Financial Regulations

as at January 2016

See appendices 1-8 under separate cover
# Financial Regulations

**Finance Division**

**Financial Regulations**

**Updated January 2016**

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SECTION A: GENERAL PROVISIONS

1. DEFINITIONS

Dean Equivalents includes the Deputy Vice-Chancellor, Pro-Vice-Chancellors, the Deans, Directors of Professional Services, the University Secretary and the Librarian.

Heads of Department will be from academic and non-academic areas and include College Principals.

Principal Investigators include any member of staff proposing to lead or actually leading research, consultancy or any other externally funded activity.

Budget Holder includes the Vice-Chancellor, Chief Administrative Officer and all of the above.

2. STATUS OF FINANCIAL REGULATIONS

The University’s Financial Regulations set out the fundamental principles that underpin all transactions undertaken by or on behalf of the University. The Regulations have been approved by the Finance and General Purposes Committee on behalf of Council and are binding on all officers and staff of the University.

The Regulations are supported by a more detailed set of Financial Procedures and Related Policies which provide guidance on how the University’s Financial Regulations should be applied. These are contained in the appendices of this document.

Should there be an apparent conflict between the Regulations and the Procedures, the Regulations shall take precedence.

All staff must ensure that they:

- are conversant with those Financial Regulations and Procedures including procurement policies and procedures relevant to their job and adhere to these at all times;
- ensure that appropriate guidance is sought prior to engaging in financial areas with which they are not familiar.

Any member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the University’s Disciplinary Policy.

SECTION B: CORPORATE GOVERNANCE

3. SCHEME OF DELEGATION AND DECISION-MAKING POWERS

The Council is the governing body of the University and is responsible for, amongst other things, the finances and resources of the University. The Council has reserved specific powers
to itself and delegated others as set out in the Scheme of Delegation and Decision-Making Powers at Appendix 1.

4. SCHEDULE OF FINANCIAL DELEGATIONS

The Schedule of Financial Delegations is contained at Appendix 2.

5. RISK MANAGEMENT

The University acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. A separate Risk Policy outlines the University’s underlying approach to risk.

Council has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the University through the development, implementation and embedding of a formal, structured risk management process.

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

- establishing criteria for the measurement and categorisation of risks.
- determining the appropriate risk appetite or level of exposure for the University as a whole or on any relevant individual issue;
- determining what types of risk are acceptable and which are not;
- detailed regular review by Faculties, Divisions and Committees to monitor scores, responsibilities and control actions, and to add emerging risks as required.
- delegating the operational role of risk committee to UMAG, with regular reporting to Council for all risks above established tolerance levels.
- an annual review of the effectiveness of risk management arrangements, supported by advice from the Audit Committee.

6. WHISTLEBLOWING/RAISING CONCERNS AT WORK

Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

The University has a policy, Raising Serious Concerns at Work: Whistleblowing, which can be found at Appendix 3. Normally, any concern about a workplace matter at the University should be raised with the relevant staff member’s immediate line manager or Dean Equivalent. However, the University recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks might be involved, may make this difficult or impossible.
7. FRAUD, CORRUPTION AND OTHER FINANCIAL IRREGULARITIES

7.1. Definitions

Fraud: The intentional distortion of financial statements or other records by persons internal or external to the University, to conceal the misappropriation of assets, or for gain or for some other purpose. It would include offences covered by the Fraud Act 2006, including fraud by false representation, failure to disclose information when under a legal duty to do so and fraud by abuse of position.

Theft: The dishonest taking of property belonging to another with the intention of depriving that other permanently of its possession.

Bribery: Requesting, offering or receiving a bribe, or a payment, or other advantage, with the intent to induce improper conduct or performance of a function. This includes the payment of “facilitation” or “grease” payments to officials to ensure they perform or expedite their routine duties. Bribery of foreign public officials is a specific and separate offence where the intent is to influence the official to obtain or retain business or an advantage in the conduct of business.

Money Laundering: Exchanging money or assets that were obtained criminally for money or other assets that are ‘clean’ (i.e. without any obvious link with any criminal activity).

Corruption: Giving or obtaining advantage through illegal or dishonest behaviour, or through means which are inconsistent with one’s duty or the rights of others.

Other Irregularity: The failure to observe the University’s Financial Regulations, policies and procedures, or a breach of the laws of the land.

7.2. Principles

The University does not tolerate any form of financial irregularity (as listed above) involving staff or third parties and will take action against the people involved. For completeness, these principles would cover temporary workers, agency workers, voluntary staff, agents, contractors, suppliers and any other individuals dealing with or on behalf of the University.

