard and Poors A1
- Moody's P1 Institutions' credit ratings will be monitored by the finance department monthly to

identify any actual or potential changes. The financial limits for investment with any one counterparty at the same time are:

- Major UK clearers £10million (HSBC; HBOS; BARCLAYS; LLOYDS-TSB; BOS)
- Other institutions meeting the above ratings £5million

2.3 Foreign currency

2.3.1 Dealing with currency receipts and payments only as they arise, and looking at that point for conversion gains, is regarded as 'passive speculation'. Group policy therefore is to take out forward cover for all major transactions as soon as they are identified. This applies equally to future receipts and to payments, the latter only insofar as they cannot be covered by existing holdings in that currency.

2.4 Interest rate management

2.4.1 Fixed/floating ratio: Group policy is defined by (1) the preference for present certainty of the cost of borrowings, and (2) the need to achieve an acceptable rate of interest cover from internally-generated cash flow.

2.4.2 Subsequent variations in the required ratio can be modified by the use of interest rate swaps, effectively to fix a proportion of consolidated debt into a known interest rate, on a maturity profile of borrowings that mirrors the group cash flow and borrowings projections.

The proportion of this debt is within the parameters of 50% to 75%.

2.5 Banking relationships

2.5.1 The group's approach is to foster long term relationships with a core number of major banks, and thereby to benefit from mutual confidence and commitment.

2.6 Compliance

2.6.1 The group has a number of financial covenants attached to its borrowings, and must observe the requirements of HEFCE's Financial Memorandum. Performance against these will be reported to the SMG and Finance Committee through (a) the annual budget and long term planning process, and (b) quarterly in the management information pack, so that any potential problems can be identified early.

3.1 Key responsibilities

3.1.1 Without clarity of treasury controls, the management of cash, borrowings, and complex financial instruments can lead to financial stress.

The key components of treasury control therefore comprise:

- Clearly defined responsibilities in the area of treasury activities for the SMG, and the Finance Director, across the University and its subsidiaries
- Segregation of responsibilities amongst finance staff who deal in financial instruments, those who initiate payments, and those who report on treasury activities.
- Limitations on the use, circumstances, and financial value of instruments such as forward contracts and interest rate swaps
- Regular reporting of all treasury activity

The responsibilities are structured as between the SMG and the Finance Department as follows:

3.1 Role of SMG

- To approve the overall group treasury policy
- To approve external funding arrangements (other than the renewal or refinancing of existing loans up to a maximum of £10million)
- To delegate responsibility for setting procedures and internal controls to the Finance Director
- To receive and review regular reports on treasury activity

3.2 Finance Department

Cash and borrowings management comprises:

- The monthly monitoring of credit ratings of financial institutions.
- The preparation of forecasts, based upon a combination of the current budget and long term plans, and previous years' experience of patterns in cash flow.
- The reporting of actual cash flows against forecast. There are different timescales to enable informed management decisions to be made, i.e.:

3.2.1 Immediate. Daily / weekly forecasting and monitoring, for predicting immediately maturing obligations, performed by the financial accountant to manage short term liquidity.

3.2.2 Operational. Monthly and quarterly reports prepared by the management accountants and the financial controller for short term investment planning and presented to the SMG each month.

3.2.3 Tactical. This covers the annual budget, and is a derivation of the group Income and Expenditure and Capital expenditure plans for the coming year. These reports are performed by management accountants as part of the HEFCE annual monitoring exercise, and are used internally to inform investment and borrowing plans for the year.

3.2.4 Strategic. Medium to longer term forecasting is also required by HEFCE but looks ahead four years. This monitoring forms part of the decision making for growth through capital investment and the medium to long term funding sources. Of equal importance is its use as an indicator of the group's ability to support long term debt on a sustainable basis.

APPENDIX O: TRAVEL EXPENSES POLICY

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1 INTRODUCTION

The information and instructions contained in this manual are an integral part of the University's Financial Regulations and are for the guidance of staff in all departments of the University and its subsidiaries. The policies have been prepared in the light of the Income Tax and National Insurance Contributions (NIC) regulations in order to ensure HMRC compliance.

Provided claims are completed strictly in accordance with the terms of this manual, unless otherwise stated, no additional tax or National Insurance Contribution liability will arise in respect of expenses and benefits reimbursed either to the member of staff or to the University and staff need not report details in their tax returns.

This policy should be read in conjunction with the Travel Booking Procedures Guide, located at Annex A.

2 AIMS & OBJECTIVES

The aim of this policy is to provide guidance on the circumstances in which expenditure may be incurred by University staff whilst travelling on business and the allowances that may be paid in compensation for that travel.

Specifically, the policy will:

- provide guidance on the types of travel-related expenditure that can and cannot be reimbursed by the University.
- ensure that adequate controls are in place to ensure compliance with HMRC rules and requirements for tax dispensations
- ensure that we have the framework for a quality travel service that meets our needs
- ensure that staff only travel when necessary and do so in a sustainable and cost effective way

3 SCOPE

The provisions within this policy relate apply to all permanent University staff and also to those

staff on temporary contracts. They apply to all of the University's activities, regardless of the source of funding.

