



Lincoln Bishop University

Document Administration

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FINANCIAL REGULATIONS, PROCEDURES & PURCHASING POLICY

VERSION CONTROL TABLE

<u>Version Number</u>	<u>Date Authorised</u>	<u>Summary of Key Changes</u>
1.0 – 3.0		Policy first introduced and reviewed in line with institutional processes
4.0	12 June 2024	Reviewed to update nomenclature, references to external guidance and regulation

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1. GENERAL PROVISIONS

1.1. Background

- 1.1.1. The requirement for these Regulations is derived from the Articles of Government of Lincoln Bishop University and the Office for Students (OfS) Terms and Conditions of Funding for Higher Education Institutions.
- 1.1.2. The OfS Terms and Conditions of Funding for Higher Education Institutions sets out the requirements for funding. The University Council, which has ultimate responsibility for the University's management and administration, is responsible for ensuring that conditions of funding are met.
- 1.1.3. The University must adhere to the OfS Audit Code of Practice which requires it to have sound systems of financial and management control. The Financial Regulations of the University form part of this overall system of accountability. In addition, the University is a registered charity, number 1184682.

1.2. Status of Financial Regulations

- 1.2.1. This document sets out the University's Financial Regulations. It translates into practical guidance the University's broad policies relating to financial control. It applies to the University and its subsidiary undertakings.
- 1.2.2. These Financial Regulations are subordinate to any restrictions contained within the OfS Terms and Conditions of Funding for Higher Education Institutions and Audit Code of Practice.
- 1.2.3. The purpose of these Financial Regulations is to provide control over the totality of the University's resources and provide management with assurances that the resources are being properly applied for the achievement of the University's strategic plan and business objectives.
- 1.2.4. Compliance with the Financial Regulations is compulsory for all staff of the University. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the University's Disciplinary Policy. The University Council will be notified of any such breach as appropriate through the Audit Committee. It is the responsibility of each member of staff to be aware of the existence and content of the University's Financial Regulations and to seek advice in case of any uncertainty as to how to act.

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- 1.2.5. The Finance, Employment & General Purposes (FE&GP) Committee, along with the Audit Committee, are responsible for maintaining a continuous review of the Financial Regulations, through the Financial Controller, and for advising the University Council of any additions or changes necessary.
- 1.2.6. In exceptional circumstances, the FE&GP Committee may authorise a departure from the detailed provisions herein and reported to the University Council at the earliest opportunity.

2. CORPORATE GOVERNANCE

2.1. Committee Structure

- 2.1.1. The University Council is responsible for the management and administration of the University. Its financial responsibilities are to:
 - i. ensure the solvency of the University;
 - ii. safeguard the University's assets;
 - iii. ensure the effective and efficient use of resources;
 - iv. ensure that the funds provided by the funding body are used in accordance with the terms and conditions specified in the OfS Terms and Conditions of Funding for Higher Education Institutions;
 - v. ensure that financial control systems are in place and are working effectively;
 - vi. ensure that the University complies with the OfS Audit Code of Practice;
 - vii. approve the University's strategic plan;
 - viii. approve annual estimates of income and expenditure and the annual financial statements;
 - ix. appoint the University's internal and external auditors.
- 2.1.2. The University Council has ultimate responsibility for the University's finance but delegates specific powers and processes to the committees detailed below. These committees are accountable to University Council.
- 2.1.3. The committees with responsibility for financial planning, resources allocation and budgetary control are:
 - i. Finance, Employment & General Purposes Committee;
 - ii. Audit Committee;
 - iii. Governance & Nominations Committee;
 - iv. Remuneration Committee.

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- 2.1.4. The division of responsibilities for these committees can be summarised as below.
- 2.1.5. Finance, Employment & General Purposes Committee deals with such employment, financial and administrative matters as the University Council may remit to it, including:
- i. recommending to the University Council for approval the annual University budget and medium-term financial forecasts, to achieve the objectives of the University's Strategic Plan;
 - ii. monitoring the University's progress and performance against the Annual Budget (including the investment programme for capital and infrastructure) and to approve variations where necessary;
 - iii. receiving the annual accounts for the University and recommend their approval to the University Council;
 - iv. on behalf of the University Council, investigating aspects of the financial situation, which require further analysis or action;
 - v. approving and monitoring the University's Treasury Management Policy;
 - vi. advising on borrowing policy, and considering and approving proposals for borrowing and related external funding arrangements, and the details of their terms, reporting as necessary to the University Council;
 - vii. overseeing the University's arrangements for pensions, tax, purchasing, subsidiary company and financial relationship with associated bodies;
 - viii. working with the Audit Committee in determining the University's Financial Regulations;
 - ix. receiving reports from Estates and Human Resources where applicable.
- 2.1.6. Audit Committee: appoints and receives reports from the External and Internal Auditors; monitors implementation of audit recommendations; maintains University policy on fraud and irregularity, reviewing the effectiveness of the internal control system and a range of other matters relating to financial efficiency, effectiveness and propriety. (The terms of reference of the Audit Committee are as recommended by the OfS Audit Code of Practice).

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- 2.1.7. Governance & Nominations Committee advises the University Council about the appointment of independent members to the University Council and the membership of committees of the University Council, other than the Governance & Nominations Committee itself.
- 2.1.8. Remuneration Committee advises the University Council about the remuneration and terms and conditions of employment of senior staff, including the Vice-Chancellor.

2.2. Designated Officer

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

2.3. Financial Responsibilities in the University

- 2.3.1. The University Executive Group will deputise for the Vice-Chancellor in his or her absence.
- 2.3.2. Day-to-day financial administration is controlled by the Financial Controller who reports to the Chief Financial Officer and who, in turn reports to the Vice-Chancellor. The Financial Controller has responsibility for:
 - i. the preparation of the University's Financial Statements;
 - ii. preparing annual capital and revenue budgets and financial plans;
 - iii. the provision of financial advice to the University Council, Committees of the University Council and University staff;
 - iv. ensuring that the University maintains satisfactory financial systems;

