

Kingston University London



FINANCIAL REGULATIONS

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TERMINOLOGY

The following general terms have been used in this document.

THE BOARD

The Governing Body of the University. It is charged with the administration and management of its resource and property.

VICE-CHANCELLOR

The Chief Executive of the University responsible to the Board for maintaining and promoting the efficiency and good order of the University.

ACADEMIC COUNCIL

The body responsible for academic matters whose role is to direct and regulate the teaching and research work of the University.

ACADEMIC GOVERNANCE COMMITTEE (AGC)

The Committee which oversees and monitors the effectiveness of the University's approach to academic governance and the management of academic risk, within the overall framework of governance for the University. This Committee provides assurance to the Board that academic governance as exercised by Academic Council and its sub-committees is working effectively to safeguard academic standards for education and research and the quality of students' educational experience at the University.

SENIOR LEADERSHIP TEAM (SLT)

The Vice-Chancellor; Provost and Deputy Vice-Chancellor, Pro Vice-Chancellors, Deans, Chief Operating Officer, Executive Director of Student Services and University Secretary.

BUDGET HOLDER

The member of staff who has been assigned their own budget (other than a Head of School/Section) and is accountable to their Head of School/Section for it.

FINANCE COMMITTEE

The committee with, inter alia, delegated responsibility for financial matters.

AUDIT AND RISK ASSURANCE COMMITTEE (ARAC)

The committee which reports to the Board on the effectiveness of arrangements for control, governance, and key management systems. It also reports on the effectiveness of the arrangements for managing risk, including risks associated with academic quality; arrangements for consideration of risk by the Board and its committees; and compliance with agreed procedures and guidelines.

1. BACKGROUND

- 1.1 The University is accountable for its stewardship of public funds and funds from other sources through the Board that has ultimate responsibility for the sound operation, corporate governance and proper conduct of the University's management and administration. The Board has delegated certain responsibilities to the Finance Committee. The Audit and Risk Committee, independent of management and communicating directly with Board, has a wide remit allowing it to consider and investigate any matter pertaining to the financial management and corporate governance of the University.
- 1.2 The University is an exempt charity by virtue of the Charities Act 2006, and as determined by the Charity Regulator.
- 1.3 The Terms and Conditions of Funding for Higher Education Institutions issued by the Office for Students (OFS) sets out the terms and conditions of funds made available by the Department for Education. The Board is ultimately responsible for ensuring that the conditions of grant and obligations set out in the Financial Memorandum are met. The Vice-Chancellor, as accountable officer, is required to satisfy Board that there is compliance with the terms of the Conditions of Funding. As part of this process the University must adhere to the OFS Audit Code of Practice which forms part of the conditions of funding. The financial regulations of the University form part of this overall system of internal control.

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 and management control and has been approved by ARAC.

- 2.2 Compliance with the financial regulations is compulsory for all staff employed by 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 procedures. It is the responsibility of Heads of Schools/Heads of Directorates to ensure that their staff are made aware of the existence and content of the University's financial regulations. Where appropriate, new members of staff will be supplied with the web link for the financial regulations at the time of their appointment.

- 2.3 The Senior Leadership Team is responsible for maintaining an ongoing review of the financial regulations and advising ARAC of any additions or changes necessary.

3 CORPORATE GOVERNANCE

3.1 THE BOARD

The Board is responsible for the University's mission and strategic direction, management and administrative arrangements, financial health, well-being of staff and students and, in association with the Academic Council and the AGC, for establishing and maintaining high standards of academic conduct and probity. There should be effective arrangements for providing assurance to the Board that the University:

- Has a robust and comprehensive system of risk management, control, and corporate governance. This should include the prevention and detection of corruption, fraud, bribery, and irregularities.
- Has regular, reliable, timely and adequate information to monitor performance and track the use of public funds.
- Plans and manages its activities to remain sustainable and financially viable.
- Informs the OFS of any material change in its circumstances, including any significant developments that could impact on the mutual interests of the HEI and the OFS.
- Uses public funds for proper purposes and seeks to achieve value for money from public funds.
- Complies with the mandatory requirements relating to audit and financial reporting, set out in the Audit Code of Practice and in the annual account's direction.
- Sends the OFS the annual accountability returns and other information reasonably requested.
- Has adequate and effective arrangements for the management and quality assurance of data submitted to HESA, the Student Loans Company, the OFS and other funding or regulatory bodies.
- Has an effective framework – overseen by its Academic Council and the AGC to manage the quality of learning and teaching and to maintain academic standards.
- Considers and acts on our assessment of its risk specifically in relation to these funding purposes.

3.2 COMMITTEE STRUCTURE

The Board has ultimate responsibility for the University's finances, but delegates much of the detailed work to the committees below. These committees are accountable to the Board.

Finance Committee

Consideration and development of the University's strategic plans and the monitoring of its financial position and financial control systems is undertaken by the Finance Committee, a committee of the Board. The Committee ensures that all the financial implications of such plans are considered; it examines annual forecasts / budgets and financial statements and recommends their approval to the Board. It determines and makes recommendations to the Board on the allocation of resources and ensures that annual budgets are in line with agreed longer term plans and that they are followed. It considers any other matters relevant to the financial duties of the Board and makes recommendations accordingly. The committee also ensures that the Board has adequate information to enable it to discharge its financial responsibilities.

Audit and Risk Assurance Committee (ARAC)

The University is required by the Terms and conditions of funding with the OFS to appoint an Audit Committee. To ensure independence and objectivity, the committee is independent of management, independent of the Finance Committee, and reports directly to the Board. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring auditors' performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency, and effectiveness and to secure value for money in all areas.

The audit requirements of the University are set out in the OFS Terms and Conditions of Funding.

Remuneration Committee

Consideration of senior management and professional level employee pay, and conditions is the responsibility of the Remuneration Committee. It has the power to make recommendations to the Board of Governors

3.3 EXECUTIVE COMMITTEES

Senior Leadership Team (SLT)

The SLT comprises the Vice-Chancellor, Provost, Pro-Vice-Chancellor (Strategy), Deans, Chief Operating Officer, the Executive Director of Student Services and University Secretary. It advises the Vice-Chancellor on matters of policy and acts as an important forum for discussion of matters pertaining to the corporate and executive responsibilities of its members. It monitors the ongoing financial performance of Faculties and Directorates against approved budgets, initiating corrective action where necessary. The SLT also oversees the management of risk, identifying key business risks, their implications, and their management.