Journeys classed as ordinary commuting, usually from home to an individual's normal workplace, are not covered by this policy.

4 ROLES & RESPONSIBILITIES

All travel approvers should:

- be aware of and review official business travel being undertaken by their staff, including the reasons for it and the types of transport taken;
- should review working practices to ensure that they and their staff only travel when is necessary; and if it is necessary to travel, they use the most sustainable and cost effective travel option available;
- ensure that any expense claims have been checked and are correct and that the expenses incurred were in line with business requirements before they are authorised and forwarded for payment

All travellers and travel arrangers must:

- comply with the Travel Policy & Procedures when arranging travel and incurring associated expenditure on behalf of the University. The University assumes no obligation for reimbursing expenses that are not in compliance with this policy.

5 MONITORING & REVIEW OF POLICY

The application of this policy will be monitored and reviewed on a regular basis to ensure it is meeting the aforementioned aims. Amendments will be made and the policy will be reissued as required.

6 BUSINESS TRAVEL: DEFINITION & CONDITIONS FOR REIMBURSEMENT

6.1 Business travel

Business Travel is defined primarily as travel for a necessary business purpose between one workplace and another -i.e. travelling by an employee in the performance of their duties or

travelling to or from a place a claimant has to attend in the performance of their duties, as long as the journey is not ordinary commuting or private travel. Provided the travel is primarily for a necessary business purpose, the University will pay for or reimburse the cost of the travel

- subject to the specific guidance detailed below
- without there being a liability to tax or NICs.

6.2 Ordinary commuting

Travel between home and the normal or permanent place of work -is not normally a tax-allowable expense. It is usually clear whether or not a place is the claimant's usual or permanent workplace (and, therefore, whether a journey to or from that place is ordinary commuting). A place is defined as the employee's permanent workplace if they attend it regularly for the performance of the duties of their employment. The normal place of work is usually defined in the employees' contract of employment. The University will not normally reimburse the cost of such travel for any employee, except where the conditions for late working, as outlined below apply. Where non-allowable travel costs have been reimbursed then this will be subject to tax and NI and must be reported for P11D purposes. **Note:** it is not considered to be 'ordinary commuting' in those instances where non-staff claimants attend the University or an associated place for the purpose of taking part in a research activity. In these instances they may travel from home to the University but this is not their normal place of work and as such the expense is allowable for the reasons outlined below.

6.3 Travel from Home to a Place of Work which is not the Usual Place of Work

A place is a temporary workplace if a claimant goes there only to perform a task of limited duration or for a temporary purpose. The cost of travel between home and a temporary workplace, whether provided for by the University directly or claimed as reimbursement, is tax allowable in these circumstances and will be paid by the University -subject to the specific guidance detailed below -without there being a liability to tax or NICs.

HMRC consider 'limited duration' in this context to be a period of time which does not exceed 24 months and during which the claimant spends no more than 40% of their working time at the place in question. 'Temporary purpose' is considered to relate to a particular reason or a self-contained activity which is not itself the continuation of other tasks.

6.4 Travel Costs of Spouse, Other Family Members, or Guests

The University will not normally meet the travel or subsistence costs relating to the spouse, partner, other family members, or guests of a claimant who accompany them on a business trip. However, provided the expenses can be allowed under the ordinary expenses rule as having been incurred "wholly, exclusively and necessarily in the performance of" the employee's duties, then the expenses may be claimable and will not be subject to tax.

6.5 Travel Claims In Respect Of Courses and Conferences

The cost of providing in-house training courses is normally met by the University. Employees who travel to 'work-related' training are entitled to claim for the cost of their journey. The definition of work-related training is wide enough to cover most types of training in genuine workplace skills. It does not, however, include training offered as a reward or an inducement.

Where, however, a claim of this type is made, it will be necessary for the Head of Department or equivalent to clarify on the expenses claim form whether or not the matter of attending the course/conference was at the instigation of the University because attendance was necessary for the performance of the employee's duty. If, however, attendance was:

- taken on the employee's own initiative or
- for personal education or
- to improve one's qualification for doing one's job or
- to keep 'up-to-date'

then the expense claim will suffer a deduction for taxation and National Insurance Contributions.

Note: Claims for reimbursement of courses and conferences expenses will not be regarded as being complete unless the expenses claim form shows whether or not the attendance was necessary as part of the employee's duties.

6.6 Travel and Subsistence -Part-Time, Visiting and Occasional Lecturers

Provided they are deemed to be 'employees', then travelling and subsistence costs necessarily incurred in travelling in the performance of their duties will be not be liable to tax. The term "in the performance of" means that the expenses must be incurred in actually carrying out the duties of employment. It is not sufficient that an expense is simply relevant to, or incurred in connection with, the duties of employment, or if the expense is to put the employee in a position to perform

his or her duties. So if a University reimburses an employed lecturer for the costs of travelling from home to the University the payment is chargeable to tax because the journey is not in the actual performance of the lecturer's duties.

