

**NORWICH UNIVERSITY  
OF THE ARTS  
FINANCIAL REGULATIONS**

**February 2019**

**[Next Review Date – February 2020]**

## FOREWORD

On 1<sup>st</sup> April 2018, HEFCE was replaced by the Office for Students (OfS). At that date, most of the functions previously undertaken by HEFCE were transferred to the OfS, while those relating to research (including research infrastructure funding) were transferred to Research England. The OfS' new regulatory framework comes into force until 1<sup>st</sup> August 2019. Until then, the OfS has said it will fund and regulate the sector through a combination of powers and duties previously employed by HEFCE and OFFA (Office for Fair Access) and by new powers and duties available to OfS under the Higher Education and Research Act (HEAR).

In March 2018 the OfS issued terms and conditions of funding for the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> July 2019, referred to as a 'transition' period. There were no material changes to the terms and conditions of funding previously issued by HEFCE.

These terms and conditions of funding require the University to ensure that it has a sound system of internal financial management; control and financial regulations are a core component of such a system. Similarly, OfS audit services are required to give an assurance that institutions have fully documented financial procedures in place and OfS may withhold grant or entry onto its register where this cannot be shown to be the case.

To conduct its business effectively, the University needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations which set out the financial policies of the University.

Financial regulations make good business sense, and for further and higher education institutions, they have additional significance as their funding depends upon it.

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## TERMINOLOGY

HEFCE	Higher Education Funding Council for England
University Council	Governing Body/Board of Governors
Finance and Resources Committee	Sub-committee of the University Council
Audit Committee	Sub-committee of the University Council
Remuneration Committee	Sub-committee of the University Council
Personnel Committee	Sub-committee of the University Council
Senate	Senior University Committee
SMG	Strategic Management Group
Staff handbook	The guidance material available on the Finance department's intranet pages
Finance Handbook	Procedural guidance to accompany the Financial Regulations, specifically for Finance staff to follow. This is stored on the Finance shared drive.
OfS	Office for Students
RE	Research England

# FINANCIAL REGULATIONS

## A GENERAL PROVISIONS

### 1. Background

- 1.1 Norwich University of the Arts is an independent Higher Education Corporation established under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in the Articles of Government, the current version of which was approved by the Privy Council in December 2012, when the University changed its name to Norwich University of the Arts. The ruling body of the University is the University Council, which has ultimate responsibility for the University's management and administration.
- 1.2 Under the terms of the above Act the University is awarded Exempt Charitable Status.
- 1.3 The powers of the University Council are defined in the Articles of Government.
- 1.4 Her Majesty's Government has required the Office for Students (OfS) to make an agreement with each institution it funds for the purpose of regulating its relationship in financial and related matters. The '*Terms and conditions of funding for higher education institutions*' applies to the period to 31 July 2019 and sets out the terms and conditions on which grant is made; the University Council is responsible for ensuring that the conditions of grant are met. As part of this process, the University must adhere to the OfS Audit Code of Practice, which requires it to have sound systems of financial and management control. These financial regulations form part of this overall system of accountability.

### 2. Status of financial regulations

- 2.1 This document sets out the University's financial regulations first approved by the University Council on 8 December 2006 and reviewed each year thereafter. It translates into practical guidance the University's broad policies relating to financial control. The Regulations apply to the University and all its subsidiary undertakings.
- 2.2 These financial regulations take account of current OfS requirements as contained within the Terms and conditions of funding for higher education institutions and Audit Code of Practice.
- 2.3 These Financial Regulations establish the principles of good financial administration. Their purpose 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 Strategic Plan and business objectives, maintaining the principles of:
  - financial viability;
  - achieving value for money;
  - fulfilling responsibility for the provision of effective financial controls over the use of



- public funds;
- ensuring that the University complies with all relevant legislation;
- safeguarding the assets of the University.

2.4 Compliance with the financial regulations is compulsory for all staff connected with the University. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action. It is the responsibility of line managers to ensure that their staff are made aware of the existence and content of the University's financial regulations.

Any queries arising in connection with this document should be referred to the Deputy Vice-Chancellor.

2.5 The Finance and Resources Committee of Council is responsible for maintaining a continuous review of the financial regulations, through the Deputy Vice-Chancellor, and for advising the University Council of any additions or changes necessary.

2.6 The University's detailed Finance Handbook sets out precisely how these regulations will be implemented and is available on the University's intranet.