Estates Committee (EC)

The EC monitors the progress of all major institutional capital and infrastructure projects, makes recommendations to the SLT and informs reports to the Board.

Digital Investment Group (DIG)

The DIG monitors the progress of all major institutional IT and infrastructure projects, makes recommendations to the SLT and informs reports to the Board

3.4 RESPONSIBILITIES

The Vice-Chancellor

The Vice-Chancellor is the chief executive of the University responsible for advising Board on policy issues and accountable to the Board for the implementation and delivery of agreed policy and for his stewardship and management of the University. The Vice-Chancellor is designated by the Board to be the “accountable officer” who reports to the OFS on behalf of the Board. The Accountable Officer is responsible to the Governing Body for ensuring compliance with the terms and conditions of funding and for providing the OFS with assurances to that effect.

The Chief Operating Officer (COO)

The COO is responsible for Finance, Infrastructure (Estates and Information Technology), and Human Resources. The day-to-day financial administration is controlled by the Director of Finance who is responsible for:

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

Heads of School/Directorate

Heads of Schools/Directorate are responsible to the Faculty Deans / Directors for financial management of the area or activities they control. They are advised by the Director of Finance in executing their financial duties. The Director of Finance will also supervise and approve the financial systems and procedures operating within Schools/Directorate including the form in which accounts and financial records are kept.

Heads of Schools/Directorate are responsible for establishing and maintaining clear lines of responsibility and segregation of duties within their Schools/Directorate for all financial matters.

3.5 RISK MANAGEMENT/WHISTLEBLOWING/CODE OF CONDUCT

Risk Management

The University both recognises and acknowledges the inherent risks and uncertainties resulting from its business and it is committed to managing those risks which pose a significant threat to the achievement of its business objectives and its financial health.

The university proactively identifies, monitors, manages, and mitigates against risk and adopts a mature, pragmatic, robust and proactive approach towards risk management.

The Board maintains overall responsibility for ensuring that a consistent approach is taken to risk management and embedded across the University. This is conducted through the delivery of a structured risk management system. Detailed guidance on the universities management of risk is set out in a separate risk management policy.

The Board of Governor's acting on its own behalf and through the delegation of its sub-committee's monitors the management of risk to provide assurance that risks are being both robustly and effectively managed and that the Risk Management System remains fit for purpose and is being executed effectively.

The Universities principal risks and uncertainties are detailed within the universities Strategic Risk Register (SRR). These are the most significant risks faced by the university which may adversely affect the universities strategy, financial position, performance and/or its sustainability. The risk assessment process evaluates the probability of these principal risks materialising and the financial and/or strategic impact that they may have on staff, students and/or stakeholders.

Each of the risks recorded on the SRR are owned by a member of the Senior Leadership Team (SLT) and informed by the university's operational risk registers. Each risk is assigned to the most appropriate Board Committee or to the Board directly in its entirety in order to ensure consistency and provide additional resilience and assurance that the risks are being appropriately reviewed, updated and monitored accordingly. The SRR is considered formally three times a year by the Risk and Business Continuity Committee (RBCC), the SLT and the Audit and Risk Assurance Committee (ARAC) and presented to the Board of Governors annually.

Receiving Gifts or Hospitality

The Bribery Act 2010 came into force on 1 July 2011. The Act introduced new offences for acts of bribery by individuals, or persons associated with relevant organisations. The penalties are severe for any employee convicted under the Act, which could mean a criminal record with ten years' imprisonment and unlimited fines. The University has an Anti-bribery policy which is also referenced in the University's Employment Expenses and Benefits Procedure.

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.

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 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 is not acceptable in terms of gifts or hospitality, the offer should be declined, or advice sought from the relevant Head of School/Directorate or the Director of Finance.

The University Clerk's advice should be sought to ensure that this is the case.

Whistleblowing

Whistleblowing in the context of the Public Interest Disclosure Act 1998 is the disclosure by an employee about malpractice in the workplace. A whistle-blower can report issues about crime, civil offences (including negligence, breach of contract, etc.), miscarriage of justice, danger to health and safety or the environment or breach of the financial regulations and the cover-up of any of these.

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 School/Directorate. However, the University recognises that because of the seriousness or sensitivity of some issues, together with the knowledge of whom the member of staff thinks may be involved, may make this difficult or impossible.

A member of staff may, therefore, make the disclosure to one of the staff designated for this purpose, for example the University Registrar. If the member of staff does not wish to raise the matter with the designated member of staff, or with the Vice-Chancellor or Chair of the Board, it may be raised with the Chair of ARAC. In all cases, the whistle-blower can remain anonymous. All cases of Whistleblowing will be reviewed by ARAC.

The full procedure for whistleblowing is set out in the University's separate whistleblowing policy, which is available on the University Website.

Code of Conduct

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 (the Nolan Committee) which governing body members and members of staff at all levels are expected to observe. The University expects that staff at all levels will observe its code of conduct, which covers:

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

4 FINANCIAL MANAGEMENT & CONTROL

4.1 FINANCIAL PLANNING

The COO is responsible for preparing a five-year plan for recommendation by the Finance Committee to the Board. The Finance Director is responsible for co-ordinating the preparation of the annual financial return to the OFS including the five-year plan. The Director of Finance ensures that detailed budgets are prepared to reflect the outcome of the resource allocation process and that these are communicated to budget holders as soon as possible following their approval by the Board. Financial plans should be consistent and enable delivery of the University Strategic Plan and the estates strategy to be approved by Board.

During the year, the Director of Finance, following discussion with budget holders, is responsible for co-ordinating the submission of significant budget revisions to the COO and SLT for consideration before submission to the Board for approval.

The COO, in conjunction with the Director of Finance, the Director of Estates and Chief Information Officer (CIO), is responsible for the preparation of the 10-year capital plan which identifies and prioritises capital projects which achieve the University strategic objectives. An annual capital plan is produced on a rolling basis detailing the infrastructure projects approved for that financial year.

Resource Allocation

Resources are allocated annually by the Board on the recommendation of the SLT.

Budget holders are responsible for the economic, effective, and efficient use of resources allocated to them and ensuring budgets are used for eligible purposes.