7 TRAVEL BOOKING PROCEDURES

7.1 Trip Authorisation

This policy does not require advance written authorisation for business travel except where the maximum thresholds detailed within this policy are likely to be exceeded. Under these circumstances, there must be clear agreement from the budget holder (e.g. a brief exchange of e-mails or memos, or a standing delegated authority) that the costs will be met.

Compliance with the travel policy will be monitored retrospectively on a regular basis.

7.2 Travel Bookings – Use of Approved Suppliers Only

All travel bookings must be made through the University's approved travel supplier as detailed within the Travel Booking Procedures Guide. This supplier has been selected to enable the University to gather sufficient information to inform a future tender exercise which will result in the most favourable service and terms available.

Detailed procedures for booking travel with the approved supplier can also be found within the Travel Booking Procedures Guide.

The approved supplier will provide consolidated electronic weekly invoices for all business travel bookings made through them and the University's Accounts Payable team will pay these directly to the agents. There is no need for these items to be recorded on a Travel Expenses Claim. A breakdown of the invoice charges will be provided to departments to enable retrospective checks / queries to be made.

Some employees with regular travel commitments hold University Purchasing Cards; however these should only be required to settle expenses over and above the travel booked via the approved supplier. These must be used only in accordance with the University's Purchasing Card rules and procedures and under no circumstances may they be used for private travel or other private expenses. Legitimate business travel costs met through use of the Purchasing Card will be settled directly by the University and charged to the appropriate cost centre.

If there are exceptional circumstances for making a travel booking other than through the University's approved suppliers, then the University's established purchasing procedures must

be followed. This entails the use, in advance, of an official Purchase Order or payment using a University purchasing card.

In all other cases the traveller is expected to meet the costs in the first instance and submit a claim later. Requests for an advance to meet the costs may be made (see paragraph 11.3).

7.3 Accepted Modes & Class of Travel

Due to the environmental impact of business travel, staff should consider alternative options such as teleconferencing or videoconferencing in the first instance. However, where University staff need to undertake work-related travel, they should travel by the most cost-effective means of transport available. The accepted methods of travel are outlined below.

7.3.1 Use of Private Vehicle

Staff may use their own private vehicle for University business journeys provided they are licensed and sufficiently insured. Prior to using private vehicles for business use, staff must ensure that their insurance cover extends to business use and the insurer should, if necessary, be asked to endorse the insurance certificate to confirm that driving in the performance of the employer’s business is covered by the insurance policy. The University will not accept liability for any consequences arising from failure to do so.

Mileage: Claimants who use their own private vehicles on University business in accordance with the rules defined in section 6.1 above will be paid a standard rate of mileage allowance. The current allowance is:

Cars or vans	40p per mile for the first 10,000 miles and 25p per mile thereafter
Motorcycles or mopeds	24p per mile for all mileage
Bicycle	20p per mile for all mileage

Claims for private vehicle usage should be submitted on the Expense Claim Form together with full details of the journey, date, reason, departure points and destinations, plus any passengers. Business miles to be claimed must be specified and the amount claimed shown in the appropriate columns.

No income tax or NIC liabilities will arise in respect of amounts claimed in accordance with these rules. **Note:** University purchasing cards must NOT be used to purchase fuel for private vehicles as this creates a potential taxable benefit for the vehicle owner.

7.3.2 Travel by Hire Car

For longer journeys hiring a car is likely to be cheaper than using your own car. Car hire should be arranged through the University's approved supplier as detailed within the Travel Booking Procedures Guide. The cost of fuel for a hire car can be recovered on presentation of a receipted claim. Cars should not be hired over a weekend period to avoid liability for the taxation of a benefit in kind.

Hire cars may only be used for official business – private journeys are prohibited. Employees must observe any restrictions on who may drive the hire vehicle. Drivers must be over 25 years of age and hold a full UK driving licence. Restrictions may also apply to drivers with a previous poor accident record. If overseas car hire is required as part of a complex overseas travel itinerary, this should be booked as part of the travel package with the approved travel supplier.

7.3.3 Car Parking and Road Toll Charges

Parking costs or road tolls incurred in the course of approved business travel may be claimed via the Expense Claim Form. Where tickets or receipts are available these should be attached in support of claims.

No income tax or NIC liabilities will arise in respect of such costs.

The University will not reimburse payments for parking at the normal place of work, parking fines or other penalties incurred by University employees.

7.3.4 Travel by Rail or Coach

All rail and coach travel should be booked through the approved supplier detailed within the Travel Booking Procedures Guide.

Travellers should use the most economical class of travel. In general this will be a standard class period return (or equivalent) although claimants are expected to investigate the possibility that day return tickets or "savers" may be available at lower cost.

In exceptional circumstances, it may be necessary to purchase tickets at a railway station. If so,

you should ask for a receipt at the time of purchase as many exit barriers retain tickets thus the only way of supporting the expenditure is to submit a receipt.

7.3.5 Travel by Air

All air travel tickets should be booked through the University's approved supplier, detailed within the Travel Booking Procedures Guide.