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- v. providing professional advice on all matters relating to financial policies and procedures;
 - vi. day-to-day liaison with internal and external auditors to achieve efficient processes;
 - vii. the development of procurement and contract policy;
 - viii. short-term investment of the University's cash balances in accordance with the policy determined by the FE&GP Committee;
 - ix. ensuring relevant and adequate insurance policies are in place for the University.
- 2.3.3. The responsibility for the management of budgets falls to the budget holder responsible for that department or faculty area.
- 2.3.4. Budget holders are responsible to the Financial Controller, Chief Financial Officer and ultimately, the Vice-Chancellor and University Council for all funds disbursed by the University and should ensure that finance and procurement policies and procedures are observed.
- 2.3.5. All members of staff should be aware and have a general responsibility for the security of the University's property, for avoiding loss and for due economy in the use of resources. They should ensure that they are aware of the University's financial authority limits and procurement levels. They shall make available any relevant records or information to the Financial Controller or his or her authorised representative in connection with the implementation of the University's financial policies, these financial regulations and the system of financial control.
- 2.3.6. The Executive Team and budget holders shall provide the Financial Controller with such financial and other information as necessary, from time to time, to carry out the requirements of the University Council. It is the responsibility of all staff to immediately notify the Financial Controller who will notify the Chief Financial Officer whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the University. The Chief Financial Officer shall take such steps as necessary by way of investigation and report.
- 2.3.7. The Students' Union receives grant and in-kind support from the University but is recognised as a separate entity.

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2.4. Risk Management

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

2.5. Whistleblowing

- 2.5.1. Whistleblowing in the context of the Public Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistle-blower 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 the information is confidential, and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.
- 2.5.2. Normally any concern about a workplace matter at the University should be raised with the relevant member of staff's immediate line manager or member of the Executive Team. However, the University recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.
- 2.5.3. A member of staff may, therefore, make the disclosure to the Chief Financial Officer of the Vice-Chancellor.
- 2.5.4. The full procedure for whistleblowing is set out in the University's Whistleblowing Policy, which is available on the University website.

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

- 2.6.1. The University is committed to the highest standards of openness, integrity and accountability. The University expects staff at all levels to always operate with this in mind.
- 2.6.2. Additionally, members of the University Council, senior management or those involved in procurement are required to disclose interests in the University's register of interests maintained by the Clerk to the University Council (or another designated officer). They will also be responsible for ensuring that entries in the register relating to them are kept up-to-date regularly and promptly, as prescribed in the financial procedures.
- 2.6.3. No person shall be a signatory to a University contract where they also have an interest in the activities of the other party.
- 2.6.4. The procedures for registration and declaration of interests are available from the Clerk to the University Council.
- 2.6.5. Staff and members of the University Council must not accept any personal benefit as an inducement or reward for taking any action (or specifically not acting) in their position in the University or for showing favour (or disfavour) to anyone in their position in the University. This is covered by the guidance notes on gifts and hospitality which are available on the University website.

2.7. Money Laundering

- 2.7.1. The University is required, by law, to examine the nature of any income transaction involving the receipt of an unusually large amount of cash (£10,000 and above) and has nominated the Financial Controller to act as the individual responsible for money laundering. To minimise Money Laundering risk, the University does not accept single cash payments of more than £2,500.
- 2.7.2. Members of staff must inform the Financial Controller if any of the following occur:
 - i. a single cash payment of this value is received;
 - ii. a series of lesser cash payments, amounting in total to this value, is received;
 - iii. a cash payment (of any value over £1,000) is received which is above the due debt, such that a cheque or BACS refund would be required to be made.

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- 2.7.3. Failure to report a suspicious receipt of income is regarded as a criminal offence which may result in prosecution of an individual. More details can be found in the Proceeds of Crim (Anti-Money Laundering) Policy available on the University website.

2.8. Response to Fraud

- 2.8.1. All actual or suspected incidents should be reported without delay to the Financial Controller or the Chief Financial Officer. The Financial Controller or Chief Financial Officer should, within 24 hours, contact the following project group to decide on the initial response:

- i. Vice-Chancellor (Chair);
- ii. Chief Financial Officer;
- iii. Chair of Audit Committee and Internal Audit will also be informed.

The Financial Controller or the Chief Financial Officer should also, at his or her discretion, make enquiries to the relevant Head of Department.

- 2.8.2. The project group will decide on the action to be taken. This will normally be an investigation, led by a person appropriately qualified to meet the requirements of the Criminal Procedures and Investigations Act and independent of the activity affected by the alleged fraud. The decision by the project group to initiate a special investigation shall constitute authority to internal audit to use time provided in the internal audit plan for special investigations, or contingency time, or to switch internal audit resources from planned audits.
- 2.8.3. Where initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the project group will decide how to prevent further loss. This may require the suspension, with or without pay, of the suspect(s). It may be necessary to plan the timing of suspension to prevent the suspect(s) from destroying or removing evidence that may be needed to support disciplinary or criminal action.
- 2.8.4. In these circumstances, the suspect(s) should be approached unannounced. They should be supervised before leaving the University's premises. They should be allowed to collect personal property under supervision but should not be able to remove any property belonging to the University. Any security passes and keys to premises, offices and furniture should be returned.

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- 2.8.5. Advice should be obtained on the best means of denying access to the University while suspects remain suspended (for example, by changing locks and informing porters not to admit the individuals to any part of the premises). Similarly, access permissions to the University's computer systems should be withdrawn without delay.
- 2.8.6. Internal audit shall consider whether it is necessary to investigate systems, other than that which has given rise to suspicion, through which the suspect(s) may have had opportunities to misappropriate the University's assets.
- 2.8.7. A major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The University will follow disciplinary procedures against any member of staff who has committed fraud. The University will normally pursue the prosecution of any such individual, where criminal action is suspected, and will involve the Police appropriately.
- 2.8.8. Internal audit will:
- i. maintain familiarity with the University's disciplinary procedures to ensure that evidence requirements will be met during any fraud investigation;
 - ii. establish and maintain contact with the Police where appropriate;
 - iii. ensure that staff involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.
- 2.8.9. The circumstances in which the University must inform OfS about actual or suspected frauds are detailed in the OfS Terms and Conditions of Funding for Higher Education Institutions. The Vice-Chancellor is responsible for informing OfS of any such incidents. Similarly, any requirement to report to other funding bodies or third parties must be considered by internal audit and the project group.
- 2.8.10. Recovering losses is a major objective of any fraud investigation. Internal audit shall ensure that in all fraud investigations, the amount of any loss will be quantified. Repayment of losses should be sought in all cases.
- 2.8.11. Where the loss is substantial, legal advice should be obtained without delay about the need to freeze the suspect's assets through the court, pending conclusion of the investigation. Legal advice should also be obtained about prospects for recovering losses through the civil court where the perpetrator refuses repayment. The University would normally expect to recover costs in addition to losses.

