Financial Regulations
Financial Regulations

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1 INTRODUCTION

These Financial Regulations set out the responsibilities and policies for financial management and control within UCL. Their purpose is to provide control over the totality of UCL’s resources and provide management with assurance that the resources are being properly applied for the achievement of UCL’s strategic plan.

The financial objectives of UCL also referred to herein as ‘the University’, are:

- securing long-term financial sustainability and sustaining the level of capital investment necessary to achieve its academic objectives
- operating at the highest levels of efficiency, reducing overheads and eliminating waste
- providing effective control over the use of public funds
- ensuring that the University complies with all relevant legislation
- safeguarding the assets of the University

The regulations cover all financial matters, from minor purchases out of petty cash to major expenditure on building projects. They apply to UCL and all its subsidiary undertakings. In some areas, UCL has detailed financial and purchasing procedures which set out precisely how these regulations will be implemented and these should be followed in all instances.

Compliance with financial regulations and associated procedures is compulsory for all staff, students and visitors connected with the UCL. Failure to comply may result in disciplinary action. It is the responsibility of Senior Managers to ensure that their staff are made aware of the existence and content of UCL’s financial regulations and understand and comply with them.

The Financial Regulations have been authorised and approved by UCL’s Council. The Director of Finance and Business Affairs (FD) will review them regularly to ensure that they remain up-to-date and effective. Changes to the Financial Regulations must be approved by Council or Finance Committee.

Where the regulations do not cover a situation or are unclear, the advice of the FD must be obtained. The FD should be notified where new legislation conflicts with these regulations.

The term Senior Manager is used throughout the text to describe the Provost, Vice Provosts, Deans of Faculty, Professional Services (PS) Directors and Heads of Department.
2 FINANCIAL GOVERNANCE

2.1 Background

The provisions of these Financial Regulations are subject to:

- UCL’s Charter and Statutes
- the Financial Memorandum between the Higher Education Funding Council for England (HEFCE) and University College London
- relevant legislation as a result of UCL’s charitable status

2.2 Charter and Statutes

UCL is regulated by the Royal Charter and Statutes granted to it as a college of the University of London. The Statutes may be amended by Council, but these amendments must be approved by the Privy Council.

Subject to the Charter and Statutes, Council may make such Regulations as are necessary for carrying out the objects of UCL.

2.3 Financial Memorandum with the Funding Council

Since 1st June 1989, UCL has been regulated by a Financial Memorandum between itself and HEFCE, as required under the Education Reform Act 1988. This sets out the terms and conditions on which the HEFCE grant is made, and includes a requirement that UCL has sound systems of financial and management control.

2.4 Charitable Status

UCL is an exempt charity in accordance with the Charities Act 2006 and HEFCE acts on behalf of the Charity Commission as its principal regulator.

2.5 Council and Council Committees

2.5.1 Council

UCL is a college of the University of London. The Charter defines the Council as the governing body of UCL and it has governance responsibilities, a number of which it delegates to Committees or specific individuals. In accordance with the Committee of University Chairs (CUC) Code of Practice on Governance in Higher Education, the principal committees of Council are:

- Audit Committee
- Finance Committee
- Nominations Committee
- Remuneration and Strategy Committee
2.6 Risk Management

Under the terms of the Financial Memorandum with HEFCE, UCL must ensure that it has an effective policy of risk management, incorporating appropriate insurance arrangements. Its arrangements should consider the key principles set out in the HEFCE Accounts Direction to Higher Education Institutions, which notes that effective risk management:

- covers all risks – governance, management, quality, reputation and financial – but is focused on the most important key risks
- produces a balanced portfolio of risk exposure
- is based on a clearly articulated policy and approach
- requires regular monitoring and review, giving rise to action where appropriate
- needs to be managed by an identified individual and involve the demonstrable commitment of governors, academics and officers
- is integrated into normal business processes and aligned to the strategic objectives of the organisation

UCL acknowledges the risks inherent in its business, and is committed to managing the risks that pose a significant threat to the achievement of its business objectives and financial health.

Council has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout UCL through the development, implementation and embedding within the organisation of a formal, structured risk management process. The Vice-Provost (Operations) has responsibility for defining and implementing the process.

The following principles outline UCL’s approach to risk management and internal control:

- Senior Managers are responsible for encouraging good risk management practice within their areas of responsibility, including the assignment of the management of risks to individuals
- key risk indicators are identified, closely monitored on a regular basis by Senior Managers and reported to Council

Detailed guidance on the level of risk considered acceptable by UCL is set out in the Risk Management Policy.
Financial Regulations

2.7 Functions with Special Financial Responsibilities

2.7.1 Provost
The Provost is UCL’s designated officer responsible for the financial administration of UCL’s affairs. The Provost will need to satisfy Council that the conditions in the Funding Council memorandum are complied with, and may be required to appear before the Public Accounts Committee on matters relating to grants to UCL. The Provost must advise Council if, at any time, any action or policy under consideration by Council appears to be incompatible with the terms of the memorandum. If Council decides nevertheless to proceed, the Provost must immediately inform the Chief Executive of the Funding Council in writing.

2.7.2 The Treasurer
The Treasurer is elected, normally for a three-year term, from among the lay members of Council. The Treasurer is Chair of the Finance Committee and Investments Committee, and is responsible for satisfying the Council that the overall stewardship of UCL’s finances is sound. In discharging these responsibilities, the Treasurer works closely with the Provost and with senior administrative officers of UCL, notably the Vice-Provost (Operations) and the Director of Finance and Business Affairs.

2.7.3 Provost’s Senior Management Team (SMT)
The purpose of the Provost’s Senior Management Team is to advise the Provost, and through him the Council, on all university business. SMT will normally meet weekly and at least one meeting each quarter will be dedicated to an update from the FD. The Estates Management Committee, Human Resources Policy Committee and Information Services Governance Committee will meet regularly.

2.7.4 Director of Finance and Business Affairs (FD)
The FD is responsible to the Treasurer for:
- preparing a financial strategy to support UCL’s objectives
- preparing annual capital and revenue budgets and longer term financial plans
- preparing accounts and management information, monitoring and control of expenditure against budgets and all financial operations
- preparing UCL’s annual accounts and other financial statements and returns which the University is required to submit to other authorities
- ensuring that UCL maintains satisfactory financial systems and the integrity of those systems
- exercising supervision and control of accounting arrangements and standards
- providing professional advice on all matters relating to financial policies and procedures
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- liaison with internal and external auditors in order to achieve efficient processes

The FD has delegated certain responsibilities to specific individuals on an ongoing basis, and those delegations are included in this document. In particular, responsibility is delegated to the School Finance Directors, the Director, Financial Control & Analysis and the Director, Financial Planning & Strategy (collectively called School Finance Directors (SFD) for the rest of this document).

2.7.5 Power to enter into contracts
Where a contract is for services, whether received by or undertaken by UCL, which take place over more than one year, the approval should be based on the total value of the contract being entered into or in the case of an open-ended contract, the value for the likely term of the contract (e.g. 5 years). UCL operates a system of delegated authorisation, with staff in departments approving expenditure over which they have budgetary control. UCL has defined some examples of contract types – this list should not be considered exhaustive and advice should be taken from Finance and Business Affairs if necessary.

These limits also apply to purchasing goods on UCL's behalf, without a formal contract being in place.

2.8 Responsibilities of All Staff
2.8.1 General responsibility
All members of staff have a general responsibility for the security of the UCL’s property, for avoiding loss and for due economy in the use of resources. Heads of Department are responsible for ensuring that arrangements in their department are adequate to safeguard all assets and resources and that members of staff comply with UCL policies and these Financial Regulations.

All members of staff should ensure that they are aware of their own financial authority. They must make available any relevant records and provide such financial and other information as may be required to comply with the University’s systems of financial control and reporting.

UCL must ensure that its business is conducted in accordance with the seven principles established by the Committee on Standards in Public Life – selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Members of staff at all levels are expected to observe these principles.

2.8.2 Financial irregularity
UCL has a Fraud Policy in order to minimise the risk and impact of fraud, corrupt activity or other financial irregularity. If a member of staff becomes aware of any matter where he/she suspects that a financial irregularity has occurred, they must
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report the matter immediately to their Senior Manager, or the FD. The Senior Manager must notify the FD immediately a member of staff reports any financial irregularity.