Staff who need to travel by air should travel at tourist or economy class, taking advantage wherever possible of any reduced rates. **First class travel by air is not allowed.**

Where a member of staff's flight will exceed eight hours they may travel club or business class, subject to funds being available within the relevant budget. Trading down of travel tickets, i.e. travelling by a lower class in order to claim an extra ticket for a guest of the member of staff, will not be permitted

7.3.6 Travel by Taxi

Employees should only travel by taxi where there is no viable public transport alternative or the cost will be lower than parking and / or public transport costs. (Receipts must be provided when re-claiming expenses)

7.3.7 Travel by Local Public Transport

Local bus, tram and underground train fares for business journeys (not home-to-office) may be claimed as expenses. Claims should be supported by receipts (e.g. used tickets) where possible.

8 OVERSEAS TRAVEL

8.1 Travel Insurance

Employees must be adequately insured when on University business abroad. All employees are therefore advised to take out the University's own insurance policy which is specifically written for the Higher Education sector and can provide the right level of cover.

This Insurance cover should be arranged through the Insurance section of the Health & Safety department. Full details of the cover and are listed on their web site.. The cost of the cover will depend on the duration of the trip and the amount will be recharged to the traveller's cost centre on the consolidated invoice.

Once the cover has been arranged, the supplier will arrange for the insurance certificate to be emailed directly to the traveller which will contain the details of the cover provided. A hard copy can be made available upon request.

Employees should note that the University's insurance policy allows for up to one week's private travel to be covered that runs concurrently with the business travel. However, this only applies where the purpose and duration of the trip is predominantly for business purposes.

An excess payment, currently £25 for any single claim, is applicable under the University's policy. This will be charged to the same cost centre as the premium.

8.2 Foreign Exchange and Travellers Cheques

Employees may use the University's approved travel supplier for the purchase of foreign currency or travellers cheques.

8.3 Passports

Employees are responsible for ensuring that they have valid passports for overseas business travel. For any journey, the expiry date of the passport must be at least 6 months after the date of returning to the United Kingdom. It is generally expected that employees have passports for their own personal use, in which case the cost of the passport will not be refunded. However, if an employee has to obtain a new passport solely for the purpose of travelling on University business, then the cost of the passport may be claimed as an expense. The University is not responsible for the cost of replacing lost or stolen passports.

8.4 Visas, Vaccinations

Employees should use the University's approved supplier to seek advice on the need for visas and vaccinations for overseas business travel. The cost of visas may be charged to the same cost centre as the travel tickets. Any charge made by doctors or health centres for vaccinations may be claimed as an expense.

9 SUBSISTENCE, HOTELS & ACCOMMODATION

9.1 Day Subsistence

Employees required to travel in the course of their work are entitled to claim the additional cost of meals taken en route or whilst away from their usual place of work. Only the costs of meals taken in the course of authorised business travel will be borne by the University.

NB Claims should be based on actual expenditure incurred and supported by receipts wherever possible.

9.2 Claims for subsistence will not be permitted in the following circumstances:

- (a) Where the claim does not satisfy the 4 mile/minimum 5 hour absence rule
- (b) If the staff member's normal place of work is on campus, but they are visiting another University site.
- (c) Where meals are provided as part of a conference or visit at no extra cost
- (d) Where the meal(s) are taken at home

9.3 Where the costs of research work, and associated subsistence costs etc. are funded by external organisations, any claims made by University staff in respect of travelling and subsistence expenditure must follow the procedures set out in this policy. However, if specific per diem rates are proposed by the sponsor in the contract the University will reimburse these rates provided that the Finance Department is provided a copy of the agreement stating that the rates paid are within HMRC guidelines.

Allowable expenses can include the cost of a meal including refreshments (alcoholic and non-alcoholic), and the cost of a reasonable level of refreshments such as tea and coffee between meals. Receipts must be provided in support of claims for actual subsistence costs where it would be reasonable to expect a supplier to give them. See also Overnight incidental Expenditure below, for which special HMRC rules apply.

9.4 Overnight Subsistence

Staff who may be required to spend the night away from home on official business may claim reasonable costs for meals. Over a 24 hour period the reasonable cost for meals in Europe or North

America would fall in the range £25 to £40.

9.5 Hotel Accommodation

Where University staff are required to stay away from home whilst travelling on University business, hotel accommodation must be booked via the University's approved supplier (see Travel Booking Procedure Guide for details). The supplier is able to book accommodation for individuals or groups of staff requiring accommodation within the United Kingdom or overseas.

- 9.6 Expenditure on hotel accommodation in Europe and North America would fall in the range £60 to £160

The above indication is intended to cover accommodation in a reasonable hotel (roughly 3 star) and two meals of a modest standard. Claims for lavish eating in expensive restaurants may attract a personal tax liability.

These rates may only be exceeded where:

- a) the approved supplier confirms that suitable accommodation is not available within the maximum rates and the prior approval of the budget holder has been obtained.
- b) the employee is required to book a specific hotel as part of a conference package and the invoice is payable directly to the organiser

- 9.7 The approved supplier will only be responsible for meeting the cost of the hotel accommodation and any meals requested at the time of booking. University staff are responsible for settling the cost of any additional items (newspapers, phone calls, bar, mini-bar, restaurant (other than breakfast), etc.) before leaving the hotel. These additional items, where they are permissible, may be reclaimed as expenses and should be supported by receipts.

