



BISHOP GROSSETESTE UNIVERSITY

Document Administration

Document Title:	Financial Regulations, Procedures & Purchasing Policy
Document Category:	Policy & Procedures
Version Number:	1
Status:	Approved
Reason for development:	The document sets out the University's Financial Regulations and provides practical guidance for budget holders and other staff around the University on their financial responsibilities.
Scope:	All Staff
Author / developer:	Director of Resources
Owner	Director of Resources
Assessment: (where relevant)	<input type="checkbox"/> Equality Assessment <input type="checkbox"/> Information Governance <input type="checkbox"/> Legal <input type="checkbox"/> Academic Governance
Consultation: (where relevant)	<input type="checkbox"/> Staff Trade Unions via HR <input type="checkbox"/> Bishop Grosseteste University Students' Union <input type="checkbox"/> Any relevant external statutory bodies
Authorised by (Board):	University Council
Date Authorised:	June 2015
Effective from:	July 2015
Review due:	May 2018
Document location:	University Website
Document dissemination / communications plan	Policy to be made available on University Website and Sharepoint and communicated to all staff via the Staff Portal.
Document control:	All printed versions of this document are classified as uncontrolled. A controlled version is available from the Staff Portal.

BISHOP GROSSETESTE UNIVERSITY

Financial Regulations, Procedures & Purchasing Policy

1. General Provisions

1.1 Background

1.1.1 The requirement for these Regulations is derived from the Articles of Government of Bishop Grosseteste University and the Memorandum of assurance and accountability between the Higher Education Funding Council for England (HEFCE) and the University Council of the University.

1.1.2 The Memorandum of assurance and accountability between HEFCE and the University sets out the terms and conditions on which grant is made. The University Council, which has ultimate responsibility for the University's management and administration, is responsible for ensuring that conditions of grant are met. As part of this process, the University must adhere to the funding body'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.

1.1.3 The University is a registered charity, number 527276.

1.2 Status of Financial Regulations

1.2.1 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 in June 2015. It applies to the University and its subsidiary undertakings.

1.2.2 These Financial Regulations are subordinate to any restrictions contained within the University's Memorandum of assurance and accountability with HEFCE's Accountability and Audit Code of Practice.

1.2.3 The purpose of these Financial Regulations is to provide control over the totality of the University's resources and provide management with assurances that the resources are being properly applied for the achievement of the University's strategic plan and business objectives.

1.2.4 Compliance with the Financial Regulations is compulsory for all staff of the University. 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 as appropriate through the Audit Committee. It is the responsibility of each member of staff to be aware of the existence and content of the University's Financial Regulations and to seek advice in case of any uncertainty as to how to act.

1.2.5 The Finance, Employment & General Purposes Committee along with the Audit Committee are responsible for maintaining a continuous review of the Financial

Regulations, through the Director of Resources, and for advising the University Council of any additions or changes necessary.

- 1.2.6 In exceptional circumstances, this committee may authorise a departure from the detailed provisions herein, such departure to be reported to the University Council at the earliest opportunity.

2. Corporate Governance

2.1 Committee Structure

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

- ensure the solvency of the University;
- safeguard the University's assets;
- ensure the effective and efficient use of resources;
- ensure that the funds provided by the funding body are used in accordance with the terms and conditions specified in the University's Memorandum of assurance and accountability with the funding body;
- ensure that financial control systems are in place and are working effectively;
- ensure that the University complies with the funding body's audit code of practice;
- approve the University's strategic plan;
- approve annual estimates of income and expenditure and the annual financial statements;
- appoint the University's internal and external auditors.

- 2.1.2 The University Council has ultimate responsibility for the University's finances but delegates' specific powers and processes to the committees detailed below. These committees are accountable to the University Council.

- 2.1.3 The committees with particular responsibility for financial planning, resource allocation and budgetary control are:

- Finance, Employment & General Purposes Committee;
- Audit Committee;
- Governance & Nominations Committee;
- Remuneration Committee.

- 2.1.4 The division of responsibilities for these committees can be summarised as follows:

- 2.1.5 Finance, Employment & General Purposes Committee deals with such employment, financial and administrative matters as the University Council may remit to it, including:

- recommending to the University Council for approval the annual University budget and medium-term financial forecasts, in order to achieve the objectives of the University's Strategic Plan;
- to monitor the University's progress and performance against the Annual Budget (including the investment programme for capital and infrastructure) and to approve variations where necessary;

- to receive the annual accounts for the University and recommend their approval to the University Council;
- on behalf of the University Council, to investigate aspects of the financial situation, which require further analysis or action;
- to approve and monitor the University's treasury management policy;
- to advise on borrowing policy, and to consider and approve proposals for borrowing and related external funding arrangements, and the details of their terms, reporting as necessary to the University Council;
- to oversee the University's arrangements for pensions, tax, purchasing, subsidiary company and financial relationships with associated bodies;
- to work with the Audit Committee in determining the University's Financial Regulations;
- to receive reports from Estates and Human Resources departments where applicable.

2.1.6 Audit Committee: appoints and receives reports from the External and Internal Auditors; monitors implementation of audit recommendations; maintains University policy on fraud and irregularity, reviewing the effectiveness of the internal control system and a range of other matters relating to financial efficiency, effectiveness and propriety. (The terms of reference of the Audit Committee are as recommended by the Higher Education Funding Council for England (HEFCE) Accountability and Audit Code of Practice).

2.1.7 Governance & Nominations Committee advises the University Council about the appointment of independent members to the University Council and the membership of committees of the University Council, other than the Governance & Nominations Committee itself.

2.1.8 Remuneration Committee advises the University Council about the remuneration and terms and conditions of employment of senior staff, including the Vice Chancellor.

2.2 Designated Officer

- 2.2.1 The Vice Chancellor is the University's designated officer responsible to HEFCE for the financial administration of the University's affairs.
- In this capacity, the Vice Chancellor must advise the University Council if, at any time, any action or policy under consideration by them appears to the Vice Chancellor to be incompatible with the HEFCE Memorandum of assurance and accountability. If the University Council decides nevertheless to proceed, the Vice Chancellor must immediately inform the chief executive of the funding body in writing. The Vice Chancellor must ensure that annual estimates of income and expenditure are prepared for consideration by the University Council and for the management of budgets and resources within the estimates approved by the University Council.
- As the designated officer, the Vice Chancellor may be required to justify any of the University's financial matters to the Public Accounts Committee at the House of Commons.