The FD, where they consider the irregularity involves a criminal act or is in any way a disciplinary offence, must report the matter to the VP (Operations). VP (Operations) will deal with the matter in the way he/she considers to be in the best interests of the University, subject to legal constraints. The Audit Committee will be notified of the VP (Operations’) action where the irregularity involves an amount above £25k, is unusual or where there is likely to be public interest. UCL will comply with any requirements in the HEFCE Financial Memorandum to report fraud.

UCL has an Anti-Corruption and Bribery Policy, drawn up in the context of The Bribery Act 2010, which came into force on 1 July 2011. All staff will have access to the Compliance Officer to bring matters of concern to their attention. This is a role provided by the Anti-Corruption and Bribery Policy and currently the Vice Provost (Operations) occupies this role. In normal circumstances the reporting line should be through the member of staff's Senior Manager to the Compliance Officer.

The Public Interest Disclosure Act came into effect on 1st January 1999. UCL has a published policy on disclosure which is designed to enable concerns which are in the public interest to be raised at a high level in a responsible and effective manner.

2.8.3 Disclosure of interest
Any member of staff who has a personal, financial or other beneficial interest in any financial arrangement to which UCL is a party or is considering becoming a party, should disclose that fact and the nature of their interest, at the earliest opportunity to the FD via their Senior Manager. The term "personal" should be understood to include situations where a member of an employee's family has an interest. Further information can be found in UCL's Declaration of Interest Policy.

All interests should also be declared using the online declaration of interest return system and this should be updated annually or when there are any changes to the information declared, whichever is earliest. Once the declaration has been made, responsibility for any purchasing or contract affected by the declaration should be transferred to another member of staff.

2.8.4 Receiving gifts or hospitality
UCL has a Gifts and Hospitality Policy and staff should consult this before accepting any gifts or hospitality from individuals or companies. Any gifts or hospitality received over £25 should be declared to the appropriate SFD who will maintain a register.

3 FINANCIAL PLANNING AND STRATEGY
3.1 UCL’s Strategy and plans

UCL’s Strategy is periodically subject to a major review, followed by approval by Council. The UCL Strategy is underpinned by a number of supporting strategies and the Council and/or relevant committees review these as and when appropriate.

Each year, Senior Managers are required to consider and update their department, faculty or PS divisional plans and budgets. The assumptions for producing these will be discussed and agreed by SMT. Faculties and PS divisions will also be required to produce a higher level three year operating plan.

These plans will be reviewed by the Provost, Vice-Provosts and FD and a consolidated position will be produced by Finance and Business Affairs (FBA) for discussion at Finance Committee which will then recommend its approval to Council.

3.2 Reporting

The FD is responsible for reporting the budgetary position to Council. Anything affecting the overall surplus or deficit is reported to SMT, Finance Committee and Council.

Senior Managers must ensure that standard returns on income and expenditure requested by the FD are completed on time.

In particular, Faculties and PS Divisions will prepare:
- an annual budget for the following year
- monthly commentary on the actual outturn compared to the latest budget or forecast
- a forecast for Finance Committee and Council at times deemed suitable by the FD
- summary financial forecasts for the next three years
- a year-end commentary

3.3 Budget setting

SMT agrees the outline annual budget, which is informed by the latest Faculty and PS divisions’ strategic plans. Detailed budgets are then prepared using these underlying assumptions and targets.

The FD produces agreed formats and timetables for budget preparation. These budgets will be reviewed by the Provost, Vice-Provosts and FD and a consolidated position will be produced by FBA for discussion at Finance Committee which will then recommend its approval to Council.

4 BUDGET MANAGEMENT: ROLES AND RESPONSIBILITIES
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4.1 Senior Managers

The Senior Manager is the prime budget holder for the department, faculty or PS division. The financial organisation is a matter for a Head of Department to decide in consultation with the FD and Dean, but they are responsible for establishing and maintaining clear lines of responsibility within their area for all financial matters.

Deans are accountable to the Provost for the control of all financial matters in the Faculty and the PS Director for their division. In multi-departmental faculties, Deans will delegate the responsibility for financial matters in a department to the Head of Department. They can be required to report to Finance or Audit Committee and ultimately to Council on the financial management of their area.

The Senior Manager has overall responsibility for budgetary control. They need to ensure that there is satisfactory reporting to budget holders and compliance with financial regulations. They also need to involve their management teams in this budgetary control process. The current financial position should be an agenda item on all Faculty executive boards and the equivalent for PS divisions.

Senior Managers must ensure that all expenditure is on UCL activities and conforms to UCL’s Financial and Procurement Regulations.

The UCL Budget for the forthcoming year shall be submitted, together with a report thereon by the FD, to Finance Committee at a meeting no later than July of each financial year. The Budget, Report and Recommendations made by Finance Committee shall be considered by the Council in time for the beginning of the following financial year.

The Budget, approved by the Council, represents the total income and expenditure that is expected to be received or incurred for that financial year. FBA shall monitor income and expenditure within each main heading and report significant variances to each Finance Committee, at an early stage. If appropriate, the Council shall be asked to authorise significant variations to budget.

The FD will present to each Finance Committee a financial projection for the current financial year and, at least, annually a long-term financial forecast.

4.2 School Finance Teams

For each School (being a number of Faculties) and PS divisions, there is a member of staff performing the role of Finance Director. Along with their team, they support the Senior Manager to ensure effective budget management. Their responsibilities include:

- provision of financial management information for the Senior Manager and other members of the Faculty or PS for budgets, forecasts and long-term
Financial Regulations

- planning
- ensuring that there is good financial management and control by adoption of the financial regulations and ensuring that all relevant staff are aware of their financial responsibilities
- budget monitoring: review of actual income and expenditure against the agreed budgets and the investigation of material variances. This is facilitated by provision of monthly reports to Budget Holders
- preparation of financial information, including written commentary, in the format specified by the FD on a timely and accurate basis. This will include reporting on budgets, forecasts, actuals during the year and long-term plans and ensuring that these budgets are entered on the appropriate finance system on a timely basis
- providing financial training for Budget Holders
- ensure approval limits for authorised signatories are appropriate for departments
- bringing to the attention of the Senior Manager and the FD any matter of serious financial concern

4.3 Budget Holders

Management of the devolved budget is achieved by delegating responsibility for specific functions or activities to Budget Holders. A budget holder is a member of staff who has been assigned a budget for a particular activity and is accountable to their Senior Manager for it. They are often Academic Heads of Department (who include Directors of Divisions and Institutes), Principal Investigators and direct reports of PS Directors.

Budget Holders must manage the budget in a prudent manner, adhering to Financial Regulations and procedures. They must:
- ensure that no-one commits or incurs financial transactions that are not within budget, or not on agreed types of expenditure or for purposes other than those for which the funds were allocated
- manage the budget in a prudent manner and ensure that value for money is achieved in any purchases
- regularly monitor expenditure using the reports provided by the Finance Team or available directly from UCL’s accounting system
- provide such financial information for the FD and Senior Managers as may be required from time to time
- adhere to financial procedures laid down by the Finance Team
- attend the finance training, including Finance System training as appropriate
- only approve transactions in accordance with their authorisation limits
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Budget Holders must be permanent members of UCL staff or on a fixed term staff contract of more than three months in duration.

4.4 Budget Managers

In some cases, the control over the budget is improved by further delegation of a budget to a Budget Manager. A Budget Manager will manage the day-to-day expenditure against the agreed budget. This can be beneficial in order to share the administrative burden of budget management but does not remove the responsibility from the Budget Holder to account for the allocated funds.

4.5 Authorised Signatories

Authorised Signatories are the members of staff given responsibility by their Senior Manager to approve income and expenditure commitments or transactions for specified budgets. Consequently, it is likely that they will be Budget Holders and/or Budget Managers. Their approval will be needed to commit UCL to any external expenditure or the reimbursement of expenses; this includes signing contracts on UCL’s behalf. Authorised signatories are only permitted to commit to such expenditure in line with their authorisation limit.

The appointment of a new signatory will be authorised by the SFD on request from a departmental administrator and the new signatory should sign the appropriate form. The list of authorised signatories will be held by FBA, within UCL’s financial system, and will be used for all electronic authorisations. A scanned copy of the completed form will be held by FBA in the event that a manual signature is needed. It may also be necessary for authorised signatories to be set up on UCL’s finance system in order that they may approve electronic requisitions and expense claims. This is the responsibility of the department. The departmental administrator should notify FBA when an authorised signatory leaves UCL or moves to a position where it is no longer appropriate for them to be an authorised signatory.