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- 2.8.12. Any variation from the approved fraud response plan, together with reasons for the variation, shall be reported promptly to the Chairs of the University Council and the Audit Committee.
- 2.8.13. On completion of a special investigation, a written report shall be submitted to the Audit Committee containing:
- i. a description of the incident, including the value of any loss, the people involved, and the means of perpetrating the fraud;
 - ii. the measures taken to prevent a recurrence;
 - iii. any action needed to strengthen future responses to fraud, with a follow-up report on whether the actions have been taken.
- This report will normally be prepared by internal audit.
- 2.8.14. In the case of major fraud in line with the University's Anti-Money Laundering Policy, the project group shall provide a confidential report to the Chair of University Council, the Chair of the Audit Committee, the Vice-Chancellor and the external audit partner at least monthly, unless the report recipients request a lesser frequency. The scope of the report shall include:
- i. quantification of losses;
 - ii. progress with recovery action;
 - iii. progress with disciplinary action;
 - iv. progress with criminal action;
 - v. estimate of resources required to conclude the investigation;
 - vi. actions taken to prevent and detect similar incidents.
- The limit for reporting fraud to the OfS is over £25,000 or two per cent of the University's total income (whichever is smaller).
- 2.8.15. All special investigations shall normally be led by appropriately qualified internal audit staff. Special investigations shall not be undertaken by management although management should co-operate with requests for assistance from internal audit.
- 2.8.16. Some special investigations may require the use of technical expertise which internal audit does not possess. In these circumstances, the project group may directly, or based upon advice from internal audit, approve the appointment of external specialists to lead or contribute to the special investigation.
- 2.8.17. Any provisions for handling publicity about any fraud processes will be considered initially by the Vice-Chancellor, based on advice from the project group.

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2.9. Audit Requirements

2.9.1. External auditors and internal auditors shall have the authority to:

- i. access University premises at reasonable times;
- ii. access all assets, records, documents and correspondence relating to any financial and other transactions of the University;
- iii. require and receive such explanations as are necessary concerning any matter under examination;
- iv. require any employee of the University to account for cash, stores or any other University property under his or her control;
- v. access records belonging to third parties, such as contractors, when required.

The Financial Controller is responsible for working with the external audit partner to draw up a timetable for final accounts purposes and will advise staff accordingly.

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

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

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

2.9.5. The award of non-audit work to the external auditors is managed to ensure that the auditors can conduct an independent audit and are perceived to be independent of the University. The performance of non-audit work by the external auditors should be agreed only after careful consideration and work should be awarded only when, by virtue of their knowledge, skills or experience, the external auditors are clearly to be preferred over alternative suppliers. The nature and cost of all non-audit work awarded to the external auditors will be reported annually to Audit Committee, together with an explanation as to why the auditors were the preferred supplier. The external auditors may not perform internal audit work.

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- 2.9.6. The internal audit provider is appointed by the University Council on the recommendation of the Audit Committee.
- 2.9.7. The OfS Terms and Conditions of Funding for Higher Education Institutions requires that it has an effective internal audit function, and their duties and responsibilities must be in accordance with advice set out in Audit Code of Practice.
- 2.9.8. The prime responsibility of the internal audit service is to provide the University Council, the designated officer and the other managers of the institution with assurance on the adequacy and effectiveness of the internal control system, including risk management and governance. Responsibility for internal control remains fully with management who recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management to improve systems of internal control and so to reduce the potential effects of any significant risks faced by the institution. Risk management provides the opportunity for internal audit work to be efficient and focused. It does not necessarily imply that internal audit activity must be increased.
- 2.9.9. Internal audit can also provide independent and objective consultancy advice specifically to help management improve the internal control system including value for money, risk management and governance. In such circumstances, internal auditors apply their professional skills in a systematic and disciplined way to contribute to the achievement of corporate objectives. Such advisory work contributes to the opinion that internal audit provides on internal control, including risk management and governance.
- 2.9.10. The internal audit service remains independent in its planning and operation but has direct access to the University Council, Vice-Chancellor and Chair of the Audit Committee. The internal auditor will also comply with the Auditing Practices Board's auditing guideline - Guidance for Internal Auditors.
- 2.9.11. It is a requirement of the OfS Terms and Conditions of Funding for Higher Education Institutions that the University Council is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control considering guidance on good practice issued from time to time by OfS, the National Audit Office, the Public Accounts Committee or other relevant bodies.

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- 2.9.12. To fulfil this responsibility, the University Council will develop and revise periodically a plan for value for money work that will provide evidence of compliance with OfS requirements. It will be used to enable the Audit Committee to refer to value for money in their annual report.
- 2.9.13. The University may, from time to time, be subject to audit or investigation by external bodies such as OfS, National Audit Office, grant funding agencies and HM Revenue and Customs. They have the same rights of access as external and internal auditors.

2.10. Treasury Management

- 2.10.1. The FE&GP Committee is responsible for approving a Treasury Management Policy statement setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with OfS rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set by the OfS. The FE&GP Committee has a responsibility to ensure implementation, monitoring and review of such policies. The Policy should be considered as part of the Financial Regulations and a copy is available on the University Staff Portal.
- 2.10.2. The University Council is responsible for the appointment of the University's bankers and other professional financial advisers, if necessary (such as investment managers), on the recommendation of the FE&GP Committee. The appointment shall be for a specified period after which consideration shall be given by the FE&GP Committee to competitively tender the service.
- 2.10.3. Only the Financial Controller may open or close a bank account for dealing with the University's funds. All bank accounts shall be in the name of the University or one of its subsidiary undertakings.
- 2.10.4. All cheques drawn on behalf of the University must be signed in the form approved by the FE&GP Committee.
- 2.10.5. All automated transfers on behalf of the University, such as BACS, must be authorised in the appropriate manner and on the basis approved by the FE&GP Committee.
- 2.10.6. The Financial Controller will maintain a list of all bank signatories and reference to agreed authorisation limits as approved by the FE&GP Committee.

