

The University of Bolton

Financial Regulations

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TERMINOLOGY

The following terms have been used to describe the main committees, staff and other persons.

AUDIT COMMITTEE

A committee independent of executive responsibility, which advises the governing body on issues related to internal audit, external audit and financial control. It issues an annual report to the governing body which, *inter alia*, comments on the University's system of internal control.

BUDGET HOLDER

The member of staff who has been assigned his or her own budget (other than a head of department) and is accountable to their head of department for it.

EXECUTIVE DIRECTOR - RESOURCES

The chief financial officer of the University.

RESOURCES COMMITTEE

A sub-committee of the governing body which has responsibility within the terms of reference determined by the governing body from time to time.

EXECUTIVE BOARD

An advisory committee to the Vice Chancellor on all matters relating to the strategic direction and operational management of the University.

FUNDING BODY

The Higher Education Funding Council for England (HEFCE).

GOVERNING BODY

The Board of Governors, who are ultimately responsible for the affairs of the University.

HEADS OF DEPARTMENT

The Dean or Head of an academic or non-academic department of the University who is responsible for the budget of his or her whole department/area. Directors/Heads work through pro-vice-chancellors who have managerial responsibility for broad areas of the University's operation.

VICE CHANCELLOR

The person with the ultimate executive responsibility for the management of the University.

UNIVERSITY REGISTRAR AND SECRETARY

The key link between the executive management and the Board of Governors. Also the University's primary legal advisor.

SENIOR MANAGEMENT

A variety of terms is used for the senior management group that assists the Vice Chancellor in running the University. This would also include senior post-holders, a term used in some higher education universities and widely used in further education.

FINANCIAL REGULATIONS

A GENERAL PROVISIONS

1 Background

- 1.1 The University is a higher education corporation created under the provisions of the Education Reform Act 1988, as amended by the Further and Higher Education Act 1992. Its structure of governance is laid down in the instrument and articles of government. The instrument of government can only be amended by primary legislation and the articles of government by the Privy Council. The University is accountable through its governing body, which has ultimate responsibility for the effectiveness of its management and administration.
- 1.2 The University is an exempt charity by virtue of the Charities Act 1993 as amended by the Charities Act 2005.
- 1.3 The financial memorandum between the funding body and the University sets out the terms and conditions on which grant is made. The governing body 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.

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. It applies to the University and all its subsidiary undertakings.
- 2.2 These financial regulations are subordinate to the University's instruments and articles of government and to any restrictions contained within the University's

financial memorandum with the funding body and the funding body's audit code of practice.

2.3 The purpose of these financial regulations is to provide control over the totality of the University's resources and provide governors and management with assurances that the resources are being properly applied for the achievement of the University's strategic plan and 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 connected with 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 governing body 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 Resources Committee is responsible for keeping under review the financial regulations, through the Executive Director - Resources, and for advising the governing body of any additions or changes necessary.

2.6 In exceptional and/or extreme circumstances, the Vice Chancellor (or Deputy Vice Chancellor in his/her absence) may authorise a departure from the detailed provisions herein, such departure to be reported to the governing body at the earliest opportunity. The Vice Chancellor (or Deputy Vice Chancellor in his/her absence) shall only proceed on this matter with the prior approval of the accounting officer (or his/her nominated officer) of the funding body.

B CORPORATE GOVERNANCE

3 The Governing Body

3.1 The governing body is responsible for:

- (a) the determination of the educational character and mission of the University and for oversight of its activities;
- (b) the effective and efficient use of resources, the solvency of the University and the corporation and for safeguarding their assets;
- (c) approving annual estimates of income and expenditure;
- (d) the appointment, assignment, grading, appraisal, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts; and
- (e) setting a framework for the pay and conditions of service of all other staff.

4 Designated Officer

4.1 The Vice Chancellor is the University's designated officer responsible for the financial administration of the University's affairs. In this capacity, the Vice Chancellor must advise the governing body if, at any time, any action or policy under consideration by them appears to the Vice Chancellor to be incompatible with the financial memorandum. If the governing body decides nevertheless to proceed, the Vice Chancellor must immediately inform the chief executive of the funding body in writing. Subsequently the accounting officer of the funding body may invoke paragraph 15 of the financial memorandum. Under such circumstances the Vice Chancellor shall be entitled to refuse to act on the instructions of the governing body in this matter without the prior approval of the accounting officer of the funding body. The Vice Chancellor must ensure that annual estimates of income and expenditure are prepared for consideration by the governing body and for the management of budgets and resources within the estimates approved by the governing body. 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.

5 Committee Structure

5.1 The governing body 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 governing body. A diagram depicting the committee structure is included at Appendix A. The governing body may not delegate the following in respect of the University's finances:

- the approval of the annual estimates of income and expenditure
- ensuring the solvency of the University and the corporation and the safeguarding of their assets.

5.2 Resources Committee

The terms of reference which establish the parameters of the authority delegated to the Resources Committee are set out in Appendix B.

5.3 Audit committee

The University is required by its financial memorandum with the funding body and by the funding body's audit code of practice to appoint an audit committee, and arrange to provide for internal and external audit in accordance with the Audit Code of Practice and any other directions of the funding body. The committee is independent, advisory and reports to the governing body. It has the right of access to obtain all the information it considers necessary to discharge its responsibilities 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 performance against these measures. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

The terms of reference which establish the parameters of the authority delegated to the audit committee's are set out in Appendix C.

5.4 Remuneration committee

The remuneration committee has delegated responsibility to review and determine the salaries and other emoluments, conditions of service and, where appropriate, severance payments of the Vice Chancellor and the Pro Vice Chancellors and the University Registrar and Secretary (and such other officers as shall be determined from time to time by the governing body).

6 Other Staff with Financial Responsibility

6.1 The Executive Director - Resources

Day-to-day financial administration is controlled by the Executive Director - Resources, 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 University's 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 in order to achieve efficient processes.

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

6.2 Heads of department

Heads of department are responsible, through the Pro Vice Chancellors, to the Vice Chancellor for financial management for the areas or activities they control. They are advised by the Executive Director - Resources in executing their financial duties. The Executive Director - Resources will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Heads of department are responsible for establishing and maintaining 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 for their own budget.

Heads of department shall provide the Executive Director - Resources with such information as may be required 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.

6.3 **All members of staff**

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 (see 20.2) and the values of purchases for which quotations and tenders are required (see 20.6).

They shall make available any relevant records or information to the Executive Director - Resources 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.

They shall provide the Executive Director - Resources with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the governing body.

They shall immediately notify the Executive Director - Resources whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the University. The Executive Director - Resources shall take such steps as he or she considers necessary by way of investigation and report.

7 **Risk Management**

7.1 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 is set out in a separate risk management strategy.

7.2 The governing body 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.

7.3 In line with this policy, the governing body requires that the risk management strategy and supporting procedures include:

- the adoption of common terminology in relation to the definition of risk and risk management
- the establishment of University-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence
- 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 24.1)
- detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas
- development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question
- regular reporting to the governing body 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 University Registrar and Secretary' advice should be sought to ensure that this is the case.

8 Whistleblowing

8.1 Whistleblowing in the context of the Public Interest Disclosure Act 1998 is the disclosure by an employee (or trainee, agency staff, contractors and home workers) about malpractice in the workplace. The Act is intended to protect employees so they can raise concerns or allegations of criminal offences, failure to

comply with legal obligations, miscarriage of justice, danger to health and safety or the environment and deliberate concealment of any information relating to any of these. It does not matter whether or not the information is confidential and the disclosure can extend to malpractice occurring in the UK and any other country or territory. There are no restrictions on the minimum length of service and age in order to whistleblow.

8.2 Normally, any concern about a workplace matter at the University should be raised with the relevant member of staff's immediate line manager or 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 the University Registrar and Secretary. 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 governing body, it may be raised with the chair of the audit committee.

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

9 Code of Conduct (including the receipt of gifts and hospitality)

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 members of staff at all levels are expected to observe. These principles are set out at Appendix F. In addition, the University expects that staff at all levels will observe its Staff Charter and that senior management and those employees with significant financial responsibility (including heads of department, units and services) will observe its code of conduct for senior staff and those with significant financial responsibilities of the University of Bolton available on its intranet.

9.2 Additionally, members of the governing body, senior management or those involved in procurement are required to disclose interests in the University's

register of interests maintained by the University Registrar and Secretary on an annual basis. They will also be responsible for ensuring 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 an University contract where he or she also has an interest in the activities of the other party.

9.4 **Receiving gifts or hospitality**

General:

Staff should conduct themselves with integrity, impartiality and honesty at all times whilst maintaining high standards of propriety and professionalism. It is an offence under the Prevention of Corruption Act 1906 for members of staff to accept corruptly 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 to be followed by 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 acting in an 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.

It is a disciplinary offence for staff to accept any benefit as an inducement or reward:

- for taking any action (or specifically not taking any action) in his or her official capacity
- for showing favour (or disfavor) to anyone in his or her official capacity.

Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) 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 deemed by others to have been, influenced in making a business decision as a consequence of accepting such gifts, rewards or hospitality. The frequency and scale of hospitality accepted 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 Executive Director - Resources. For the protection of those involved, the Executive Director - Resources (or other designated officer) will maintain a register of gifts and hospitality received where the value is in excess of £100 and/or where the hospitality results in the staff member's absence from work for more than one full day. Members of staff in receipt of such gifts or hospitality are obliged to notify the Executive Director - Resources (or other designated officer) promptly.

C FINANCIAL MANAGEMENT AND CONTROL

10 Financial Planning

10.1 The Executive Director - Resources is responsible for preparing annually a rolling five-year financial plan for approval by the governing body on the recommendation of the Resources Committee and for preparing financial forecasts for submission to the funding body. Financial plans should be consistent with the strategic plans and estates strategy, approved by the governing body.

10.2 Budget objectives

The governing body will, from time to time, set budget objectives for the University. These will help the Executive Director - Resources in preparing his or her more detailed financial plans for the University.

10.3 Resource allocation

Resources are allocated annually by the governing body on the recommendation of the 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.

10.4 Budget preparation

The Executive Director - Resources is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Resources

Committee before submission to the governing body. The budget should also include monthly cash flow forecasts for the year and a projected year-end balance sheet. The Executive Director - Resources must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to heads of department as soon as possible following approval of the University's budget by the governing body.

10.5 Capital programmes

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

The Executive Director - Resources will establish protocols for the inclusion of capital projects in the capital programme for approval by the governing body. 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. They are summarised at Appendix G.

The Executive Director - Resources will also establish procedures for the approval of variations, including the notification of large variations to the funding body, as laid down in funding body guidelines.

Following completion of a capital project, a post-project evaluation or final report should be submitted to the Executive Director - Resources including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines.

10.6 Overseas activity

In planning and undertaking overseas activity, the University must have due regard to the relevant guidelines issued by the funding body.

10.7 Other major developments

Any new aspect of business which will require an initial investment in buildings, resources or staff time of more than £250,000 or proposed establishment of a company or joint venture, should be presented for approval to the Resources Committee.

The Executive Director - Resources will ensure (where possible) protocols are established for these major developments to enable them to be considered for approval by the governing body. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet.

They are summarised at Appendix H.

11 Financial Control

11.1 Budgetary control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder (or Head of Department where such budget has not been assigned to any other Budget Holders), 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 agreed budgetary targets must be reported immediately to the Executive Director - Resources by the head of department concerned and, if necessary, corrective action taken.

11.2 Financial information

The budget holders are assisted in their duties by management information provided by the Executive Director - Resources.

The Executive Director - Resources is responsible for supplying budgetary reports on all aspects of the University's finances to the Resources Committee on a basis determined by the Resources Committee but subject to any specific requirements of the funding body.

11.3 Changes to the approved budget

Changes proposed to the approved budget will be first considered by the Resources Committee within the terms of reference determined by the governing body from time to time, which will make proposals to the governing body, unless they fall within specified delegated arrangements approved by the governing body.

12 Accounting Arrangements

12.1 Financial year

The University's financial year will run from 1 August until 31 July the following year.

12.2 Basis of accounting

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

12.3 Format of the financial statements

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 the funding body, and in accordance with the provisions of the Companies Acts of 1985 and 2006, if that is appropriate.

12.4 Capitalisation and depreciation

New land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal installments 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 it can be demonstrated that 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 assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £10,000 or more. Grouped items (e.g. a suite of computers) with an individual value of less than £10,000, but a group value of £10,000 or more, will not be capitalised.

Capitalised assets other than land and buildings will be depreciated over a period of 3 years (or 5 years for telephone equipment and 10 years for halls of residence furniture) commencing in the year of acquisition.

12.5 Accounting records

The Executive Director - Resources 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 part-time lecturers' contracts.

The Executive Director - Resources will make appropriate arrangements for the retention of electronic records.

Members of staff should ensure that 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.

12.6 Public access

Under the terms of the Charities Act 1993 as amended by the Charities Act 2005, the governing body is required to supply any person with a copy of the University's most recent financial statements within two months of a request. The Act enables the governing body to levy a reasonable fee and this will be charged at the discretion of the Executive Director - Resources. The University will also allow members of the public to inspect the statement of accounts during normal working hours, provide copies to local libraries and make a summary available on the University's website.

12.7 Taxation

The Executive Director - Resources is responsible for advising heads of department, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the University. Therefore the

Executive Director - Resources will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

The Executive Director - Resources 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.

12.8 **Virement**

Where a budget holder is responsible for more than one budget, virement is permitted from one budget to another, with the written approval of the head of department and subject to notification to the Executive Director - Resources on a properly authorised form.

Requests for virement between budgets controlled by more than one budget manager must have the authorisation of all parties concerned.

It is not permitted to vire budgets from any budget or cost centre where that virement would cause that budget or cost centre to become overspent.

Virement between job-coded projects in ledgers other than ledgers B (Teaching activity) and R (Support) is not permissible.

Where virement within a budget or cost centre is permitted, virement to or from the following subjective headings is not allowed without the express approval of the Executive Director - Resources:-

- Staff costs
- Non-contracted staff costs
- Franchising costs
- Bursaries
- Bad debts
- Overseas agents fees
- Depreciation
- Interest payable
- Insurance
- Remission of fees

13 Audit Requirements

13.1 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 Executive Director - Resources is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

Following consideration by the Resources Committee, the financial statements should be reviewed by the audit committee. On the recommendation of the finance and audit committees they will be submitted to the governing body for approval.

13.2 External audit

The appointment of external auditors will take place through a tendering process at least once in every seven years and be reviewed annually and is the responsibility of the governing body. The governing body will be advised by the audit committee.

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 funding body's audit code of practice and the Auditing Practices Board's statements of auditing standards.

13.3 Internal audit

The internal auditor is appointed by the governing body on the recommendation of the audit committee.

The University's financial memorandum with the funding body requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the funding body's audit code of practice. The main responsibility of internal audit is to provide the governing body, the Vice Chancellor and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the governing body, Vice Chancellor and chair of the audit committee. The formal responsibilities of internal audit are detailed at Appendix I. The internal auditor will also comply with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*.

13.4 **Fraud and corruption**

It is the duty of all members of staff, management and the governing body to notify the Executive Director - Resources immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

The Executive Director - Resources shall immediately invoke the fraud response plan, which incorporates the following key elements (see Appendix J for fuller details):

- he or she will notify the Vice Chancellor and the audit committee (through its chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report
- the Vice Chancellor shall inform the police if a criminal offence is suspected of having been committed
- any significant cases of fraud or irregularity shall be reported to the funding body in accordance with their requirements as set out in the audit code of practice
- the audit committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate
- the internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the audit committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Executive Director - Resources and/or the Vice Chancellor, the member of staff shall notify the chair of the audit committee direct of their concerns regarding irregularities.

13.5 **Value for money**

It is a requirement of the financial memorandum that the governing body of the University 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 the funding body, the National Audit Office, the Public Accounts Committee or other relevant bodies.

To fulfill this responsibility, the Purchasing Manager will monitor value for money throughout the year and will report to the governing body via the audit committee annually. This will be used to enable the audit committee to refer to value for money in their annual report.

13.6 **Other auditors**

The University may, from time to time, be subject to audit or investigation by external bodies such as the funding body, National Audit Office, European Court of Auditors, and HM Revenue and Customs. They have the same rights of access as external and internal auditors.

14 **Treasury Management**

14.1 **Treasury management policy**

The Board of Governors is responsible for approving a treasury management policy statement (based on CIPFA's *Treasury Management in the Public Services: Code of Practice* together with cross-sectoral guidance and sector-specific guidance) setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with funding body rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum. The Executive Director - Resources has a responsibility to ensure implementation and monitoring of such policies.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Executive Director - Resources and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the University and shall conform to any relevant funding body requirements. The Executive Director - Resources and his staff are required to act in accordance with CIPFA's *Code of Practice*.

14.2 **Appointment of bankers and other professional advisers**

The governing body is responsible for the appointment of the University's bankers and other professional financial advisers (such as investment managers) on the recommendation of the Resources Committee. The appointment shall be for a specified period after which consideration shall be given by the Resources Committee to competitively tendering the service.

14.3 **Banking arrangements**

The Executive Director - Resources is responsible, on behalf of the Resources Committee, for liaising with the University's bankers in relation to the University's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Executive Director - Resources, who shall make proper arrangements for their safe custody.

Only the Executive Director - 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 companies.

Except as noted above, no bank account may be opened which uses the name of the University or gives the impression that it relates to the University.

All cheques drawn on behalf of the University must be signed in the form approved by the Executive Director - Resources. Cheques up to £10,000 shall require one pre-printed signature. Cheques over that amount must be countersigned manually by another authorised signatory. Details of authorised persons and limits shall be maintained by the Executive Director - Resources.