Authorised signatories should ensure that any expenditure they approve is in line with UCL’s financial regulations, including any policies which form part of these regulations. Staff shall not authorise expense claims, invoices or other similar documents received from close relatives or partners, but shall ensure these are signed by an alternative authorised signatory. The VP (Operations), FD or SFDs may remove the signing rights of any authorised signatory who does not act in accordance with UCL’s financial regulations and procedures.

5 PURCHASING: ROLES AND RESPONSIBILITIES

5.1 Procurement and Purchasing Services

The Procurement team are the custodians of the purchasing process for all purchasing at UCL. They are responsible for:
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- development and review of an approved purchasing strategy, policies & processes
- audit of adherence to purchasing process and policies
- training content development and delivery
- devolved purchasing support
- contracts review management and support
- Terms and Conditions of purchase management
- Public Procurement Regulations process administration

Full details can be found on the Procurement website.

5.2 Senior Managers with their School Finance Director

Senior Managers, with their SFD, are responsible for maintaining local systems and procedures that enable them to ensure that:

- University purchasing guidelines are followed
- there is correct authorisation of commitments (e.g. staff expenditure and purchase orders)
- there is budgetary provision to cover any commitment being made
- supplies and services have been correctly and promptly receipted on the financial system before any payment is made
- the payments shown on the University’s accounting system are regularly reviewed and challenged if not recognised
- value for money is achieved
5.3 **Budget Holders**

Budget Holders are responsible for arranging expenditure against the agreed budget. They should ensure that the appropriate people in their teams have the knowledge and expertise to source suppliers or raise requisitions on their behalf. They are required to ensure that orders are placed in line with the Purchasing procedures. This will include:

- ensuring that an official order is raised prior to obtaining goods and services from suppliers
- ensuring that goods and services are obtained from preferred suppliers when available
- ensuring that the required quotation and tender processes are followed as required
- ensuring that goods and services are only receipted on the finance system once they have been received and checked

They must ensure that all relevant rules contained in the Financial Regulations and relevant legislation have been complied with at each of the steps of the purchasing cycle for the requisitions which they are issuing.

5.4 **Training Requirements**

5.4.1 **Senior Managers**

These should have a 1:1 briefing from their SFD.

5.4.2 **Budget Holders, Budget Managers and Authorised Signatories**

These are required to have completed the appropriate finance training course. This is a pre-requisite for approving a new Authorised Signatory.

5.4.3 **Requisitioners**

All staff who have a role which requires them to raise requisition on UCL’s finance system should have completed the appropriate finance training course.
6 STAFF EXPENDITURE APPROVAL PROCESS

6.1 Permanent and Fixed Term Staff

Recruitment of all staff must adhere to the Recruitment Authorisation process and financial approval must be obtained ahead of a job being advertised. All jobs must be recruited via ROME unless approved by the VP (Operations) or Human Resources Director (HRD).

Heads of Department shall ensure that all staff in their departments follow approved recruitment, advertisement and selection policy and procedures.

Newly recruited staff must be notified to the HRD via the Service in Partnership (SiP) system.

All new employees must be issued with a letter of appointment and contract of employment signed by the HRD or persons designated by him/her in writing and shall clearly state that the offer is made subject to UCL receiving satisfactory references and statutory checks (such as right to work and disclosure and barring checks) where relevant. References shall be received before the appointment is confirmed.

Any changes to the hours, grade, allowances or the working pattern of a member of staff shall be informed to the HRD via the SiP system, having previously followed the published HR policy and procedures. Any amendment to the terms of contract must be notified in writing to the employee.

The HRD, on behalf of the Provost, shall approve the non-pay conditions of service and terms of contract for all appointments of staff, and shall ensure that the terms of contract impose an obligation upon employees to be bound by these Financial Regulations and all other UCL policies and procedures.

Each Head of Department shall maintain appropriate records of staff, formally recording all absences in respect of annual leave, special leave, unpaid leave, and notifying the Human Resources Division where required. Staff whose contract of employment specifies an annual leave entitlement should take in full their leave entitlement within the leave year, unless otherwise agreed by the Head of Department.

A Head of Department shall be responsible for maintaining a record for each member of staff in respect of absence through illness, injury, or other such enforced absence and notifying the HRD in a timely manner to ensure no overpayment of salary occurs.

The HRD shall ensure that payments in respect of appropriately informed absences such as maternity, paternity, sickness and injury are paid in accordance with
Financial Regulations

contractual and statutory requirements.

6.2 Consultancy

Members of staff will adhere to the Consultancy guidelines and where appropriate complete the Annual Declaration of Interests. Where any conflict of interest may arise, this should be discussed at the earliest opportunity with the Head of Department/Dean/Provost (as appropriate).

7 NON-PAY EXPENDITURE APPROVAL PROCESS

7.1 General principles

Every member of staff authorised to incur expenditure shall ensure that adequate records are maintained to control and monitor expenditure against approved limits, and shall seek to achieve value for money in all cases.

FBA shall investigate any instances of unauthorised over-expenditure on a regular basis and agree, with the relevant Head of Department, action to rectify the situation, which may include the virement of other departmental funds.

Each Head of Department shall promptly notify the FD of any matter involving a significant resource commitment, or potential commitment, including any proposal which has material financial implications, to ensure that such matters comply with recognised accounting policies, procedures, and planning requirements, and that necessary Committee approvals have been obtained.

FBA may approve arrangements for ordering goods and services by way of a purchasing card and settling the debt by automatic bank debit.

No member of staff shall prepare or complete an invoice on behalf of a supplier. In exceptional circumstances, staff may request the permission of FBA to invoice UCL personally.

7.2 Authorisation Levels

Authorisation levels are approved by Finance Committee and are documented in the Delegated Authorisation Limits. Staff who are authorised signatories may incur expenditure up to their approved limit, provided there is sufficient budget in the account which is to be charged. Expenditure should not be incurred which would take an account into deficit or make a grant overspent without prior approval from FBA.
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7.3 Supplier selection

When obtaining goods, services or equipment, the following limits apply in respect of quotations or tenders. The formal tendering procedures, as laid down by Procurement Services should be followed, where appropriate.

<table>
<thead>
<tr>
<th>Total Aggregated Value* (Including VAT)</th>
<th>Procurement Requirements</th>
<th>Procurement Requirements</th>
<th>My Finance eMarketplace Catalogues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Standard Purchases</td>
<td>Framework Contracts</td>
<td></td>
</tr>
<tr>
<td>&lt; £5,000</td>
<td>One quote. Where no Framework exists, quotations should be sought, where the benefits of doing so will outweigh the administrative costs of obtaining the quotation.</td>
<td>Existing contracted or framework suppliers should be used where possible. Follow the procedures recommended in the relevant Buyers Guide for the contract.</td>
<td>Only the quote provided on the catalogue is needed</td>
</tr>
<tr>
<td>&gt; £5,000 - £50,000</td>
<td>3 Quotes A Minimum of three competitive tender bids, and where practical more than three, in order to obtain the most competitive price.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; £50,001 - £181,302**</td>
<td>All procurements above this level <strong>MUST</strong> be handled by UCL Procurement Services. A Procurement Assessment Form should be completed by the department and submitted to UCL Procurement Services.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EU Thresholds currently**
- > £181,302** (Goods & services)
- > £4,551,413 (Works)

* These values include Vat; however the Public Procurement Regulations thresholds are exclusive of VAT. These figures refer to the total order value. Like items should be aggregated together in order to obtain best value from the supplier. It is not permitted for orders to be subdivided into smaller amounts in order to avoid the appropriate procedures.

** The Public Procurement Regulations thresholds are applicable from January 2018 and are generally reviewed every two years. Please find the following Procurement Process Flowchart to help you identify which process best suits your requirements.

All tenders should be obtained in writing, held securely and opened at the same time. In addition, whole life costing procedures should also be applied as part of the evaluation processes, where appropriate. The following are exceptions for the need
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to obtain competitive quotations:

- there is already a formal agreement in place arranged or promoted by UCL Procurement Services or the company selected is a UCL contracted supplier
- the supply is of such a specialised nature that obtaining competitive quotations/tenders is inappropriate, and the Head of Department keeps a written record to justify this view. In all instances where the expected expenditure is in excess of £50,000, all requests for waiver of competitive tenders MUST receive prior approval from the Director of Procurement – please submit any request using the Procurement Exemption Justification Form
- the supply is to be financed by an external source which has imposed alternative arrangements and these are clearly identified, or
- a tender process has already taken place to select an approved supplier or group of suppliers, and UCL is named as a likely participant in any resulting contract or framework agreement.