2.3 Financial Responsibilities in the University

- 2.3.1 The University Senior Leadership Team (SLT) have a range of duties which include acting for the Vice Chancellor in his or her absence. The SLT are normally authorised bank signatories.

- 2.3.2 Day-to-day financial administration is controlled by the Head of Finance who reports to the Director of Resources and who in turn is responsible to the Vice Chancellor for:
- the preparation of the University's Financial Statements;
 - preparing annual capital and revenue budgets and financial plans;
 - the provision of financial advice to the University Council, Committees of the University Council and University staff;
 - 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 in order to achieve efficient processes;
 - the development of purchasing policy;
 - short-term investment of the University's cash balances in accordance with the policy determined by the Finance, Employment & General Purposes Committee;
 - ensuring relevant and adequate insurance policies are in place for the University.
- 2.3.3 The responsibilities of the Head of Estates include the control and management of all building projects, the maintenance, repair and redecoration of buildings.
- 2.3.4 The responsibility for the management of budgets falls to the budget holder responsible for that particular functional area. Budget holders are responsible to the Head of Finance and ultimately the Vice Chancellor and University Council for all funds disbursed by the University and should ensure that all financial procedures and regulations are observed.
- 2.3.5 Budget holders whom are not members of SLT are responsible for effective financial control within their area. Where applicable the budget holder is responsible to the appropriate member of SLT for all funds disbursed by the department or section and should ensure that all financial procedures and regulations are observed.
- 2.3.6 All members of staff should be aware and 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 are aware of the University's financial authority limits and the values of purchases for which quotations and tenders are required. They shall make available any relevant records or information to the Head of Finance or his or her authorised representative in connection with the implementation of the University's financial policies, these financial regulations and the system of financial control.
- 2.3.7 SLT and budget holders shall provide the Head of Finance with such financial and other information as he/she may deem necessary, from time to time, to carry out the requirements of the University Council. SLT or budget holders shall immediately notify the Head of Finance who will notify the Director of Resources whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the University. The Director of Resources shall take such steps as he/she considers necessary by way of investigation and report.
- 2.3.8 The Students' Union receives financial support from the University but is managed independently.

2.4 Risk Management

- 2.4.1 The University acknowledges the risks inherent in its business and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable/unacceptable by the University will be set out in a separate risk management strategy.
- 2.4.2 The University Council has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the University through the development, implementation and embedment within the organisation of a formal, structured risk management process.
- 2.4.3 University SLT must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the University may be exposed. Advice should be sought from the Director of Resources to ensure that this is the case.

2.5 Whistleblowing

- 2.5.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about 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 and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 2.5.2 Normally any concern about a workplace matter at the University should be raised with the relevant member of staff's immediate line manager or member of the SLT. 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.
- 2.5.3 A member of staff may, therefore, make the disclosure to the Director of Resources or the Vice Chancellor.
- 2.5.4 The full procedure for whistleblowing is set out in the University's Whistleblowing Policy, which is available on the University Staff Portal.

2.6 Code of Conduct, Declaration of Interests, Gifts and Hospitality

- 2.6.1 The University is committed to the highest standards of openness, integrity and accountability. The University expects that staff at all levels to operate at all times with this in mind.
- 2.6.2 Additionally, members of the University Council, senior management or those involved in procurement are required to disclose interests in the University's register of interests maintained by the Clerk to the University Council (or other designated officer). They will also be responsible for ensuring that entries in the register relating to them are kept up-to-date regularly and promptly, as prescribed in the financial procedures.

- 2.6.3 In particular, no person shall be a signatory to a University contract where he/she also has an interest in the activities of the other party.
- 2.6.4 The procedures for registration and declaration of interests are available from the Clerk to the University Council.
- 2.6.5 Staff and members of the University Council must not accept any personal benefit as an inducement or reward for taking any action (or specifically not taking action) in his or her position in the University or for showing favour (or disfavour) to anyone in his or her position in the University. This is covered by the guidance notes on gifts and hospitality which are available on the University Staff Portal.

2.7 Money Laundering

- 2.7.1 The University is required, by law, to examine the nature of any income transaction involving the receipt of an unusually large amount of cash (€15,000 or £10,000 and above), and has nominated the Director of Resources to act as individual responsible for monitoring money laundering.
- 2.7.2 Members of staff must inform the Director of Resources if any of the following occur:
- a single cash payment of this value is received;
 - a series of lesser cash payments, amounting in total to this value, is received;
 - a cash payment (of any value over £1,000) is received which is above the due debt, such that a cheque or BACS refund would be required to be made.
- 2.7.3 Failure to report a suspicious receipt of income is regarded as a criminal offence which may result in prosecution of an individual. More details can be found in the Money Laundering responsibility notes available on the University Staff Portal.

2.8 Response to Fraud

- 2.8.1 All actual or suspected incidents should be reported without delay to the Director of Resources or the Vice Chancellor. The Director of Resources or the Vice Chancellor should, within 24 hours, contact the following project group to decide on the initial response:
- Vice Chancellor (Chair);
 - Director of Resources;
 - A senior representative of internal audit;
 - Head of Human Resources, or senior representative;
 - Chair of Audit Committee will also be informed.

The Director of Resources or the Vice Chancellor should also, at his or her discretion, make enquiries of the relevant Director or Head of Department.

- 2.8.2 The project group will decide on the action to be taken. This will normally be an investigation, led by internal audit. The decision by the project group to initiate a special investigation shall constitute authority to internal audit to use time provided in the

internal audit plan for special investigations, or contingency time, or to switch internal audit resources from planned audits.

- 2.8.3 Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the project group will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspect(s). It may be necessary to plan the timing of suspension to prevent the suspect(s) from destroying or removing evidence that may be needed to support disciplinary or criminal action.
- 2.8.4 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 returned.
- 2.8.5 Advice should be obtained on the best means of denying access to the University while suspects remain suspended (for example, by changing locks and informing porters 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.
- 2.8.6 Internal audit shall consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect(s) may have had opportunities to misappropriate the University's assets.
- 2.8.7 A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The University will follow disciplinary procedures against any member of staff who has committed fraud. The University will also, or instead, normally pursue the prosecution of any such individual, where criminal action is suspected, and will involve the Police appropriately.
- 2.8.8 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;
 - ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.
- 2.8.9 The circumstances in which the University must inform HEFCE about actual or suspected frauds are detailed in the HEFCE's Accountability and Audit Code of Practice. The Vice Chancellor is responsible for informing HEFCE of any such incidents. Similarly, any requirement to report to other funding bodies or third parties must be considered by Internal audit and the project group.
- 2.8.10 Recovering losses is a major objective of any fraud investigation. Internal audit shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.
- 2.8.11 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 costs in addition to losses.