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 Executive Director - Resources. Details of authorised persons and limits shall be maintained by the Executive Director - Resources.

The Executive Director - Resources 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

15.1 General

The Executive Director - Resources 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 Executive Director - Resources.

Levels of charges for contract research, services rendered, goods supplied and rents and lettings are determined by procedures approved by the Executive Director - Resources, and are approved by the Executive Board.

The Executive Director - Resources is responsible for the prompt collection, security and banking of all income received.

The Executive Director - Resources is responsible for ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in the University's accounts.

The Executive Director - Resources is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

15.2 Maximisation of income

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 Executive Director - Resources of sums due so that collection can be initiated.

15.3 Receipt of cash, cheques and other negotiable instruments

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.

All monies received must be paid to the finance office promptly, and in accordance with a timetable prescribed by the Executive Director - Resources. The custody and transit of all monies received 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 any 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 Executive Director - Resources.

Internet receipts: any member of staff wishing to arrange for payment to be made to the University by the internet should seek guidance from the Executive Director - Resources at an early stage.

15.4 **Collection of debts**

The Executive Director - Resources 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, 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.
- outstanding debts are monitored and reports prepared for management.

Only the Executive Director - Resources can implement credit arrangements and indicate the periods in which different types of invoice must be paid.

Requests to write off debts in excess of £1,000 must be referred in writing to a Pro-Vice Chancellor for approval. Debts below this level may be written off with the permission of the Executive Director - Resources.

15.5 **Student fees**

The procedures for collecting tuition and residence fees must be approved by the Executive Director - Resources. 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. Any student in debt to the University shall be prevented from re-enrolling at the University onto subsequent years of their course or onto another course and from using any of the University's facilities unless appropriate arrangements for repayment have been agreed with the Head of Student Services or the Executive Director - Resources.

15.6 **Short-term student loans**

The University has discretion to offer short-term loans to eligible students, operating within guidelines published annually by the Department for Education and Skills (DfES). The University's scheme for payment and recovery of short-term loans to students is approved by the governing body. The scheme must include:

- categories of students eligible for loans
- maximum amount of loan payable
- student declarations in respect of eligibility and repayment

Under no circumstances should payment be made other than in accordance with the approved scheme.

The Executive Director - Resources 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**

16.1 **General**

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. It excludes routine testing and analysis of materials, components and processes.

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 Executive Director - Resources. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

The Executive Director - Resources is responsible for examining every formal application for grant and shall ensure that there is adequate provision of resources to meet all commitments. The Executive Director - Resources 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 taking account of different procedures for the pricing of research projects depending on the nature of the funding body.

Research grants and contracts shall be accepted on behalf of the University by the Executive Director - Resources.

The Executive Director - Resources 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.

Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific budget holder.

Control of pay and non-pay expenditure will be contained within the budget centre. The head of the budget centre 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 budget centre with any loss being a charge on departmental accounts.

16.2 Recovery of overheads

Overheads will be charged to research activity whether or not the funding arrangements permit full recovery.

16.3 Costing/transparency

The University has agreed to adopt the principles on costing and pricing recommended by the Joint Costing and Pricing Steering Group (JCPSG).

Staff undertaking research activity will maintain the records specified by the Executive Director - Resources to enable compilation of returns to the funding body which meet the requirements of the Transparency Review.

16.4 Grant and contract conditions

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.

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 accounts.

17 Other Income-Generating Activity

17.1 Private consultancies and other paid work

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

- outside consultancies or other paid work may not be accepted without the consent of the head of department (and in the case of the head of the department, the Pro Vice Chancellor)

- applications for permission to undertake external professional activity must be submitted to the head of department or Pro Vice Chancellor, as appropriate, and include the following information:
 - the name of the member(s) of staff concerned
 - the title of the project and a 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)
 - an undertaking that the work will not interfere with the teaching or normal duties of the member(s) of staff concerned.
- personal private activity undertaken as a private individual and defined as activity which cannot be deemed to arise from a person's contract of employment and which carries no conflict with that contract, falls outside the scope of these provisions provided that the activity is not to be carried out on the University premises and makes no use of the University's name, property or facilities, does not encroach on time required to perform University responsibilities and implies no liability on behalf of the University.

17.2 **Short courses and services rendered**

In this context a short course is any course which does not form part of the award-bearing teaching load of the department.

The term 'services rendered' includes testing and analysis of materials, components, processes and other laboratory services or the use of existing facilities in order to gain additional information.

Any staff wishing to run a short course or offer services rendered must have the permission of their head of department. The organiser will be responsible to the head of department for day-to-day management of the activity.

17.3 **Off-site collaborative provision (franchising)**

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 shall be a contract signed by the Executive Director - Resources or Deputy Vice Chancellor and on behalf of any partner organisation that shall comply at least with the funding body model contract (as amended from time to time) in place before any provision is made. Contracts for significant changes in franchising activity shall be approved by the Vice Chancellor or nominated deputy.

The form of the contract shall be scrutinised by the University Registrar and Secretary and approved by the Resources Committee or the governing body.

Where the partnership would represent a significant departure from the University's strategic plan, the governing body shall approve the departure, and the Vice Chancellor shall seek the views of and inform the funding body.

17.4 European Union (EU) and other matched funding

Any such project requires the approval of a Pro Vice Chancellor and the Executive Director - Resources prior to any commitment being entered into. Such approval shall be dependent upon the relevant 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.

Individual applications for funds in excess of £500,000 shall be the subject of a report by the Vice Chancellor to the governing body which will set out, amongst other things, the potential risks generated by the project.

If the University sub-contracts such work to external providers, the relevant head of department shall 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 specified benchmarks and are supported by detailed invoices.

17.5 Profitability and recovery of overheads

All other income-generating activities must be self-financing or surplus-generating unless it is intended that it 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

Executive Director - Resources.

Other income-generating activities organised by members of staff must be costed and agreed with the Executive Director - Resources 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.

17.6 Deficits

Any unplanned deficits incurred on other income-generating activities will be charged to the department.

17.7 Additional payments to staff

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 Pro Vice Chancellor.

18 Intellectual Property Rights and Patents

18.1 General

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.

18.2 Patents

The Executive Board is responsible for establishing procedures to deal with any patents accruing to the University from inventions and discoveries made by staff in the course of their research.

18.3 Intellectual property rights

In the event of the University deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the University's Policy on Intellectual Property Rights. See appendix L.

19 Expenditure

19.1 General

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

19.2 Scheme of delegation/financial authorities

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.

The Executive Director - Resources shall maintain a register of authorised signatories and heads of department must supply him or her with specimen signatures of those authorised to certify invoices for payment.

Under procedures agreed by the Executive Director - Resources, central control shall be exercised over the creation of requisitioners and authorisers and their respective financial limits.

The Executive Director - Resources 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 different from the member of staff responsible for signing the purchase order form.

Expenditure on a single item in excess of £25,000 shall require the approval of the Executive Director - Resources. Expenditure on items in excess of £100,000 shall require the approval of the Vice Chancellor.

19.3 Procurement

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 purchasing policy.

The purchasing manager is responsible to the Executive Director - Resources 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 on behalf of the University to assist budget holders in meeting their value for money obligations
- vetting all orders above £5,000 before they leave the University
- the drafting and negotiation of all large-scale purchase contracts (generally in excess of £15,000) undertaken by the University, in collaboration with the responsible department
- ensuring that the University complies with EU regulations on public purchasing policy.
- Maintaining a supplier appraisal system and maintaining a supplier database of all preferred and contracted suppliers.

19.4 **Purchase orders**

The ordering of goods and services shall be in accordance with the University's purchasing policy.

Official University orders must be placed for the purchase of all goods or services, before receipt of the goods or services, except those made using purchasing cards. In exceptional circumstances, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.

It is the responsibility of the Executive Director - Resources (through the University's purchasing manager) to ensure that all purchase orders refer to the University's conditions of contract (see 19.8 and the purchasing policy).

19.5 **Purchasing cards**

The operation and control of the University's purchasing cards is the responsibility of the Executive Director - Resources, and administered by the University's purchasing manager.

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 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 Executive Director - Resources shall determine what information is required on purchases made with purchasing cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained and cardholders must provide that information.

Details of the operation of the scheme are set out in the purchasing policy.

19.6 Tenders and quotations

Heads of department and delegated budget holders must comply with the University's tendering procedures contained in the University's purchasing policy, which are applicable as follows:

- under £5,000 the budget holder shall have the discretion to decide whether or not to obtain quotations, but value for money must always be obtained
- from £5,000 to £15,000 the budget holder shall be required to obtain at least three quotations which shall be approved by the purchasing manager.
- over £15,000 all items will require three competitive tenders
- the award of contracts over £100,000 shall be reported to the Resources Committee.