The University expects:

- that individuals and organisations that it deals with will act with integrity and meet all legal and regulatory requirements governing the ethical conduct of business;
- all members of staff to be aware of their personal responsibilities and to adhere to the Financial Regulations at all times;
- transactions to be properly and accurately recorded;
- that all breaches or suspected breaches of these Regulations are fully investigated and, if appropriate, disciplinary measures are invoked;
- prompt action will be taken to remedy any breach and prevent any repetition.

The University will:-

- develop its Fraud Strategy and Risk Assessment in light of the changing external environment;
- make information available to all staff on the procedures open to them to report any breach or suspected breach of these Regulations;
- include in its contracts with third parties appropriate clauses about the consequences of fraud, bribery and money laundering, including summary termination of the contract in the event of such malpractice being discovered.

7.3. Responsibilities of University Staff

Any suspected financial irregularity must be reported immediately:-

(a) Suspected fraud, breach of financial regulations or money laundering activity: directly to the Director of Finance (Mrs S Randall-Paley – tel: 01524 594977; email: s.randall-paley@lancaster.ac.uk).

(b) Suspected bribery or other serious matter: directly to Chair of Audit Committee c/o Mrs Gill Bartlett – tel: 01524 592022; email: g.bartlett@lancaster.ac.uk).

(c) Alternatively, they may be reported to the Internal Audit partner (Mr Greg Wilson, PwC – tel: 0780 3023888; email: greg.wilson@uk.pwc.com).

Investigation procedures will be initiated by the relevant Primary Contact.

A report form and further guidance on raising suspicions and issues of anonymity is available at http://www.lancaster.ac.uk/depts/finance/. Anyone using it will be treated as making a disclosure under the University’s Whistleblowing/Raising Concerns at Work policy, which gives protection against discrimination or victimisation as a result of raising concerns in good faith, and ensures that the matter will be treated sensitively and (as far as possible) confidentially.

7.4. Initial Investigation of Suspected Irregularity

Once irregularity has been suspected, it is critical that an investigation is conducted in a professional manner.

For each notified suspicion, the Primary Contact will conduct an initial investigation - either personally or through an appropriate appointed officer - to determine whether formal disciplinary action is appropriate.

If the initial investigation concludes that financial misconduct is likely to have occurred, the University’s formal disciplinary procedure will be invoked: http://www.lancaster.ac.uk/hr/staff-relations/discipline.html.
8. CODE OF CONDUCT

8.1. Principles

The University is committed to the highest standards of openness, integrity and accountability, and expects that its staff will act in good faith, impartially and in accordance with their positions of trust.

University employees particularly those with the responsibility for the administration or management of the University should never use their authority for personal gain and should always seek to uphold and enhance the standing of the University. The University, therefore, expects staff of all levels to observe the University’s code of conduct. This reflects the Nolan principles of selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.

8.2. Conflicts of Interest

Any members of University Committees should declare any relevant interest, financial or otherwise, in matters under discussion and should, if requested by the Chairperson, withdraw from such discussion.

Any member of staff or External Committee member who has a connection with any outside organisation which sells or buys from the University must declare his/her interest by writing to the University Secretary and should not in any circumstances be the person who negotiates and authorises any transaction between the University and that organisation.

These interests are required to be recorded in the University’s Register of Interests held by the Secretariat.

8.3. Giving Gifts and Hospitality

Gifts

Offering modest corporate gifts on behalf of the University is a legitimate way to build good relationships providing they do not unduly influence business decision-making or cause others to perceive an undue influence. The strict rules around bribery of foreign public officials should also be considered.

Business Entertaining

The University allows members of staff to entertain external “customers”. HM Revenue and Customs state that, for their purposes, such expenses will normally be allowable if the purpose was to discuss a particular business project. They may also be allowable if the purpose was to maintain an existing business connection or to form a new one, even though no business was actually done. However, expenses are not allowable if entertaining is really for social and not business reasons, even if some business topic happens to be discussed.
Members of staff should ensure that any hospitality provided is proportionate and properly recorded with sufficient detail on, for example, a University credit card log or via the e-expenses system.

**Non-Business Entertaining**

Entertaining not involving third parties (i.e. attended by University staff only) should not be charged to University administered funds without prior approval of Dean Equivalent or above. Finance Division must be notified as, in most cases, a taxation charge will arise which will be charged to the relevant budget. However, expenditure of a proportionate sum per head connected to events such as a retirement may be charged although again, a taxation charge may arise. For further details, please see detailed guidance contained within the Expenses Policy at Appendix 4.