9.8 Overseas Hotel Accommodation

Although it is recognised that the cost of hotel accommodation and food can vary worldwide, University staff should ensure that overseas accommodation and meals are taken in hotels and restaurants similar in quality to those that would be used in the UK to keep expenditure within the above UK subsistence rates. As a guide, hotels should be 3-star, or 4-star in more remote, or less secure areas. . Guidance on overseas hotels can be sought from the University's approved supplier.

9.11 Overnight Incidental Expenditure

Certain expenditure that an employee might incur in the course of a business journey is not expenditure attributable to that travel. Private telephone calls, newspapers and laundry are examples of expenditure arising as a consequence of business travel but which are essentially personal in nature and do not therefore qualify as integral parts of the cost of business travel. However, HMRC provides a concession that allows certain claims for what they term as 'Overnight incidental expenses' to be reimbursed without the need to deduct tax.

Currently the rates are £5 for every night spent away on business in the UK and £10 for every night spent away on business outside the UK. Receipts in support of 'Overnight incidental expenditure' must be provided where it would be reasonable to expect them.

When claiming overnight incidental expenditure care should be taken to ensure that any related hotel bill does not also contain these charges. If incidentals have been included then they should be deducted to leave only the bed & breakfast component. Alternatively, if the incidentals do not exceed the Overnight incidental expenditure allowance, then the full hotel bill may be claimed without further deduction.

10 OTHER EXPENSES AND BENEFITS

10.1 Business Entertaining

Entertainment expenses incurred "wholly, exclusively and necessarily" in the performance of an employee's duties will be reimbursed on production of receipts.

At least one third party must be present at a meal, function, etc in order for it to qualify as 'business entertaining'.

The following information must be shown on the external entertainment form in support of the claim: the names of each person present

- the organisation each person present represents (including UoY)
- the purpose of the entertainment
- the location

Entertainment includes hospitality of any kind, not merely restaurant meals.

10.2 Home Telephone Expenses

Employees who are required to make business calls using their home telephone should claim reimbursement of such costs by entering the amount to be charged on the expenses claim form. Claimants must attach itemised statements in support of claims for business calls. Business calls must be highlighted on the itemised statements.

The University will not bear the cost of any private calls. The cost of such calls must be deducted from the total amount of each bill and only the net amount, representing business calls (and the VAT thereon), should be included on the expenses claim form.

Where the University has agreed to pay a proportion of the employee's rental costs, the expenses claim should comprise business calls plus the agreed proportion of rental, plus the proportionate amount of VAT.

In cases where telephone rental is reimbursed, the amount will be subject to tax and National Insurance Contributions.

Claims made as a result of using a mobile phone that is the property of the employee should be in accordance with the instructions contained above.

10.3 Emergency Call outs

Travel from home to work to attend an emergency call-out is regarded by HMRC as ordinary commuting. It makes no difference if the journey takes place outside normal working hours. However, it will be regarded by the University as a claimable expense even though the amount reimbursed will be taxable on the individual.

Employees in any doubt about whether a particular journey is claimable or not are encouraged to seek the advice of Payroll Section before making a claim.

10.4 Taxis for Late Working

When a claimant is required to work late the University will reimburse the cost of the taxi fare home where: -

- the claimant is occasionally required to work late (that is, until at least 9:00 pm) but those occasions are neither regular nor frequent; and
- by the time the claimant can go home, either public transport between the claimant's places of

work and home has ceased or it would not be reasonable or safe in the circumstances for the claimant to be expected to use it.

For these purposes, late working will be regarded as frequent if it occurs on more than 60 occasions in a tax year, and regular means a predictable pattern -for example if late night working occurs every Friday.

In these circumstances claimants may be provided or may seek reimbursement for the cost of taxis under the rules applicable to business expense reimbursements (the 'ordinary commuting' rule does not apply), without giving rise to a tax or NI liability.

11 METHOD OF MEETING EXPENSES

- 11.1 The method of meeting travel-related expenses depends upon the chosen method of travel. Hotel accommodation, public transport, air travel and car hire must be arranged in advance via the University's approved suppliers, therefore any costs relating to these areas will be invoiced retrospectively to the University. This type of expense should not be reclaimed or settled by a University purchasing card.
- 11.2 Advances against expenses will not normally be given but may be authorised in exceptional circumstances provided that the prior agreement of the Head of the Department is obtained. This may take the form of either a payment representing a reasonable level of advance against anticipated expenditure or the obtaining of travellers' cheques. Employees should note that no further advances will be made while a previous advance remains outstanding. The University reserves the right, in the event of continued failure to clear an advance, to treat the payment as a round sum allowance and to tax it accordingly.

12 MAKING EXPENSE CLAIMS

- 12.1 The University will reimburse the travel and associated costs incurred during a business journey. All claims must be for actual expenditure incurred and, wherever possible, must be supported with receipts. However, the mileage rates for use of a personal vehicle will be paid in full without supporting receipts.