2.8.12 Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the Chairs of the University Council and the Audit Committee.

2.8.13 On completion of a special investigation, a written report shall be submitted to the Audit Committee containing:

- a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud;
- the measures taken to prevent a recurrence;
- any action needed to strengthen future responses to fraud, with a follow-up report on whether or not the actions have been taken.

This report will normally be prepared by internal audit.

2.8.14 In the case of major fraud, reportable to HEFCE, the project group shall provide a confidential report to the Chair of 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:

- quantification 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.

2.8.15 All special investigations shall normally be led by internal audit. Special investigations shall not be undertaken by management although management should co-operate with requests for assistance from internal audit.

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

2.8.17 Any provisions for handling publicity about any fraud processes will be considered initially by the Vice Chancellor, on the basis of advice from the project group.

2.9 Audit Requirements

2.9.1 General

External auditors and internal auditors shall have authority to:

- access University premises at reasonable times;
- access all assets, records, documents and correspondence relating to any financial and other transactions of 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 Head of Finance is responsible for working with the external audit partner to draw up a timetable for final accounts purposes and will advise staff accordingly.

2.9.2 Following consideration by the Finance, Employment & General Purposes Committee, the financial statements should be reviewed by the Audit Committee. On the recommendation of the Finance, Employment & General Purposes Committee and Audit Committees, they will be submitted to the University Council for approval.

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

2.9.4 The primary role of external audit is to report on the University's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the HEFCE's Accountability and Audit Code of Practice and the Auditing Practices Board's statements of auditing standards.

2.9.5 The award of non-audit work to the external auditors is managed in order to ensure that the auditors are able to conduct an independent audit and are perceived to be independent of the University. The performance of non-audit work by the external auditors should be agreed only after careful consideration and work should be awarded only when, by virtue of their knowledge, skills or experience, the external auditors are clearly to be preferred over alternative suppliers. The nature and cost of all non-audit work awarded to the external auditors will be reported annually to Audit Committee, together with an explanation as to why the auditors were the preferred supplier.

The external auditors may not perform internal audit work.

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

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

2.9.8 The prime responsibility of the internal audit service is to provide the University Council, the designated officer and the other managers of the institution with assurance on the adequacy and effectiveness of the internal control system, including risk management and governance. Responsibility for internal control remains fully with management who recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management to improve systems of internal control and so to reduce the potential effects of any significant risks faced by the institution. Risk management

provides the opportunity for internal audit work to be efficient and focused. It does not necessarily imply that internal audit activity has to be increased.

- 2.9.9 Internal audit can also provide independent and objective consultancy advice specifically to help management improve the internal control system including value for money, risk management and governance. In such circumstances, internal auditors apply their professional skills in a systematic and disciplined way to contribute to the achievement of corporate objectives. Such advisory work contributes to the opinion that internal audit provides on internal control, including risk management and governance.
- 2.9.10 The internal audit service remains independent in its planning and operation but has direct access to the University Council, Vice Chancellor and Chair of the Audit Committee. The internal auditor will also comply with the Auditing Practices Board's auditing guideline - Guidance for Internal Auditors.
- 2.9.11 It is a requirement of the Memorandum of assurance and accountability 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.
- 2.9.12 To fulfil this responsibility, the University Council will develop and revise periodically 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 their annual report.
- 2.9.13 The University may, from time to time, be subject to audit or investigation by external bodies such as HEFCE, National Audit Office, European Court of Auditors and HM Revenue and Customs. They have the same rights of access as external and internal auditor.

2.10 Treasury Management

- 2.10.1 The Finance, Employment & General Purposes Committee is responsible for approving a Treasury Management Policy statement setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with HEFCE's rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the Memorandum of assurance and accountability. The Finance, Employment & General Purposes Committee has a responsibility to ensure implementation, monitoring and review of such policies. The Policy should be considered as part of the Financial Regulations and a copy is available on the University Staff Portal.
- 2.10.2 The University Council is responsible for the appointment of the University's bankers and other professional financial advisers if necessary (such as investment managers) on the recommendation of the Finance, Employment & General Purposes Committee. The appointment shall be for a specified period after which consideration shall be given by the Finance, Employment & General Purposes Committee to competitively tendering the service.

- 2.10.3 Only the Director of Resources 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 undertakings.
- 2.10.4 All cheques drawn on behalf of the University must be signed in the form approved by the Finance, Employment & General Purposes Committee.
- 2.10.5 All automated transfers on behalf of the University, such as BACS, must be authorised in the appropriate manner and on the basis approved by the Finance, Employment & General Purposes Committee.
- 2.10.6 The Head of Finance will maintain a list of all bank signatories and reference to agreed authorisation limits as approved by the Finance, Employment & General Purposes Committee.

3. Financial Management and Control

3.1 Resource Allocation

- 3.1.1 Budgets are determined jointly by the Finance, Employment & General Purposes Committee acting under the authority of the University Council following an annual planning process.
- 3.1.2 Detailed University plans are to be prepared annually and will be discussed with University senior management.
- 3.1.3 The staff resources of the University are managed in line with the provisions made in the approved University plans.
- 3.1.4 Budget holders shall ensure that the Director of Resources and the Head of Human Resources are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

3.2 Management of Budgets - General Principles

- 3.2.1 It is a general rule that all legally binding agreements between the University and third parties must be signed by the Vice Chancellor or by a member of staff specifically designated by the Vice Chancellor to do so. All members of staff are required to consult the Finance Office about any proposal which has significant or potentially significant financial implications and must also consult the Research Office about costing and pricing of research and consultancy work (including appropriate levels of overhead recovery) and the protection of intellectual property.
- 3.2.2 Subject to these overall requirements, financial responsibility is delegated to various levels as described elsewhere in these Regulations.
- 3.2.3 The Human Resources Office is responsible for issuing contracts of appointment for all University staff in accordance with approved University recruitment and personnel policies. Staff appointments can be made only to posts whose funding has been approved in the University's budget, as appropriate; or in respect of posts directly financed from research grants or contracts from external sources.
- 3.2.4 The Estates Office is responsible for all building work in the University including the maintenance and redecoration of buildings, and its compliance with statutory and safety requirements.
- 3.2.5 SLT and budget holders are responsible for the financial control of all expenditure within their departments. SLT and budget holders may delegate the duty, but not the responsibility, of budgetary control to other individuals within the department following approval by the Head of Finance.
- 3.2.6 Budget holders are required to ensure that:
- funds are expended on the purposes for which they were given;
 - expenditure does not lead to overspending, unless previously authorised;