In all circumstances where the external purchase of goods, services or equipment is over £50,000 the appropriate “over £50k checklist” form must be completed and attached to the requisition in MyFinance for approval. Where a competitive tender has not been completed, the approved Procurement Exemption Justification Form from the Director of Procurement should also be attached.

In cases where a formal contract has to be signed, the appropriate authorised signatory can sign this, according to their authorised financial limit.

The Director of Finance and Business Affairs shall arrange to review, at intervals not exceeding five years, the provision of the following services: banking, insurance, external and internal audit and investment management.

7.4 Conflict of interest

It is a requirement for members of staff to disclose any personal, financial or other beneficial interest with a proposed supplier in line with UCL’s Declaration of Interest Policy. They should ensure that their actions when dealing with these parties are at arms’ length and could not give rise to any questions of bias. Where necessary, they should make Procurement aware and withdraw from the purchasing process, allowing non-conflicted staff to make the purchasing decision.

7.5 Purchase orders

A purchase order should be raised on UCL’s financial system and appropriately approved before goods or services are purchased.

7.6 Purchasing cards

Purchasing cards may be used for low value purchases where it would not be efficient to raise a purchase order or where a purchase order cannot be used. All
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use should be in line with the Purchasing Card Policy.

7.7 Receipt of goods and services

All goods should be received at designated addresses. They should be checked for completeness, quality and specification. The person certifying that goods or services are satisfactory should be different from the person who placed the order. Goods or services should be receipted on UCL’s financial system before payment can be made.

7.8 Payment

7.8.1 Payment of invoices

Payment of invoices is managed by Accounts Payable. No invoice will be paid unless it has been matched to a purchase order and receipted on UCL’s financial system. Invoices should be sent directly to Accounts Payable and not to departments. UK suppliers should be paid via BACS and international suppliers should be paid via an automated overseas currency payment routing.

UCL’s standard payments terms are 30 days from the date of invoice. Failure to pay on time may jeopardise UCL’s credit facilities, damage its reputation and leave it vulnerable to legal action. It is budget holders’ responsibility to ensure that purchase orders are raised and receipted on a timely basis to ensure that invoices can be paid on time.

7.8.2 Payment in advance

It is recommended that payment before delivery of goods or services is avoided. However, where such advance payments are customary because of the nature of goods or services to be supplied, purchasers should ensure that appropriate guarantees are provided by the supplier. In the case of large payments, a bank guarantee should be obtained. Where this is not possible, approval should be obtained from the Director, Procurement before monies are transferred.

7.8.3 Reimbursement of expenses

Staff personal expense claims must be presented for reimbursement within three months of the expenditure being incurred and will be reimbursed via BACS to the nominated bank account. All staff should adhere to the UCL Expenses Policy and claims should be made through the iexpenses module of UCL’s financial system.

All claims for reimbursement of expenses, incurred by an individual in the course of UCL related business, must be supported by official receipts or some other valid form of supporting documentation, including VAT where appropriate, providing details of the purpose of expenditure.
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7.8.4 Research Subject Payments Cash Floats
FBA shall maintain an imprest account of such amount as may be required for making departmental research subject cash payments.

FBA may provide Heads of Departments with a research subject payments cash float, for the purpose of making payments to subjects on departmental research activity. FBA will determine float values. A receipt shall be signed in respect of each float advanced to the member of staff concerned (the float holder), who shall be held responsible to account for, and arrange safe custody, of the float.

Heads of Department shall ensure that adequate security arrangements are in place to hold research subject payments cash floats. Maintenance and operation of the research subject payments cash float shall be in accordance with procedures laid down by FBA and failure to comply may result in the facility being withdrawn.

Under no circumstances must research subject payments cash float be used to reimburse personal expenditure, payments of wages or salaries, temporary loans to staff or students, or to cash cheques.

Vouchers or receipts for research subjects’ cash disbursements shall be obtained, carefully preserved, and taken to the Financial Services Office with the research subjects cash float Reimbursement Form, duly reconciled and authorised by an authorised signatory. These arrangements may be varied by specific agreement with FBA (Treasury).

No individual payment out of a research subject payments cash float shall exceed the amount, set by FBA, from time to time.

7.9 Approval for Capital Projects and Long Term Maintenance
Expenditure on Estates capital projects and long term maintenance shall only be incurred by the Estates division and the Estates Capital Project Approval Policy should be adhered to. The Estates tendering procedure shall be followed and approval shall be in line with the delegated authorisation limits for Estates staff. Contracts will be retained in accordance with Estates contract filing procedures.

The Director of Estates shall present a progress report on all current capital projects to each meeting of Finance Committee, including a final report in respect of completed projects.

The Director of Estates shall ensure that suitable arrangements are in place to secure custody of all deeds and agreements relating to land and buildings owned or leased to or by UCL.

No charge shall be applied against any assets of UCL, without the prior approval of
the Council. No land or buildings of UCL shall be disposed of, without the prior approval of the Council and, where appropriate, HEFCE.

8 PAYROLL AND PENSIONS

8.1 General Principles

Payment of all salaries and allowances, other than expenses, shall be made through Payroll Services of the Human Resources division. Payments to staff (permanent and temporary) shall be at approved salary rates, as determined by the HRD, and having been correctly authorised. Payments to individuals, other than UCL staff, shall be supported by adequate evidence of work performed, and approved by an Authorised Signatory.

Payroll Services shall not process on UCL payroll any new appointment unless it is supported by a copy of the letter of appointment signed by the HRD or delegate, confirmation that the employee has commenced employment and has supplied all documentation required to satisfy Right To Work legislation within the country of working.

Heads of Department shall be responsible for notifying the HRD, in a timely manner, via the SiP system, of the resignation, termination or ending of the contract of a member of staff to ensure there is no overpayment of salary. They should also immediately notify the HRD where any newly appointed member of staff does not commence work on the given start date, is absent without authorisation or is absent contrary to their visa requirements.

8.2 Salaries, Allowances, Fees and Bursaries

The HRD is responsible for all payments of salaries, allowances, fees and bursaries, including payments for additional hours and overtime worked or other services. Only Payroll and Services will make such payments unless an exceptional arrangement has been agreed by the HRD and the FD in advance.

All members of staff shall be paid according to UCL’s salary scales prepared by the HRD, in consultation with the FD and the VP (Operations).

Human Resources Policy Committee (HRPC) shall determine the basis of eligibility, provision, value and criteria for the receipt of non-salary benefits such as salary sacrifice arrangements, medical and insurance.

Council has established a Remuneration and Strategy Committee, which is responsible for reviewing the remuneration of the Provost, Vice-Provosts, Deans and other non-clinical staff earning over £150,000 per annum.

Senior Managers are responsible for ensuring the prompt submission to the HRD for
all documentation to meet published deadlines for processing in the monthly payroll run. This is to ensure that employees receive their correct salaries, fees or bursaries without recourse to out of cycle payments.

All new employees are paid by BACS credit transfer as a condition of employment and can only be paid when full bank details and the relevant tax and National Insurance information, has been supplied to Payroll Services.

Employees are responsible for checking that they are paid correctly and informing the HRD immediately where this is incorrect.

In the event that an error is made in calculating the salary of an employee resulting in an overpayment, UCL’s Payroll Services reserves the right to recover the overpayment from any future salary payments due to the employee. In the event that a salary overpayment is brought to the attention of Payroll Services after the employee has left UCL’s employment, Payroll Services will contact the employee to arrange an alternative method of repayment.

8.3 Casual staff

Casual staff can be employed when appropriate. Departments should complete the appropriate form on UCL’s human resources system and Payroll Services will be responsible for making the payment. This arrangement will only be permitted in the case of staff where payments are obviously variable and irregular. If the arrangement becomes regular, i.e. payments are made consistently, then the member of staff must receive a casual appointment form from Human Resources.

8.4 Consultancy

All the staff should follow the consultancy guidelines.

8.5 Severance, early retirement and other non-recurring payments

Severance payments will only be made in accordance with relevant legislation and under a scheme approved by SMT. All such payments will be calculated by the Human Resources division and authorised by the VP (Operations), HRD or Dean.

All matters referred to an industrial tribunal shall be notified to the HRD at the earliest opportunity. All determinations of tribunals must be similarly notified.