Claims for travel expenses incurred whilst travelling on University business must be made on

official forms available on the Finance Department web pages. To download the appropriate form, please visit: <http://www.york.ac.uk/admin/finance/>

An expenses claim should include any necessary accommodation (where this cannot be booked via the approved supplier), subsistence and entertaining costs arising.

When completing a claim form, employees should note the following:

- Employees are reimbursed the actual cost of expenses incurred wholly, exclusively and necessarily in the performance of the duties of employment.
- Reimbursement will be made providing the claim is supported by receipts (where receipts can be reasonably expected to be supplied).
- Expense claims submitted without supporting receipts (where receipts could reasonably be expected to have been provided) may be deemed to come under the category of 'round sum allowances', and will therefore be subject to tax.
- Expense claims should include any Value Added Tax (VAT) that has been incurred.
- Expense claims must be made within one month of the expense being incurred to enable budget holders to accurately monitor expenditure. Claims for expenses that are more than a month old will be referred to the Director of Finance for a decision as to whether the claim will be honoured.
- All expense claims must be made in £'s sterling. Expense claims submitted in a form other than £'s sterling will be returned to the claimant. Where expenses have been incurred in a foreign currency, the £'s sterling figure should be established by converting the foreign currency to a £'s sterling equivalent figure based on the exchange rate ruling at the date the expense was incurred.
- Foreign exchange costs charged by a bank or exchange office may be claimed. Receipts must be attached to the claim form showing the exchange rate and exchange cost
- An incomplete or incorrect claim cannot be processed and will be returned to the authorising signatory with an explanation as to why it cannot. As this process may lead to a delay in payment, it is in everyone's best interests to ensure that the claim is correctly completed in the first place

12.2 Expense claims must be signed by the individual claiming the expense and countersigned in accordance with the overriding rule that the person authorising the claim should have sufficient seniority to refuse to authorise it. The normal authorisation hierarchy is displayed below. However, the use of a different authorisation signatory is acceptable, provided it is in accordance with the aforementioned overriding rule. No-one may authorise their own expenses. Failure to

follow instructions in this regard will render the expense claim invalid.

Claimant

Authoriser

Departmental Staff

Head of Department,

Note: Whilst the Head of Department is ultimately responsible for ensuring that expense claims are correctly countersigned, the countersigning function can be delegated in writing as appropriate

Head of Department

Nominees within that Department

Members of SMG

Vice-Chancellor

Vice-Chancellor

Treasurer

- 12.3 At the end of each tax year, the University will prepare a statement in respect of each member of staff who has received taxable expenses and benefits, giving details of all such payments made in that year. A copy of this statement will be issued to each member of staff. A report (on form P11D or P9D as appropriate) will then be made to the Inland Revenue in order that the Inspector of Taxes may collect the tax due from the member of staff. It is important that the statement is retained as you may require it to complete your Self Assessment Return.
- 12.4 Petty cash must not be used under any circumstances to reimburse employee's expense claims.
- 12.5 Submitting a false claim, or an attempt to submit one, may be treated as gross misconduct in terms of the University's disciplinary procedures.

APPENDIX P: ASSET DISPOSALS FORM

The purpose of this form is to provide as much information as possible about the asset being disposed, assisting in the accurate amendment of the University's EFAS system and Insurance Records. Please read the following fully before completing this form.

- 1 Approvals -this form must be signed by the Head of your Department or delegated authority.
- 2 Your Details -all fields are to be completed.
- 3 Description of Item -asset register number and full details of the items as far as known.
- 4 Disposal Details -a description of the type of disposal that has occurred. If it was 'written-off', under what circumstances? Was it sold or traded-in? If so, with whom did you deal? What was the value and what are some of the details of the new asset? Details of the proceeds of sale and payment processing

To comply with the requirements of the Waste Contract and Implementation of WEEE (Waste Electrical and Electronic Equipment) and Hazardous Waste Regulations, please ensure that all relevant waste electrical and electronic equipment is separated from other wastes and is disposed of following Health and Safety recommendations.

APPENDIX Q: CHARITABLE DONATIONS

The University has a fiduciary duty to protect the assets of all charitable funds in its trust, to account for their use, and to act in accordance with any restrictions placed on their application by the donor. All fundraising activities proposed to be undertaken within the University must be in consultation with, and follow the approval processes laid down by, the Development and Alumni Relations Office (DARO). By working with DARO the potential for increasing the level of fundraising through the Gift Aid process, and the HE sector matched funding programme can be realised. Charitable donations are classified into Restricted or Unrestricted by reference to the individual circumstances surrounding any such donation. The accounting treatment will differ to reflect these classifications, and it is important therefore to understand the implications when accepting donations.

1 Restricted

- 1.1 Restricted Expendable, where the University receives a donation, bequest or gift with objectives for its expenditure specified by the donor, then this must be classified as an Expendable Endowment on the Balance Sheet. Unapplied expendable donations should not be accumulated, but applied to the specified purpose as soon as possible. If expenditure is actually greater than the gift, the University must apply its general funds to cover the difference.

Accounting: 'A' project + ac 4017 (Gifts and donations)

- 1.2 Restricted Permanent, where the donor specifies the purposes to which both capital and income must be applied, and the capital must be maintained (i.e. restricted), then this must be classified as a Permanent Endowment on the Balance Sheet.