In the event of there being fewer suppliers of an item to the specific requirements of the University than those shown above, then a case for single/dual tender invitation must be submitted to the Purchasing Manager or his nominee for approval to proceed. The main points covered by the University's code of tendering practice are described at Appendix K and may be subject to special rules imposed by funding bodies.

19.7 Post-tender negotiations

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 be entered into, provided:

- it would not put other tenderers at a disadvantage
- it would not affect their confidence and trust in the University's tendering process.

In each case, a statement of justification should be approved by the Executive Director - Resources prior to the event, showing:

- background to the procurement
- reasons for proposing post-tender negotiations
- demonstration of the improved value for money.

All post-tender negotiations should be reported to the Vice Chancellor.

19.8 **Building Contracts**

Building contracts 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 advised by the director of estates, is too large or too specialised for estates department resources. Appointments shall be subject to tendering and other procedures where appropriate.

Projects which require expenditure of less than £250,000 and which can be accommodated from existing university budgets shall require the approval of the Vice Chancellor. All other proposals for projects shall be presented in the form of costings or investment appraisals prepared in conjunction with the Executive Director - Resources as appropriate for the governing body's approval. Investment appraisals should comply with appropriate funding body guidance.

Following consideration by the Resources Committee and approval by the governing body, submissions should be forwarded to the funding body where appropriate. If the required agreement is secured from the funding body, funding body procedural rules should be followed. Funding body guidance on best practice should be followed even when funding body approval is not required.

The achievement of value for money will be an objective in the letting of all contracts. All contracts should be able to demonstrate best value for money.

Conditions of contract for the purchase of goods should be followed as described in the University's purchasing procedures. The main points are described at Appendix K.

19.9 EU Procurement regulations

The purchasing manager is responsible for ensuring the University complies with its legal obligations concerning EU procurement legislation. EU procurement regulations 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 purchasing manager will advise heads of department on the 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 members of staff comply with EU regulations by notifying the purchasing manager of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as the *Official Journal of the European Community* (OJEC).

The purchasing manager is also required to submit to the funding body annually details on expenditure which exceeds the threshold. Copies of the relevant documentation falling into this category must be provided by heads of department to the purchasing manager.

19.10 Receipt of goods

All goods shall be received at designated receipt and distribution points. They shall 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 shall 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 shall 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.

All persons receiving goods on behalf of the University must be independent of those who negotiated prices and terms and placed the official order.

19.11 **Payment of invoices**

The Executive Director - Resources 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 Executive Director - Resources will prepare cheques manually for urgent payments.

Heads of department are responsible for ensuring that expenditure within their departments does not exceed funds available.

Suppliers should be instructed by the budget holder to submit invoices for goods or services to the finance department.

Care must be taken by the budget holder to ensure that discounts receivable are obtained.

Payments will only be made by the Executive Director - Resources against invoices that can be matched to a receipted order or certified for payment by the appropriate head of department or budget holder

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 included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

19.12 Staff reimbursement and Project Advances

The University's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 20.5) or projects may be carried out away from the University where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or a university credit card. Receipts or paid invoices must be retained for all sums expended in this way.

Where such purchases by staff are planned, the Executive Director - Resources 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 the advance relates, and in any event, 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 an individual is still outstanding.

19.13 University credit cards

Where appropriate, the Vice Chancellor or the Executive Director - Resources may approve the issuing of University credit cards to senior staff. Such credit cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. The Executive Director - Resources will be responsible for setting in place a system to monitor the use of University credit cards and account for expenses charged through them.

19.14 Petty cash

Where a single item is for less than £20 it should be paid from departmental petty cash if possible or postal order if it is to be paid through the post. It must be supported by receipts or vouchers.

The Executive Director - Resources shall make available to departments such imprests as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.

Requisitions for reimbursements must be sent to the Executive Director - Resources, 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 when not in use and will be subject to periodic checks by the head of department or another person nominated by him or her.

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.

19.15 Other payments

The University may make payments to students, including:

- bursaries and scholarships in accordance with its Access Agreement with the Director of Fair Access
- training bursaries on behalf of a sponsor, e.g. DfES ITT Bursary Scheme
- financial support to eligible students from the Access to Learning Fund

Payments will be made in accordance with the relevant published guidance.

The Executive Director - Resources is responsible for ensuring the adequacy of the systems in place for:

- approving payments in accordance with the relevant scheme
- paying payments that have been approved
- recovering overpayments.

Individual payments under 'off-site collaborative provision' contracts shall be authorised by the Executive Director - Resources on the basis of an agreed contract and related details of provision delivered.

19.16 Late payment rules

The Late Payment of Debts (Interest) Act 1998 was introduced to give businesses the right to charge interest on late payments from other organisations and public authorities. Key points are:

- all businesses and the public sector can charge interest on overdue invoices
- interest is chargeable on sales made after 1 November 1998
- 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, including any interest payments levied.

In view of the penalties in this Act, the governing body requires that invoices must be passed for payment as soon as they are received.

19.17 Giving hospitality

Staff entertaining guests from outside bodies at lunch time should normally use the University's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement.

19.18 Overseas Agents

The appointment of overseas agents is to be supported by signed agreements, setting out responsibilities and payment terms.

20 Pay Expenditure

20.1 Remuneration policy

All University staff will be appointed to the salary scales approved by the governing

body and in accordance with appropriate conditions of service. All letters of appointment must be issued by the personnel office.

The governing body 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 the Vice Chancellor, the Pro Vice Chancellors and the University Registrar and Secretary will be determined by the remuneration committee set up by the governing body.

20.2 Appointment of staff

All contracts of service shall be concluded in accordance with the University's approved personnel practices and procedures and all offers of employment with the University shall be made in writing by the head of personnel. Budget holders shall ensure that the Executive Director - Resources and the head of personnel are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

20.3 Salaries and wages

The Executive Director - Resources 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 Executive Director - Resources.

The head of personnel will be responsible for keeping the Executive Director - Resources informed of all matters relating to personnel for payroll purposes. In particular these include:

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

The Executive Director - Resources 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 Executive Director - Resources shall be 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 procedures and comply with HM Revenue and Customs regulations.

20.4 **Superannuation schemes**

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

The Executive Director - Resources is responsible for day-to-day superannuation matters, including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes

The head of personnel is responsible for administering eligibility to pension arrangements and for informing the Executive Director - Resources when deductions should begin or cease for staff.

20.5 **Travel, subsistence and other allowances**

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Executive Director - Resources.

Claims by members of staff must be authorised by their head of department or their Pro Vice Chancellor (or Vice Chancellor in the case of Pro-Vice Chancellors and Executive Director - Resources). The certification by the head of department 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 governing body shall be approved by the chair of the governing body or their nominee (normally the Deputy Vice Chancellor). Arrangements for travel by the chair shall be approved by the chair of the Resources Committee.

20.6 **Overseas travel**

All arrangements for overseas travel must be in accordance with the appropriate scheme. Any approvals required must be obtained in advance of committing the University to those arrangements or confirmation of any travel bookings.

Where spouses, partners or other persons unconnected with the University intend to participate in a trip, this must be clearly identified in advance. Unless the extra cost of this travel is outweighed by benefits to the University, all associated costs incurred should be settled direct.

20.7 **Allowances for members of the governing body**

Claims for members of the governing body will be authorised by the University Registrar and Secretary. Claims for meeting attendance will be based on standard amounts for each individual, but only reasonable expenses can be reimbursed.

20.8 **Severance and other non-recurring payments**

Severance payments shall only be made in accordance with relevant legislation and under a scheme approved by the governing body through the Resources Committee. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose without the permission of the board of governors. All such payments shall be authorised by the Vice Chancellor and calculations checked by the head of personnel or Executive Director - Resources. Any individual amounts that do not fall within the parameters above require approval by the Resources Committee. Amounts paid should be declared in the financial statements.

All matters referred to an employment tribunal shall be notified to the Resources Committee at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

21 **Assets**

21.1 **Land, buildings, fixed plant and machinery**

The purchase, lease or rent of land or buildings can only be undertaken with authority from the governing body and with reference to funding body requirements where exchequer-funded assets or exchequer funds are involved.

21.2 **Fixed asset register**

The Executive Director - Resources is responsible for maintaining the University's register of land, buildings, fixed plant and machinery. Heads of department will provide the Executive Director - Resources with any information he or she may need to maintain the register.

21.3 **Inventories**

Heads of department are responsible for maintaining inventories, in a form prescribed by the Executive Director - Resources, for all plant, equipment, furniture and stores in their departments with a value in excess of £10,000. The inventory must include items donated or held on trust.

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.

21.4 **Stocks and stores**

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 Executive Director - Resources.

Heads of department are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security and Health & Safety checks.

Those heads of department whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Executive Director - Resources and that instructions to appropriate staff within their departments are issued in accordance with advice from the Executive Director - Resources.

21.5 **Safeguarding assets**

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 Executive Director - Resources and Director of Estates in any case where security is thought to be defective or where it is considered that 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.