8.4. **Accepting Gifts and Hospitality**

Any member of staff should be aware of the difficulties which may arise from the acceptance of any gift, favour or hospitality which may be intended to influence the recipient or which could be interpreted by a reasonable person in full possession of the facts as likely to have that effect. Subject to this, gifts, favours and hospitality of modest value may be accepted in the conduct of established relationships. Staff when in receipt of corporate hospitality or gifts from students must be careful to avoid the circumstances where it could be seen to impair any objectivity.

Prior to the acceptance of gifts or hospitality with an estimated value in excess of £100, authorisation should be obtained from the Vice-Chancellor, the Chief Administrative Officer or Dean Equivalent as appropriate. This does not include those occasions when a third party pays for expenses relating to work undertaken (e.g. a meal and overnight accommodation after a member of staff has given a talk.) The Deans, Chief Administrative Officer and Vice-Chancellor are required to maintain a register of such gifts or hospitality and annually will be requested to send a copy of their register, including nil returns, to the Director of Finance.

8.5. **“Facilitation” Payments**

“Facilitation” payments – small payments made to officials or others in the UK or overseas to ensure they perform or expedite their routine duties are not permitted, unless members of staff are left with no alternative but to make payments to protect against loss of life, limb or liberty.

This policy is not meant to prohibit the following type of practice providing it is standard in a particular area, proportionate and properly recorded:-
- the use of any recognised fast-track process or service which is available to all on the payment of a fee, e.g. for quicker processing of visa applications, payable to a government or other body, rather than to an individual official.
9. **VALUE FOR MONEY**

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

To fulfil this responsibility, the Council will develop and revise each year a plan for value for money work that will provide evidence of compliance with HEFCE’s requirements. In addition, internal audits and/or specific external or internal studies may be conducted within specific areas. This work will be used to enable the Audit Committee to refer to value for money in their annual report.

Whilst it is a management responsibility to lead on value for money, each member of staff has a responsibility to take steps to eliminate waste and discourage extravagance through their personal actions. They also have a responsibility to bring to the attention of their line manager any opportunities that they believe are available to reduce costs within existing procurement regulations.

**SECTION C: FINANCIAL MANAGEMENT AND CONTROL**

10. **ACCOUNTING ARRANGEMENTS**

10.1. **Financial Year**

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

10.2. **Format of the Financial Statements**

The financial statements are prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education, subject to any specific requirements of the funding body, and in accordance with the provisions of the Companies Act 2006, if that is appropriate.

10.3. **Record Keeping**

Finance Division retain invoices and expenses records (scanned image or hard copy), for a six year period to satisfy Her Majesty’s Revenue and Customs and longer for European funded grants.

Heads of Departments must ensure that non-financial records (e.g. timesheets) are retained for all research, consultancy and other externally funded projects according to the contract terms and conditions. Further advice can be sought from the Research Support Office.
10.4 Value Added Tax (VAT)

The University is a complex organisation for VAT liability purposes; it also has a broad range of diverse activities and the application of VAT legislation to specific situations as they arise at the University can be difficult.

Departments supplying good and services are responsible for correctly accounting for VAT whenever charges are made for the goods or services they provide. VAT guidance notes are issued periodically by the Finance Division and these should be retained for reference purposes. However, should you have any doubt about the VAT liability of a supply or wish to discuss the liability of your purchases or indeed have any other query concerning VAT, please do not hesitate to contact the Finance Division.

11. FINANCIAL PLANNING

11.1. General

The University is required to submit an annual accountability return to HEFCE, in order to demonstrate that it is meeting its accountability responsibilities for the public funds received. The various returns cover financial performance, financial sustainability, risk management, control and governance, value for money, the management and quality assurance of data, opportunities and challenges for institutions.

11.2. The Budget Setting Process

Following an annual discussion of the University’s Strategic Plan by Senate and other key individuals, the Vice-Chancellor will set out a high level statement on the priorities and goals of the University as the framework for the forthcoming Planning process.

All areas will be required to submit a pro-forma Planning Document, which will be discussed in detail at meetings of a nominated sub-group of the University Planning and Resources Group.

The aggregate plans and proposals from Budget Holders will be considered by the full University Planning & Resources Group after all individual meetings have taken place in the light of the overall University budget. The Group would subsequently have the explicit right to adjust expenditure proposals.

Draft budgets are presented to Finance and General Purposes Committee, and then proposed to Council for approval.

11.3. Capital Expenditure Programmes

Capital Expenditure programmes are developed in accordance with the University Strategic Plan, finance and estates strategies and approved by University Council.
Updated authority limits for capital expenditure are contained within the Schedule of Financial Delegations.

A Capital Planning Group, advisory to the Vice-Chancellor, monitors capital programme spend and makes recommendations on updates to the programme initially to UMAG, prior to recommendations being made to Estates Committee, Finance and General Purposes Committee and Council.