- all steps are taken to ensure that goods and services are obtained economically and efficiently;
 - all commitments to expenditure entered into by the placing of orders are recorded centrally.
- 3.2.7 The primary mechanism to aid budgetary control within the University is through the use of the central finance system which records all expenditure and holds budgets. Budgets are entered and maintained on the system by the Finance Office to ensure that the total allocated does not exceed the total available to the department. Departments have on-line access to the central finance computer system to review all commitments and actual expenditure against planned budgets. Additional budget monitoring reports will be developed through discussion with the Finance Office.
- 3.2.8 Non-pay budgets are available to be spent by budget holders on any items which are appropriately chargeable to public funds. In cases of doubt as to whether an item can be charged against the non-pay budget, the budget holder should consult the Head of Finance.
- 3.2.9 Budget holders are required to inform the Head of Finance of the detailed breakdown of budgets which have been allocated to them so that these may be entered onto the central computer system.
- 3.2.10 Departments should regularly review the expenditure they have incurred and are likely to incur up to the end of the financial year and compare the forecast expenditure with the authorised budgets.

3.3 Accounting Arrangements

- 3.3.1 The University's financial year will run from 1 August until 31 July the following year.
- 3.3.2 The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.
- 3.3.3 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, and in accordance with the provisions of the Companies Act if that is appropriate.
- 3.3.4 The Head 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 the current year and the previous six years. These include:
- official purchase orders;
 - paid invoices;
 - sales invoices raised;
 - bank statements;
 - copies of income remittances;
 - paid cheques.

- 3.3.5 Goods delivery notes should be retained in departments for eighteen months after the end of the financial year, i.e., goods delivery notes for the financial year 2014/15 should be destroyed on 31 January 2017.
- 3.3.6 The Head of Finance will make appropriate arrangements for the retention of electronic records, with guidance from the University IT Department.
- 3.3.7 Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies.

3.4 Income

- 3.4.1 The Head of Finance is responsible for ensuring that appropriate procedures are in operation to 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 Head of Finance.
- 3.4.2 The Head of Finance is responsible for the prompt collection, security and banking of all income received.
- 3.4.3 It is the responsibility of all staff to ensure that revenue to the University is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. In particular, this requires the prompt notification to the Head of Finance of sums due so that collection can be initiated.
- 3.4.4 All monies received within 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, cheques and other negotiable instruments.
- 3.4.5 All monies received must be paid to the Finance Office promptly. The custody and transit of all monies received must comply with the requirements of the University's insurers.
- 3.4.6 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.
- 3.4.7 Only the Head of Finance can implement credit arrangements and indicate the periods in which different types of invoice must be paid.
- 3.4.8 Requests to write off debts in excess of £5,000 must be referred in writing to the Director of Resources. Debts up to £5,000 may be written off by the Head of Finance.
- 3.4.9 Any student who has not paid an account for tuition fees or any other study-related fees 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. Continuing students shall be prevented from re-enrolling at the University and from using any of the University's facilities unless appropriate arrangements have been made. Further details on debt sanctions are available in the Fees and Charges Policy available on the University Staff Portal.

3.5 Pay Expenditure

- 3.5.1 All staff must be appointed under the procedures set out by the Human Resources Office and all letters of appointment must be issued by that office.
- 3.5.2 The Head of Finance is responsible for all payments to staff, including payments for salaries, wages, part-time fees and reimbursable expenses to University employees, and for payment of fees to external lecturers and other providers of professional services as necessary. The maintenance of all records associated with payroll, pensions, PAYE income tax, national insurance and similar payments shall be the responsibility of the Head of Finance.
- 3.5.3 The Head of Human Resources shall implement such systems as deemed appropriate to record all absences from duty, both authorised and unauthorised.
- 3.5.4 Claims for travelling, subsistence and other expenses shall be submitted on the appropriate form as soon as possible after the expenditure has been incurred and no later than two months following the date of expenditure. Full details regarding claiming and payment of employee expenses are detailed in the policy on Reimbursement of Expenses. Claims for reimbursement of expenses exceeding the two month cut off period will only be paid if exceptionally agreed by the Head of Finance.

3.6 Approval process for the Employment of Temporary Support Staff

- 3.6.1 Temporary support staff, whether employed directly or through an agency, may be engaged for temporary purposes only. Examples of the appropriate use of temporary clerical staff include:
- cover for vacancies between staff leaving post and replacement appointees joining the University;
 - cover for temporary absences caused by staff illness or maternity leave;
 - assistance with peaks of additional workload (which might be planned but seasonal or unplanned but unavoidable).
- 3.6.2 Assistance with appointing to such temporary posts should be sought from the Human Resources Office.
- 3.6.3 In all cases, departments must satisfy themselves before engaging temporary staff that there is an adequate budget to meet the cost (including the employer's National Insurance Contribution and/or pension costs if necessary) either from departmental funds or from an approved budget.

3.7 General Advice of the Employment of Temporary Staff

- 3.7.1 It is important to note that temporary staff, even when paid on the basis of claim forms, have the right to join the occupational pension scheme offered by the University to equivalent “regular” employees. If a temporary employee exercises their right to join the pension scheme, this will increase the total cost of employment significantly.
- 3.7.2 Most temporary engagements will be deemed to be “employment” in law. Many legal protections apply as soon as employment commences, indeed protection can begin before the employment starts. The full range of employment protection does not become available until twelve months continuous service has been completed. Departments should be mindful that it is possible that a continuous series of short-term engagements within the University might together exceed twelve months. Wherever this seems likely to be a possibility, departments should seek advice from the Human Resources Office.
- 3.7.3 In the majority of cases, and almost invariably in relation to teaching, the Inland Revenue will regard payments due a temporary worker as being liable for the deduction of tax under PAYE. The individual’s general tax status, including acceptance of self-employed status by the Inland Revenue in relation to other activities, does not affect this position. Normally, the only exceptions to this general principle are where an individual provides their services through a limited company. In these instances, the contract will be “for services” rather than “of service” and payment will be on the submission and authorisation of invoices, provided that HMRC have approved this method.
- 3.7.4 The Human Resources Office must ensure that the necessary checks are carried out within the department employing the temporary staff to ensure that the individual to be engaged on a temporary basis has permission to work in the UK before he/she starts work at the University and that a copy of the necessary evidence is kept. If checks have been made previously and they proved satisfactory, it is not necessary to repeat these checks again. Guidance should be sought from the Human Resources Department regarding such checks.
- 3.7.5 Claims for payment by temporary staff should be completed in accordance with guidance issued by the Human Resources Department and must be made within two months of completing the work. Claims exceeding the two month cut off period will only be paid if exceptionally agreed by the Head of Finance.