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2.10.7. Current bank signatories:

- i. Financial Controller
- ii. Chief Financial Officer
- iii. Vice-Chancellor

3. FINANCIAL MANAGEMENT AND CONTROL

3.1. Resource Allocation

- 3.1.1. Budgets are determined jointly by the FE&GP Committee acting under the authority of the University Council following an annual planning process.
- 3.1.2. Detailed University plans are to be prepared annually and will be discussed with University senior management.
- 3.1.3. The authority to make a change to the overall budget rests with the Council, for which delegated arrangements are stated at paragraph 3.15.1. Budget holders should endeavour to find the resources from within their own budgets for expenditure, or to work with other budget holders to find a solution. There is a virement process described in paragraph 4.4.6, which enables the Financial Controller to permit the transfer of budget from one cost centre/account code combination to another. Budget holders do not have permission to overspend.
- 3.1.4. Supplementary budget approval may be granted under the delegated arrangements described in paragraph 3.15.1 in situations where additional in year expenditure is required and is permissible within the scope of Council financial responsibilities described in paragraph 2.1.1. The FE&GP Committee and Council will be presented with a full analysis of any movements to the budget control total at each meeting.

3.2. Management of Budgets – General Principles

- 3.2.1. It is a general rule that all legally binding agreements between the University and third parties must be signed by the Vice-Chancellor or by a member of staff specifically designated by the Vice-Chancellor to do so. All members of staff are required to consult the Finance Office about any proposal which has significant or potentially significant financial implications and must also consult the Research Office about costing and pricing of research and consultancy work (including appropriate levels of overhead recovery) and the protection of intellectual property.

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- 3.2.2. Subject to these overall requirements, financial responsibility is delegated to budget holders as described elsewhere in these Regulations. Budget holders can delegate the operation of a budget or designate a substitute for periods of absence, but not financial responsibility.
- 3.2.3. The Human Resources Office is responsible for issuing contracts of appointment for all University staff in accordance with approved University recruitment and personnel policies. Staff appointments can only be made to posts whose funding has been approved in the University's budget, as appropriate or in respect of posts directly financed from research grants or contracts from external sources.
- 3.2.4. The Executive Team and budget holders are responsible for the financial control of all expenditure within their departments. The Executive Team and budget holders may delegate the duty, but not the responsibility, of budgetary control to other individuals within the department following approval by the Financial Controller.
- 3.2.5. Budget holders are required to ensure that:
- i. funds are expended for the purposes for which they were given;
 - ii. expenditure and income are coded to the cost centre/account code combination that reflects the substance of the transaction, and to contact Finance in the event of any ambiguity;
 - iii. expenditure does not lead to overspending, unless previously authorised and documented by a budget virement or an Executive Team decision (and in turn approved by the University Council where relevant);
 - iv. all steps are taken to ensure that goods and services are obtained economically and efficiently;
 - v. all commitments to expenditure entered by the placing of orders are recorded centrally.
- 3.2.6. The primary mechanism to aid budgetary control within the University is using the central finance system which records all expenditure and holds budgets. Budgets are entered and maintained on the system by the Finance Office to ensure that the total allocated does not exceed the total available to the department. Departments have on-line access to the central finance computer system to review all commitments and actual expenditure against planned budgets. Additional budget monitoring reports will be developed through discussion with the Finance Office.

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- 3.2.7. Non-pay budgets are available to be spent by budget holders on any items which are appropriately chargeable to public funds. In cases of doubt as to whether an item can be charged against the non-pay budget, the budget holder should consult the Financial Controller.
- 3.2.8. Budget holders are required to inform the Financial Controller of the detailed breakdown of budgets which have been allocated to them so that these may be entered onto the central computer system.
- 3.2.9. Departments should regularly review the expenditure they have incurred and are likely to incur up to the end of the financial year and compare the forecast expenditure with the authorised budgets. Any significant variances that arise during the financial year of monthly spend below or above the budgeted rate of spend must be advised to Finance by the budget holder.

3.3. Accounting Arrangements and Record Retention

- 3.3.1. The University's financial year will run from 1 August until 31 July the following year.
- 3.3.2. The consolidated financial statements are prepared in accordance with applicable accounting standards.
- 3.3.3. The financial statements are prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education, subject to any specific requirements of OfS, and in accordance with the provisions of the Companies Act if that is appropriate.
- 3.3.4. The Financial Controller is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities. The University is required by law to retain prime documents for the current year and the previous six years (unless otherwise stated). These include but are not limited to:
 - i. official purchase orders;
 - ii. paid invoices;
 - iii. sales invoices raised;
 - iv. bank statements;
 - v. copies of income remittances;
 - vi. evidence of payments made;
 - vii. Management accounts (current year plus previous two years);
 - viii. Budget preparation papers (current year plus previous two years);
 - ix. Finance business partnering meeting notes (current year plus previous two years);

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- x. Year-end financial accounts working papers (current year plus previous six years);
 - xi. Course costings and research proposals (duration of the course/research proposal plus six years);
 - xii. Research bid and commercial bid costings (including unsuccessful bids).
- 3.3.5. Goods delivery notes should be retained in departments for eighteen months after the end of the financial year, i.e. goods delivery notes for the financial year 2015/16 should be destroyed on 31 January 2018.
- 3.3.6. The Financial Controller will make appropriate arrangements for the retention of electronic records, with guidance from the University IT Department.
- 3.3.7. Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies.

3.4. Income

- 3.4.1. The Financial Controller is responsible for ensuring that appropriate procedures are in operation to enable the University to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Financial Controller.
- 3.4.2. The Financial Controller is responsible for the prompt collection, security and banking of all income received.
- 3.4.3. It is the responsibility of all staff to ensure that revenue to the University is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. This requires the prompt notification to the Financial Controller of sums due so that collection can be initiated.
- 3.4.4. All monies received within departments from whatever source must be recorded by the department daily together with the form in which they were received, for example cash, cheques and other negotiable instruments. To minimise Money Laundering Risk, the University does not accept single cash payments of more than £2,500.
- 3.4.5. All monies received must be banked within five days of receipt. The custody and transit of all monies received must comply with the requirements of the University's insurers.