All non-recurrent payments to members of staff (including overtime, consultancy fees, ex-gratia payments, etc) or other individuals (including visiting lecturers, external examiners, students, models, casual labour, occasional clerical or secretarial support, etc), which are deemed to be remuneration for work done or services rendered, must be processed through Payroll Services, and shall be supported by adequately certified documentation, signed by an Authorised Signatory. Staff cannot approve payments to themselves. Such payments are subject to deduction of Income Tax and National Insurance, unless exemption has been obtained from H M Inspector of Taxes or NI Contributions Agency.
Financial Regulations

8.6 Pensions

The University participates in the Universities Superannuation Scheme (USS), Superannuation Arrangements of the University of London (SAUL), NHS Pensions Scheme, the MRC Pension Scheme, Essex Pension Scheme and the Civil Service Pension Scheme.

Individual arrangements for membership are notified in contracts of employment. Members of staff are automatically enrolled in a pension scheme as required by legislation unless they specifically notify Human Resources, or their scheme, that they do not wish to join.

The annual contributions are determined by the Trustees on the advice of an independent, qualified actuary on the basis of triennial valuations using the projected unit method. The current contribution rates can be found on the Human Resources website.

Council undertakes the role of employer in relation to the pension arrangements for employees.

The HRD is responsible for day-to-day superannuation matters, including
- submission of contributions
- preparing the annual returns required by the schemes
- returning details of staff joining and leaving to the schemes

8.7 PAYE and National Insurance

All members of staff must have deductions for PAYE and National Insurance made from their pay in accordance with HMRC regulations. Members of staff are responsible for giving full and accurate information to Human Resources to enable Income Tax and NI to be calculated correctly.

The HRD is responsible for ensuring that these payments are correctly calculated and accounted for and that they are paid over promptly, as appropriate, to HMRC.

8.8 P11D Returns

UCL must submit P11D forms to HMRC. However, it is exempt from making the return for most categories of travel, subsistence and hospitality undertaken by employees wholly, exclusively and necessarily in the performance of their duties. The FD will ensure that the UCL's procedures for recording payments to employees ensure compliance with HMRC regulations.

9 INCOME COLLECTION AND TREASURY MANAGEMENT

9.1 General

The FD is responsible for ensuring that appropriate procedures are in operation to
Financial Regulations

enable UCL 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 FD.

It is the responsibility of all staff to ensure that revenue to UCL 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 FBA of sums due so that collection can be initiated.

Staff and departments must not plan, commission, use or modify any payment card processing procedure or systems without consultation with FBA and thereafter authorisation from FBA. This includes any payment card processing activity to be undertaken on behalf of UCL or which involves any use of its IT or network equipment. This is to ensure compliance with the Payment Card Industry Data Security Standard.

9.2 Invoicing

Each Head of Department shall ensure that all accounts for income, due to UCL, are raised within fourteen days on an official UCL sales invoice which provides particulars of all charges to be made for work done, services rendered, or goods. Departments should follow the process defined by FBA.

9.3 Research Income

Official acceptance of grants and contracts on behalf of UCL is by the Director, Research Service or another person to whom the responsibility has been delegated.

The Director, Research Services is responsible for ensuring that all claims for funds, including research and doctoral training grants and contracts, are made by the due date and that all grants notified by the funding body and other bodies are received and appropriately recorded in UCL’s accounts.

The Director, Financial Control & Analysis is responsible for the prompt collection, security and banking of all income received.

9.4 Debt Collection

Only the FD can implement credit arrangements and indicate the periods in which different types of invoice must be paid. UCL’s standard credit terms are 30 days.

The FD is responsible for the collection of debts due to UCL and has the authority to undertake whatever action is necessary for the recovery of these debts, including the appointment of third party collection agents and the taking of legal action.

The FD will enlist the assistance of Senior Managers in the recovery of the debt, wherever this is appropriate, and provide adequate information to Faculties and Professional Services on the debt position.
Financial Regulations

FBA shall ensure that

- there are adequate controls over the raising of debts in respect of all UCL activities
- all debts are collected promptly and
- outstanding balances are reviewed regularly.

Student Fees are collected by FBA and information on the payment of these can be found on the Current Students webpage.

9.5 Providing for and Writing Off Debts

Write-offs in excess of £10,000 shall only be actioned after consideration of a report thereon by the Finance Committee and their subsequent approval. The FD shall maintain a Register of all bad debts written-off.

The HRD will have delegated responsibility to write-off debts relating to the recovery of salary or benefit overpayment, within parameters determined by the FD.

9.6 Banking Arrangements

Council has delegated the authority to review and approve UCL’s banking arrangements to the Finance Committee. The FD is responsible for the implementation and maintenance of these banking arrangements and has delegated authority to open minor accounts with other bankers and credit card arrangements for reasons of security or administrative convenience. Finance Committee will approve the addition of new signatories to the bank mandate.

All income due to UCL must be paid into one of UCL’s bank accounts. No bank account may be opened to receive income due to the University without approval of the FD. All cheques must be made payable to "University College London". Under the Cheques Act 1992, cheques made payable to a third party can no longer be endorsed and paid into the UCL’s bank account.

Staff applying for individual grants from institutions such as the British Council, the Leverhulme Trust or the Royal Society, where the cheque is normally made payable to the member of staff rather than UCL should request that the cheque is made payable to "University College London." Associated paperwork may include the name of the member of staff.

The FD is responsible for ensuring that University bank accounts are regularly reconciled, and that there are adequate procedures to ensure security over cheques and any other means of transferring of funds.

FBA shall open and maintain the bank accounts needed to conduct properly the business of UCL. Finance Committee shall review annually such accounts and the
Financial Regulations

signatories who may operate them.

FBA shall ensure the reconciliation of all bank accounts on a monthly basis, by persons other than those whose responsibility includes the handling of receipts and maintaining accounts receivable records.

FBA shall ensure that proper control is exercised over unused and cancelled cheques.

Each Head of Department shall make every effort to ensure that all cheques received in respect of their activities, which are accountable to UCL, are made payable to "University College London". Instructions for payment to UCL by BACS/international transfer should be notified to FBA.

Where personal cheques are paid to UCL by staff, students, or others in respect of goods supplied or services rendered, the goods must be withheld for a period to allow the cheque to clear.

All income received on behalf of UCL in any Department shall be deposited at the Financial Services Office with appropriate paperwork, with the exception of cash which should be deposited in the Drop Safe and then the paperwork should be taken to the FSO. In special cases, FBA may approve income to be deposited directly with UCL’s Bank.

All income shall be deposited at the Financial Services Office (or directly banked if appropriate) not less often than weekly, except where total income received is in excess of £2,000 where it shall be deposited within one working day, and where cash exceeds insurance limits when it shall be deposited immediately.

All income shall be deposited intact. Payments shall not be made from income, unless by written agreement with FBA. Personal cheques or other such instruments may not be substituted for cash.

FBA shall arrange for all income received in the Financial Services Office to be deposited into UCL's Bank Account not less than once daily.

9.7 Income Collected by Faculties and Professional Services Divisions

All cheques received on behalf of the University must be passed without delay to the Financial Services Office and cash deposited in the Drop Safe. Departments must get approval from the FSO to use the Drop Safe. With the prior agreement of FBA, departments may bank cheques directly.

Senior Managers must maintain a record of all cash and cheques received. Faculties and Professional Services divisions should ensure that insurance requirements are complied with when monies are taken or handled outside the University premises.
Financial Regulations

Cash and cheques received must be kept in a secure location at all times. The FD is responsible for laying down procedures for the security of cash or cheques held. The University is insured for cash totaling up to £500 if kept in a locked cupboard or filing cabinet outside business hours. The insured level rises to the manufacturer’s limit if they are kept in a safe. Faculties and Professional Services should still bank receipts at least weekly, even when these limits are not breached.

The following restrictions apply to the use of cash receipts held by Faculties and Professional Services:
- personal cheques may not be cashed out of money held by the Faculty
- the money must be banked without deduction and may not be used to finance petty cash expenditure.

Members of staff must not open a bank account for UCL related activity nor use the name of UCL or its departments.

All types of advance, including cash, cheque, and foreign currency, shall be made at the discretion of FBA (or, in the case of salary advances, the HRD) who shall ensure that adequate control is exercised over such matters. Staff in receipt of an advance shall provide FBA with a return of expenses in the required format, with any unspent monies, by the due date. Failure to do so will jeopardise any subsequent advance requests from the Department concerned, and may also result in the advance being referred to Payroll for the deduction from salary in order to recover the advance.