3.8 Non-pay Expenditure

- 3.8.1 The Head of Finance is responsible for making payments to suppliers of goods and services to the University.
- 3.8.2 Invoices for goods and services should be sent directly to the Finance Office or if received in departments forwarded to the Finance Office for payment immediately. The Finance Office should be informed of any invoices held by the departments which are the subject of delay, e.g., because of dispute with the supplier. All invoices for payment must be made out to Bishop Grosseteste University or the appropriate subsidiary undertaking as necessary.

- 3.8.3 Invoices will be entered on to the central finance system to allow for electronic signature approval by the budget holder in the department or a member of staff with delegated authority if previously agreed with the Head of Finance.
- 3.8.4 The budget holder's signature signifies that he/she is satisfied that:
- the goods have been received, examined and approved as to quality and quantity or the work has been carried out satisfactorily;
 - prices are correct and in accordance with contracts or quotations, where appropriate, also that arithmetic is correct and available discounts have been deducted;
 - an invoice has not previously been passed for payment for the same supply;
 - the invoice constitutes a proper charge against the account code to be charged;
 - the amount of the invoice is within the budget of the account code to be charged;
 - where appropriate, purchase authorisation forms have been completed in advance of the purchase taking place.
- 3.8.5 It is the University's general policy to pay for goods and services only after they have been received. If in exceptional circumstances a supplier requires payment in advance, the budget holder is responsible for ensuring that the goods or services are actually provided. If a substantial sum of money is involved the supplier should be asked to provide an advance payment bond (which is issued by the supplier's bankers and will allow the University to recover the advance payment if delivery is not made on time). If a bond is required, departments should contact the Head of Finance for guidance.
- 3.8.6 Invoices relating to travel arrangements and hotel or conference bookings must be authorised in accordance with the rules for expense claims and must be annotated to show the purpose of the visit, the period of the visit (start and end dates) and the names of the members of staff to which the invoice relates.
- 3.8.7 Payments to suppliers should always be made on the basis of an official invoice. There are circumstances, however, where a payment needs to be made but there is no supplier invoice - the payment of a conference attendance fee is a possible example. On such occasions a cheque/BACS request form should be completed and submitted to the Finance Office for payment. Each form must be properly authorised by the budget holder and contain sufficient supporting details to substantiate the name of the payee and the amount of the payment.
- 3.8.8 Budget holders wishing to make payments in foreign currency should notify the Finance Office in good time. Wherever possible four weeks clear notice should be given before any foreign transaction. If this is genuinely not possible, the budget holder should consult the Finance Office to discuss the best procedure for payment.
- 3.8.9 All cheques will be sent out by the Finance Office direct to the recipient, unless there are exceptional circumstances (as detailed below).
- 3.8.10 There will be some exceptional situations where the cheque is required by a department, for example where cheque for prizes, elective loans, deposit returns etc., are to be distributed in a controlled manner or where payment is required on delivery of goods. Any cheques that are not to be sent directly to the recipient must be collected from the Finance Office by a departmental representative.

- 3.8.11 Reimbursement of expenses will usually be made by BACS but any cheques issued for reimbursement of expenses or payment of fees will be sent direct to the person to whom they are due, either at a departmental or home address, and must not go via a third party.
- 3.8.12 Payments (including cheques) in excess of £1,000 require two signatures, or a lower figure if the Director of Resources considers it to be necessary.
- 3.8.13 Where appropriate, the Director of Resources or the Head of Finance may approve the issuing of University purchasing/credit cards to appropriate staff. Such purchase cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. Please refer to section 4.7 for additional information.

3.9 Assets

- 3.9.1 The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the University Council.
- 3.9.2 The Head of Finance is responsible for maintaining the institution's register of land, buildings, fixed plant and machinery. Departments will provide the Head of Finance with any information he/she may need to maintain the register.
- 3.9.3 University managers are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc., under their control. They will consult the Head of Estates in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 3.9.4 In the event of the disposal of equipment by sale, or as scrap, managers should ensure that the Finance Office is notified of the need to delete the relevant inventory records in advance of its disposal. A Fixed Asset Disposal Form is available from the Finance Office or University Staff Portal.
- 3.9.5 The Head of Finance should arrange for all inventories to be checked at least annually.

3.10 Taxation

- 3.10.1 The Head of Finance is responsible for advising managers, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues to the University. Departments and staff may not seek advice directly from the tax authorities, but must route enquiries through the Finance Office or directly with the Head of Finance.
- 3.10.2 The Head 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.

3.11 Research Grants and Contracts

- 3.11.1 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 Research Office and Finance Office where appropriate. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.
- 3.11.2 Research grants and contracts shall be accepted on behalf of the University by the Executive Dean Research and Knowledge Exchange.
- 3.11.3 The Research Office shall maintain all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.
- 3.11.4 Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific budget holder.
- 3.11.5 Any overspend or under-recovery of overheads is clear responsibility of the department with any loss being a charge on departmental funds.
- 3.11.6 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 the submission of interim or final reports or the provision of other relevant information. Failure to respond to 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.
- 3.11.7 The Head of Finance should be notified of any activity which might affect the University's insurance liabilities.
- 3.11.8 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 departmental funds.

3.12 Services to Business and the Community

- 3.12.1 Non-award bearing academic services will normally comprise non-award bearing short courses, conferences and consultancy work. Departments are encouraged to engage in academic services to business and the community, especially where this will generate new external income.
- 3.12.2 All non-award bearing academic services are expected to 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 Director of Resources and the Vice Chancellor.
- 3.12.3 Services must be costed and agreed with the Director of Resources before any commitments are made. Provision must be made for charging both direct and indirect costs, in particular for the recovery of overheads.
- 3.12.4 Any unplanned deficits incurred on other income-generating activities will be charged to departmental funds.
- 3.12.5 Distribution of profits on other income-generating activity between central funds of the University and individual departments will be in accordance with the policy approved by the University Council.