Capital Programmes

The University's accounting policies require that expenditure on items or groups of related items costing more than £10,000 are capitalised rather than expensed in the year of acquisition where the benefit derived from the expenditure extends beyond a single year, i.e., not revenue costs. Resources for planned capital expenditure on land, buildings, equipment, furniture, and associated costs will be allocated as part of the 10-year capital programme approved by the Board. During the year the Director of Finance along with the Director of Estates and the CIO are responsible for submitting capital programme amendments to the EC and DIG for approval.

The EC and DIG are responsible for managing the overall project budget and reporting to SLT on progress against approved budget, along with a latest forecast.

Proposed major capital projects should be supported by:

- a statement which demonstrates the project's consistency with the strategic plans and estates /information strategies approved by the Board including
 - (i) Option Appraisal.
 - (ii) Business Plan.
 - (iii) Risk Analysis.
- an initial budget for the project for submission to the Finance Committee. The budget should include a breakdown of costs including professional fees, VAT, contingency 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 OFS guidance on this matter
- a demonstration of compliance with approved tendering procedures.
- a cash flow forecast

Capital projects should assume VAT will not be recoverable on the project costs, unless specifically authorised to do otherwise.

Following completion of major capital projects, a final report is submitted to the EC recording actual expenditure against budget and reconciling funding arrangements where a variance has occurred. In addition, a post implementation review is carried out to ensure the objectives have been achieved and highlight any areas for improvement. This is now a condition of grant from the OFS in relation to capital grants awarded.

Other Major Developments including Overseas Activity

Any new aspect of business, or proposed establishment of a company or joint venture or overseas activity, which will require an investment in buildings, resources or staff time should be presented to the SLT.

4.2 FINANCIAL CONTROL

Budgetary Control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder who must ensure that day to day monitoring is undertaken effectively. Budget holders are accountable to their line manager for the income and expenditure appropriate to their budget. Budget holders are assisted in day-to-day financial control by the provision of regular management information by the Director of Finance to help them manage resources for which they are accountable. The types of management reports available to budget holders are described in the University's detailed financial procedures.

Any forecast of a significant departure (greater than £100K or 10% whichever is lower) from budgetary targets must be reported immediately to the Finance Director by budget holders and, if necessary, corrective action agreed and taken.

Any variances over £500K need to be referred to the SLT.

The Director of Finance is responsible for supplying a monthly management report on all aspect of the University's finances to the COO for consideration by the SLT, Finance Committee and Board throughout the year, to enable the committee to monitor ongoing financial performance.

4.3 ACCOUNTING ARRANGEMENTS

Financial Year

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

Basis of Accounting

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards. All accounting is on a full accrual/commitment accounting basis.

Format of the Financial Statements

The presentation of the annual financial statements is in accordance with the requirements of the OFS and reflects the Statement of Recommended Practice for Further and Higher Education Institutions, Statements of Standard Accounting Practice and Financial Reporting Standards where these apply.

Basis of Consolidation

The annual financial statements consolidate the financial statements of the University and all its subsidiary undertakings for the financial year.

Accounting Records

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

The University is required by law to retain prime documents for six years (paper or electronic format). These include:

- official purchase orders
- suppliers' invoices
- sales invoices
- bank statements
- copies of receipts
- BACS files
- payroll records
- complete archive of transactions for each year from the computerised accounting system.

Additionally, for auditing and other purposes, other financial documents should be retained for three years.

Taxation

The Director of Finance is responsible for advising, in the light of guidance issued by HM Revenue and Customs and relevant legislation as it applies, on all taxation issues which may affect the University. The Director of Finance will accordingly issue instructions to Schools/Sections on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance and Corporation Tax.

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

For any proposed activity outside the UK, such as an overseas staff secondment, overseas research grant or any other activity being undertaken overseas, the Director of Finance must be notified in advance to ensure appropriate advice is taken regarding any overseas taxation implications. The taxation position must be agreed prior to signing any contract or agreeing a staff secondment.

4.4 GENERAL

External auditors and Internal Auditors have authority to:

- access University premises at reasonable times
- access all assets, records, documents, and correspondence relating to any financial and other transactions of the University.
- require and receive from staff 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/her control.
- access records belonging to third parties were defined in contracts, such as contractors when required.

The Director of Finance is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

Following consideration by SLT, the annual financial statements will be reviewed by ARAC. On the recommendation of ARAC they will be submitted to the Board for approval.

External Audit

After a tendering exercise the external auditor will be appointed by the Board on the recommendation of ARAC, normally for a period of up to five years subject to satisfactory performance. The statutory re-appointment of external auditors will take place annually and is the responsibility of the Board, advised by ARAC.

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 are defined in accordance with advice set out in the OFS Terms and Conditions of Funding.

Internal Audit

After a market testing exercise the internal auditor is appointed by the Board on the recommendation of ARAC, normally for a period of up to five years subject to satisfactory performance.

The OFS Terms and Conditions of Funding requires that the University has an effective internal audit function. The Internal Audit Service is responsible for conducting an independent appraisal of all the University's activities, financial and otherwise except for the academic process. Internal audit is required to provide the Board, the Vice-Chancellor and senior management with assurances on the adequacy of the internal control system.

The internal audit service is independent of the executive management of the University in its planning and operation and has direct access to the Board, Vice-Chancellor, and Chair of ARAC.

Fraud and Corruption

It is the duty of all members of staff, management, and the governing body to notify the Chief Financial Officer immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption, or any other impropriety. The University's fraud policy statement is included in Appendix A. The Director of Finance shall immediately invoke the fraud response plan, which incorporates the following key elements (see Appendix A for fuller details):

- Notify the Vice-Chancellor and the ARAC (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 principal shall inform the Police if a criminal offence is suspected of having been committed.
- Any significant cases of fraud or irregularity (value over £25,000) shall be reported to OFS in accordance with its requirements as set out in the terms and conditions of funding.
- The ARAC 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 ARAC on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the COO, Director of Finance and/or the Vice-Chancellor, the member of staff shall notify the chair of the ARAC direct of his or her concerns regarding irregularities.

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 resources under its control, considering 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.

Internal audit is to have regard to value for money in its programme of work. This will be used to enable the audit committee to refer to value for money in its annual report.

Other Auditors

The University may, from time to time, be subject to audit or investigation by external bodies such as the OFS, National Audit Office, European Court of Auditors, and HMRC (HM Revenue & Customs). They have the same rights of access as external and Internal Auditors.

4.5 TREASURY MANAGEMENT

Treasury Management Policy

The Finance Committee is responsible for approving the treasury management policy which sets out the strategy and policies for cash management, long term investments and borrowings. This will require compliance with any funding body rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum.