## **B CORPORATE GOVERNANCE**

### **3 University Council**

**3.1** The **University Council** has ultimate responsibility for the management and administration of the University. Its financial responsibilities are to:

- ensure the solvency of the University;
- safeguard the University's assets;
- ensure the effective and efficient use of resources;
- ensure that the funds provided by the various funding bodies are used in accordance with the relevant terms and conditions specified;
- ensure that financial control systems are in place and are working effectively;
- ensure that the University complies with the OfS audit code of practice
- approve the University's Strategic Plan;
- approve annual estimates of income and expenditure and the annual financial statements;
- appoint the University's internal and external auditors.

Sub-committees of Council with delegated specific powers and responsibilities have been established as detailed in paragraphs 3.2 to 3.4 following.

#### **3.2 Finance and Resources Committee**

Monitoring of the University's financial position and financial control systems is undertaken by the Finance and Resources Committee. The committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the University Council. It will ensure that annual budgets are in line with agreed longer-term plans and that they are followed. It will consider any other matters relevant to the financial duties of the University Council and make recommendations accordingly. The committee will also ensure that the University Council has adequate information to enable it to discharge its financial responsibilities. The committee's terms of reference are available from the Clerk of the University Council.

#### **3.3 Audit Committee**

Institutions are required by the OfS Audit Code of Practice to appoint an audit committee. The committee is independent, advisory and reports to the University Council. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The committee's terms of reference are available from the Clerk of the University Council.

The audit requirements of the University are set out in the OfS Audit Code of Practice. The requirements contained within the current OfS Audit Code of Practice are included at Appendix A.

### **3.4 Remuneration Committee**

Consideration of senior post holders' pay and conditions is the responsibility of the Remuneration Committee. It has the power to make recommendations to the University Council on their remuneration, including pay and other benefits, as well as contractual arrangements. The committee's terms of reference are available from the Clerk of the University Council.

### **3.5 Personnel Committee**

The Personnel Committee is responsible for ensuring that the University has in place appropriate policies and procedures in respect of employment matters, including oversight of the human resources strategy, equality and diversity, staffing profile and framework for the pay and conditions of staff (other than the senior post holders). The committee's terms of reference are available from the Clerk of the University Council.

## **4 Designated Officer**

- 4.1 The Vice-Chancellor is the University's designated officer responsible for the financial administration of the University's affairs. In this capacity, the Vice-Chancellor must advise the 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. 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.

The University Council has delegated day to day management of the University affairs to the Vice-Chancellor and Strategic Management Group.

## **5 Other responsibilities for the financial affairs of the University**

### **5.1 Deputy Vice-Chancellor**

Day-to-day financial administration is controlled by the Deputy Vice-Chancellor, who is responsible to the Vice-Chancellor for:

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

Details of the key contacts within the finance department are shown at Appendix B.

## **5.2 Other staff with management responsibilities**

Each Director, Course Leader or other Manager is accountable for the management of staff and for the security, custody and control of all other resources, including buildings, plant, materials, cash, stores and information used by or in connection with his/her course or area of responsibility.

Where any matter is liable to affect materially a budget already approved, the Deputy Vice-Chancellor must be consulted before any provisional or other commitment is incurred, or before any reporting thereon to any committee or other body.

All reports to committees of the University Council, Senate and its immediate sub-committees, and all external bodies must be submitted to and agreed by the Deputy Vice-Chancellor at the report drafting stage. The Deputy Vice-Chancellor must be given sufficient time to satisfy himself that such information is accurate and otherwise appropriate before the report is finalised and published.

## **5.3 All staff**

All members of staff should be aware and have a general responsibility for the security of the University's property, for avoiding loss and for due economy in the use of resources.

They should ensure that they are aware of the University's financial authority limits and the values of purchases for which quotations and tenders are required (for details see the current Finance Handbook).

They shall make available any relevant records or information to the Deputy Vice-Chancellor or his or her authorised representative in connection with the implementation of the University's financial policies, these financial regulations and the system of financial control.

They shall provide the Deputy Vice-Chancellor with such financial and other information as he may deem necessary, from time to time, to carry out the requirements of the University Council.

They shall immediately notify the Deputy Vice-Chancellor whenever any matter arises which involves, or is thought to involve, irregularities concerning cash or property of the institution. The Deputy Vice-Chancellor shall take such steps as he considers necessary by way of investigation and report.