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- 3.4.6. All sums received must be paid in and accounted for in full as income and must not be used to meet miscellaneous departmental expenses. Personal or other cheques must not be cashed out of money received on behalf of the University.
- 3.4.7. Only the Financial Controller can implement credit arrangements and indicate the periods in which different types of invoices must be paid.
- 3.4.8. Requests to write off debts more than £5,000 must be referred in writing to the Chief Financial Officer. Debts up to £5,000 may be written off by the Financial Controller.
- 3.4.9. Any student who has not paid an account for tuition fees or any other study-related fees owing to the University shall not receive the certificate for any degree, diploma or other qualification awarded by the University until all outstanding debts have been cleared. Continuing students shall be prevented from re-enrolling at the University and from using any of the University's facilities unless appropriate arrangements have been made. Further details on debt sanctions are available in the Tuition Fees, Charges, Debt and Refund Policy available on the University website.

3.5. Pay Expenditure

- 3.5.1. All staff must be appointed under the procedures set out by Human Resources and all letters of appointment must be issued by that office.
- 3.5.2. The Financial Controller is responsible for all payments to staff, including payments for salaries, wages, part-time fees and reimbursable expenses to University employees, and for payment of fees to external lecturers and other providers of professional services as necessary. The maintenance of all records associated with payroll, pensions, PAYE income tax, national insurance and similar payments shall be the responsibility of the Head of Human Resources.
- 3.5.3. The Head of Human Resources shall implement such systems as deemed appropriate to record all absences from duty, both authorised and unauthorised.

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- 3.5.4. Claims for travelling, subsistence and other expenses shall be submitted as soon as possible after the expenditure has been incurred and no later than two months following the date of expenditure. Full details regarding claiming and payment of employee expenses are detailed in the policy on Reimbursement of Expenses. Claims for reimbursement of expenses exceeding the two-month cut off period will only be paid if exceptionally agreed by the Financial Controller.

3.6. Non-Pay Expenditure

- 3.6.1. The Financial Controller is responsible for making payments to suppliers of goods and services to the University.
- 3.6.2. Invoices for goods and services should be sent directly by the supplier to the Finance Office or if received in departments forwarded to the Finance Office for payment immediately. The Finance Office should be informed of any invoices that are disputed, so that they can be held back from payment. All invoices for payment must be made out to Lincoln Bishop University or the appropriate subsidiary undertaking as necessary.
- 3.6.3. Invoices will be entered on to the central finance system to allow for electronic signature approval by the budget holder in the department or a member of staff with delegated authority if previously agreed with the Financial Controller.
- 3.6.4. The budget holder's electronic authorisation signifies that he/she is satisfied that:
- i. the goods have been received, examined and approved as to quality and quantity or the work has been carried out satisfactorily, in accordance with the contract with the supplier;
 - ii. that the expenditure is lawful;
 - iii. prices are correct and in accordance with contracts or quotations, where appropriate, also that arithmetic is correct and available discounts have been deducted;
 - iv. an invoice has not previously been passed for payment for the same supply;
 - v. the invoice constitutes a proper charge against the account code to be charged;
 - vi. the amount of the invoice is within the budget of the account code to be charged;
 - vii. where appropriate, purchase authorisation forms have been completed in advance of the purchase taking place.

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- 3.6.5. It is the University's general policy to pay for goods and services only after they have been received. If in exceptional circumstances a supplier requires payment in advance, the budget holder is responsible for ensuring that the goods or services are actually provided. If a substantial sum of money is involved the supplier should be asked to provide an advance payment bond (which is issued by the supplier's bankers and will allow the University to recover the advance payment if delivery is not made on time). If a bond is required, departments should contact the Financial Controller for guidance.
- 3.6.6. Invoices relating to travel arrangements and hotel, or conference bookings must be authorised in accordance with the rules for expense claims and must be annotated the purpose of the visit, the period of the visit (start and end dates) and the names of the members of staff to which the invoice relates.
- 3.6.7. Payments to suppliers should always be made based on an official invoice following an official University purchase order. There are circumstances, however, where a payment needs to be made but there is no supplier invoice - the payment of a conference attendance fee is a possible example. On such occasions a BACS request form should be completed and submitted to the Finance Office for payment. Each form must be properly authorised by the budget holder and contain sufficient supporting details to substantiate the name of the payee, the bank details and the amount of the payment.
- 3.6.8. Budget holders wishing to make payments in foreign currency should notify the Finance Office in good time. Wherever possible four weeks clear notice should be given before any foreign transaction.
- 3.6.9. The default payment method will be via BACS. Cheque payments may be made in exceptional circumstances and with the approval of the Financial Controller. All cheques will be sent out by the Finance Office direct to the recipient unless there are exceptional circumstances (as detailed below).
- 3.6.10. There will be some exceptional situations where a cheque is required by a department, for example where cheques for prizes, elective loans, deposit returns etc. are to be distributed in a controlled manner or where payment is required on delivery of goods. Any cheques that are not to be sent directly to the recipient must be collected from the Finance Office by a departmental representative.

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- 3.6.11. Reimbursement of expenses will usually be made by BACS, but any cheques issued for reimbursement of expenses or payment of fees will be sent direct to the person to whom they are due, either at a departmental or home address, and must not go via a third party.
- 3.6.12. Where appropriate, the Chief Financial Officer or the Financial Controller may approve the issuing of University purchasing/credit cards to appropriate staff. Such purchase cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action. Please refer to section 4.7 for additional information.

3.7. Assets

- 3.7.1. The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the University Council.
- 3.7.2. The Financial Controller is responsible for maintaining the institution's register of land, buildings, fixed plant and machinery and intangible assets such as computer software. Departments will provide the Financial Controller with any information he/she may need to maintain the register, including verification of the assets where required. The University capitalisation threshold is £1,000.
- 3.7.3. University managers are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the Head of Estates & Campus Operations in any case where security is thought to be defective or where it is considered that special security arrangements may be needed. All IT equipment must be registered with the IT Department regardless of value.
- 3.7.4. In the event of the disposal of equipment by sale, or as scrap, managers must ensure that the Finance Office is notified of the need to delete the relevant inventory records in advance of its disposal. A Fixed Asset Disposal Form is available from the Finance Office or University Staff Portal.
- 3.7.5. The Financial Controller should arrange for all inventories to be checked quarterly.