All executive decisions concerning borrowing, investment or financing are delegated to the COO within the appropriate reporting to SLT, Finance Committee and Board. All borrowing shall be undertaken in the name of the institution and shall conform to the funding body requirements.

Appointment of Bankers and Other Professional Advisers

The Board is responsible for the appointment of the University's bankers and other professional financial advisers (such as investment managers) on the recommendation of the SLT.

Banking Arrangements

The Director of Finance is responsible, on behalf of the COO, for liaising with the University's bankers in relation to the operation of bank accounts. Only the Director of Finance may open or close a bank account for dealing with the University's funds. All bank accounts shall be in the name of the University or one of its subsidiary companies. All automated transfers on behalf of the University, such as BACS or CHAPS must be authorised and submitted by nominated individuals within the finance section. The process is controlled by use of a digital identity card and a pin number, unique to each authorised individual. Payments up to an agreed amount, specified in the University's detailed financial procedures, can be authorised / submitted by one person. Payments over this amount require two authorisations before they can be sent.

Corporate credit cards are issued to authorised members of staff. The application for a card must be authorised by the applicant's line manager, and subsequently by Finance Director. A credit limit for monthly spend is set. The limit varies, depending on the purpose for which the card is to be used. The University has issued documentation which sets out the procedures to be followed on the use of corporate credit cards.

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

4.6 INCOME

General

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

Levels of charges for contract research, tuition fees, goods supplied, and rents (including residence fees) are determined by procedures approved by the Director of Finance for approval by the COO, SLT and Board. In relation to external research grants and contracts, where possible, all pricing will be on full economic costing basis.

The Director of Finance is responsible for the prompt collection, security, and banking of all income. Any refunds are only made to the bank account or credit card that made the initial payment.

The Director of Finance is responsible for ensuring that all grants notified by the OFS and other bodies are received and appropriately recorded in the University's accounts.

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

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.

Receipt of Cash, Cheques and Other Negotiable Instruments

The Director of Finance 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.

All sums received must be paid in and accounted for in full and must not be used to meet miscellaneous school/section expenses.

Collection of Debts

The Director of Finance is responsible for the co-ordination of credit control and debt collection and will ensure that effective procedures are in place so that:

- debtors' invoices are raised promptly on official invoices in respect of 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.
- VAT is correctly charged where appropriate, and accounted for

- swift and effective action is taken to collect overdue debts, in accordance with the University's financial procedures
- outstanding debts are monitored, and reports are prepared for management.

The Director of Finance is responsible for implementing agreed credit arrangements.

Requests to write-off debts in excess of £30,000 must be referred in writing to the COO for submission to the SLT for consideration. Debts below this level may be written off with the permission of the Director of Finance and authorised by the Financial Controller.

Student Fees

The procedures for collecting tuition and residence fees must be approved by the Director of Finance.

Any student who has not paid an account for fees owing to the University shall be prevented from registering at the University and from using any of the University facilities unless appropriate arrangements have been made. Any student on completion of their studies who has not paid an account for tuition fees will not be awarded a degree, or any diploma, certificate and qualification until the outstanding debt has been cleared.

Additional detail of current procedures regarding academic and non-academic student fees, tuition fee refunds, collection of debt procedures and implications for non-payment can be viewed via the link below:

<https://www.kingston.ac.uk/fees-funding-and-payments/>

Refunds

The University seeks to minimise the opportunities for money laundering in accordance with the Money Laundering Regulations, 2007. Where refunds are required, they will be made to the original payer and always follow the method by which the money was received.

4.7 RESEARCH AND ENTERPRISE GRANTS AND CONTRACTS

Definition

Research can be defined as original investigation, undertaken to gain new knowledge, and understanding, which may be directed towards a specific aim or objective. There are many different funders of research projects including Research England, the NHS, the European Commission, and industry.

The term 'research grant' is usually restricted to research projects funded by the specific grant-awarding funders such as the examples above. All other externally financed research projects are classified as 'research contracts'.

Applications

The Principal Investigator must interact with the Research Funding team on all applications for research projects, which must be signed-off according to University processes prior to for submission to the funder. All applications will be on behalf of and in the name of the University or its subsidiary.

Costing and Pricing of Research

The Research Funding team is responsible for providing appropriate costing and pricing advice. In order to price a research project appropriately, the full cost of the research and other financial implications needs to be identified by the Principal Investigator and discussed and appraised by the Research Funding team.

It is University policy that all external funded research projects will be costed in accordance with Transparent Approach to Costing (TRAC) principles and the University policy on Full Economic Costing (FEC). In addition, the research agreement must be in line with the University's policy with regard to indirect costs and other expenses.

Grants and Contract Conditions

Funding bodies usually stipulate the conditions under which funding is awarded and these will be reviewed prior to acceptance. There are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. It is the responsibility of the principal investigator to obtain a full set of terms and conditions from each funding body to enable appropriate monitoring of compliance and ensure that conditions of funding are met.

Acceptance of a Funded Project

All award acceptances and contracts must be signed by the appropriate University signatory. Sign-off must be obtained prior to an acceptance being returned.

Financial Management

Each research project will be allocated a specific project code and budget and will have a named Principal Investigator. Research & Enterprise (R&E) within Finance will maintain all financial records relating to research projects and shall initiate all claims for reimbursement from funding bodies on the due dates.

Control of staff and operating expenditure shall be the responsibility of the Head of School. Day-to-day control of a budget is managed by the Principal Investigator, but any overspend or under-recovery of overheads, will be charged against school/KERI funds.

On a monthly basis, R&E will review budgets and prepare forecasts to ensure any significant variances from plans are reviewed in a timely manner.

Shortfalls

In general, research funding procedures accept that funders have specific eligibility rules and accept these. However, certain situations require additional approval, including a shortfall in directly incurred costs (includes matched funding by KU), excessive unfunded academic time commitment and reduction of overhead allocation.

Funding Signatories

Funding awards are contracts with external bodies; and therefore signatories fall under contracting rules. Applications are not yet final contracts but have contractual implications. Deans can authorise research bids up to any amount. SLT members may also designate an appropriate staff member responsible for research (e.g. KERI Director) as Designated Signatories, able to authorise bids up to £150,000. Where a contract has been awarded, the authorisation follows the table below. Note that contracts via the subsidiary KUEL must be signed by a KUEL Director rather than the Faculty. The COO/DVC authority below applies in the absence of the V-C.