Major individual capital projects are overseen by a special, time-limited, Project Executive Group, chaired by a nominee of the Vice-Chancellor. Other projects (e.g. rolling programmes, infrastructure projects) will also be overseen by a Project Executive. In the case of IT projects, these are overseen by the IT Strategy Committee. Any other projects not falling within the above would be captured by the framework outlined below in section 11.4.

11.4. Major Project Development Framework

Any other ‘major’ projects which do not fall within the above descriptions will be managed under an equivalent project management governance framework, including consideration of agreed objectives, timescales, measurable and intangible outcomes and effects, costs and benefits and risk management issues.

The Project Management Framework must be applied in full to major projects and a project is defined as ‘major’ if it involves one or more of the following:

- a total cost in excess of £1 million
- a high risk in relation to the achievement of the University’s aims and objectives
- strategically important issues at a University-wide level.

Projects which do not meet any of the above criteria may still be deemed ‘major’ projects if they involve:

- three or more Faculties/Divisions
- significant time constraints and/or dependencies (e.g. where the project requires joint support from several funding bodies).

Direct Council approval for such projects would be required, together with agreement of a budget and measurable targets and timescales.

12. FINANCIAL CONTROL

12.1. Budgetary Control

The control of income and expenditure, within an agreed budget, is the responsibility of all Budget Holders in accordance with the Schedule of Financial Delegations.
There should be no planned variations from agreed budgetary plans without prior approval from the University Planning and Resources Group except where permitted by the Schedule of Financial Delegations. The Vice-Chancellor will bring any items of financial significance, on a cumulative or individual basis, to the attention of University Planning and Resources Group.

Budget Holders should monitor the financial performance of their areas from the monthly management information available via the University’s Financial System (currently Agresso). Any significant variations arising should be reported immediately to the Director of Finance and if necessary any corrective action taken.

Budget Holders are also required to conduct a mid-year review of the anticipated financial out-turn of their areas and to consider any potential impact.

12.2. Financial Information

The Budget Holders are assisted in their duties by management information provided by the Director of Finance. The Director of Finance is responsible for supplying budgetary reports on all aspects of the University’s finances to the Finance & General Purposes Committee on a basis determined by that Committee but subject to any specific requirements of the funding body. Relevant extracts are regularly presented to the Council, which has overall responsibility for the University’s finances.

13. AUDIT REQUIREMENTS

13.1. General

External auditors and internal auditors shall have authority to:

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

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

Following consideration by both the Finance & General Purposes Committee and the Audit Committee the financial statements will, on their recommendation, be submitted to the Council for approval.

13.2. External Audit

The appointment of external auditors is the responsibility of the Council. The Council will be advised by the Audit Committee.
13.3. Internal Audit

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

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

The University's Financial Memorandum with HEFCE requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the HEFCE's audit code of practice. The role of internal audit is to provide management with an objective assessment of the adequacy of the framework of risk management, controls (financial and non-financial) and governance processes, and that these are working effectively, efficiently and economically in order that:

a) The Council and senior management can judge the extent to which they may rely on the whole control system;

b) Individual managers can judge how reliable are the systems and controls for which they are responsible.

It is the duty of management, not the internal auditor, to operate an adequate system of internal control. It is for management to determine whether to accept and implement audit recommendations or to recognise and accept the risks resulting from not taking action.

The internal audit service provider has direct access to the Council, Vice-Chancellor and Chair of the Audit Committee. The internal auditor will apply the principles set out in the relevant Internal Audit Standards.

13.4. Other Auditors

The University may, from time to time, be subject to audit or investigation by external bodies or funders such as HEFCE, Her Majesty’s Revenue and Customs and research councils. These bodies have the same rights of access as external and internal auditors.
14. TREASURY MANAGEMENT

14.1. Treasury Management Policy

The Director of Finance is responsible for the development and maintenance of the Treasury Management policy (and its application), seeking approval from the Finance and General Purposes Committee on a periodic basis.

14.2. Banking Arrangements

Only the Director of Finance may initiate opening or closing a bank account for dealing with the University’s funds, following the bank’s mandate procedures. All bank accounts shall be in the name of the University or one of its subsidiary companies.

15. INCOME

15.1. General

All staff are individually responsible for discharging their roles in a way which ensures the prompt invoicing of all sums due to the University. Only standard University invoices and receipts must be used.

15.2. Granting of Credit

The Director of Finance is responsible for monitoring the University’s credit management exposure.

If Departments suspect that payment for goods and services provided shall not be received, or shall be received only after a long delay and much effort on the part of the University, they should consult the Credit Control Section of the Finance Division as soon as possible, and before further goods and services are provided.