21.6 Personal use

Assets owned or leased by the University shall not be subject to personal use without proper authorisation.

21.7 Asset disposal

Disposal of equipment and furniture must be in accordance with the University's detailed financial procedures.

Disposal of land and buildings must only take place with the authorisation of the governing body. Funding body consent may also be required if exchequer funds were involved in the acquisition of the asset.

21.8 All other assets

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 18), including electronic data.

22 Funds Held on Trust

22.1 Gifts, benefactions and donations

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

22.2 Student Access to Learning Funds, Bursary and Scholarship Schemes

The Executive Director - Resources will prescribe the format for recording the use of Access to Learning Funds and Bursary and Scholarship schemes.

Records of student-related funds will be maintained according to funding body requirements and the relevant authorities (such as DfES).

22.3 Trust funds

The Executive Director - Resources is responsible for maintaining a record of the

requirements for each trust fund and for advising the Resources Committee on the control and investment of fund balances.

The Executive Director - Resources is responsible for ensuring that all the University's trust funds are operated within any relevant legislation and the specific requirements for each trust and for investment of fund balances.

22.4 Voluntary funds

The Executive Director - Resources shall be informed of any fund that is not an official fund of the University which is controlled wholly or in part by a member of staff in relation to their function in the University.

The accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body. The Executive Director - Resources shall be entitled to verify that this has been done.

23 Other

23.1 Insurance

The Executive Director - Resources 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 sections 7.1 to 7.4), 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 provide sufficient cover to meet any potential risk to all assets. This portfolio of insurances will be considered and approved by the employment and Finance Committee on an annual basis.

The Executive Director - Resources is responsible for effecting insurance cover as determined by the Resources Committee. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Executive Director - Resources 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 problems.

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 Executive Director - Resources's advice should be sought to ensure that this is the case. Heads of department must give prompt notification to the Executive Director - Resources of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Heads of department must advise the Executive Director - Resources immediately of any event that may give rise to an insurance claim. The Executive Director - Resources 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 suitable 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 shall maintain appropriate insurance cover for business use.

23.2

Companies and joint ventures

In certain circumstances it may be advantageous to the University to establish a company or a joint venture to undertake services on behalf of the University. Any member of staff considering the use of a company or a joint venture should first seek the advice of the Executive Director - Resources and the University Registrar and Secretary, who should have due regard to guidance issued by the funding body.

The governing body is responsible for approving the establishment of all companies or joint ventures and the procedure to be followed in order to do so. This will have regard to any guidance provided by the funding bodies.

It is the responsibility of the governing body 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 Resources Committee, an annual report to the governing body. They must 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.

The Resources Committee should also receive summary reports of progress of any companies in which the University is a minority shareholder as they are made available.

23.3 **Security**

Keys to safes or other similar containers are to be carried on the person of those responsible. The loss of such keys must be reported to the Executive Director - Resources immediately.

An officer shall be appointed to be responsible for maintaining proper 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 to network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 1998. A data protection officer shall be nominated to ensure compliance with the Act and the safety of documents.

The University Registrar and Secretary is responsible for ensuring the safekeeping of official and legal documents relating to the University. Signed copies of deeds, leases, agreements and contracts must, therefore, be held in an appropriately secure, fireproof location and copies held at a separate location.

23.4 **Students' Union**

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

Subject to any constraints imposed by the funding body, the governing body shall determine the level of grant to be paid annually to the Students' Union. The governing body 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.

At year end the Students' Union financial statements will be audited by an appropriately qualified firm of auditors and will be presented to the Resources Committee for information.

In accordance with an agreement between the University and the Students' Union, the University's internal auditor shall have access to records, assets and personnel within the Students' Union in the same way as other areas of the University.

23.5 (i) Sealing of University's documents eg deeds

Contracts that are signed under seal must be authorised by the Executive Director - Resources and have the prior approval of the Board of Governors. Where a deed or document requires the University's seal, it must be sealed by the University Registrar and Secretary or, in his or her absence, the Executive Director - Resources, in the presence of the authorised signatories.

The University's instrument of government requires that the application of the seal of the corporation shall be authenticated by the signature of the chair of the governing body or some other member authorised generally or specifically by the governing body to act for that purpose together with that of any other member of the governing body.

The governing body has resolved:

- that the deputy chair of the governing body and each chair for the time being of the audit committee and the Resources Committee be authorised to authenticate the seal on those occasions when the chair of the governing body is not available to perform this function.

The University Registrar and Secretary shall be responsible for submitting a report to each meeting of the governing body detailing the use of the University's seal since the last meeting.

(ii) Signing of University's documents eg other than deeds

The governing body has resolved:

- that the Vice Chancellor, the Deputy Vice Chancellor, the Pro Vice Chancellor and the University Registrar and Secretary (except where, in the case of the University Registrar and Secretary, the contract relates to the University's academic activities) be authorised to sign and execute all other contracts (other than deeds and, purchase orders dealt with under the provisions of the purchasing policy) on behalf of the University, providing that:
 - (i) where the proposed arrangement has a financial value in excess of £25,000 it has the prior approval of the Executive Director - Resources.

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.

The Executive Director - Resources is responsible for submitting a report to each meeting of the governing body detailing all contracts signed since the last meeting with an expected annual value of £500, 000 or more.

23.6 **Security of documents**

The following officers are responsible for the safekeeping of official and legal documents relating to the University:

- Land, property and works – director of estates
- Educational contracts, franchise agreements – Deputy Vice Chancellor
- Financial documents – Executive Director - Resources
- Employment – director of human resources
- Purchasing contracts – purchasing manager

Signed copies of deeds, leases agreements and contracts should be forwarded to the above for safekeeping in an appropriately secure, fireproof location and copies held at a separate location.

23.7 **Provision of indemnities**

Any member of staff asked to give an indemnity, for whatever purpose, is required to consult with the Executive Director - Resources and the University Registrar and Secretary before any such indemnity is given.

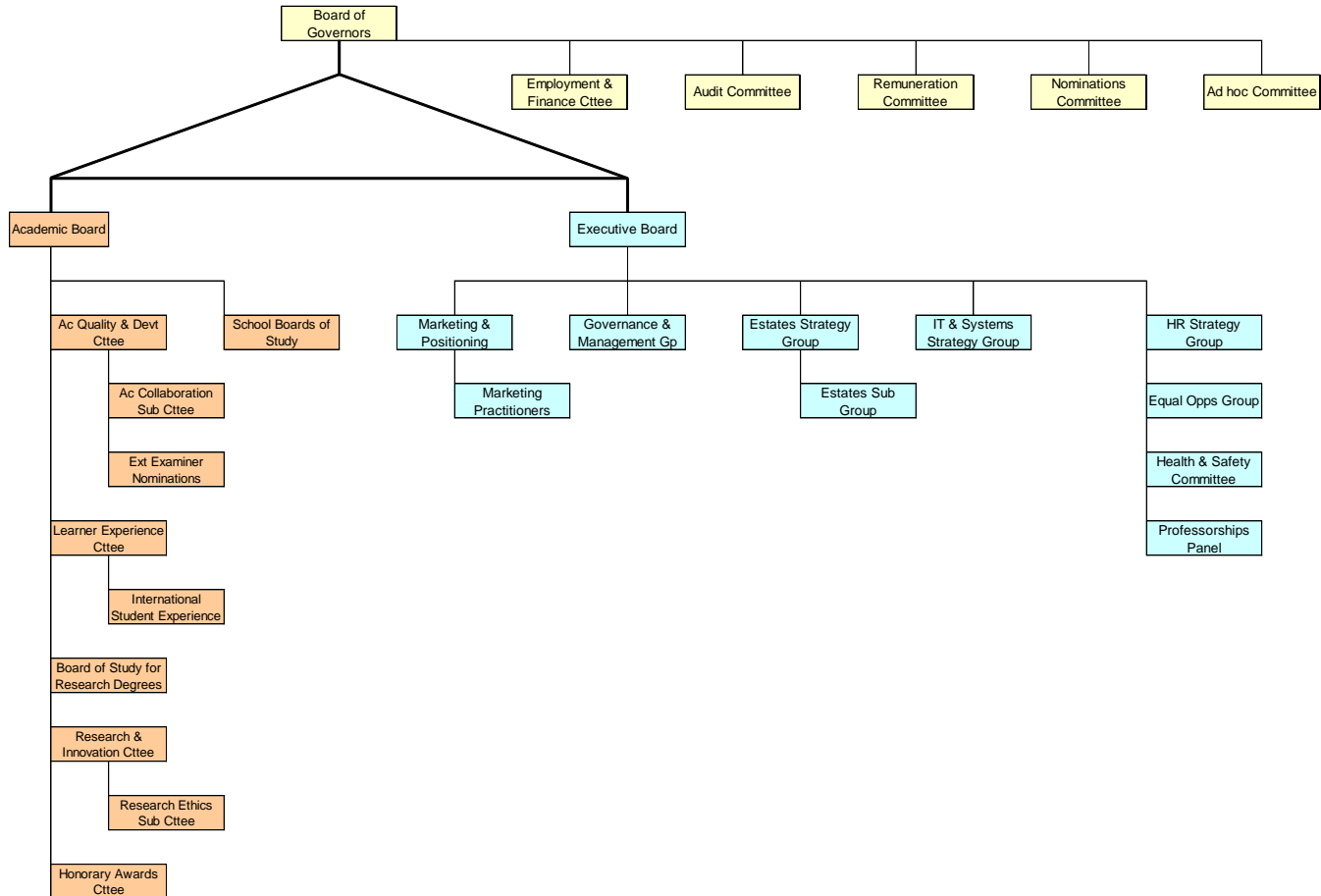
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APPENDIX A: COMMITTEE STRUCTURE

Committee Structure

Click on committee for Terms of Reference



APPENDIX B: RESOURCES COMMITTEE RESPONSIBILITIES

CODE OF CONDUCT

All Members are required to adhere to the Code of Conduct as set out in the Good Practice Guide for Governors.