V-C / COO/DVC/ KUSCO Board / KUEL Board	>£300,000
SLT Member / KUEL Director / KUSCO Director	Up to £300,000
Faculty Designated Authority / Corporate Director	Up to £120,000

Non-core Income Generating Activities on behalf of the University

All non-core income-generating activities must normally be priced to be surplus-generating, or at the very least self-financing. Where it is considered justified to price work at a loss, this must be agreed by the Faculty Dean and the Associate Director – Finance. Non-core income generating activities include:

- Non-credit bearing short courses (any course which does not form part of the award bearing teaching load of the University)
- Summer Schools
- Consultancy, provision of expert knowledge
- Materials or component testing

- Use of specialist facilities / equipment
- Educational grants, including development of materials and systems
- Mobility grants (via International)

Any other activities which are not teaching or research

Proposals and Contracts for non-core income-generating activities must be subject to approval according to the University's policy in place at the time. In addition, costing, resource allocation and pricing must be formally signed off by an Officer with the requisite level of financial and management authority. Provision must be made for charging both direct and indirect costs in accordance with the University's costing and pricing policy, including the recovery of overheads.

Any deficits incurred on non-core income-generating activities will be charged to the relevant Faculty or Directorate.

The University has charged Business Engagement to advise on the co-ordination of all Enterprise non-core income-generating activity, including short course provision, and to provide advice and support to staff seeking such business. All opportunities should normally be directed through the Business Engagement and the Business Development Manager for the Faculty informed of all potential and on-going non-core income-generating work, including consultancy work, provision of Summer Schools and Short Courses, contracts for materials or component testing and use of specialist facilities / equipment.

'Matched Funding'

In addition to any requirements associated with non-core income-generating activity (where applicable) any such project requires the involvement of the Finance Business Partner prior to any commitment being entered into, to ascertain the veracity of the matched funding. Approval shall be dependent on the Faculty Dean / Directorate Head being able to demonstrate that eligible matching funds are available and eligible and that the project is financially viable by the application of the University's costing and pricing policy.

Consultancies and other Paid Work on a private basis

Guidelines for the undertaking of consultancies and other paid work on a private basis are set out, where necessary, in a member of staff's contract of employment. Any staff undertaking private consultancies or other paid work must obtain the permission of the Faculty Dean. All requests to undertake such work must include:

- the name of the member(s) of staff concerned
- 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 (an economic charge will be made for these) and the price to be charged to the client
- an undertaking that the work will be undertaken in the staff's own time, and will not interfere with the teaching and normal duties of the member(s) of staff concerned
- an undertaking that the University will not be referenced in the contract or otherwise considered liable for the work and its quality.

4.8 INTELLECTUAL PROPERTY RIGHTS AND PATENTS

General

Certain activities undertaken within the University including research and consultancy may give rise to ideas, data, stored media, designs, software, and inventions. These are collectively known as intellectual property and may be exploitable by patenting or other forms of protection.

Intellectual Property Rights

The University's Exploitation of Inventions and Patents Policy and Intellectual Property Rights Policy provide guidance on intellectual property accruing to the University from inventions and discoveries made by staff in the course of their work.

Further information and guidance are available from Business Engagement.

4.9 EXPENDITURE

General

The Director of Finance is responsible for making payment to suppliers for goods and services provided to the University

Scheme of Delegation / Financial Authorities

The Board authorises the University capital and revenue budget before the start of the financial year at its meeting in July. Purchasing authority for capital and revenue expenditure is designated to the Vice-Chancellor and senior officers by the Board. The Head of School/Directorate is responsible for purchases within his/her School/Directorate. Purchasing authority may be delegated to named individuals (or budget holders) within the Faculty/Directorate, in line with the following levels:

V-C /COO/DVC/ KUSCO Board / KUEL Board	>£300,000
SLT Member / KUEL Director / KUSCO Director	Up to £300,000
Head of School / Corporate Director	Up to £120,000
Budget Holder	Up to £30,000
School / Directorate Authorised Buyer	Up to £3,000

Notes:

- All expenditure over £500k must have two signatories, one of which can be an SLT member.
- The school / Directorate authorised buyer role is to cover low value orders and the individual must be approved by the Head of School / Corporate Department.

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

Heads of School/Directorate and budget holders are not authorised to commit the University to expenditure without first reserving sufficient funds to meet the purchase cost. In practice this means that purchase orders cannot be placed beyond the budget allocations approved by the SLT.

The authorised member of staff (or budget holder) certifying the purchase order for payment within the Finance System, must be different to the member of staff responsible for receiving the goods or services.

When the Head of School/Directorate or Director of Finance is on annual or other long-term leave, a scheme of delegated approval must be agreed with the Director of Finance. If the post is the Director of Finance, authorisation is delegated to a member of the Finance Management Team. For expenditure over certain limits, the Board, and its sub committees and the SLT must approve business cases as follows:

Project Cost	Business Case	Approved By:	Summary Schedule only:
<£500k	No business case required.	Director of Estates / CIO	EC/ DIG
£500k to £2.0M	Business case in the form of a short document outlining the scope, benefits, risks, and costs.	EC / DIG	SLT
£2.0M to £5.0M	Full Business Case	EC/ DIG/SLT	Finance Committee
£5M to £10M	Full Business Case	Finance Committee following endorsement by EC/DIG/SLT	Board
>£10M	Full Business Case	Board, on advice from Finance Committee. SLT and EC/ DIG review	N/A

Other types of transaction require approval as follows:

Purchase or sale of Property over £1.5m	Board via FC
Contracts requiring the use for the Seal	Board via FC

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 equality legislation, and in accordance with sound business practice, considering framework agreements as appropriate.

The procurement function is the responsibility of the Director of Finance. It provides:

- a legally compliant approach to procurement
- the delivery of value for money targets for all requirements covering products/services/works which are sourced from external providers via legally compliant contracts/framework agreements and meet the need of stakeholders.
- stakeholders to have an input to the procurement process to ensure that all new contracts/agreements meet the wider needs of KU
- delivering added value opportunities through Procurement to enhance the students' experience
- greater engagement with the buyer communities
- a procurement toolkit to ensure a consistent approach to procurement across the university and provide professional guidance for internal colleagues throughout the procurement process
- opportunities to consolidate contracts to enable greater leverage to obtain improved deals and enhance supplier management
- the use of collaborative framework agreements (where feasible) for greater efficiency
- the effective implementation of a category management approach to Procurement
- an improved procurement reporting facility
- the identification and effective management of key procurement risks
- sustainable and effective supply chains across all areas of the universities' activities.