Where doubts exist about the creditworthiness of a customer, e.g. with a customer whom no previous experience has been gained, or where an existing customer is requesting a higher than normal level of credit, further enquiries should be made with the Credit Control Section of the Finance Division before the transaction takes place.

15.3. Invoicing and Collection of Debts

Where goods and services are supplied by the University an appropriate charge must be made by raising an invoice on the University’s finance system. Invoices must include VAT where applicable and advice on VAT can be obtained from the Finance Division.

The Director of Finance is responsible for the implementation of debt recovery processes as approved by Finance and General Purposes Committee.
Should legal action be required to recover monies due, any significant costs incurred may be charged to the Department originating the invoice. Similarly, if the invoice becomes uncollectable, the amount owing may be written back to the Department concerned.

The Director of Finance may approve debt write-offs in accordance with the Schedule of Financial Delegations.

15.4. Cash and Cheque Receipts

Staff involved in the handling of funds are responsible for ensuring safe custody of cash and cheques in accordance with the insurance compliance and cash handling procedures at Appendix 8.

16. RESEARCH GRANTS AND CONTRACTS

16.1. General

All externally funded projects should be categorised according to the Research Support guidance document “Definitions and Accounting for Externally Funded Projects” as at Appendix 5 and costed on the University costing tool.

16.2. 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. The Research Grant and Contracts Procedures document provides a full definition of research and detailed procedures for the research application process and awarded grants/contracts.

16.3. Research Grant or Contract Applications and Approvals

Any application for an externally funded research grant or contract, regardless of value or funder, whether an outline or full proposal, must be costed on the University costing tool to determine the full economic cost. All estimates of expenditure and grant applications must include appropriate allowance for VAT as the University is not exempt from paying VAT on supplies and services received. There is a limited relief for goods used for certain medical purposes and medical research so further advice should be sought from the Research Support Office.

It is important to involve the Research Support Office as early as possible in the application process. Once fully costed, research applications must be approved in accordance with the University’s Schedule of Financial Delegations, prior to submission to the funder. Adequate time must be given for each level of the approval process. It is the responsibility of the Principal Investigator to ensure that all relevant documentation is supplied to each approver and that the application is fully approved before it is submitted to the funder.

It is also the responsibility of the Principal Investigator to ensure that all their research will be conducted in line with the University’s ethics code outlined in the document “Research Ethics...[13]
and Research Governance at Lancaster: a code of practice”. For each project an Ethics Checklist and Stage 1 form must be completed by the Principal Investigator and reviewed and signed by their Head of Department. The original forms should be returned to the Research Support Office. If awarded no research project will be allowed to start until ethical approval is confirmed.

16.4. Acceptance of Contracts for Research

Copies of all contracts, agreements, budgets, proposals or other documents relating to the conduct or financing of research must be sent to the Research Support Office prior to negotiation or variation of terms. Contracts will be forwarded to the Contracts Office by the Research Support Office for review and negotiation.

If a new contract varies significantly either in its value, any commitment given by the University or the proportion of recovery of full economic costs from the original application re-authorisation by the relevant approvers will be required. Further guidance should be sought from the Research Support Office.

All Research Contracts shall be signed on behalf of the University in accordance with the Schedule of Financial Delegations (see http://www.lancaster.ac.uk/depts/research/) once the contract has been recommended for signature by the Contracts Office who will consider whether the legal terms of the contracts are acceptable.

16.5. Managing Grants for Research

Each Principal Investigator is responsible for the management of their research grant or contract and should monitor their grant budget accordingly.

The Research Support Office shall maintain all financial records relating to Research Grants and Contracts and shall initiate all claims for reimbursement from awarding bodies by the due date.

It is the Principal Investigator’s responsibility to notify any changes in the terms of a research grant or contract after its award (e.g. extension of timescale) to the Research Support Office to facilitate grant claims.

16.6. Final Reports for Research

It is the responsibility of the Principal Investigator and their Head of Department to ensure final reports are delivered to the grant awardee on time. Normally final payments are withheld until the report is submitted and late delivery of a report can result in the final payment being disallowed or other sanctions being applied. The Principal Investigator is responsible for informing the Research Support Office of any anticipated delays so that advice can be sought from the funder. Any loss of income that results from late deliverables on the project will be charged to the appropriate Departmental cost centre.
16.7. **Research Staffing**

Staff forms for the employment of staff financed from a Research Grant or Contract must be approved by the Research Support Office before a staff contract is issued. Any redundancy payment which may be due upon the expiry of the contract will be charged to the appropriate Departmental cost centre.