AUTHORITY OF THE COMMITTEE

The Committee is an advisory committee with delegated authority from the Board to investigate and review any activity within its terms of reference with subsequent recommendations to the Board.

DUTIES OF THE COMMITTEE

- (i) To ensure that the Governing Body is kept fully advised and informed on key issues of the University's Financial, Human Resources and Estates management.
- (ii) To ensure that plans and strategies are in place to accord with objectives of the University.
- (iii) To monitor financial performance against budgets approved by the Board.
- (iv) To ensure that the University revenue and capital budgets are prepared in accordance with approved plans and in accordance with the Funding Council requirement that financial solvency is maintained. To allow the Key Performance Indicators (KPI's) to be circulated to members of the Committee to allow the monitoring of the cash position to be included as a formal item and for that to be reported to the Board of Governors.
- (v) To monitor performance and approve appropriate strategic human resource initiatives.
- (vi) To determine key performance indicators (KPIs) for Human Resource, Estates and Financial activities of the University.
- (vii) To monitor the performance of the Estates Strategy and function including contracts and tenders for work and services.
- (viii) Subject to (ix) below, to work within a schedule of business approved by the Board of Governors and to make recommendations on issues to the Board as appropriate.

- (ix) To work upon and/or monitor such other action on behalf of the Board in relation to the University's Financial, Human Resources and Estates management as may be approved and required by the Board from time to time.

MEMBERSHIP

Four Independent Members of the Board who are not staff or student members or members of the Audit Committee

The Chair of the Board

The Vice Chancellor

Two external (non-Board) members

QUORUM

The quorum is 3 to include at least 1 independent member.

APPOINTMENT OF CHAIR

The Chair shall be appointed by the Board for a term of two years and, subject to the approval of the Board, may be re-appointed for a subsequent term.

FREQUENCY OF MEETINGS

Meetings shall take place as and when required by the Board.

ATTENDANCE AT MEETINGS

The Deputy Vice Chancellors will normally be invited to attend meetings. The Head of Human Resources and Head of Finance and any other staff will be invited to meetings as the Vice Chancellor may nominate for each meeting. The Clerk to the Governors shall service all meetings of the Committee.

COMMITTEE REPORTING

The minutes of each meeting will be circulated in accordance with the Good Practice Guide on 'Minutes' (para 1.25 to 1.29), 'Implementation of Decisions' (para 1.30) and 'Approval of Minutes' (paras 1.31 to 1.33).

REVIEW

The Terms of Reference of the Committee shall be reviewed by the Board of Governors at their first meeting in the academic year, every two years.

APPENDIX C: AUDIT COMMITTEE TERMS OF REFERENCE

CODE OF CONDUCT

All Members are required to adhere to the Code of Conduct as set out in the Good Practice Guide for Governors.

AUTHORITY OF COMMITTEE

HEFCE have issued a Code of Practice (June 2004/27) which assists HEI's to achieve the maximum value for money and demonstrates their proper stewardship of public funds.

In accordance with the Code, members of the Committee shall be appointed by the Board but must not have executive authority or be a member of the Finance Committee unless exempted and carry out responsibilities as detailed in Para 1.3 (Duties of the Committee). The Committee shall report its decisions to the Board.

The Committee is authorised by the Board of Governors to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is also authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; normally in consultation with the Vice Chancellor and/or consultation with the Chair of the Board of Governors. However, it may not incur direct expenditure in this respect in excess of £1,000 without the prior approval of the Board.

The Audit Committee will review the audit aspects of the draft financial statements which will include the external audit opinion, the statement of members' responsibilities, the corporate governance statement and any relevant issue raised in the external auditor's management letter. The Audit Committee should, where appropriate, confirm with the internal and external auditors that the effectiveness of the internal control system has been reviewed, and comment on this in its annual report to the Board of Governors.

DUTIES OF THE COMMITTEE

The duties of the Audit Committee shall be:

- a. To advise the Board of Governors on:
 - i. The effectiveness of the University procedures and those of its associate companies for identifying business risks and controlling their financial impact.
 - ii. The effectiveness of the University's internal control systems and those of its associate companies, including systems relating to the quality of provision, and
 - iii. The arrangements for securing economy, efficiency and effectiveness.
- b. To promote co-ordination of internal and external audit services.
- c. To prepare an annual report for consideration by the Board of Governors.

Effectiveness

- d. To monitor annually, or more frequently if necessary, the performance and effectiveness of external and internal auditors including any matters affecting their objectivity and the implementation of approved recommendations relating to both internal audit reports and external audit reports and management letters, and those of other ad hoc audits.
- e. To monitor the effectiveness and implementation of agreed audit-based recommendations from whatever source.

Internal Audit

- f. To advise the Board of Governors on the appointment and terms of engagement of the internal audit service, the audit fee, the provision of any non-audit service by the internal auditor and any question of resignation or dismissal of the internal auditors.
- g. To review the internal auditors' audit risk assessment and strategy and strategic and short-term audit plans and advise the Board of Governors accordingly.
- h. To review the internal audit plan, consider major findings of internal audit investigations and management's response. To ensure that the resources made

available for internal auditors are sufficient to meet the institution's needs (or make a recommendation to the Governors as appropriate).

- i. To consider and advise the Board of Governors on internal audit reports. To discuss problems and reservations arising from audits and any matters the auditor may wish to discuss (in the absence of management where necessary).

External Audit

- j. To advise the Board of Governors on the appointment and the audit fee of external auditors, the scope of their work including the provision of non-audit services and any matters relating to resignation or dismissal of the external auditor.
- k. To discuss if necessary with the external auditor before the audit commences the nature and scope of the audit.
- l. To consider and advise the Board of Governors on interim and final external audit reports including a review of the management letter incorporating management responses. To discuss problems and reservations arising from audits and any other matters the auditor may wish to discuss (in the absence of management where necessary).
- m. To consider elements of the annual financial statements in the presence of the external auditors, including the auditors' formal opinion, the statement of members' responsibilities and the statement of internal control in accordance with HEFCE's Accounts Directions.

Corporate Governance

- n. To keep under review the University's Corporate Governance statement on internal control systems prior to endorsement by the Board; and in particular to review:
 - i. the effectiveness of the risk management, control and governance arrangements, the procedures for identifying business risks and

controlling their financial impact on the University and its associate companies.

- ii. the policies of the University and its associate companies for preventing or detecting fraud.
- iii. the policies of the University and its associate companies to ensure compliance with the relevant regulatory and legal requirements.
- iv. the operational effectiveness of the policies and procedures.
- v. to ensure that all significant losses have been properly investigated and that the internal and external auditors and where appropriate the HEFCE accounting officer have been informed.
- vi. to oversee the institution's policy on fraud and irregularity including being notified of any action taken under that policy.

Other

- o. To receive and review reports from the Funding Council, National Audit Office (NAO) and other ad hoc audits.
- p. To maintain oversight of the Policy and Procedure on Public Interest Disclosure and to receive Reports from the Clerk on its use.
- q. In the event of a 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.

MEMBERSHIP

Five independent members of the Board of Governors, (excluding the Chair of the Board, the Vice Chancellor, staff and student members and members of the Resources Committee)

2 external members (one of whom shall be a qualified accountant member of a CCAB* accountancy body).

1 external non-financial member

The Clerk to the Audit Committee will be the Clerk to the Board of Governors (or other appropriate independent individual).

* Consultative Committee of Accountancy Bodies

QUORUM

The Quorum will be three.

APPOINTMENT OF CHAIR

The Chair shall be appointed by the Board for a term of two years and may be re-appointed for a subsequent term.

FREQUENCY OF MEETINGS

A minimum of three scheduled meetings shall be held each year. In addition to scheduled meetings additional meetings can be called by the Chair, the External Auditor or the Head of Internal Audit.