Purchase Orders

The ordering of goods and services shall be in accordance with the University's detailed procurement policies. A purchase order must be placed prior to the purchase of all goods or services. 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.

Suppliers should be instructed by the purchase order to submit invoices for goods or services to Accounts Payable, quoting the University purchase order number. Invoices received without a purchase order number will be returned to the supplier.

Heads of School/Directorate are responsible for ensuring that expenditure within their area does not exceed the approved budget allocation.

Invoice payments will only be made by Accounts Payable against orders which have been authorised for payment by the appropriate budget holder or where orders have been goods receipted and match the invoice in the Finance System.

Credit and procurement Cards

The operation and control of the University's credit cards is the responsibility of the Director of Finance. There will be appropriate oversight of the distribution of such cards and the associated card limits.

Holders of cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Such cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. 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. Cardholders will review and reconcile expenditure, and the appropriate line manager / budget holder will approve in line with Section 4.11.3.

Tenders and Quotations

The following limits and thresholds, as endorsed by Financial Regulations, apply to the University and its subsidiary companies for its non-pay recurring revenue and capital expenditure inclusive of VAT.

EXPENDITURE THRESHOLDS	
Transaction Whole Life Value	Minimum Required Procedure
Up to £3,000	One written quotation must be obtained from the market, and the buyer should have market knowledge to satisfy that the quotation provides value for money.
£3,001 - £15,000	At least two written quotations (received at the same time) must be obtained from the market to satisfy the selected quotation provides value for money.
£15,001 - £200,000	An Invitation to Quote (ITQ) tender document outlining the scope of the requirement and essential criteria should be issued under KU's standard terms and conditions to at least three suppliers or at least three written quotations should be obtained at the same time.
£200,001 – UK threshold	Procurement Services manage all tenders over £200,000. If a contract with a preferred supplier is not available to meet a requirement, an Invitation to Tender (ITT) document outlining the scope of requirements and essential criteria must be issued to at least 5 suppliers. Aggregation of spend applies.
Exceeding – UK threshold for 'Other contracting authorities'	UK tendering procedures apply. The current thresholds are £214,904 for goods and services, £5,372,609 for works and concessions, £663,540 for Light Touch Regime (LTR) contracts and £70,778 for small lots (supplies and services) and £884,720 (works). Aggregation of spend applies.

Heads of School/Directorates and delegated budget holders must comply with the University's tendering procedures contained in the University procurement policy:

Contracts

Building and commercial property contracts are the responsibility of EC and are administered by the Director of Estates.

Proposals for inclusion in the annual capital programme will normally be initiated by the Director of Estates or CIO, in respect of planned replacements, general improvement schemes, space planning or in response to requests from Faculties and Directorates via the annual planning round

Consultants may be appointed if the project, as determined by the Director of Estates, is too large or too specialised for Estates resources. Appointments shall be subject to tendering and other procedures where appropriate.

Major project proposals shall be presented in the form of costings or business plans as appropriate for consideration by EC.

Contract payments shall be made only on an authorised certificate signed by the Director of Estates (or other duly authorised officer).

Public Procurement Regulations

The Director of Finance is responsible for ensuring that appropriate procedures are in place so that the University complies with Public Procurement Regulations. A breach of the legislation is actionable by a supplier or a potential supplier.

It is the responsibility of the Head of School/Directorate to ensure that their members of staff comply with Public Procurement Regulations by notifying the Head of Procurement of any purchases likely to exceed the thresholds noted above.

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 the Finance 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 approved the official order.

Payment of Invoices

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

The Director of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by BACS processed weekly.

Suppliers should be instructed by the purchase order to submit invoices for goods or services to Accounts Payable, quoting the University purchase order number. Invoices received without a purchase order number will be returned to the supplier.

Heads of School/Directorate are responsible for ensuring that expenditure within their School does not exceed the approved budget allocation.

Invoice payments will only be made by Accounts Payable against orders which have been authorised for payment by the appropriate budget holder or where orders have been goods receipted and match the invoice in the Finance System. Payment will be made if:

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

Other Payments

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

Individual payments under 'outward collaborative provision' contracts shall be authorised by the Director of Finance. This authority shall be on the basis that the payment represents a bona fide element of the contract which has been approved e.g., collaborative EU research project.

Late Payment Rules

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

- small business 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 institution can be sued for non-payment

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.

Hospitality

The University will reimburse reasonable expenditure on hospitality and entertaining only where it is within approved budgets or where specific prior approval has been granted. Staff entertaining guests from outside bodies should normally use the University's residential and catering facilities. Where this is not the case reasons must be stated when submitting a claim for reimbursement.

Staff offered hospitality or gifts by a third party should inform their line manager, and if greater than £50 be registered with the Head of School/Section, or faculty/Directorate. Under no circumstances must the gift or hospitality influence the choice of supplier. If in doubt, gifts and hospitality shall be refused or returned.

4.10 PAY EXPENDITURE

Pay

The Director of Human Resources is responsible for all payments of salaries to all staff including payments for overtime. All time sheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Director of Finance.

All payments to University staff will be into a UK Bank or Building Society account only.

All University staff will be appointed to the salary scales approved by the Board and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Director of Human Resources. The Director of Human Resources will be responsible for keeping the Director of Finance informed of all matters relating to staff for payroll purposes.

These include:

- appointments, resignations, dismissals, secondments, transfers, or other contractual amendments
- 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 Director of Human Resources is responsible for payments to casual and temporary part-time employees and for informing the appropriate authorities of such payments. All casual and temporary part-time employees will be included on the payroll. The Head of Human Resources Shared Services shall be responsible for keeping all records relating to payroll including those of a statutory nature.

The Director of Finance shall be responsible for ensuring that an up-to-date financial planning model of staffing costs, as approved from time to time for each category of staff, is maintained.

All payments must be made in accordance with University's detailed payroll financial procedures and comply with Her Majesty's Revenue & Customs (HMRC) regulations. Comprehensive procedures are retained in the Payroll Office.

The University has dispensation from HMRC to make payments to staff for certain specified items without deduction of income tax. Reimbursement by the University of expenditure not included in the dispensation is subject to the deduction of income tax before payment.