## **6 Risk Management**

6.1 The University acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance is contained in a separate Risk Management Policy available to all staff via the intranet.

6.2 All staff concerned with negotiating agreements, contracts and other commitments with external bodies must ensure that any such agreements cover any legal liabilities to which the University may be exposed.

## 7 Whistleblowing

- 7.1 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.
- 7.2 Normally, any concern about a workplace matter at the institution should be raised with the relevant member of staff's immediate line manager or Director. 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. The University's Whistleblowing Policy offers alternative suggestions for reporting concerns in such circumstances.
- 7.3 The full procedure for whistleblowing is set out in the University's Whistleblowing Policy. This is available on the University's intranet.

## 8 Code of Conduct

### 8.1 Standards

The University is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life\* (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. (\*described as selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

Full details can be found at <https://www.gov.uk/government/organisations/the-committee-on-standards-in-public-life>

In terms of the financial management context of the University, this may be summarised as:

- following procedures which guard against possibility of personal interests, gain or advancement not compatible with the best interests of the University
- Conducting business in an honest, fair and transparent manner
- Ensuring clear lines of responsibility and accountability in all financial matters.

These principles are engendered within the following general aspects of the University's financial management and operational processes:

- Inclusivity of membership of committees dealing with financial matters, budget discussions and decisions (details of committee structures and memberships are available on the intranet)
- Publication and availability to staff of University Committee minutes, Strategic plan and related strategies. (available on the intranet)
- Oversight of the University Council of the financial management of the University

- Oversight of the University Council of internal and external audit matters
- Clear responsibilities and accountability of staff through the line management system and committee structure, ultimate accountability of Vice-Chancellor to the Public Accounts Committee
- Segregation of financial duties at operational level
- Devolved responsibilities for budgetary control and management to non-finance staff where appropriate
- Establishment and operation of procedures covering risk management and whistle blowing as described in paragraphs 6 and 7 above.

## **8.2 Register of Interests**

Additionally, members of the University Council, senior management and others involved in procurement are required to disclose interests\* in the University's Register of Interests. A register for governors is maintained by the Clerk of University Council and a register of staff interests is maintained by the Director of Finance. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly.

In particular, no person shall be a signatory to a University contract where he or she also has an interest in the activities of the other party.

\* To include all activities which could impact directly or indirectly on the financial interests of the University, e.g. directorships, business partnerships, membership of local authority or other government committees, pecuniary interests in any company, venture, contract or other undertaking which has any financial involvement with the University.

## **8.3 Receiving gifts or hospitality**

It is an offence under the Prevention of Corruption Act 1906 and the Bribery Act 2011 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity.

The guiding principles to be followed by all members of staff must be:

- the offer has been made for a proper business or charitable purpose, is consistent with reasonable custom and practice, and is not made with the intent or appearance of improperly influencing the individual recipient(s) or the University,
- acceptance is consistent with the academic, professional or charitable purposes of the University and the promotion of its values and reputation,
- the gift or hospitality offered is appropriate and the value, whether estimated or known, appears reasonable and proportionate to the circumstances. The test to be applied is objective – i.e. what a reasonable person would do in this situation. Where the member of staff is uncertain about an offer it should be declined or advice sought from the Deputy Vice-Chancellor. Gifts and hospitality shall always be received or given openly, without any degree of secrecy attached.

University staff and associated persons are expressly prohibited from personally providing or accepting any gifts or hospitality:

- of money or of a monetary nature;
- as inducement for providing particular services or preferential treatment to any individual or organisation;
- in return for not performing their work for the University properly or impartially; and/or
- from or on behalf of any individual or organisation involved in a current or active application for admission, application for employment, or a procurement tender process, for the duration of the process concerned.

For the protection of those involved, the Director of Finance will maintain a register of gifts and hospitality received where the value is in excess of £100. Members of staff in receipt of such gifts or hospitality are obliged to notify the Director of Finance promptly. All staff must note that cash gifts must not be accepted under any circumstances.

The Staff Handbook (on the finance intranet) gives further details on what constitutes bribery, and what staff should do if they suspect any cases of bribery.