All staff should adhere to the Research Advance Policy & Procedures OR Foreign Advance Policy and Procedures.

Every cash sum received on behalf of UCL by a member of staff shall be immediately recorded in an appropriate manner. An official receipt or voucher shall be issued to acknowledge the cash received unless alternative arrangements have been agreed with FBA. Likewise, where money which is accountable to UCL is transferred from one member of staff to another, such transfer shall be acknowledged by the issue of an official receipt or, where appropriate, by signature in a cash accounting record kept by the Department. Cash should only be retained by a department where secure facilities are available and up to the limit provided by UCL’s insurance policy as notified by FBA.

9.8 Investments

UCL complies with best practice in having a Treasury Management Policy. This sets out the responsibilities and controls for managing investments, and is reviewed at least annually by Council. An annual report on treasury management, covering both investments and borrowing, is presented to Council.
Financial Regulations

The prime consideration in the investment of cash is the security of the asset. UCL only invests with counterparties of good creditworthiness and in instruments that minimise the risk of capital loss.

UCL seeks to obtain a high return from its investments commensurate with the degree of risk associated with their underlying characteristics. It reduces risk by both restricting the instruments and counterparties in which it invests and by limiting the proportion of the portfolio invested in a particular instrument or counterparty.

Where UCL agrees to use investment managers, the performance and credit status of the managers will be measured regularly against market benchmarks.

Council delegates its powers for investment to Investment Committee which is responsible for agreeing and keeping under review UCL’s investment policies and ensuring the proper management of the University’s endowments. The FD is responsible for the day-to-day management of UCL’s investments in accordance with the Investment Policy. He/she will maintain an accurate independent register of all transactions requested and check to validate that all investment income that is due from external bodies responsible for managing the funds is correctly stated and received.

The Investments Committee shall make arrangements and be responsible for the long term investment of the funds of UCL (or of its associated Trusts) and shall report to Council via Finance Committee.

FBA shall be responsible for arranging short term deposits of UCL funds on a daily basis with due regard to any restrictions imposed by Finance Committee.

All investments should adhere to UCL’s Investment Policy.

9.9 Borrowing

Only Council has the power under Statutes to borrow money and give security on behalf of the UCL. Before any decision is made, Finance Committee will consider financing options and make recommendations to Council.

UCL must obtain the prior written consent of the Funding Council before it undertakes a level of borrowing such that annual servicing costs exceed 4% of total income.

The FD will maintain a register of all borrowing undertaken by UCL, and of any fixed or floating charges held against University assets resulting from borrowing by UCL. External borrowing may not be undertaken by individual Faculties or Professional Services Division.

10 INCOME FROM FEES AND DONATIONS
Financial Regulations

10.1 Tuition Fees
The Finance Committee will approve the standard tuition fees to be charged to students in each academic year. The FD shall, where appropriate, approve all other fees and charges levied by UCL although, in the case of Additional Fee Elements, the responsibility for notifying students of the departmental fee shall rest with the Head of Department. More information on tuition fees can be found on the UCL Current Students webpage.

10.2 Gifts and Donations
UCL has charitable status and it is not necessary for staff to set up individual charities to support their work. A donation can be for research, staff posts, operational costs, buildings, equipment, scholarships, prizes and any other purpose from individuals, charitable trusts and foundations or businesses.

The Development and Alumni Office (DARO) exists to support and co-ordinate fundraising activity across UCL. All proposed gifts must be processed in accordance with UCL’s Gift Acceptance Policy and those in excess of £10,000 must be negotiated in partnership with DARO. These large gifts must be supported in writing through a signed Gift Agreement and must be processed through the DARO Gift Administration team and not directly by the department. DARO will ensure that all relevant Gift Aid is claimed and UCL donation and supporter records are maintained. 100% of the donation and any tax reclaimed will be available to the department responsible for securing the donation.

Donations can be set up in the form of regular direct debits and/or via an online giving portal through DARO. UCL also maintains a JustGiving arrangement for those wanting to fundraise from their local community.

Where it is funding a specific activity, the gift or donation will cover adequately any proposed costs, including UCL overheads. The terms of the gift or donation should not be so restrictive as regards investment of the money or the purposes for which the gift or donation can be used. DARO is able to advise on structuring and negotiating donations for all purposes.

Where it has been decided, or the donor wishes, that a lump sum donation should generate an annual income and its capital value be preserved, the donation may be applied in such a way as to become part of the University's endowments. Restricted purpose endowments are only permitted on donations of £100,000 or more. Any smaller donations may be added to the UCL Greatest Needs endowment fund. The Director, DARO should be informed all any new endowments being set up.

Heads of Department shall not commit UCL to expenditure in excess of the balance standing on each endowment fund plus estimated income for that financial year.
Financial Regulations

FBA and DARO shall make arrangements to ensure that
- donations or gifts are received in the most tax efficient manner
- VAT implications are fully considered
- terms of a donation or gift are not too onerous upon UCL and do not result in commitments to expenditure or liability which cannot be met.

DARO shall ensure that tax (Gift Aid) is reclaimed from donations on a regular basis, and that adequate records are maintained as required by the tax authorities. International donors can make tax efficient donations through various vehicles maintained by DARO such as the UCL Friends and Alumni Association in the USA.

Fund raising staff and external consultants may not be appointed without the prior approval of the Director, DARO.

All gifts in support of medical research from grateful patients and their families are subject to the same policies as other donations. They should be channeled through the UCL Physicians’ Circle.

All legacy gifts/bequests must be processed through the DARO Gift Administration teams.

11 RESEARCH AND DOCTORAL TRAINING GRANTS AND CONTRACTS

Research Services shall arrange for the careful scrutiny of every application for all research and doctoral training grants or contracts to ensure that adequate financial provision is contained therein for the employment of staff, the meeting of recurrent expenses and an appropriate level of indirect costs. All such scrutiny shall consider the requirement to levy VAT on the proposed activity.

No formal application for a research grant shall be made without the signature of the appropriate Research Services staff member. In the case of contracts no member of academic staff should enter into any agreement or commitment on behalf of UCL unless prior authorisation has been received; all bids shall be prepared in consultation with Research Services and contracts shall be signed by the appropriate Research Services staff member.

Research Services should be contacted at the earliest opportunity where there is a prospect of any research funding in order that advice can be given on both the financial aspects of the application and the funders terms and conditions. No application for funding should be submitted without approval from Research Services, whose responsibility it is to conclude an necessary agreement with a sponsor and to determine whether the terms of any particular agreement are acceptable to UCL.
Financial Regulations

In view of the need to maintain commercial confidence in respect of contracts the costing and pricing of a proposed project, including indirect cost rates, shall not be disclosed to a sponsor without prior consultation with Research Services. A costing must be prepared and approved by Research Services in advance of any discussion of price with the funder.

11.1 Applications and awards

During negotiations for research grants, contracts or other such agreements administered by Research Services, the Head of Department shall consult with:

- the Director of Estates to ensure adequate consideration and provision for
  - any additional accommodation and/or furniture required
  - any building or engineering work required
  - any significant increase in the use of water, heating, electricity and any other form of power or energy or public utility services
  - any special safety, security, or environmental implications;
- the Director of Research Services, where
  - a continuing financial commitment will exist following the cessation of the grant or contract
  - there are increased insurance risks;
- appropriate staff in Biological Services, where the proposed grant, contract or contract agreement may be subject to Home Office regulations
- the Director, Library Services where it is expected that a high level of demand will be placed upon Library resources
- other senior staff as appropriate, if significant additional costs or implications for UCL are likely to arise within areas under their control.

Where the value of a grant or contract is in excess of £5,000,000 or where the duration of a project is five years or more, the Dean and Finance Director of the appropriate School shall consult relevant Heads of Department and confirm in writing to the signatory to the application that either

- the application appears to make no additional demands on UCL resources and hence should be approved; or
- the application is likely to make additional demands on UCL resources.

Where this is the case, the matter shall be referred to the Director of Research Services for consideration.

Acceptance of any research grant, contract shall be made by the Director of Research Services, provided confirmation has been obtained that, subject to the information available:

- the provision of finance, staffing, and office, teaching or research space is adequate;
- no unduly onerous conditions are contained in the offer;
- where appropriate, a satisfactory company credit status report has been received in respect of the proposed sponsor.
Financial Regulations

All research grants or contracts should make an appropriate contribution towards overheads. Where the recovery is below the level required approval should be granted by the School Finance Director ahead of the application being made.