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3.8. Taxation

- 3.8.1. The Financial Controller is responsible for advising managers, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues to the University. Departments and staff may not seek advice directly from the tax authorities but must route enquiries through the Finance Office or directly with the Financial Controller.
- 3.8.2. The Financial Controller is responsible for maintaining the University's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

3.9. Research Grants and Contracts for Supply of Services by the University

- 3.9.1. Where approaches are to be made to outside bodies for support for research projects, (including research contracts to be undertaken on behalf of such bodies), or other external arrangements, it is the responsibility of the budget holder to ensure that the financial implications have been appraised by the Research Office and Finance Office where appropriate. This will include obtaining a set of terms and conditions from each organisation providing funding to enable appropriate contract management by the budget holder.
- 3.9.2. Research grants and contracts shall be accepted on behalf of the University by the Chief Financial Officer. The exceptions here will be the price setting for ongoing services such as catering, conferencing, and reprographics where the prices will be reviewed a set for the following financial year as part of the annual budget setting process.
- 3.9.3. The Research Office shall maintain all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.
- 3.9.4. Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific budget holder.
- 3.9.5. Any overspend, or under-recovery of overheads is clear responsibility of the department with any loss being a charge on departmental funds.
- 3.9.6. Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions often means that the University will suffer a significant financial penalty. It is the

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responsibility of the named supervisor or grant holder to ensure that conditions of funding are met.

- 3.9.7. The Financial Controller should be notified of any activity which might affect the University's insurance liabilities.
- 3.9.8. Any loss to the University resulting from a failure to meet conditions of funding is the responsibility of the budget holder and will be charged against departmental funds.

3.10. Services to Business and the Community

- 3.10.1. Non-award bearing academic services will normally comprise non-award bearing short courses, conferences and consultancy work. Departments are encouraged to engage in academic services to business and the community, especially where this will generate new external income.
- 3.10.2. All non-award bearing academic services are expected to be self-financing or surplus generating unless it is intended that a new course is to be launched as a loss leader. If that is the case, the reason for it must be specified and agreed by the Financial Controller.
- 3.10.3. Services must be costed and agreed with the Financial Controller before any commitments are made. Provision must be made for charging both direct and indirect costs, for the recovery of overheads.
- 3.10.4. Any unplanned deficits incurred on other income-generating activities will be charged to departmental funds.
- 3.10.5. Distribution of profits on other income-generating activity between central funds of the University and individual departments will be in accordance with the policy approved by the University Council.

3.11. Insurance

- 3.11.1. The Financial Controller is responsible for the University's insurance arrangements including the provision of advice on the types of cover available.
- 3.11.2. Managers must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the University may be exposed. The Financial Controller's advice should be sought to ensure that this is the case. Managers must give prompt notification to the Financial Controller of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Managers

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must advise the Financial Controller immediately of any event that may give rise to an insurance claim. The Financial Controller will notify the University's insurers and, if appropriate, prepare a claim in conjunction with the Head of Department for transmission to the insurers. Non-disclosure of any agreements can invalidate the University's insurance covers.

- 3.11.3. Staff wishing to use the University vehicles or their own private vehicles on behalf of the University must adhere to the policy on Driving for Work.

3.12. Students' Union

- 3.12.1. The Students' Union is a separate entity from the University but is recognised to fulfil a valuable role in relation to the University's students.
- 3.12.2. Subject to any constraints imposed by OfS, the University Council shall determine the level of grant to be paid annually to the Students' Union.
- 3.12.3. The Students' Union is responsible for maintaining its own bank account and financial records and preparing its own annual financial statements.
- 3.12.4. At year end, the Students' Union will arrange for its financial statements to be audited by an appropriately qualified firm of auditors (usually the University auditors).
- 3.12.5. The Students' Union is responsible for maintaining their insurance arrangements excluding the Communal Building itself which will be insured by the University.

3.13. Delegated Authority

- 3.13.1. To ensure that ensure that decisions necessary to the functioning of the University at times when it is not practical to obtain the approval of the University Council or its sub-committees, it was resolved by the University Council that:
 - i. the University Council authorises decisions to be taken on its behalf, jointly by at least two of the following:
 - a) the Chair of the University Council;
 - b) the Vice Chair of the University Council;
 - c) The Vice-Chancellor.
 - ii. and for decisions to be taken on behalf of Committees of the University Council, jointly by the Chair of the Committee and any two of:

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- a) the Chair of the University Council;
- b) the Vice Chair of the University Council;
- c) the Vice-Chancellor.

3.13.2. Any such action is to be subject to the University Council or the sub-committee, as appropriate, being fully informed at its next meeting, or earlier if necessary, and subject to the provisions of the Instrument and Articles of Government of the University.

3.14. Other Items

- 3.14.1. Keys to safes or other similar containers are to be always carried on the person of those responsible and must not be left on University premises overnight or outside of business hours. The loss of such keys must be reported to the Financial Controller and the Chief Financial Officer immediately.
- 3.14.2. Petty Cash advances should be minimised and rarely required but may be made by the Financial Controller to a manager or to an authorised member of staff if there is not an alternative spending method available. Petty Cash advances are intended only for urgent or minor day-to-day expenses of the department. Petty Cash should not be used for making payments to suppliers with whom the University has credit account facilities. Petty Cash Accounts should be records only of expenditure. In no circumstances should cash received be paid into these accounts.

4. PROCUREMENT AND CONTRACTING

4.1. Introduction

- 4.1.1. The purchase of goods and services represents a significant portion of the University's total expenditure. Effective purchasing provides the University with real opportunities for achieving value for money and reducing operating costs through lower prices for the goods and services it uses and is recognised by the University Council as an important contributor to the achievement of the University's corporate objectives.
- 4.1.2. Responsibility for the formulation of the University's Procurement and Contracting Policy rests with the Financial Controller reporting to the Chief Financial Officer and accountable to the FE&GP Committee. Please see The Procurement and Contracting Policy for further information.
- 4.1.3. The Procurement and Contracting Policy requires that budget holders and other staff follow the Procurement and Contract Procedures.

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- 4.1.4. The Procurement and Contracting Policy should be read as forming part of the University's Financial Regulations, giving more detail of their interpretation for purchasing activities. Reference to departments in this document shall mean any unit within the University with the authority to conduct purchasing on behalf of the University.

4.2. Objectives

- 4.2.1. The Procurement and Contracting Policy requires compliance with the Public Contract Regulations 2015 ("PCR 2015").