Pensions

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

The Director of Human Resources is responsible for day-to-day pension matters including:

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

Travel, Subsistence and Other Allowances

All claims for the payment of subsistence allowances, travelling and incidental expenses must be completed on the Finance System. Claims by members of staff must be authorised by the Budget Holder or their line manager. The certification shall be taken to mean that:

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

Travel and subsistence costs in respect of staff undertaking travel etc. on University business is reimbursed in accordance with the rates approved from time to time. The University will reimburse reasonable out-of-pocket expenses incurred wholly, exclusively, and necessarily in the performance of duties relating to employment. All claims for payment of subsistence allowances, travelling and incidental expenses must be completed using the approved form and supported by expenditure vouchers where necessary. Claims for members of the Board will be authorised by the University Clerk. Claims for meeting attendance will be based on out-of-pocket expenses but only reasonable expenses can be reimbursed.

In certain circumstances, a University credit card will be supplied to key individuals for business purposes. The credit card must not be used to purchase goods and a monthly expense claim must be submitted, duly authorised, to clear the statement in a timely manner. The credit cards issued to Faculties / Directorates are intended to be used solely for travel related expenditure. A credit card is operated centrally by Finance intended for low value goods or services payments.

Severance and other Non-recurring Payments

Severance payments shall only be made in accordance with relevant legislation and funding body guidance and under a scheme approved by the Board through the SLT and where appropriate, the Remuneration Committee. Professional advice should be obtained where necessary. All such payments shall be authorised by the VC and calculations checked by the Director of Human Resources or the Director of Finance. Amounts paid should be declared in the financial statements.

4.11 ASSETS

Land, Buildings, Fixed Plant and Machinery

The purchase, sale or lease of land or buildings more than £1.5m can only be undertaken with authority from the Board.

The Director of Finance is responsible for maintaining the University's fixed asset register of land, buildings, equipment, fixtures, and fittings (greater than £10,000).

Stocks and Stores

Heads of Schools/Directorates are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their schools/directorates. The systems used for stores accounting in schools/directorates must have the approval of the Director of Finance, and not replicate data held in the University finance system

Heads of Schools/Directorates 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 checks.

Those Heads of Schools/Directorates whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the Director of Finance and that instructions to appropriate staff within their schools/sections are issued in accordance with advice contained in the University's detailed financial procedures.

Safeguarding Assets

Heads of School/Directorate are responsible for the care, custody and security of the assets and intellectual property under their control. Assets owned by the University shall, so far as is practical, be effectively marked to identify them as University property.

Asset Disposal

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

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

4.12 FUNDS HELD ON TRUST

General

The Director of Finance is responsible for ensuring that incoming funds are properly classified and designated as appropriate.

Gifts, Benefactions and Donations

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

Student Welfare and Access Funds

The Director of Finance will prescribe the format for recording the use of student welfare funds. Records of welfare funds will be maintained according to funding body requirements.

Endowment Funds

The Director of Finance is responsible for maintaining a record of the terms for each endowment fund and for ensuring that funds are appropriately accounted for and disbursed. The Director of Finance is responsible for the monitoring the performance of Fund Managers and advising the Finance Committee on the control and investment of the endowment fund portfolio. The Finance Committee is responsible for ensuring that all the University's endowment funds are operated within any relevant legislation and the specific requirements for each endowment.

Voluntary Funds

The Director of Finance shall be informed of any fund, not being 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 Director of Finance shall be entitled to verify that this has been done.

Donation of Equity Shares

When shares are offered by a donor, the Director of Finance is responsible for the same due diligence they would normally undertake for a donation of cash. This includes, if necessary, approval by the Governance and Nominations Committee and the University. In addition, the Director of Finance will ensure:

- the donor is the rightful owner of the donated shares
- the company holding the shares complies with the University's ethical policies

At the time of the donation, the Director of Finance should obtain in writing the purpose of the donation.

All share certificates should be held in the safe.

4.13 OTHER

Insurance

The University Secretary is responsible for effecting insurance cover as determined by the SLT. The University Secretary is responsible for obtaining quotations, negotiating claims, and maintaining the necessary records. The University Secretary will also deal with the University's insurers and brokers about specific insurance problems.

Heads of Schools/Directorates must ensure that any agreements negotiated within their School/Section, with external bodies cover any legal liabilities to which the University may be exposed. The University Secretary's advice should be sought to ensure that this is the case. Heads of Schools/Directorates must give prompt notification to the University Secretary of any potential new risks, additional property and equipment which may require insurance and any alterations affecting existing risks.

Heads of Schools/Directorates must advise the University Secretary, immediately, of any event which may give rise to an insurance claim. The University Secretary will notify the University's insurers and, if appropriate, prepare a claim in conjunction with the Head of School/Directorate for transmission to the insurers.

The University Secretary will keep a register of all insurances affected by the University and the property and risks covered.

The Managing Director of KUSCO 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.

The University is not responsible for the insurance of personal libraries or personal effects held within staff rooms and staff will therefore require to effect personal insurance where appropriate. Similarly, the University is not responsible for damage to staff vehicles whilst they are parked in University grounds unless the damage is because of a negligent act by the University.

The Union of Kingston Students (UKS)

The UKS is a separate legal entity from the University, but it is recognised to fulfil a valuable role in relation to students.

Subject to any constraints imposed by the OFS, the Board shall determine the level of Disbursement Grant to be made available each year to UKS and its constituent bodies. The Board requires UKS to provide details of its proposed budget to assist in determining the appropriate level of grant.

UKS is responsible for maintaining its own bank accounts, insurance, financial records and for preparing its own annual financial statements.

The mutual responsibilities of the University and UKS to each other are reflected in the Relationship Agreement. In addition, the University issues a letter on an annual basis setting out the conditions associated with the Disbursement Grant.

In accordance with an agreement between the University and UKS, the University's internal auditor shall have the right to request access to records and assets by liaising with UKS staff.

Use of the University's Seal

Where a deed, instrument, or document must be executed on behalf of the Board and sealed with the University's Seal, it is signed by the Chair of the Board of Governors or some other person authorised for that purpose (generally the Clerk) and any other member of the Board.

The Clerk is responsible for submitting a periodic report to the Board detailing the use of the University's Seal.