16.8. **Expenditure on Research Grants**

Approval to commit expenditure on a research grant or contract must be in accordance with the agreed schedule of delegations of that grant/contract, and in accordance with the Procurement Procedures (see also section 19). It is the responsibility of the Principal Investigator to ensure that research grant/contract financing is used only for the purpose for which it was awarded and that expenditure is in accordance with the awarding body’s terms and conditions. The University’s standard rates for reimbursement of travel and subsistence expenses should be used, unless stipulated otherwise for a particular grant or contract. The Research Support Office can advise where there is any inconsistency.

It is the responsibility of the Principal Investigator and Head of Department that expenditure is kept within the limits of the grant awarded. Any overspending which cannot be recovered from the grant awarding body will be charged to the appropriate Departmental cost centre. Any exchange differences would normally be handled by the central University.

17. **OTHER INCOME-GENERATING ACTIVITY**

17.1. **Non-Research Projects**

The principles described above in sections 16.3 to 16.8 are also largely applicable to University consultancy and other externally funded projects. In particular, projects should be fully costed on the University costing tool and fully approved in accordance with the Schedule of Financial Delegations before submission to an external sponsor. Further guidance is available in the Definitions and Accounting for Externally Funded Projects document.

17.2. **Private Consultancies and Other Paid Work**

Private consultancies and other paid work may be undertaken by academic staff in accordance with the Guidance on Outside Professional Activities (see http://www.lancaster.ac.uk/depts/hr/total-reward/files/outside.html).

Further information is also available from the Lancaster University Consultancies Service (LUCS) website at http://www.lancaster.ac.uk/researchenterprise/l/lucs_welcome.html

Private consultancies and other paid work may only be undertaken by non-academic staff in accordance with the particular member of staff’s contract.
18. INTELLECTUAL PROPERTY RIGHTS AND PATENTS

Several activities in a University, including research and consultancy and the provision of post experience courses, give rise to ideas, know-how, software, designs, copyright material and potentially patentable inventions, collectively known as intellectual property (IP).

The rules applying to ownership of IP, licensing to third parties and creation of spinout companies are laid out in detail in the Intellectual Property Regulations of the University of Lancaster which are part of the Rules of the University, located at: https://gap.lancs.ac.uk/policy-info-guide/5-policies-procedures/rules-of-the-university/Pages/default.aspx

Copyright material is protected from the time it is first recorded; other rights need to be handled more formally to secure them, e.g. patents, and designs.

It is important that all staff recognise that to maximise the benefits from IP for both staff and Departments, it should be fully appraised both before and during a project. Ownership of IP by the University will only be conceded for appropriate recompense and this will be part of the approval process.

Software presents a special situation, as programs developed in one project could be the foundation of further packages, and proper attention must be paid to preserving rights of use for future research. All software developed as part of the research process should be clearly marked © University of Lancaster with the date of publication.

Care must be taken not to prejudice the freedom to publish. Nevertheless, prior publication can prevent a patent being obtained. Staff are advised to use the term ‘commercial -in confidence’ on any proposal which embodies novel ideas or discloses valuable results, lest the patent application is subsequently rejected.

Guidance on intellectual property can be obtained from the IP Development Manager or the Research Support Office in the Research and Enterprise Services Division. Proposers of research must discuss the intellectual property implications with Research and Enterprise Services of any proposed industrial and commercial related projects.

Any invention or discovery made by a member of staff in the course of his/her work, or whilst engaged in duties for externally sponsored research, or in circumstances such that the University owns the invention by law, must be notified as soon as it has been identified to the IP Development Manager.

It should be understood that any exploitation revenue received as the result of undertaking a research project will be used first to cover any shortfall in the recovery of the full costs of the project. Thereafter, the agreed University distribution formula will apply as detailed in the Intellectual Property Regulations http://www.lancaster.ac.uk/sbs/registry/docs/IP_Regs_prereg.pdf
19. EXPENDITURE

19.1. General

The HEFCE Financial Memorandum places a clear obligation on institutions to ensure that funds are used for proper purposes and value for money is achieved. Under delegations, Budget Holders are responsible for ensuring that value for money is obtained on all expenditure. The central Procurement team provide expertise to deliver cost effective and efficient access to goods, services and works, leveraging the purchasing power of the University and making better use of collaborative arrangements. Purchasing procedures are attached at Appendix 7.

19.2. Authorities and Authorised Signatories

Authorisation of expenditure must be in accordance with the Schedule of Financial Delegations and within approved budgeting limits.

Budget Holders may further delegate authority to request and approve the purchase of goods or services to other members of staff providing those staff have been adequately trained to carry out their responsibilities. This is carried out via the University’s financial system (currently Agresso).