4.3. Organisation

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

4.4. Authority

- 4.4.1. Budget holders have authority to purchase goods and services only within the budget allocated and within any rules related to funds concerned; e.g. OfS notes on procedures, terms of Research Grants, etc.
- 4.4.2. Although authority to raise orders may be delegated to other named responsible staff by the budget holder, the budget holder must approve the actual order. A list of authorised budget holders and signatures will be maintained by the Finance Office. Overall responsibility for budgets still rests with the budget holder. The authority to commit University funds is also differentiated by the value of the order. Authorisation limits are set out below and relate to purchases of a single item, a series of linked payments or related items:
- i. Up to £2,500 of recurring expenditure – Authorisation required by Budget Holder;

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- ii. Up to £25,000 of recurring expenditure – As above plus Financial Controller;
 - iii. Over £25,000 of recurring expenditure but below £100,000 – As above plus University Leadership Group member for the department;
 - iv. Over £100,000 – As above plus Chief Financial Officer.
- 4.4.3. The budget holder may delegate budget operational tasks to another responsible member of staff. This is not the same as delegating responsibility, which remains as the individual identified in the approved budget agreed by the University Council. Finance will approve changes to budget holders in the event of staff change or prolonged absence.
- 4.4.4. When it is anticipated that expenditure with a supplier/contractor will exceed £2,500, either as a single payment or as a series of linked payments (i.e. recurring expenditure), then a purchase order must be raised on the financial system submitted for approval in line with the authority limits detailed in 4.4.2 prior to any commitment being given to the supplier/contractor.
- 4.4.5. If it becomes apparent, after any commitment has been given to a supplier/contractor, that expenditure will exceed the approved value quoted on the Purchase Order by more than 5% (or £20 whichever is greater), then a revised Purchase Order must be raised and signed off in accordance with the authorisation limits detailed at 4.4.2. This must be done before any additional commitment is given to the supplier/contractor and reflected in a variation to the contract with the supplier.
- 4.4.6. Commitments made by a budget holder must not exceed the allocated budget for a project. All commitments must be recorded as Purchase Orders. University budgets usually allow flexibility to spend monies across several nominal accounting codes. In some circumstances these may be restricted to ensure budgets are spent on activity, but this will not usually be the case. This gives budget holders discretion within their overall allocated funding as to how the funds will be utilised. Virements will not be permitted, and budget holders should forecast their outturns monthly in order to identify potential underspends and overspends.
- 4.4.7. There are some areas of expenditure where Purchase Orders will not be required, which will be specified by the Financial Controller and include:
- i. Corporate subscriptions and recurring regulatory fee costs that have been approved by the Executive Team;

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- ii. Council tax and rates charges that have been approved by the Estates Office;
- iii. Utilities and other facilities contract charges that are reviewed as part of ongoing contract management by the Estates Office;
- iv. Stationary purchases through a centralised contract;
- v. Travel charges (train, hotel, vehicle) where through a centralised contract;
- vi. Purchasing Card transactions;
- vii. Purchases through other centralised contracts as advised by the Finance Office (for example, specific catering suppliers).

4.5. Single Action Waivers

- 4.5.1. Formal tendering may only be waived using a Single Action Waiver (“SAW”) process. All procurement undertaken through this process shall be reported to the Audit Committee at least every six months. No funds shall be committed to a supplier until the SAW is approved by the Financial Controller or delegated officer.
- 4.5.2. Examples of appropriate SAWs are:
 - i. Where there has been no acceptable response from the marketplace to a competitive tender;
 - ii. Where there is unpreventable extreme urgency.

4.6. Purchase Orders

- 4.6.1. Any Purchase Orders raised must be in accordance with the Purchasing and Contract Policy and Procurement and Contract Procedure Rules.
- 4.6.2. All purchase orders shall be raised in advance of the relevant supplier being notified of the University’s intent to purchase through the University finance system (BluQube). Purchasing using the University’s Purchasing Card does not require an order to be raised in this way but the cardholder should satisfy themselves that sufficient budget exists before committing to the purchase of goods or services.
- 4.6.3. For purchases exceeding £2,500 (RFQ level 2 PCPR’s paragraph 2.19 refers) seek three quotations through the process of competitive tender unless an approval is obtained for a Single Action Waiver from the Finance Office in accordance with section 4.5 of the Financial Regulations.

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- 4.6.4. Where the value of the goods and services exceeds £25,000 across the lifespan of the service, tenders must be invited from suitable suppliers, based upon a written specification with appropriate contractual terms and conditions. All purchases that exceed £25,000 (net of VAT) must be recorded on the Public Contracts Register. The Financial Controller must be informed prior to any procurement of goods and services above £25,000.
- 4.6.5. Budget holders must seek advice from the Financial Controller or delegated officer when undertaking procedures other than a Request for Quotation.
- 4.6.6. Framework agreements are encouraged as a means of balancing the resourcing burden of procurement and to achieve value for money.
- 4.6.7. Consideration should also be given to the economic, social and environmental well-being of communities as part of significant procurement exercises.
- 4.6.8. Where the procurement involves utilising funding from external bodies this can further increase the risks to the University, and the Financial Controller or designated officer should be consulted.
- 4.6.9. Where computer software or hardware (including mobile devices) should not be purchased from departmental budgets. The IT Department must initiate any order being placed for IT equipment to ensure both value for money and compatibility with existing systems is achieved.
- 4.6.10. If an existing University or public sector purchasing framework arrangement can be used which itself has been awarded by competitive methods, that agreement can be employed without recourse to tendering. Where suitable and cost-effective supply arrangements are available at either a national, consortia or institute level, departments will be expected to utilise them, unless there are good reasons for doing otherwise which must be agreed with the Financial Controller or designated officer.
- 4.6.11. Where possible departments must co-operate with one another in co-ordinating their purchasing arrangements for goods and services of a similar nature or from a common source of supply, particularly those of a high value where co-ordination would lead to significant reductions in cost.