## **C FINANCIAL MANAGEMENT AND CONTROL**

### **9 Financial Planning**

#### **9.1 Preparation of financial plan**

The Deputy Vice-Chancellor is responsible for preparing annually a rolling five-year financial plan for approval by the University Council on the recommendation of the Finance and Resources Committee and for the preparation of financial forecasts for submission to the OfS. Financial plans will be consistent with the Strategic Plan and other relevant strategies approved by the University Council.

#### **9.2 Budget objectives**

The University Council will, from time to time, set budget objectives for the University. These will help the Deputy Vice-Chancellor in preparing the more detailed financial plans for the University.

#### **9.3 Budget preparation**

The annual revenue budget will be prepared by the Deputy Vice-Chancellor in consultation with the Vice-Chancellor and senior officers, and submitted to the University Council for approval via the Senate and the Council's Finance and Resources Committee.

The budget must be approved by the University Council before the commencement of the financial period to which it relates.

#### **9.4 Capital expenditure**

Capital expenditure includes expenditure on land, buildings, other major projects and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the University's financial statements. The plan will be prepared annually by the Strategic Management Group and submitted to Council's Finance & Resources Committee for approval along with the budget for the forthcoming year. The financial impact of the plans will be incorporated into the main financial and cash flow forecasts.

The Deputy Vice-Chancellor establishes protocols for capital projects, including the procurement and tender requirements. These protocols are summarised in Appendix C.

The Deputy Vice-Chancellor will also establish procedures for the approval of variations, including the notification of large variations to the funding body, as laid down in funding body guidelines. Regular reports concerning major capital projects will be provided to the Finance and Resources committee for monitoring purposes.

Following completion of a capital project, a final report should be submitted to the University Council's Finance & Resources Committee including actual expenditure against budget. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines.

#### **9.5 Other major developments**

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time must be approved by the Strategic Management Group. Further approval by the University Council may also be required.



## **10 Financial Control**

### **10.1 Budgetary control**

The ultimate responsibility for the maintenance of effective financial control within the approved budget rests with the Vice-Chancellor.

- Day to day responsibility for monitoring budgetary control is delegated to the Deputy Vice-Chancellor and senior finance staff.
- The immediate management and control of expenditure within the prescribed budgetary limits will be the responsibility of the designated budget holders.
- Directors, Course Leaders and other Managers will ensure that no expenditure is incurred without previously having being authorised either within the approved budget or an approved virement, except in emergency.
- Emergency expenditure must have prior agreement of the Deputy Vice-Chancellor in writing, and will be reported to the next meeting of the relevant committee.

### **10.2 Financial information**

- The Deputy Vice-Chancellor will ensure that regular reports are available to budget holders to assist with their budget monitoring. These reports, which are available online and updated daily, will include details of actual transactions compared to the estimates.
- The Deputy Vice-Chancellor will provide reports for Council's Finance and Resources Committee and the University Council at least termly showing, at a minimum, revised estimates of income and expenditure for the year compared with previous estimates.

### **10.3 Changes to the approved budget**

Proposed changes to the approved budget are considered by the Deputy Vice-Chancellor and Strategic Management Group before being submitted to the University Council for approval.

### **10.4 Virement**

Virements between different budgets are subject to approval by or on behalf of the Deputy Vice-Chancellor in accordance with current limits and procedures as detailed in the Finance Handbook.

### **10.5 Treatment of year-end balances**

Balances at year end are not normally carried forward to the following year unless specifically approved by the Deputy Vice-Chancellor.

## **11 Accounting Arrangements**

### **11.1 Financial year**

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

### **11.2 Basis of accounting**

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

### **11.3 Format of the financial statements**

The financial statements are prepared in accordance with the 2015 Statement of Recommended Practice (SORP): 'Accounting for Further and Higher Education' and in accordance with Financial Reporting Standards (FRS) 102.

### **11.4 Capitalisation and depreciation**

- New land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value, or where they have been purchased as an investment property, where they will be recorded at their open market value. Buildings will be depreciated in equal instalments over their estimated remaining useful life. Land will not be depreciated.
- Equipment and furniture (or grouped items) costing in excess of £1,000 per item will be capitalised and depreciated over its useful life.
- Details are as specified in the University's approved current Accounting Policies included at Appendix D.

### **11.5 Accounting records**

The Deputy Vice-Chancellor is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities. The institution is required by law to retain prime documents for six years. These include:

- official purchase orders;
- paid invoices;
- accounts raised;
- bank statements;
- copies of receipts;
- paid cheques;
- payroll records, including part-time lecturers' contracts.