Subsidiary Companies

These regulations apply to all entities reported in the University group financial statements including:

Kingston University Services Company Limited
Kingston University Enterprises Limited
KU Student Living Limited
KU Holdings Limited

APPENDIX A

FRAUD RESPONSE PLAN

1. INTRODUCTION

The purpose of this plan is to formalise the responsibilities and action plan in the event of a suspected fraud or irregularity. The purpose is to achieve the following:

- quantification of loss to the University.
- prevention of further loss to the organisation.
- notification to the OFS in accordance with the Audit Code of Practice.
- reporting to the Police.
- notification to the University Insurers; and
- reviewing the circumstances of the incident to ensure that the University systems are adequately designed to prevent re-occurrence.

2. CURRENT REQUIREMENTS

The University's management is responsible for the prevention, detection, and investigation of irregularities in the event of fraud and corruption. The suspicion of fraud and irregularity is currently captured through several means as follows:

- the Financial Regulations and underlying procedures are designed to ensure financial probity whilst maintaining operational efficiency.
- the University requires audit arrangements to assess the adequacy of arrangements in place to detect fraud and corruption. The associated risks are incorporated into the internal audit needs assessment and resultant strategic and operational planning. Where there are serious weaknesses in system design, or there is a significant degree of non-compliance, the Head of Internal Audit (*HIA*) immediately informs the Director of Finance.
- the staff handbook includes a procedure for the disclosure of information on the grounds of public interest (Whistleblowing). The purpose of the procedure is to clarify the way in which staff may express concerns regarding malpractice within the University via a "qualifying disclosure". As such this process can act as a reporting mechanism where a member of staff is suspected of carrying out a fraudulent act.

In addition, the following procedures are in place to deter fraud / corruption:

- the University and KUSCO operate a tendering procedure which is subject to rigorous annual review by Internal Audit.
- a register of Governors' interests is maintained in the Governance, Compliance and Legal Office.
- the anti-bribery policy which defines specific areas of risk in a university environment.
- lists of approved suppliers are reviewed and updated.

- Financial Regulations require written quotes to be obtained for purchases over specified financial limits. These regulations are issued to all departments and subject to annual compliance check by Internal Audit.
- the Expenses and Benefits document includes a section on Gifts and third party benefits.
- the internal audit needs assessment covers areas susceptible to the risk of fraud and corruption over the following general headings:
 - a. segregation of duties.
 - b. dependency on specific members of staff.
 - c. security of cash and cheques.
 - d. purchasing / tendering procedure.
 - e. expenses and overseas travel.
 - f. financial reconciliations.
 - g. IT security.
 - h. Physical security of assets.
- Where there is evidence of an act of fraud or corruption being committed, the staff handbook includes the disciplinary procedure to be followed.

3. ACTION TO BE TAKEN IF FRAUD IS SUSPECTED

Initial action

- It is the responsibility of the relevant member of the Executive (Deans, Heads of Corporate Sections) to take the necessary action in the case of fraud or corruption. In every case the matter must be reported to the Director of Finance and the HIA within 24 hours. They must then immediately decide what course of action to take. The decision on the course of action will be agreed by the following (*the Project Group*):
 - Director of Finance.
 - Head of Internal Audit.
 - Director of Human Resources.
 - Relevant member of the Executive whose department the area relates (Head of Investigation).
- The usual circumstance will involve an initial fact-finding investigation led by the HIA to determine the evidence available and whether any specialist advice is required. In all circumstances of this nature, the HIA will have the authority to use time allocated in the audit plan for investigations, or switch resources from planned internal audit work.
- One of the main factors to be determined from this initial work is to quantify (or estimate) the loss to the University as a result of the incident. The Project Group will then decide the appropriate course of action and whether a further investigation is necessary.

Further investigation

- The purpose of pursuing further investigative work will be done for two reasons; firstly, to prevent further loss to the University, and secondly to establish and secure evidence as part of a disciplinary procedure. In these circumstances, the project group will need to decide the course of action over the following:

- deciding whether the suspension should be with or without pay.
 - how the suspect is approached and supervised from the premises.
 - security of the University's property while the suspect is suspended.
 - denial of access to University systems (particularly via the network from home).
- At this stage of the process, the University disciplinary process must apply, and the investigation will be led by the relevant member of the Executive. As part of the project team, the HIA will be required to carry out further investigative work and the two important principles to be observed in these circumstances are as follows:
 - a) **Police and Criminal Evidence Act (PACE)**; the only evidence admissible in court is that obtained according to PACE. This relates to how written evidence is documented, and how any interviews (verbal evidence) are recorded; and
 - b) **University HR procedures** – for a prosecution of an employee to be successful, it has to be demonstrated that University HR procedures have been followed.
 - The Head of Investigation will normally nominate the HIA to lead on evidence gathering exercise. During further investigative work, the HIA will need to make a judgement as to whether specialist advice is required. This will cover areas such as legal advice in terms of evidence gathering, and forensic experts. The use of such advice, and the resultant costs, need to be weighed up against the benefits in terms of the value of the loss being recovered. The use of any such advice will require the approval of the Finance Director. The Project Group will prepare a confidential report covering the following areas:
 - quantification of losses (or best estimate).
 - strategy for recovery of these losses.
 - progress (if appropriate) of disciplinary action.
 - progress (if appropriate) with any criminal action.
 - a summary of resources taken to complete the work.
 - actions taken to prevent and detect similar incidents; and
 - recommendations on system design to reduce the risk of re-occurrence.

4. REPORTING THE INCIDENT

- As a result of any preliminary or further investigation outlined in section 3 above, the Project Group will produce a report on the incident and its outcome. This report will normally be produced by the HIA. The following reporting structure will be used for all such reports:
 - **OFS** – the accountable officer (Vice Chancellor) is responsible for reporting serious weakness, significant fraud, or major accounting breakdown to the OFS Accounting Officer. If he/she refuses to do so, then the auditors must report directly. The Audit Code of Practice defines such serious incidents as follows:
 - a. the sums of money exceed £25,000.
 - b. the particulars of the incident are novel, unusual or complex; and
 - c. there is likely to be a public interest because of the nature of the fraud or the people involved.
 - **Governing Body** – the same report is required to be made to the Chair of the Audit Committee, and the Chair of the Board of Governors.
 - **ARAC** – the written report will be submitted to the ARAC for that Committee to consider the nature of the incident and how the fraud was perpetrated, the measures taken to prevent a recurrence, and any actions required to strengthen systems and responses to fraud. The HIA will need to submit a further follow up report to ensure that recommendations have been actioned.
 - **Police** – instances of serious fraud or corruption (as determined by the Project Group) must be reported to Action Fraud.