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- 4.6.12. Individual departmental purchasing arrangements must be negotiated to be available for the use of all other departments who wish to participate.
- 4.6.13. In the interests of ensuring best value for money, staff have a duty to consider the aggregation and consolidation of orders to a supplier. When orders are consolidated the threshold limits specified in this policy shall apply even when the goods and services are required to be delivered in separate tranches. Whilst it is recognised that it may be impractical to aggregate all orders in all circumstances, the deliberate disaggregation of purchases is strictly prohibited. If staff are in any doubt, they must seek advice and guidance from the Financial Controller.
- 4.6.14. The ability of a supplier to meet the University's requirements must be assessed before any contract is awarded or order placed.
- 4.6.15. When procuring equipment, consideration must be given to the overall cost of the equipment over its lifetime as running costs may sometimes exceed the initial purchase price. Factors to be considered in any tender evaluation are purchase price, terms of payment, financial stability of the tenderer, assured delivery times, compliance with tender specification, terms and conditions of contract, past performance of the tenderer, anticipated residual value of the equipment on disposal and running costs including energy consumption, service and maintenance.
- 4.6.16. Particular attention must be given to the energy efficiency of equipment as this will not only have a significant impact on the running costs of the equipment but also will affect the University's commitment to reducing carbon emissions. Guidelines on achieving good energy practices and reducing carbon emissions can be discussed with the University's Head of Estates & Campus Operations.
- 4.6.17. Invoices will also act as goods received notes for the purpose of payment authorisation. These should be recorded on the University finance system as soon as possible following receipt and budget holders are therefore requested to send any invoices arriving with goods direct to the Finance Office upon receipt for processing.

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4.7. Purchasing Cards

- 4.7.1. Purchasing Cards should not be used where there is an existing corporate contract in place (e.g. stationery, fuels, travel, cleaning materials, food, and others). The purpose of a Purchasing Card is to streamline the procurement process and expedite the delivery of goods and services where the administrative costs involved in purchasing such items are disproportionate to the actual cost of the goods or services involved. The Financial Controller is responsible for the operation and control of the University's Purchasing Card Scheme.
- 4.7.2. The cardholder is responsible for the safekeeping of both the card and separately the PIN. Purchasing cards must only be used by the named card holder.
- 4.7.3. The cardholder has a duty and responsibility, to both Lincoln Bishop University and the payment card provider, for the correct and proper use of the card. In requesting and accepting a purchasing card cardholder are confirming that they agree to comply with these terms and conditions of card use.
- 4.7.4. Holders of purchasing cards must use them only for the purposes for which they have been issued, including permitted categories of expenditure within the authorised purchase limits. Cards must not be loaned to another person, nor used for personal or private purchases. Cards must not be used to draw cash. Cardholders must obtain approval to purchase from the relevant budget holder and ensure that there is sufficient budget available to meet the costs. The authorisation limits at 4.4.2 apply to all purchasing card transactions. Cards must not be used to divide transactions for a purchase from a single supplier to avoid the specified transaction limits.
- 4.7.5. It is the ultimate responsibility of the cardholder to keep the card safe and secure. If a card is lost, stolen, or if the cardholder feels that the card details have been disclosed and could be used fraudulently, it should be reported immediately to the Financial Controller and to the National Westminster Bank.
- 4.7.6. Cardholders must keep within the limit allocated to their specific card.
- 4.7.7. Any changes to the University's single and monthly transaction limits with the card provider must be approved by the Financial Controller.

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- 4.7.8. Purchasing cards should not normally be used for purchases where the University has credit terms/agreements with the supplier and / or are subject to separate required purchasing routes for specific categories of expenditure as stated in 4.7.1 Exceptions to this should be agreed in advance by the Financial Controller.
- 4.7.9. The University is subject to audit from various sources such as internal audit and external funders representing research granting bodies. Any such audits will review various areas and report on the adequacy of internal control arrangements. It is essential therefore that all cardholders maintain adequate records and retain all original documentation associated with each transaction to provide an appropriate audit trail. This documentation will be requested each month by the Finance Department to support the statement of account received and the card holder is responsible for submitting this information promptly and approving the statement for payment through the central finance system (BluQube). The Financial Controller will withdraw or suspend the use of a purchasing card where supporting receipts are not submitted monthly with card statements.

4.8. Retention of Documents

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

4.9. Stocks and Stores

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

4.10. Unauthorised Purchasing

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

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4.11. Monitoring of Purchasing Activities

- 4.11.1. Departments/budget holders must carry out frequent and regular checks to ensure that purchase orders are being placed in accordance with the University's Financial Regulations and associated Purchasing and Contract Policy & Procedures.

4.12. Disposal of Goods

- 4.12.1. Departments are responsible for ensuring that all serviceable equipment that is no longer required is disposed of in a controlled manner, having regard to its possible use by another department and to all laws governing disposals.
- 4.12.2. Disposal shall be executed in a manner that will accrue maximum financial or service advantage to the University and shall be conducted in such a way as to rebut any possible allegations of waste of public funds or of showing undue preferences to any party. Written competitive offers must be obtained wherever possible and be retained for audit check if required.
- 4.12.3. Any equipment that is no longer required must be disposed of in accordance with guidance issued by the University's IT Department. The Head of Technology & Transformation can provide advice on this where necessary.

4.13. Ethics

- 4.13.1. It is the policy of the University to conduct its business and operations in accordance with the highest ethical standards. Every effort must be made to preserve the reputation of the University with all who do business with it by always adopting a professional and correct approach.
- 4.13.2. In accordance with the University's Financial Regulations all staff involved in financial transactions must guard against fraud and malpractice. If a member of staff detects a suspected fraud, he/she must report it to the Financial Controller or Chief Financial Officer. The attention of all staff is drawn to the University's Anti-Corruption, Fraud & Bribery Policy.
- 4.13.3. All staff must ensure that they do not authorise financial transactions (including the placing of orders and the certification of invoices) with organisations in which they, their partners or close relatives have a significant financial interest other than as minority shareholders in a publicly quoted company.



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- 4.13.4. The University's code of ethics shall be based on that adopted by the Chartered Institute of Purchasing and Supply, a copy of which is available from the Financial Controller and the University's Guidelines on Gifts and Hospitality. Staff involved in the procurement of goods and services must follow the guidelines set out below:
- i. treat all suppliers and potential suppliers fairly and equally before a contract is awarded;
 - ii. declare to the Financial Controller any personal interest which may impinge upon, or might reasonably be deemed by other to impinge upon, their impartiality in any matter relevant to their purchasing duties;
 - iii. respect the confidentiality of information received in the course of duty and ensure that information given to suppliers is true and fair and not designed to mislead.
- 4.13.5. While bearing in mind the advantages to the University of maintaining a continuing relationship with a supplier, avoid any arrangement which might in the long term, prevent the effective Ethical Code.