3.13 Insurance

- 3.13.1 The Head of Finance is responsible for the University's insurance arrangements including the provision of advice on the types of cover available.
- 3.13.2 Managers must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the University may be exposed. The Head of Finance advice should be sought to ensure that this is the case. Managers must give prompt notification to the Head of Finance of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Managers must advise the Head of Finance immediately of any event that may give rise to an insurance claim. The Head of Finance will notify the University's insurers and, if appropriate, prepare a claim in conjunction with the Head of Department for transmission to the insurers. Non-disclosure of any agreements can invalidate the University's insurance covers.
- 3.13.3 Staff wishing to use the University vehicles or their own private vehicles on behalf of the University must adhere to the policy on Driving for Work (available on the Staff Portal or from the Finance Office).

3.14 Students' Union

- 3.14.1 The Students' Union is a separate entity from the University but is recognised to fulfil a valuable role in relation to the University's students
- 3.14.2 Subject to any constraints imposed by HEFCE, the University Council shall determine the level of grant to be paid annually to the Students' Union.

- 3.14.3 The Students' Union is responsible for maintaining its own bank account and financial records and preparing its own annual financial statements.
- 3.14.4 At year end, the Students' Union will arrange for its financial statements to be audited by an appropriately qualified firm of auditors (usually the University auditors).
- 3.14.5 The Students' Union is responsible for maintaining their insurance arrangements excluding the Communal Building itself which will be insured by the University.

3.15 Delegated Authority

- 3.15.1 To ensure that decisions necessary to the functioning of the University at times when it is not practical to obtain the approval of the University Council or its sub-committees, it was resolved that:
- the University Council authorises decisions to be taken on its behalf, jointly by at least two of the following:
 - the Chair of the University Council;
 - the Vice Chair of the University Council;
 - the Vice Chancellor.
 - and for decisions to be taken on behalf of Committees of the University Council, jointly by the Chair of the Committee and any two of:
 - the Chair of the University Council;
 - the Vice Chair of the University Council;
 - the Vice Chancellor.
- 3.15.2 Any such action to be subject to the University Council or the sub-committee, as appropriate, being fully informed at its next meeting, or earlier if necessary, and subject to the provisions of the Instrument and Articles of Government of the University.

3.16 Other Items

- 3.16.1 Keys to safes or other similar containers are to be carried on the person of those responsible at all times and must not be left on University premises overnight or outside of business hours. The loss of such keys must be reported to the Head of Finance and the Head of Estates immediately.
- 3.16.2 Petty Cash advances may be made by the Head of Finance to a manager or to an authorised member of staff. Petty Cash advances are intended only for urgent or minor day-to-day expenses of the department. Petty Cash should not be used for making payments to suppliers with whom the University has credit account facilities. Petty Cash Accounts should be records only of expenditure. In no circumstances should cash received be paid into these accounts.

4 Purchasing Policy

4.1 Introduction

- 4.1.1 The purchase of goods and services represents a significant portion of the University's total expenditure. Effective purchasing provides the University with real opportunities for achieving value for money and reducing operating costs through lower prices for the goods and services it uses and is recognised by the University Council as an important contributor to the achievement of the University's corporate objectives.
- 4.1.2 Responsibility for the formulation of the University's Purchasing Policy rests with the Head of Finance reporting to the Finance, Employment & General Purposes Committee.
- 4.1.3 This policy document sets out the approved procedures for ensuring that the University achieves full value for money in the purchase of all its goods and services. Staff are required to follow these procedures.
- 4.1.4 This Policy should be read as forming part of the University's Financial Regulations, giving more detail of their interpretation for purchasing activities. Reference to departments in this document shall mean any unit within the University with the authority to conduct purchasing on behalf of the University.

4.2 Objectives

- 4.2.1 The policy of the University is that goods and services should be acquired by competition and that all purchasing shall be based on good practice and be in accordance with the following major objectives:
- to supply the University with goods and services it needs at the time they are required;
 - to buy efficiently and wisely and obtain the best value for money;
 - to manage stocks effectively so as to give the optimum service to users at the lowest cost;
 - to develop effective relationships between departments and with suppliers to ensure success in the overall operation of the University's business.

4.3 Organisation

- 4.3.1 The University recognises that effective and efficient purchasing in a devolved budgeting environment will be achieved through a combination of centralised and departmental arrangements.
- 4.3.2 Authority to purchase is devolved to budget holders and all budget holders have a duty of implementing the Purchasing Policy within their departments. Budget holders will be responsible to the Head of Finance for all matters concerning the purchasing of goods and services within the department.
- 4.3.3 Each department will procure its goods and services in accordance with the University's Financial Regulations and Purchasing Policy.

4.4 Authority

4.4.1 Budget holders have authority to purchase goods and services only within the budget allocated and within any rules related to funds concerned; e.g., HEFCE notes on procedures, terms of Research Grants, etc.

4.4.2 Although authority to raise orders may be delegated to other named responsible staff by the budget holder, the budget holder must approve the actual order. A list of authorised budget holders and signatures will be maintained by the Finance Office. Overall responsibility for budgets still rests with the budget holder. The authority to commit University funds is also differentiated by the value of the order. Authorisation limits are set out below and relate to purchases of a single item, a series of linked payments or related items:

- Over £1,000 - Authorisation required by Budget Holder;
- Up to £5,000 - As above plus Head of Finance;
- Over £5,001 As above plus Director of Resources;
- Over £10,001 - As above plus Vice Chancellor;
- Over £50,000 - As above plus University Council member;
- the University will make a small number of exceptions to the above limits where practicalities dictate that regular ordering and authorisation requirements would make the above unworkable. These exceptions are additionally granted on the basis that any item of expenditure in excess of £50,000 still requires the University Council approval and is subject to the following terms and conditions:
 - Library Expenditure – Purchases of books, journals and E-books are not required to follow the above authorisation limits on the basis that these are, in the main, purchased through suppliers recommended by regional and/or national library purchasing consortia. However, authorisation should be obtained if the purchase value of any one order should exceed 20% of the annual allocated budget or revert back to the normal authorisation limits as set out above should the library choose not to remain a member of the purchasing consortia;
 - Placement Transport – Quotes will be obtained for the costs of transporting students to placements and held within the Partnership Office to demonstrate value for money is being achieved. However, purchasing approval forms will not be required for each journey which is to be ordered subject to these orders not exceeding the allocated budget available for this expenditure. Quotations obtained should be retained for inspection by the Director of Resources and internal/external auditors as appropriate;
 - Maintenance Expenditure – Purchase Authorisation Forms are not required for items charged to maintenance and repairs budgets unless they exceed £5,000. For items over £5,000 a Purchase Authorisation Form should be completed demonstrating value for money and approved by both the Director of Resources and the Vice Chancellor.