Accounting: '7' series project + ac 4017 (Gifts and donations)

- 1.3 Deferred capital grants, where the donation specifies that it must be applied to the purchase or construction of a fixed asset, then this must be treated as a deferred capital grant on the Balance Sheet.

Accounting: 'D' series project + 9501(buildings) or 9503(equipment)

2 Unrestricted

- 2.1 Expendable with no restrictions Where the University receives a donation, bequest or gift with no specific terms at all attached to its use then it should be recorded in the Income and Expenditure Account as a charitable donation.

Accounting: 'M' code, or 1 code for Academic; 5 code Non-academic + ac 4017 (Gifts and donations)

- 2.2 Unrestricted Permanent Where the University receives monies for which the capital element must be maintained but the income from which may be used without restriction, then it must be treated as a permanent endowment on the Balance Sheet.

Accounting: 60000001+ ac 9603(endowments ~ donation) 60000001+ ac 9605(endowments ~ income)

APPENDIX R: WORK FOR OUTSIDE BODIES

The University's reputation as a centre of excellence means that members of academic staff are routinely invited to act as consultants and advisors to outside bodies. Because links to public bodies, industry, commerce and the professions benefit the personal development of the member of staff involved as well as the wider standing of the academic discipline, the University is in principle in favour of staff undertaking work for outside bodies. However, in translating that statement of principled support into an effective policy the University must ensure that work for an outside body does not have any adverse affect on its primary activities of teaching and research and that there is no other conflict of interest. These guidelines are designed to regulate work for outside bodies to ensure equity and transparency while safeguarding the interests of individual staff, departments and the University.

Remit

These guidelines apply to all non-clinical academic and related staff. Clinical academic staff also fall within the remit of these guidelines but they must be read to include agreements reached from time to time with the NHS on the regulation of clinical work by University staff.

In the case of full-time members of staff within the remit of these guidelines, their professional commitment as paid employees is expected to be wholly with the University and any other paid employment is subject to the agreement of the University. In the case of part-time staff it is accepted that other paid employment can be undertaken without prior approval as long as there is no actual or potential conflict of interest.

Definition of Outside Work

Outside work includes work, that may or may not be remunerated, which is in addition to the member of staff's core contract with the University (e.g. for a lecturer the requirement to undertake research, teaching and administration within an academic department). Such work may be:

- a) tasks that are closely associated with the member of staff's academic or professional specialism;
- b) tasks that are not closely identified with the member of staff's academic or professional specialism but may involve such calls upon the member of staff's time that there is the potential for this work to affect the member of staff's core activities for the University.

Disclosure and Authorisation of Outside Work

Outside work falls into two categories:

- (i) **approved**, which does not require disclosure to the Head of Department, apart from through the normal channels, and does not require the Head of Department's agreement; and
- (ii) **authorised**, which must be disclosed to and agreed by the Head of Department.

(i) Approved outside work

The following outside work will be deemed to be approved without authorisation from the member of staff's Head of Department: -

- a) external examining;
- b) reviewing, refereeing and editing academic journals;
- c) giving occasional lectures at other HEIs and to learned bodies;
- d) serving on RAE Panels; TQA Subject Specialist Reviews and other HE policy making bodies established by HEFCE, Universities UK, etc;
- e) giving occasional copy or input to the media to inform debate on a topic on which the member of staff has specialist expertise. However, authorisation would have to be sought if undertaking tasks in the media on a regular basis such as weekly newspaper article.
- f) acting in an advisory or elected capacity in managing the internal affairs of a professional body or learned society.
- g) treating NHS patients. Authorisation is required for other areas of outside health work, such as drug evaluations, acting as an expert witness or treating non-NHS patients.

In addition all staff have statutory rights to be elected to public office (e.g. Councillor), accepting an unpaid public appointment (e.g. Justice of the Peace) or acting as a trade union representative. Subject to meeting the statutory requirement to be eligible for paid release, no further authorisation is required. It is however expected that before engaging in such activities staff will

consult with their Head of Department. If the member of staff is a Head of Department or the Deputy Vice-Chancellor or a Pro-Vice-Chancellor they must disclose all outside work to the Vice-Chancellor. In the case of the Vice-Chancellor, disclosure is to the Chair of Council.

(ii) Authorised outside work

All outside work that does not fall into the categories listed above must be disclosed, and the member of staff must have the agreement of her or his Head of Department before undertaking it.

The reasons for disclosure are: -

- a) Audit control procedures. Outside work is subject to review and analysis by internal and external auditors, as well as by funding councils.
- b) Resource management. Heads of Departments are required to ensure that any of the resources used in association with outside work are recouped in full.
- c) University reputation. The standing of the University could be at risk if staff undertake outside work that compromises its good name.
- d) Intellectual property rights. The University wishes to ensure that it is able to protect its intellectual property rights from exploitation by external parties.
- e) Conflicts of interest. Disclosure to and authorisation by a senior colleague ensures that there are no actual or potential conflicts of interest, and protects the reputation and integrity of the University and the member of staff.
- f) Contractual liabilities. Outside work may create contractual obligations to external agencies or require additional insurance cover or involve some other statutory requirements.