The Deputy Vice-Chancellor will make appropriate arrangements for the retention of electronic records.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies.

### **11.6 Public access**

Under the terms of the Charities Act 2011, the University Council is required to supply any person with a copy of the institution's most recent financial statements within two months of a request. The Act enables the University Council to levy a reasonable fee and this will be charged at the discretion of the Deputy Vice-Chancellor. The institution will also allow members of the public to inspect the statement of accounts by appointment during normal working hours and will make the financial statements available on the University's website.

### **11.7 Taxation**

The Deputy Vice-Chancellor is responsible for advising heads of department, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the institution. Therefore the Deputy Vice-Chancellor will issue instructions to relevant staff as necessary on compliance with statutory requirements

including those concerning VAT, PAYE, National Insurance contributions, Corporation Tax and Import Duty.

The Deputy Vice-Chancellor is responsible for maintaining the institution's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

## **12 Audit Requirements**

### **12.1 General**

External auditors and internal auditors shall have authority to:

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

The Deputy Vice-Chancellor is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

Following consideration by the Finance and Resources Committee and review by the Audit Committee, the financial statements will be submitted to the University Council for approval.

### **12.2 External audit**

The appointment of external auditors will take place annually and is the responsibility of the University Council. The University Council will be advised by the Audit Committee. The primary role of external audit is to report on the University's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the OfS Audit Code of Practice and the Financial Reporting Council's statements of auditing standards.

### **12.3 Internal audit**

The internal auditor is appointed by the University Council on the recommendation of the Audit Committee. The OfS Audit Code of Practice requires the University to have an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the OfS Audit Code of Practice. The main responsibility of internal audit is to provide the University Council, the Vice-Chancellor and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the University Council, Vice-Chancellor and chair of the Audit Committee. The internal auditor will also comply with the Financial Reporting Council's auditing guidelines.

#### **12.4 Fraud and corruption**

It is the duty of all members of staff, management and the University Council to notify the Deputy Vice-Chancellor immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

The Deputy Vice-Chancellor shall immediately invoke the Fraud Response plan, which incorporates the following key elements:

- he will immediately hold a meeting of the following project group to decide on the initial response:
  - Vice-Chancellor (Chair)
  - Chair of the Audit Committee
  - Deputy Vice-Chancellor.

The project group will decide on the action to be taken. This will normally be an investigation led by the internal audit service. The decision by the project group to initiate a special investigation shall constitute authority to the Head of 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.

The Deputy Vice-Chancellor shall inform the police if a criminal offence is suspected of having been committed.

If the suspected fraud is thought to involve the Deputy Vice-Chancellor and/or the Vice-Chancellor, the member of staff shall notify the Chair of the Audit Committee direct of their concerns regarding irregularities.

#### **12.5 Value for money**

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, taking into account guidance on good practice issued from time to time by the funding body, the National Audit Office, the Public Accounts Committee or other relevant bodies.

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

#### **12.6 Other auditors**

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

### **13 Treasury Management**

#### **13.1 Treasury management policy**

The Deputy Vice-Chancellor is responsible for preparing a treasury management policy statement setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with funding body rules

regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the OfS Terms and conditions of funding for higher education institutions. The Policy will be submitted to the University Council for approval, via the Finance and Resources Committee.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Deputy Vice-Chancellor. All borrowing shall be undertaken in the name of the University and shall conform to any relevant OfS requirements. The Deputy Vice-Chancellor and his staff are required to act in accordance with CIPFA's *Code of Practice*. A copy of the Treasury Management Policy is available in the Finance Handbook.

### **13.2 Appointment of bankers and other professional advisers**

The appointment of Bankers, Auditors, Insurance Brokers and other professional advisers will be subject to selection and appointment procedures in accordance with current OfS requirements. In particular:

- The procedure shall be overseen by the Deputy Vice-Chancellor.
- It is a requirement that a tender process be undertaken.

### **13.3 Banking arrangements**

The Deputy Vice-Chancellor is responsible, on behalf of the University Council, for liaising with the University's bankers in relation to the University's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Deputy Vice-Chancellor, who shall make proper arrangements for their safe custody. Only the Deputy Vice-Chancellor 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 its subsidiary companies.

All cheques drawn on behalf of the University must be signed in the form approved by the University Council and in accordance with the current Bank Mandate.