No appointment of staff, or the commitment of resources by a Head of Department, may be made until the research grant has been formally accepted or the research contract has been signed.

Heads of Department shall be responsible for ensuring that each research grant or contract keeps within the limits of the expenditure for direct costs and staffing, as specified in the approved estimates for each project and in accordance with the terms and conditions of the contract or consultancy agreement. It will be the responsibility of the Head of Department to meet the cost of any overspends out of Departmental resources.

No member of staff shall direct a sponsor to address monies or cheques to themselves, in their own name or to their department in respect of work undertaken on behalf of UCL.

11.2 Financial responsibilities of the Principal Investigator

It is the responsibility of the Principal Investigator to ensure that the terms of the research grant or contract are complied with and only legitimate costs are charged against the contract. Staff may only be appointed on research grants and contracts with the agreement of Research Services that the costs of their employment can be recovered from the contract.

The Principal Investigator is the Budget Holder and has the responsibility of ensuring that all costs are correctly shown in reports available from UCL’s financial accounting system. They must also ensure that the budget is not exceeded, with any projected overspend reported immediately to the School FD. UCL’s general regulations and procedures apply to expenditure funded from these sources.

11.3 Claims to sponsors

Research Services is responsible for submitting claims for reimbursement as agreed under the contract and will normally claim all that is shown under the Cost Centre. He/she will obtain the approval of the Principal Investigator to the final claim made and to see if there are any further costs that should be included in the claim.

If a provision against non-payment is made for an outstanding debt, this will be a charge to the Faculty.

12 CONSULTANCY AND OTHER SERVICES RENDERED

12.1 Consultancy

All consultancy should be undertaken in line with UCL’s consultancy guidelines.
Members of staff may undertake consultancy work in a private capacity with the agreement of their Head of Department, providing this does not interfere with their duties to UCL. Where such a commitment on a personal and private basis is accepted, staff shall clearly indicate to the external sponsor in writing that they are acting in a personal capacity, and that there is no legal liability on UCL as a result of any advice, information or recommendations given. No use should be made of UCL stationery (or any other title or documentation) which could give the impression of UCL involvement. Heads of Departments shall ensure that staff undertaking private work have provided a suitable disclaimer letter to the sponsor. Staff accepting such private commitments are responsible for their own insurance and personal taxation arrangements. Staff may donate their consultancy income to their own or another UCL department through DARO.

12.2 Other Services Rendered
Staff should ensure that appropriate contracts and paperwork are in place before entering into any relationship with a third party to generate income. A credit check should be undertaken and UCL Legal Services contacted if appropriate. Any agreement should only be signed by a UCL authorised signatory and within the limits of the signatory.

12.3 Deficits and Surpluses
Any new activity must be self-financing or surplus-generating unless specifically agreed by the School Finance Director and the FD. Any deficits incurred on income-generating activities will be charged to the Faculty or Professional Service Division.

13 ASSETS

13.1 Land and Buildings
13.1.1 Acquisitions and disposals
Council has the responsibility of ensuring that the Director of Estates keeps the UCL’s holdings of land and buildings under review.

Any proposal to purchase or dispose of land or buildings should be approved in line with UCL’s delegated authorisation limits. Investment appraisal should be prepared according to best practice guidance.

Acquisitions or disposals of land or buildings wholly or partly financed using Exchequer funds must comply with conditions set out in the Financial Memorandum with HEFCE.

13.1.2 Custody of deeds and agreements
The secure custody of all deeds and other documents relating to land and buildings owned by UCL and all lease agreements for any buildings leased by or to UCL, is the responsibility of the Director, Library Services via the Records Office. They will make
arrangements for their security and should keep a register of all such documentation and its location. If the documents are held by a third party, they should ensure a receipt of custody is obtained.

13.2 Equipment

13.2.1 General responsibility
All Heads of Department are responsible for maintaining suitable records and applying strict controls over all stocks, stores and equipment within their custody, including arrangements for recording equipment on loan or located at the home of an employee.

A delivery note must be obtained from the supplier for all deliveries. The goods should be checked, as regards quantity, at the time of delivery and the quality and compliance with the original order as soon as possible thereafter.

13.2.2 Inventories
Departments are expected to maintain an inventory of their contents on the UCL Research Equipment Catalogue for new purchases valued at £25k and above and removing any items that have been disposed of.

13.2.3 Disposal of equipment and furniture
Furniture, equipment, plant and stores no longer required, no matter the reasons, must be disposed of in the manner most beneficial to UCL. FBA must be notified of the disposal of any assets which had an initial cost of more than £25,000 or which were part of a group of assets where the collective value was greater than £25,000. Sufficient information should be provided to identify the asset and should include details of the disposal including the method of disposal, sale proceeds, date of sale and the party purchasing the assets (if appropriate).

13.2.4 Equipment on loan from the University
Senior Managers may agree to the removal of equipment from the premises, on temporary loan to a member of staff or another institution.

The loan must be recorded in a separate inventory of all such equipment to include details of where the equipment is and the dates that it was removed and returned. Faculties and Professional Services should be aware that this inventory is required to support the University’s return to HMRC of the taxable benefits provided to staff. Equipment that is clearly demonstrated as being on temporary loan is not included as a taxable benefit. When a member of staff leaves, any equipment on loan must be returned, and the FD should be notified if this is not the case.

Where the equipment is not kept at a member of staff’s home, it should be clearly and indelibly marked as being both the property of UCL and on loan.
Financial Regulations

13.3 Stocks and Stores

Each Head of Department shall ensure that physical stock and inventory checks are carried out annually, or more frequently where the stockholding is of a high value or of an attractive nature.

Each Head of Department shall arrange for the completion of an annual stocktaking record in respect of all stocks and stores under the Department's control as at 31 July each year, certifying that the particulars shown are correct. Where the value exceeds £10,000 in total, the Head of Department shall forward the signed record to FBA.

Issues of stores internally shall be supported by an Inter-Departmental Order or official requisition order signed by an Authorised Signatory, showing the quantity of the goods issued and the account to be charged.

FBA shall arrange random checks of stocks and stores as considered necessary.

Each Head of Department shall ensure that significant surpluses, deficiencies, or losses of stocks, stores, and inventory items are reported immediately to the FD.

Any assets (including stores, furniture and equipment) deemed to be surplus to requirements or obsolete shall not be disposed of by sale or destruction unless:
- the authorisation of the Head of Department has been given where, in the view of the Head of Department, the estimated market value is less than £5,000, with advice to the SFD;
- the authorisation of the SFD where the estimated market value is between £5,000 and £50,000;
- the authority of the FD where the estimated market value is between £50,000 and £250,000;
- the authority of Finance Committee where the estimated market value exceeds £250,000.

13.4 Intellectual Property

All staff and students should adhere to the appropriate UCL policy on Intellectual Policy.

- UCL Staff
- UCL Students

The Council will, from time to time, lay down guidelines for the distribution of such income but UCL maintains its right to vary the proportionate share of income depending on the circumstances of each case.

13.5 Security of Assets

Responsibility for internal control within a Department rests fully with each Head of
Financial Regulations

Department, who should ensure that appropriate and adequate arrangements exist within the Department to safeguard all assets and resources, compliance with UCL policies and these Financial Regulations. Relevant records should be maintained which should be as complete and accurate as possible and retained securely.

13.6 Insurances

All insurances of UCL shall be under the direction and control of FBA, who shall be responsible for all liaison and negotiations with insurance brokers.

FBA shall keep a register of all insurances affected by UCL and the property and risks covered.

Heads of Department shall immediately notify FBA of any new types of risks, new premises, or equipment valued in excess of £100,000, to be insured, together with the amount of cover required, and, further, shall notify any change in circumstances which may affect existing risks and insurances.

Heads of Department shall advise FBA immediately of any loss or circumstance which may give rise to an insurance claim. All claims shall be prepared by FBA, in conjunction with the Head of Department, for submission to the insurers.

Heads of Department shall not give an indemnity to any person unless its terms have been approved by FBA.

All monies due and received from insurers shall be paid to FBA for credit to a UCL bank account.

The Director of Estates shall keep suitable records to ensure that the inspection of such plant which is normally carried out by an Insurance Company, is carried out by the Company within the prescribed period. In the event of any failure by an Insurance Company to carry out inspections during the prescribed period, FBA shall be notified immediately.