Staff must ensure that any directly incurred expenditure e.g. expenses claims, do not exceed a specific allocation from a Budget Holder.

All requests for purchase orders should be made using the system laid down by the Director of Finance as detailed in the procurement procedures. Personal purchases from University funds must not be made under any circumstances.

19.3. Procurement

The Central Procurement team is primarily responsible for undertaking the procurement of goods and services on behalf of the University. The procurement process will be undertaken in accordance with the Procurement Procedures and other guidance. The University is bound by the Code of Ethics of the Chartered Institute of Purchasing and Supply. Detailed procedures can be found at Appendix 7.

All procurement by or on behalf of the University must comply with all applicable UK and European laws and regulations, the laws of other countries as may be appropriate and any agreed contractual obligations.

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.
19.4. European Union (EU) Regulations

The Head of Procurement is responsible for ensuring that the University complies with its legal obligations concerning European procurement legislation for the supply of goods and services. EU procurement regulations apply to all forms of procurement, purchase or hire (whether or not hire purchase) where the total value exceeds the threshold value. The current thresholds are £164,176 for supplies and services regulations, and £4,104,394 for works regulations - both amounts excluding VAT. These official sterling equivalents were fixed for two years commencing on 1st January 2014. A breach of these regulations is actionable by a supplier or potential supplier.

It is the responsibility of the Heads of Department to ensure that their members of staff comply by notifying the Head of Procurement of any purchases likely to exceed the thresholds noted above. This must be done as soon as the need is identified and at least three months in advance of the requirement to place a purchase order to allow time for the necessary tendering process to be undertaken.

19.5. Ethical, Social and Environmental Responsibility

The University recognises that its procurement decisions have a significant impact on the environment, society and the economy and is committed to improve sustainability and reduce carbon consumption in the supply chain.

The University will not knowingly work with suppliers at home or overseas who exploit child or sweated labour, disregard health and safety, ‘pirate’ intellectual property or that willfully damage the environment. Whilst there is an overriding requirement to comply with EU procurement rules the University will consider how procurement activity might improve the social and environmental well-being of the local area in compliance with the Public Services (Social Value) Act 2012.

19.6. Tenders and Quotations

Subject to the special rules imposed by the funding bodies, the University’s competitive tendering procedures contained in the procurement procedures will apply to all expenditure on products, services and works in excess of £25,000.

Below £25,000 the following guidelines apply:-

*For Goods and Services*
- under £1,000 – the Budget Holder has the discretion to decide whether or not to obtain quotations, but value for money must always be obtained;
- between £1,000 and £25,000 – the Budget Holder is required to obtain at least three written quotations;

*For Works only*
- under £1,000 – the Budget Holder has the discretion to decide whether or not to obtain quotations, but value for money must always be obtained;
• between £1,000 and £3,000 – a minimum of 1 written quotation must be obtained;
• between £3,000 and £25,000 – the Budget Holder is required to obtain at least three written quotations;

The above figures exclude VAT.

Guidance with regard to both obtaining quotations and tendering can be found within the Procurement Procedures.

Consultancy

Additional requirements apply to the external commitment of expenditure for the procurement of consultancy activities. Further information can be found within the Procurement Procedures.

19.7. Purchasing Cards

Purchasing Cards are issued to individuals, nominated by their Head of Department or Manager, and who are authorised to make purchases on behalf of their department. The card is used to place orders for low value goods and services in agreed categories and up to a predetermined spending limit.

19.8. Travel & Expenses Cards (T&E)

The T&E Card is intended for use by frequent travellers, i.e. University personnel who regularly travel and incur expense on University business. There is a monthly card limit stipulated at the time of issue but this may be adjusted on the authority of the Head of Department and the Head of Procurement.

19.9. Advance Payments

Advance payments for goods and services that have not yet been delivered must not be entered into without the permission of the Director of Finance. In the first instance any such proposal must be discussed with the Head of Procurement.

19.10. Staff Reimbursement for expenses

The University has an Expenses Policy giving full details of the regulations governing the reimbursement of expenses at Appendix 4.

19.11. Petty Cash Floats

It may be necessary for some Departments to carry an amount of cash as a float for operational purposes. The amount of float should be requested by the Head of Department to the Director of Finance, or Deputy Director of Finance for authorisation. Heads of Department should confirm that they have checked the balance of the float in writing to the Director of Finance as
at 31 January and 31 July each year. The float may be subject to random, unannounced cash counts at any point during the year.

Further guidance is given in the cash handling procedures in Appendix 8.