4.4.3 During periods of absence of the budget holder, the Head of Finance may delegate budget responsibility to another responsible member of staff. Where the period of absence is known, the budget holder should seek approval for this change with the Head of Finance prior to the period of absence.

- 4.4.4 When it is anticipated that expenditure with a supplier/contractor will exceed £1,000, either as a single payment or as a series of linked payments, then the University's Purchase Approval Form must be completed by the budget holder and submitted for approval in line with the authority limits detailed in 4.4.2 prior to any commitment being given to the supplier/contractor. If, for the essential running of the University the Vice Chancellor is unavailable to carry out his/her authorisation duties as detailed in 4.4.2 then in this instance the Vice Chancellor's authority can be waived if the Purchase Approval Form is approved by two additional members of the Senior Leadership Team.
- 4.4.5 If it becomes apparent, after any commitment has been given to a supplier/contractor, that expenditure will exceed the approved value quoted on the purchase approval form by more than 5% (or £20 whichever is greater), then a revised purchase approval form must be raised and signed off in accordance with the authorisation limits detailed at 4.4.2 before any additional commitment is given to the supplier/contractor.
- 4.4.6 Commitments must not exceed the allocated budget for a project.
- 4.4.7 All hire or lease agreements will be approved by the Head of Finance.

4.5 European Community Procurement Regulations

- 4.5.1 The University is legally obliged to comply with European Community Directives for the supply of goods and services which are aimed at widening the opportunities for competitive tendering throughout the European Community. The Directives and associated regulations apply where the University intends to let a written contract (or series of contracts) above the value specified on the OJEC website for the given period. Any infringement of the Directives could lead to an award of damages to persons harmed by the infringement.
- 4.5.2 All budget holders must follow the requirements of the Directives when making purchases which exceed the threshold. All such orders must be placed in consultation with the Head of Finance from whom further information and advice may be obtained.

4.6 Purchasing - General Principles

- 4.6.1 Purchasing procedures should follow a standardised format using common tendering and order documents that are acceptable to the Head of Finance.
- 4.6.2 All purchase orders shall be raised in advance of the relevant supplier being notified of the University's intent to purchase through the University finance system (bluQube). Purchasing using the University's Purchasing Card does not require an order to be raised in this way but the cardholder should satisfy themselves that sufficient budget exists before committing to the purchase of goods or services.
- 4.6.3 Wherever possible goods and services must be obtained through competition in order to ensure that the most suitable supplier is selected on terms which are likely to offer the best value for money.

- 4.6.4 For purchases exceeding £1,000 three competitive quotations should be obtained to demonstrate value for money unless there is only one source of supply or the item is an emergency repair exceeding £5,000 as detailed in 4.4.2.
- 4.6.5 Where the value of the goods and services exceed £25,000, tenders must be invited from suitable suppliers.
- 4.6.6 The budget holder must use the University's Quotation and Tender Summary Forms for recording the results of quotation and tendering exercises. These forms must be retained by the person authorising an order.
- 4.6.7 In accordance with the Research Councils' Regulations, the Head of Finance must be involved in the procurement of all grant funded equipment at or above a threshold of £25,000 per purchase. The University is also required to adopt a formal tendering process for the acquisition of all equipment over the aforementioned threshold.
- 4.6.8 In exceptional circumstances, where there may be only a single source of supply, the tendering/quotation procedures may be waived with the written approval of the Head of Finance. Departments must keep a register of any waiver requests submitted. In addition the budget holder must keep adequate written documentation justifying single source actions.
- 4.6.9 Where the value of printing services is above £1,000 and quotes or tenders are to be obtained, the University's Reprographics Department should be consulted prior to the order being placed.
- 4.6.10 Where computer software or hardware (including mobile devices) is being purchased from departmental budgets, the IT Department should be consulted prior to any order being placed to ensure both value for money and compatibility with existing systems is achieved.
- 4.6.11 If an existing University or public sector purchasing arrangement can be used which itself has been awarded by competitive methods, that agreement can be employed without recourse to tendering. Where suitable and cost effective supply arrangements are available at either a national, consortia or institute level, departments will be expected to utilise them, unless there are good reasons for doing otherwise which must be agreed with the Head of Finance.
- 4.6.12 Since the University is a major purchaser of goods, services and works in the Lincolnshire area, encouragement should be given to local suppliers to seek to trade with the University within the rules of the EU Public Procurement Directives and the University's requirement to achieve value for money.
- 4.6.13 Where possible departments must co-operate with one another in co-ordinating their purchasing arrangements for goods and services of a similar nature or from a common source of supply, particularly those of a high value where co-ordination would lead to significant reductions in cost.
- 4.6.14 Individual departmental purchasing arrangements must be negotiated so as to be available for the use of all other departments who wish to participate.

- 4.6.15 In the interests of ensuring best value for money, staff have a duty to consider the aggregation and consolidation of orders to a supplier. When orders are consolidated the threshold limits specified in this policy shall apply even when the goods and services are required to be delivered in separate tranches. Whilst it is recognised that it may be impractical to aggregate all orders in all circumstances, the deliberate disaggregation of purchases is strictly prohibited. If staff are in any doubt they must seek advice and guidance from the Head of Finance.
- 4.6.16 The ability of a supplier to meet the University's requirements must be assessed before any contract is awarded or order placed. The depth of the assessment will vary according to the value of the contract/order, the complexity of the requirements and financial consequences of the supplier not meeting its obligations. Clearly the resources dedicated to appraising suppliers of high value orders/contracts (over £50,000) will be much greater than that dedicated to suppliers of low value contracts/orders. The Head of Finance can advise on the appropriate level of assessment necessary on new suppliers.
- 4.6.17 When procuring equipment, consideration must be given to the overall cost of the equipment over its lifetime as running costs may sometimes exceed the initial purchase price. Factors to be considered in any tender evaluation are: purchase price, terms of payment, financial stability of the tenderer, assured delivery times, compliance with tender specification, terms and conditions of contract, past performance of the tenderer, anticipated residual value of the equipment on disposal and running costs including energy consumption, service and maintenance.
- 4.6.17 Particular attention must be given to the energy efficiency of equipment as this will not only have a significant impact on the running costs of the equipment but also will affect the University's commitment to reducing carbon emissions. Guidelines on achieving good energy practices and reducing carbon emissions can be discussed with the University's Head of Estates.
- 4.6.18 Invoices will also act as goods received notes for the purpose of payment authorisation. These should be recorded on the University finance system as soon as possible following receipt and budget holders are therefore requested to send any invoices arriving with goods direct to the finance department upon receipt for processing.
- 4.6.19 University budgets usually allow flexibility to spend monies across a number of nominal accounting codes. In some circumstances these may be restricted to ensure budgets are spent on particular activity but this will not usually be the case. This gives budget holders discretion within their overall allocated funding as to how the funds will be utilised. Virements can be requested by email or in writing to the Head of Finance however it should be noted that whilst virements from pay to non-pay items may be permissible, the ability to vire funds from non-pay to pay is strictly controlled and will require additional approval from the Director of Resources in addition to the Head of Finance.