13.7 Discretionary Funds

Discretionary Funds shall include all Funds except those funded by:
- HEFCE or other government departments
- students fees
- research grants, contracts, consultancy agreements or other such agreements administered by FBA
- endowment or other trust administered by FBA
- short courses
- any internal funding eg Provost Strategic Development Fund
- any other income which is classed as “Core” rather than “Other”

Heads of Department shall ensure at all times that discretionary accounts do not go
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overdrawn and that any activity which funds a discretionary account should be self-funding over its lifetime. Where income is to be generated from the sale of goods or services rendered, Heads of Department shall ensure that the full costs (including indirect costs) are taken into account when setting prices, and that VAT is charged, where appropriate. Any in-year deficit should be agreed by the School Finance Director at the time of the activity being planned or budgeted.

Discretionary Funds are deemed to belong to UCL, and are not transferable, should a member of staff leave UCL’s employment.

More information can be found at: Guidance Notes on Discretionary Accounts.
14 FINANCIAL ACCOUNTING

14.1 Retention of Financial Records

Each Head of Department shall arrange for financial and other related documents to be retained in a secure and accessible manner for the appropriate periods.

The documents referred to overleaf should be retained for the periods shown, in addition to the current Financial Year.
Documentation in respect of some research grants and contracts may have specific retention policies and, where longer, these should take precedence over the list above. In the case of a dispute documentation should be kept until the dispute is settled.

14.2 Accounting Arrangements

UCL’s financial year runs from 1st August until 31st July the following year. The Annual Report and Financial Statements are prepared on an historical cost basis of
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accounting in accordance with applicable accounting standards. They are also 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 Act 2006, where appropriate.

The Annual Report and Financial Statements are recommended to Council for approval by Audit Committee. Accounting policies are agreed and revised each year as necessary by Audit Committee and are set out in the University's latest annual report and financial accounts. UCL will provide a copy of the most recent Annual Report and Financial Statements where requested and make them available on the UCL website.

14.3 Taxation

14.3.1 Value Added Tax (VAT)

UCL is registered for VAT and must charge VAT on any goods or services it provides at the appropriate rate where they are not exempt or outside the scope of VAT.

It is essential that Heads of Department refer to FBA whenever they undertake any new activities, including provision of services, sales of goods and sponsorship arrangements, in order to obtain a ruling on the liability to VAT. Such a ruling must be obtained before any prices are quoted to customers, contracts signed or any work is undertaken.

Heads of Department should always ensure that a valid tax invoice is obtained from their suppliers. Details of a valid tax invoice are included in the VAT Guide.

By virtue of its charitable status, UCL is able to obtain zero rating on certain equipment to be used in medical research, training or diagnosis. Individuals signing VAT zero-rating certificates should ensure that the equipment is eligible for the relief.

Heads of Department should ensure that due consideration is given, when dealing with non-UK customers or suppliers, to VAT regulations applicable to the import or export of goods or services. Orders for imports of goods or services from other European Union countries should quote UCL’s VAT registration number (GB 524 3711 68). When exporting goods or services to other EU countries, the customer’s VAT registration number must be obtained and quoted on the sales invoice. UCL may have to account for VAT on a "self-billing" basis on the import of goods or services from the EU and on imports of certain services from other overseas suppliers.

When purchasing scientific instruments and apparatus from abroad, it may be possible to obtain a certificate of relief from Customs and Excise Duty. Heads of Department should ensure that all applications are made before the equipment is imported.
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If there is any doubt over the application of VAT legislation members of staff should seek advice from FBA.

14.3.2 Corporation Tax

UCL is exempt from corporation tax in the case of any trade it undertakes provided the profits are applied solely for the purposes of the charity and the trade is exercised in the course of carrying out a primary purpose of the charity. Certain areas of research, consultancy and non-student lettings may be considered as potential trading activities, with a consequent liability for corporation tax, as is any non-primary purpose activity. In these instances, the activity should be undertaken through one of UCL’s trading subsidiaries.

The FD is responsible for ensuring that all appropriate corporation tax returns and calculations are filed.

14.3.3 PAYE and National Insurance

The relevant regulations are dealt with under Payroll and Pensions.

15 AUDIT

15.1 Access and Scope

The HEFCE, NAO, external and internal auditors shall have right of access to records, assets, personnel, premises or any other information in respect of UCL activity and to obtain such information and explanation, as considered necessary, to fulfill audit responsibilities.

15.2 Internal Audit

A continuous internal audit function shall be provided in accordance with the requirements of the HEFCE Audit Code of Practice. This service may be provided by an in-house team or by an external provider.

Internal audit shall provide Audit Committee with a report on a regular basis. Audit Committee shall provide an annual report to Council covering the work undertaken during the financial year.

The FD shall inform the Audit Committee of fraudulent activity resulting in a loss to UCL in excess of £25,000.

15.3 External Audit

15.3.1 Appointment

The Audit Committee appoints external auditors on behalf of Council.

The primary role of external audit is to report on the institution’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
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set out in HEFCE’s Audit Code of Practice and the Auditing Practices Board’s statements of auditing standards.

Only those qualified as auditors in accordance with the meaning of the Companies Act 2006 are eligible for appointment. No person shall be appointed as External Auditor who is, or any one of whose partners is, a member of the Council of the University. Council delegates to the FD and the Chairman of the Audit Committee the agreement of the audit fee. The terms of the auditors’ engagement should be reviewed regularly by the Audit Committee and be set out in an agreed letter from the External Auditor to the FD.

15.3.2 Reporting
The External Auditor will audit UCL’s books of account and report on UCL’s annual financial statements to the Audit Committee and the Council of the University at the meetings which consider and approve these. They will in their report:

- state whether in their opinion the financial statements show a true and fair view of the balance sheet at 31st July and of the income and expenditure and cash flow statements for the year then ended
- state whether in all material aspects monies expended from HEFCE grants and other funds from whatever source (including the NHS), administered by UCL for specific purposes, have been properly applied to these purposes and if appropriate managed in compliance with any relevant legislation, such as the Trustee Investments Act 1961
- state that income has been applied in accordance with the UCL’s Charter and where appropriate with the Financial Memorandum with HEFCE

The External Auditor will report to the Audit Committee, without delay, any serious weakness or accounting breakdown discovered during the audit, which in their view warrants the attention of the Committee. They will within a month of reporting to Council their opinion on the annual financial statements, report to the FD, with a copy to the Audit Committee, any material items arising from the audit, such as weaknesses in the accounting systems and internal control, together with advice for improvement. Where independent confirmation is required by a third party they will state, at UCL’s request, their opinion.

15.3.3 Right to attend meetings
The External Auditor may attend and be heard at meetings of the Council when the annual financial statements are being considered and approved. They will attend all the meetings of the Audit Committee. UCL will ensure that they receive proper notification and the agendas for meetings.

15.3.4 Extraordinary termination of appointment
The External Auditor may resign in writing addressed to the Council and should give
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the reasons for their resignation.

In the event of serious shortcomings on the part of the External Auditor, Council may recommend the removal of the auditors before the expiry of their term of office, notwithstanding any agreement between the auditors and UCL. In this event the External Auditors will be entitled to address Council regarding the reasons for their proposed removal.

15.3.5 Reports to the Funding Council
The following information must be provided to HEFCE under the Audit Code of Practice:
- copies of the Audit Committee’s annual report to Council
- copies of the External Auditor’s management letter with any management response

The Provost must report without delay to the Chair of the Audit Committee, the Chair of Council and the HEFCE Accounting Officer serious weaknesses, significant frauds or major accounting breakdowns. A serious weakness is defined as one that may result in a significant fraud or irregularity. Significant fraud is usually where one or more of the following factors are involved:
• the sums of money are in excess of £25,000
• the particulars of the fraud are novel, unusual, or complex
• there is likely to be great public interest because of the nature of the fraud or the people involved
• the removal or resignation of the External Auditors

16 OTHER ENTITIES

16.1 University Companies
UCL has a number of subsidiary companies, set up to undertake various operations. Any new subsidiaries will be approved by VP (Operations) and the FD with the appropriate advice having been taken in respect of governance, financial accounting and taxation. All new subsidiaries will be notified to the Assistant Director, Financial Accounting. All subsidiaries will be governed and managed in accordance with HEFCE best practice guidance for related companies and members of staff are bound by these financial regulations.