19.12. Gifts and Benefits to Members and Former Members of Staff

University funds shall not normally be used to purchase gifts or provide benefits in kind to members and former members of staff outside normal remuneration policies. In exceptional circumstances Heads of Department and Dean Equivalents may authorise appropriate levels of expenditure. See also section 8.3.

20. PAYROLL

The Director of Human Resources is responsible for all payroll cost operations including payments for overtime or services rendered. All time sheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in an approved form. These are available on the Human Resources website at http://www.lancaster.ac.uk/hr/forms.html.

All payments must be made in accordance with Her Majesty's Revenue and Customs (HMRC) regulations. The University is required by law to inform HMRC of any payment made to an individual for a service performed where there is either an actual or an implied contract of service. Any additional payment to an employee (e.g. for extra work performed out of hours) must also be paid via payroll. Overtime claim forms are available on the Human Resources website.

Full information regarding employment matters can be found on the HR website at http://www.lancaster.ac.uk/hr.

21. ASSETS

21.1. Land, Buildings and Equipment

The purchase, lease, rent or sale of land and buildings can only be undertaken with the authority of the University Council, either directly or under the approved delegations, and with reference to HEFCE requirements where exchequer funded assets or exchequer funds are involved.

The Director of Facilities is responsible for maintaining the University’s register of land and buildings including leases and other documents of title.
21.2. Responsibility for Inventories

Heads of Departments are responsible for completing an annual return confirming details of plant, equipment, furniture etc. held within their department. The pro-forma return will be issued annually by the Head of Procurement and will specify the details to be provided.

21.3. Loan of University Property

University property should not be removed from the University premises without the prior written permission of a line manager at least at Head of Department level. Laptops may be removed by the individual to whom the computer is assigned but remain University property.

Any private use of University owned assets (e.g. vehicles, computer equipment removed to home addresses) must be reported by the Head of Department to the Finance Division and may result in a tax liability for the individual concerned.

21.4. Loss of University Property

Any losses must be notified immediately to the Security Operations Manager. The Head of Procurement should also be advised so that an insurance claim can be made where appropriate.

21.5. Use of University Buildings or Facilities

Arrangements allowing other organisations or their staff to use any University buildings or facilities can only be made with approval from the Director of Facilities.

21.6. Stocks and Stores

Heads of Departments are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their control and for ensuring that systems are commensurate with Health and Safety guidelines.

Those Heads of Department whose units of stock require valuation in the University’s Accounts must ensure that the stock taking procedures have the approval of the Director of Finance.

22. OTHER

22.1. Donations to the University

Heads of Department are responsible for promptly notifying the Alumni and Development Office of any donations, in cash or in kind, to be made to the University. The Alumni and Development Office will assess any ethical implications, obtain consents if necessary and maintain records in respect of donations and will notify the Finance Division in order for any potential tax implications to be assessed.

The Heads of Department will need to clarify with the Alumni and Development Office that, with due consideration of Bribery Act provisions, any restrictive clauses are considered before
any of the University’s staff accept any gifts. Any potential ethical issues surrounding either the
donor or the circumstances of the gift itself must also be considered before acceptance.

Individuals should not mount fundraising campaigns without gaining the approval of the Vice-
Chancellor.

22.2. Insurance

University

The Director of Finance, in consultation with the University Secretary, is responsible for
ensuring that the University has appropriate levels of insurance cover.

Heads of Department must ensure that they advise the Head of Procurement immediately of
any event which may give rise to an insurance claim, for example, fire, flood, lightning,
malicious damage or any other major incident and the Head of Procurement must notify the
University’s insurers accordingly. Heads of Department must also inform the Head of
Procurement of any new circumstances affecting risk in order that they can be accommodated
from an insurance perspective.

Staff Insurance Issues

Travel insurance for members of staff travelling overseas or staying overnight in the UK is
automatically covered under the University’s insurance arrangements. Policy details are

Motor vehicle insurance is provided for persons on University business using University owned
vehicles and hire cars from the University preferred suppliers. Drivers must be over 21 years
old and hold a full UK driving license. A Driver Declaration form must be completed before
driving these vehicles. Further guidance is available on the website at

If it is planned that University equipment will be taken for use abroad, further guidance should
be sought from Procurement.

22.3. University Companies

In certain circumstances it may be advantageous to the University to establish a wholly, or
partly owned company to undertake services on its behalf. Establishing a University Company
requires approval of the University Council.

For the avoidance of doubt, these Regulations apply to all University Companies, although
variations to procedures may be agreed by the Director of Finance, with notification to the
Vice-Chancellor.
22.4. Use of the University’s Seal

If a document is a deed it will require the University’s seal. The seal can only be applied by the University Secretary and a member of Council.

The University Secretary is responsible for submitting an annual report to Council detailing the use of the University’s seal.