4.7 Purchasing/Credit Cards

- 4.7.1 The purpose of a Purchasing Card is to streamline the procurement process and expedite the delivery of goods and services where the administrative costs involved in purchasing such items are disproportionate to the actual cost of the goods or services involved. The Head of Finance is responsible for the operation and control of the University's Purchasing Card Scheme on behalf of the Director of Resources.

- 4.7.2 The cardholder is solely responsible for the safekeeping of both the card and PIN. These should be kept separately at all times and every effort made to ensure that the card is not left in a vulnerable position at any time.
- 4.7.3 The cardholder has a duty and responsibility, to both Bishop Grosseteste University and National Westminster Bank, for the correct and proper use of the card. In requesting and accepting a purchasing card cardholders are confirming that they agree to comply with these terms and conditions of card use.
- 4.7.4 Holders of purchasing 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 used for personal or private purchases. Cardholders must obtain approval to purchase from the relevant budget holder and ensure that there is sufficient budget available to meet the costs. Cards must not be used to divide transactions for a purchase from a single supplier in order to avoid the specified transaction limits.
- 4.7.5 It is the ultimate responsibility of the cardholder to keep the card safe and secure. If a card is lost, stolen, or if the cardholder feels that the card details have been disclosed and could be used fraudulently, it should be reported immediately to the Finance Manager and to the National Westminster Bank.
- 4.7.6 Cardholders may process individual orders using purchasing cards subject to the limit approved by the Head of Finance.
- 4.7.7 Any changes to the University's single and monthly transaction limits with the card provider must be approved by the Head of Finance.
- 4.7.8 Purchasing cards should not normally be used for purchases where the University has credit terms/agreements with the supplier. Exceptions to this should be agreed in advance by either the Head of Finance or Director of Resources.
- 4.7.9 The University is subject to audit from various sources such as internal audit and external funders representing research granting bodies. Any such audits will review various areas and report on the adequacy of internal control arrangements. It is essential therefore that all cardholders maintain adequate records and retain all original documentation associated with each transaction to provide an appropriate audit trail. This documentation will be requested each month by the Finance Department to support the statement of account received and the card holder is responsible for submitting this information promptly and approving the statement for payment through the central finance system (bluQube).

4.8 Retention of Documents

- 4.8.1 For legal and audit purposes, departments must retain the accepted quotation/tender documents, orders, and order records for six years and unsuccessful quotation/tender documents for three years.

4.9 Stock and Stores

- 4.9.1 Each department having custody of stocks and stores shall be responsible for maintaining records of such stocks and stores, producing management reports as required by the University senior management and for ensuring compliance with all regulations and procedures.
- 4.9.2 Stock-taking must be carried out at least annually and recommended practice is for monthly stock-taking to be completed. The results of these stock takes should be available for inspection and subject to random checks by the Finance Department and/or the University internal/external auditors.

4.10 Unauthorised Purchasing

- 4.10.1 Order and store facilities are to be used only for conducting official University business. They are not for the private use of staff or other organisations not supported by the University.

4.11 Monitoring of Purchasing Activities

- 4.11.1 Departments/budget holders must carry out frequent and regular checks to ensure that orders are being placed in accordance with the University's Financial Regulations. Checks will also be carried out by the University's Internal Auditors.
- 4.11.2 This process will be supplemented by additional checks carried out by the Finance Department.

4.12 Monopoly Suppliers

- 4.12.1 Where goods and services are only available from a limited number of suppliers or from appointed agents of a manufacturer who controls the price structure, competition should be encouraged by actively inviting potential suppliers to enter the market and broadening specifications where possible to assist this goal.

4.13 Equipment Maintenance and Repair

- 4.13.1 Maintenance agreements should be organised to take advantage of the supplier's ability to undertake work on all equipment of a similar nature with a view to reducing overall costs. In-house service and repair facilities are encouraged where cost savings can be demonstrated.

4.14 Disposal of Goods

- 4.14.1 Departments are responsible for ensuring that all serviceable equipment that is no longer required is disposed of in a controlled manner, having regard to its possible use by another department and to all laws governing disposals.
- 4.14.2 Disposal shall be executed in a manner that will accrue maximum financial or service advantage to the University and shall be conducted in such a way as to rebut any possible allegations of waste of public funds or of showing undue preferences to any party.

Written competitive offers must be obtained wherever possible and be retained for audit check if required.

- 4.14.3 Any computer equipment that is no longer required must be disposed of in accordance with guidance issued by the University's IT Department. The Head of IT is able to provide advice on this where necessary.

4.15 Ethics

- 4.15.1 It is the policy of the University to conduct its business and operations in accordance with the highest ethical standards. Every effort must be made to preserve the reputation of the University with all who do business with it by adopting a professional and correct approach at all times.
- 4.15.2 In accordance with the University's Financial Regulations all staff involved in financial transactions must guard against fraud and malpractice. If a member of staff detects a suspected fraud he/she must report it to the Head of Finance or Director of Resources. The attention of all staff is drawn to the University's Anti Fraud Policy.
- 4.15.3 All staff must ensure that they do not authorise financial transactions (including the placing of orders and the certification of invoices) with organisations in which they, their partners or close relatives have a significant financial interest other than as minority shareholders in a publicly quoted company.
- 4.15.4 The University's code of ethics shall be based on that adopted by the Chartered Institute of Purchasing and Supply, a copy of which is available from the Head of Finance and the University's Guidelines on Gifts and Hospitality. In particular, staff involved in the procurement of goods and services must follow the guidelines set out below:
- treat all suppliers and potential suppliers fairly and equally before a contract is awarded;
 - declare to the Director of Resources any personal interest which may impinge upon, or might reasonably be deemed by others to impinge upon, their impartiality in any matter relevant to their purchasing duties;
 - respect the confidentiality of information received in the course of duty and ensure that information given to suppliers is true and fair and not designed to mislead.
- 4.15.5 **While bearing in mind the advantages to the University of maintaining a continuing relationship with a supplier, avoid any arrangement which might in the long term, prevent the effective Ethical Code.**