ATTENDANCE AT MEETINGS

Representatives of Internal and External Audit will normally be invited to attend meetings. Senior staff and other members of staff will be invited to attend meetings to present reports as determined by the Chair of the Audit Committee and the Clerk to the Governors. The Purchasing Manager will be invited to attend annually or as appropriate, for the purpose of providing a value-for-money report and will present an annual report to the Committee. At the discretion of the Chair, but at least once a year, meetings should take place with the external and internal auditors without any officers present. The Clerk to the Governors will act as Clerk to the Committee and service all meetings.

COMMITTEE REPORTING

The minutes of each meeting will be circulated to all members of the Governing Body in accordance with the Good Practice Guide on `Minutes` (para 1.25 to 1.29), `Implementation of Decisions` (para 1.30) and `Approval of Minutes` (paras 1.31 to 1.33).

The Audit Committee will prepare an annual report for the University's financial year and

any significant issues up to the date of preparing the report. The report will be addressed to the Board of Governors and designated officer and will summarise the activity for the year. It will give the Audit Committee's opinion on the extent to which the Board of Governors may rely on the risk management, control and governance systems and the arrangements for securing economy, efficiency and effectiveness (VFM). This opinion should be based upon the information presented to the Audit Committee. The Audit Committee annual report should normally be submitted to the Board of Governors before the members' responsibility statement in the annual financial statements is signed.

REVIEW

The Terms of Reference of the Committee shall be reviewed by the Board of Governors at their first meeting in the academic year, every two years.

APPENDIX D: KEY CONTACTS IN THE FINANCE DEPARTMENT

INTRODUCTION

- 1 The finance department is located on the ground floor of the Eagle House (Z Block). The cash office is normally open between 9.00 am and 4.45 pm, although there is usually somebody in the office from 8.00 am to 6.00 pm.
- 2 In order to obtain maximum benefit from the finance department, it is important to observe the published deadlines. The deadlines have been established in order to guarantee the delivery of particular services which might not otherwise be achievable.
- 3 The main services are listed on the following pages together with appropriate contact names. There is also a list at the end of the document which gives contact details for individual post-holders.

EXCHEQUER SERVICES

- 4 Exchequer services cover the following functions.
- 5 **Creditor payments.** This section pays all sums owed by the University other than payroll items. Payments are made mainly to suppliers of goods and services but the section also makes payment from those funds administered by Student Services such as the access fund and emergency loan payments to students and petty cash payments. Payments can be made to any country and in most currencies.
- 6 **Collection of income.** 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. Installment facilities are available for some categories of student in relation to their tuition fees.

Overdue debts are pursued in consultation with departments and, where appropriate, court action is taken. Security arrangements for cash in transit are made for transfers between financial services and the bank but not for internal transfers to financial services.

- 7 **Payroll.** The University's payrolls are managed within the finance department. All standing data and adjustments are effected through the finance department, which is also responsible for submission of all PAYE returns.
- 8 **Travel service.** On receipt of the appropriate request form, the finance department will provide a full travel service for overseas travellers. This includes travellers' cheques, foreign currency, full travel insurance and, where necessary, a green card for vehicles. Rail and air tickets should be obtained through the University's appointed travel agent. See also the University's travel policy.
- 9 **Insurance.** All aspects of insurance cover and claims are handled by the finance department. Prompt notification of all losses by the use of the appropriate form is essential if claims are to be processed effectively. Failure to notify the police in cases of theft or criminal damage can also invalidate cover.
- 10 **Controlled stationery.** In order to comply with financial regulations, to ensure that current versions of documents are used and to avoid duplication of control numbers, it is important to order these items from the finance department. They include official order forms, invoices, receipts, claim forms, travel forms, catering service forms, etc.

For queries in connection with Exchequer services please contact Mr Paul Clarke in the first instance.

FINANCIAL ACCOUNTING

- 11 Many of the functions under this heading will not directly affect departments. They include maintenance of the accounting system, preparation of final and other accounts, tax returns, etc. Another such function relates to treasury management, which encompasses borrowing and lending, cash flow forecasting and management of the bank accounts. There are, however, several services which

are for the specific benefit of users.

- 12 **Other services rendered and research grants projects.** Other services rendered and research job numbers are allocated on receipt of proposal forms so that all income and expenditure can be matched to projects. Advice is available for the preparation of bids for projects, especially in relation to external funding. Arrangements are also made for vetting and auditing various grant claims
- 13 **Use of system.** Advice and training is provided for users to access and use the data held in the accounting system. For queries relating to the operation of the accounting system please contact Mr Gerald Cox in the first instance.
- 14 **Major capital projects.** Assistance in the preparation of bids for funding, investment appraisals and monitoring of schemes are all included within the service. It is mandatory for the negotiation of funding packages to be carried out by finance department staff.

For queries relating to financial accounting please contact Mr Andrew Hickling in the first instance.

MANAGEMENT ACCOUNTING

- 15 Much of the work in this area is at a corporate level. This includes the preparation of the financial plan, consolidation and submission of planning data to the funding council, compilation of the detailed annual budget and production of comparative statistical data. The Executive Director - Resources must also provide regular monitoring statements and financial advice to the governing body and its committees.
- 16 **Budget monitoring.** At department level, detailed management accounts are produced indicating performance against budget at account code level. In accordance with strict procedures, budgets are constantly updated and users informed accordingly. All users also receive regular visits from finance department staff in order to ensure that monitoring statements are being received, understood and used.

- 17 **Budget planning.** Advice is available for all budget managers for the purpose of the preparation of their business plans. This is particularly important in the area of other services rendered and research grant contracts where markets can be volatile.

For queries relating to management accounting please contact Mr Carl Bridge in the first instance.

MANAGEMENT CONTROL

- 18 A range of services provided by the finance department relate to the overall control of the University's systems. Some of these are mandatory.
- 19 **Internal audit.** All University's must have an independent internal audit function which operates in conjunction with the audit committee. The finance department is responsible for the receipt and co-ordination of responses to audit reports and for the implementation of audit committee projects.
- 20 **Procedures and regulations.** Financial regulations and detailed financial procedures are maintained and disseminated by the finance department. Again, their existence is a funding council and audit committee requirement.

For queries relating to management control matters please contact Mr Tony Unsworth in the first instance.

PURCHASING

- 21 The purchasing function is generally devolved, with authority to purchase granted to budget holders within the threshold framework stipulated in the financial regulations. The purchasing manager is responsible directly to the Executive Director - Resources and reports periodically to the audit committee. His primary purpose is to produce, advise on and co-ordinate the operation of the University's purchasing strategy, policy and procedures.
- 22 **Contract development.** Commodity/service research; contract strategy; supplier

appraisal and approval; supplier and contract management.

- 23 **Tender process.** Production and issue of documentation; tender evaluation; contract award recommendations; European procurement directive application.
- 24 **Operational issues.** Purchasing advice and guidance on the acquisition of goods/services; assistance with compiling specifications; quotations; sourcing of vendors; negotiations; maintenance of the purchasing manual and associated guide notes and the purchasing catalogue.
- 25 **Low-value purchasing.** A purchasing card system for the procurement of low-value goods/services in operation. The purchasing manager controls the operation of this system.
- 26 **Purchasing consortium.** The University is a member of local and national universities' purchasing consortia.

For all purchasing issues contact Mr Paul Johnston.

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

SUMMARY

The Act came into force on 2 July 1999. It encourages people to blow the whistle about malpractice in the workplace and 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 every professional in the NHS. Employment law restrictions on minimum length of service and age do not apply. At present, the Act does not cover the genuinely self-employed, volunteers, the army, intelligence services or police officers. The Act has been described as ‘the most far reaching whistleblower protection in the world’.

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 deliberate concealment was likely and there was no regulator
- had already raised the matter internally or with a prescribed regulator.

An employee who makes a wide, public disclosure is more likely to be protected if there was no internal procedure set up.

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 acts are 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. (Disclosures can also be made to appropriate regulatory bodies, such as the Health and Safety Executive.) Where an employee reasonably suspects malpractice (and this includes any crime), they will be protected from victimisation

where they raise the matter in good faith with a person who is legally responsible for whistleblowing.

QUALIFYING AREAS

The qualifying areas consist of information that the employee reasonably believes tends to show one or more of the following matters is either happening now, took place in the past, or is likely to happen in the future:

- a criminal offence
- the failure to comply with a legal obligation
- a miscarriage of justice
- a danger to the health or safety of any individual
- damage to the environment
- deliberate concealment of information tending to show any of the above five matters.

The University's full policy is available from the Governance website at:

<http://data.bolton.ac.uk/governance/documents/PublicInterestDisclosurePolicy-Combined.html>

APPENDIX F: 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 G: SUMMARY OF PROTOCOLS FOR PROPOSED CAPITAL EXPENDITURE

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 governing body.
- An initial budget for the project for submission to the Resources Committee and the estates committee. The budget should include a breakdown of costs including professional fees, VAT and funding sources.
- A financial evaluation 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 funding body guidance on option and investment appraisal.
- A demonstration of compliance with normal tendering procedures and funding body regulations. This will require careful consideration where partnership arrangements are in place.
- A cash flow forecast.