Contractual Status of Outside Work

There are three forms of contractual relationships covering outside work. These are: -

- a) a consultancy in which the University contracts with a third party to provide services or skills that require the member of staff to undertake work outside her or his core contract. The member of staff has no change in her or his employment relationship. The University is directly responsible for determining the fee for this contract and agreeing the remuneration with the member of staff.
- b) a consultancy in which a member of staff is named in the contract with a third party to provide services, as a result of her/his employment with the University. The member of staff may have a

lead role in negotiating the contract. In addition to the services of the member of staff such a contract may involve the use of other University resources. Unless advised to the contrary legal liability for such a contract lies with the University.

c) A private consultancy undertaken by the member of staff wholly and completely outside their role as a member of staff of the University. All private consultancies must comply in full with the requirements below.

A full-time member of staff is not allowed to provide private consultancy services to the University.

Consultancy Days

Subject to the Head of Department confirming there is no conflict with core University duties, a member of staff named in a contract with a third party may take up to 20 days' paid release on external consultancies. If a member of staff wishes to expand consultancy work beyond this allocation and if it is in the interest of the University to agree to this, the University will be willing to consider alternative funding arrangements and/or part-time working.

The right of members of staff to consultancy days must be viewed within the context of their other entitlements, such as the entitlement to time off for being a JP or trade union representative.

Members of staff and their Heads of Departments are expected to ensure that they do not take on so many external responsibilities that they are unable to carry out their core contractual obligations at the level required by the University. Moreover, the University has a legal obligation to ensure that a member of staff's total agreed workload, including external work, is not a potential health and safety risk. The University will seek to ensure that all staff maintain a healthy work/life balance.

Consultancy Fees

The fees generated by consultancies should be agreed between the individual, the Head of Department and the University, as should the principle of apportionment between them. It is in the interests of all that the rates charged for outside work are set at a level that represents a realistic financial return to all parties.

Members of staff who wish to undertake a private consultancy in the same professional area as their post with the University are required to disclose fee details to their Head of Department. Fee levels should not undercut any internal or external consultancies provided by the University in a

broadly comparable professional area.

Private Consultancy Disclaimer

A private consultancy is one undertaken by a member of staff wholly on a personal basis.

Providing that they do not involve any conflict with the interests of the University, and subject to the rules in 4, 6 and 7 above, full-time members of staff are permitted to undertake private consultancies. The University has the right to ensure that the volume and nature of such consultancies will have no adverse impact on the capacity of the member of staff to undertake their core duties. The private and personal nature of such consultancies is made explicit by: -

- a) The University receiving no financial benefit from such work.
- b) The member of staff making it unequivocally clear to the client that the University is not a party to the consultancy. At no time should any correspondence involving a private consultancy be on headed notepaper, nor may University addresses be given as a point of contact.
- c) The consultancy is undertaken wholly in the member of staff's own time and does not use University resources.
- d) Ensuring that the University is not vicariously liable for any legal obligations. The consultant should have personal indemnity insurance and such other statutory cover as required by the legal advisers to the personal consultancy.

In all private consultancy agreements the following clause must be included: -

"These consultancy services are provided by X acting in a personal capacity. Although X is otherwise employed by the University of York he/she/they are not acting for or representing the University in any way. It is an express and agreed term of the agreement between X and the Third Party that the University of York has no responsibility for the services provided or the manner in which they are undertaken and shall incur no responsibility for any loss, damage or injury or any other matter of complaint that may arise from the provision of these consultancy services".

Any member of staff who undertakes a private consultancy that does not include this disclaimer could be liable to disciplinary action. It is also likely that in the absence of such a disclaimer the University's insurers will take legal proceedings to ensure the University is indemnified against any liabilities arising from the private consultancy.

APPENDIX S: Changes from December 2008 version

Paragraph 15.4- Collection of Debts

From "requests to write off debts of any amount must be referred in writing to the Director of Finance for authorisation"

To "requests to write off debts up to £5000 must be authorised by either the Financial Controller or Financial Accountant. All other requests to write off debts must be authorised by the Director of Finance"

Paragraph 19.13 – Petty cash

From "The recommended weekly spending limit per individual or group is £10"

To "The maximum individual transaction amount is £50"

Additional text "Petty cash should not be used for round sum payments to individuals, entertaining, provision of uniforms and similar items that are covered by HMRC expenses rules"

Appendix O – Travel Expenses Policy

Paragraph 6.2 to include additional the text "The normal place of work is usually defined in the employees' contract of employment"

Paragraph 9.10 (now 9.9) "Personal incidental expenditure" to be renamed "Overnight incidental expenditure" and amended throughout the document

Paragraph 9.9/11.2

Remove this section as the HMRC scheme which allows a £25 scale payment for staff staying overnight with friends/ relatives is no acceptable to them. Renumber remainder of section.

Paragraph 8.1 Travel Insurance

Remove paragraph starting "The insurance cover should be purchased though ..."

Replace with "Insurance cover should be arranged through the Insurance section of the Health & Safety department. Full details of the cover and are listed on their web site"