More detail on these protocols can be found the University's financial procedures.

APPENDIX H: SUMMARY OF PROTOCOLS FOR PROPOSED MAJOR DEVELOPMENTS

The proposal should be supported by a business plan for three years which sets out:

- a demonstration of the proposal's consistency with the strategic plans approved by the governing body 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 the University's financial procedures.

APPENDIX I: INTERNAL AUDIT RESPONSIBILITIES

FROM THE HEFCE'S *AUDIT CODE OF PRACTICE*

The prime responsibility of the internal audit service is to provide the governing body, the designated officer and the other managers of the University 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 should 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 University. 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.

Internal audit can also provide independent and objective consultancy advice specifically to help management improve the internal control system, including 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.

APPENDIX J: 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 the funding body, if the circumstances are covered by the mandatory requirements of the audit code of practice
 - recover losses
 - punish the culprits
 - 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 with a need to know suitably informed about the incident and the University's response
 - inform the police
 - 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 Executive Director - Resources. The Executive Director - Resources should, within 24 hours, hold a meeting of the following project group to decide on the initial response:

- Pro Vice Chancellor (chair)
 - head of personnel
 - a senior representative of internal audit
 - Executive Director - Resources.
- 3 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.

PREVENTION OF FURTHER LOSS

- 4 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 suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.
- 5 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.
- 6 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 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 personnel. The University will follow disciplinary procedures against any member of staff who has committed fraud. The University will normally 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
 - establish whether there is a need for audit staff to be trained in the evidence rules for interviews under the Police and Criminal Evidence Act 1984
 - 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 THE FUNDING BODY

- 10 The circumstances in which the University must inform the funding body about actual or suspected frauds are detailed in the funding body's audit code of practice. The Vice Chancellor is responsible for informing the funding body of any such incidents.

RECOVERY OF LOSSES

- 11 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.
- 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 costs in addition to losses.

REFERENCES FOR EMPLOYEES DISCIPLINED OR PROSECUTED FOR FRAUD

- 13 The staff handbook includes a requirement that any request for a reference for a member of staff who has been disciplined or prosecuted for fraud shall be referred to the head of personnel. The head of personnel shall prepare any answer to a request for a reference having regard to employment law.

REPORTING TO GOVERNORS

- 14 Any incident matching the criteria in the funding body'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 governing body 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 Board of Governors and the audit committee.
- 16 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.

REPORTING LINES

- 17 The project group shall provide a confidential report to the chair of the governing body, 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.

RESPONSIBILITY FOR INVESTIGATION

- 18 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.
- 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 K: MAIN POINTS INCLUDED IN THE UNIVERSITY'S CODE OF TENDERING PRACTICE

- Duty to comply by the University's staff.
- EU directives 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
 - 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.
- Justification of acceptance of tenders not at the lowest price.

APPENDIX L: POLICY ON INTELLECTUAL PROPERTY RIGHTS

Policy Statement

It is the policy of the University to encourage its staff and/or students to:

- create intellectual property (known as 'IP'); and
- proactively identify commercially-valuable IP, suitable protection and robust exploitation to the benefit of the University and its departments, staff and students or, at its discretion, allow and encourage its staff and/or students to exploit such IP on a private basis.

The University regards IP as knowledge and its creative application and, includes a variety of legal rights (known as 'IPR') which protects the applications of ideas and information that may be of commercial value. IP most relevant to the University's activities include patents, copyright, design rights and know-how. In practical terms, all materials generated by staff and/or students should be regarded as potentially being IP and generating IPR.

This policy is intended to provide guidance for the benefit of staff and/or students on the University's position concerning the key principles of ownership, protection and exploitation of IP.

The University treats students and staff equally in relation to IP. This policy applies to all full-time employees, to all enrolled students; it also applies to part-time employees (including where their contract of employment includes any non-teaching duties and/or final year or research student project supervision). It is specifically incorporated into all employees' contracts of employment and any legal relationship between the University and its students. The University acknowledges and accepts that in the case of any inconsistency, it is bound by its legal responsibilities and obligations to staff contained within the general law that cannot be varied by these conditions.

The University delegates authority to its IPR Panel, comprising the Deputy Vice Chancellor, University Registrar and Secretary, Executive Director - Resources, Director of Professional Research Development and the Director of CMRI, to oversee and instigate the operational implementation of this policy and, where required, advise the University on the key principles of ownership, protection and exploitation of IP.

Policy Scope

Principle 1: Ownership

All IPR, including copyright (except in respect of the 'scholarly works' of staff which includes books, contribution to books, articles and conference papers, and shall be construed in the light of the common understanding of the phrase in higher education as outlined below) created by staff and/or students of the University in the course of their employment and/or programme of studies will belong, in the first instance, to the University.

The copyright in any work or design compiled, edited or otherwise brought into existence by a member of staff as a 'scholarly work' produced in furtherance of his/her professional career shall belong to the relevant member of staff. The University freely allows its staff to publish 'scholarly work' which they produce and to keep all monies received from such publications, however this entitlement is subject to:

- prior notifying his/her relevant Director and/or line manager who will notify the Director of Professional Research Development; and
- any restrictions as may be contained in a contract with a third party (ie a funding body or commercial sponsor); or
- the publication not resulting in any loss of opportunity for commercial exploitation or granting of protection for the IP.

For the avoidance of doubt, the copyright in course materials produced by staff for the purposes of the curriculum of a course run by the University and produced, used or disseminated by the University, and the outcomes from research specifically funded and supported by the University shall belong to the University. Where the staff produces material for personal use and reference as an aid to teaching the copyright shall belong to the relevant member of staff and/or student.

The University may, at its discretion, transfer back by assignment at any time IP (in part or whole) to the staff and/or student(s) who created the relevant IP:

- on such terms as it considers are reasonable given the individual circumstances of the matter;

- retaining always a perpetual, non-exclusive and royalty free licence for the University to use the relevant IP for its business purposes (including marketing); and

following assignment the University will provide no further financial assistance in its subsequent protection and/or exploitation.

Principle 2: Protection

Staff and/or students are expected to report all inventions and discoveries to their School/Centre Director or Head of Unit and the Director of Professional Research Development as soon as they are recognised as such to ensure the IP is properly protected and, where appropriate, a Non-Disclosure Agreement has been entered into.

Disclosure of any details relating to the invention/discovery will jeopardise the granting of protection and there must be no publication and/or disclosure of related information without the prior approval of the Director of Professional Research Development.

The University through the workings of its IPR Panel will at its discretion, after seeking and considering specialist advice (if needed) and the views of the relevant staff and/or student(s), determine and fund (via the relevant School/Centre Budget) the appropriate level of protection it wishes to seek for the arising IP.

In the event the University does not apply for patent or other legal protection the relevant staff member(s) and/or students shall be notified of that decision as soon as is reasonably practicable thereafter.

If the invention/discovery is partly or wholly funded by a third party, the University's IPR Panel will review and advise in light of the contractual arrangements with the third party what steps should be taken to advise the third party of the invention/discovery.

Principle 3: Exploitation

Unless the University has expressly assigned back the IP (in part or whole) to the staff member(s) and/or student(s) who created it, the University through the workings of its IPR Panel will at its discretion, after seeking and considering specialist advice (if needed) and the views/interests of the relevant staff member(s) and/or student(s) and/or any third party, decide the appropriate arrangement for exploitation (if any) of any arising IP and shall be responsible for any subsequent negotiations and associated costs

(where appropriate).

If the exploitation of any IP gives rise to the University receiving monies directly from it then, after taking into account:

- the relevant contributions of the staff member(s) and/or student(s);
- the contributions/interests of any third party; and
- the direct cost of funding provided or to be provided by the University to protect and exploit the IP,

those monies shall be shared with the relevant staff member(s) and/or student(s) in a proportion to be determined by the University at the time acting in a fair, reasonable and commercial manner.

If any dispute between the University and the relevant staff member(s) and/or student(s) about the determined proportion of monies shared arises and is not resolved by negotiation, the relevant staff member(s) and/or student(s) may appeal against the decision to the Board of Governors.

Other related Policies and Procedures

Failure to comply with this policy will be considered a matter of misconduct and action would be taken under local disciplinary procedures.

- The University of Bolton Academic Handbook (Revised 2005)
- University of Bolton's Institutional Repository Policy and associated procedures.

Location, Access and Dissemination of the Policy

This policy is incorporated within the University's Financial Regulations.

Overall responsibility for the policy implementation rests with the Vice Chancellor. However, all staff and/or students are obliged to adhere to, support and implement this policy.

The Executive Director - Resources shall ensure that all existing employees and students are informed of the policy and their role in implementing the policy. Directors of

School/Research Centres, the Director of Professional Research Development and Student Services shall be responsible for advising staff and students on the application of the policy to specific cases in the first instance, subject to the overall authority of the IPR Panel.