All automated transfers on behalf of the University, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the University Council.

The Deputy Vice-Chancellor is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

The Deputy Vice-Chancellor should ensure that all aspects of the University's Treasury Management Policy are followed.

## **14 Income**

### **14.1 General**

The Deputy Vice-Chancellor 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 Deputy Vice-Chancellor.

In general, levels of charges\* to be applied by the University will be determined by the Deputy Vice-Chancellor, in consultation with other staff as appropriate, according to agreed procedures and in line with current TRAC and fEC guidance. (ref Finance Handbook)

The levels of charges to be applied will be reviewed at least annually.

\*including charges for contract research, services rendered, goods supplied, rents, lettings and fines as applicable.

The Deputy Vice-Chancellor is responsible for the prompt collection, security and banking of all income received.

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

The Deputy Vice-Chancellor is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

#### **14.2 Maximisation of income**

It is the responsibility of all staff to ensure that revenue to the University is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. In particular, this requires the prompt notification to the Deputy Vice-Chancellor of sums due so that collection can be initiated.

#### **14.3 Receipt of cash, cheques and other negotiable instruments**

All monies received in the University from whatever source must be recorded by the receiving staff on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments.

All monies received must be paid to the cashier promptly, and in accordance with a timetable prescribed by the Deputy Vice-Chancellor. The custody and transit of all monies received must comply with requirements of the University's insurers.

All sums received must be paid in and accounted for in full, and must not be used to meet miscellaneous expenses or be paid into the petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the University.

##### **Receipts by credit and debit card or Paypal**

Payments may be received by credit card, debit card or Paypal only using procedures approved by the Deputy Vice-Chancellor.

##### **Internet receipts**

Receipts may be received through internet banking and students are able to pay for certain costs through the Papercut payment system and the University's online payment portal.

#### **14.4 Collection of debts**

The Deputy Vice-Chancellor should ensure that:

- invoices to debtors in respect of all income due to the University are raised promptly in the official format;
- invoices are prepared and recorded with care, show the correct amount due and

- are credited to the appropriate income account;
- any credits granted are valid, properly authorised and completely recorded;
- VAT is correctly charged and accounted for where appropriate;
- monies received are posted to the correct debtors account;
- swift and effective action is taken in collecting overdue debts, in accordance with the protocols in the Finance Handbook;
- outstanding debts are monitored and reports prepared for management.

Credit arrangements may only be implemented by or on behalf of the Deputy Vice-Chancellor and according to agreed procedures as detailed in the Finance Handbook. Sums due to the University shall not be written off except on the authority of the Deputy Vice-Chancellor and in accordance with current agreed procedures.

#### **14.5 Student fees**

The procedures for collecting tuition and residence fees must be approved by the Deputy Vice-Chancellor, who is responsible for ensuring that all student fees due to the University are received.

Any student who has tuition fees outstanding owing to the University may not receive the certificate for any degree, diploma or other qualification awarded by the University until outstanding debts have been cleared. Such students shall be prevented from re-enrolling at the University and from using any of the University's facilities unless appropriate arrangements to clear outstanding debts have been agreed by or on behalf of the Deputy Vice-Chancellor.

Details of current student tuition fee procedures are found in the current Fees Payment Policy. All students are provided with a copy of the current Fees Payment Policy on or before enrolment.

#### **14.6 Student loans**

Appropriate records will be maintained to support all transactions involving student loans.

#### **14.7 Emergency/hardship loans**

The University has procedures for administering emergency/hardship loans under its Emergency Loan Scheme. This will include the maximum assistance that can be given in any individual case. Under no circumstances should payments be made other than in accordance with the scheme.

The Deputy Vice-Chancellor is responsible for ensuring the adequacy of the systems in place for:

- approving loans in accordance with the scheme;
- paying loans that have been approved;
- recovering loans that have been paid.

#### **14.8 Student Bursaries**

Procedures for the administration of student bursaries as applicable must be approved by the Deputy Vice-Chancellor, who is also responsible for ensuring that bursaries are made according to those procedures.

## **15 Research Grants and Contracts**

### **15.1 General**

Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which may be directed towards a specific aim or objective. It can use existing knowledge in experimental development to produce new or substantially improved materials, devices, products and processes including design and construction. It excludes routine testing and analysis of materials, components and processes.

The term 'research grant' is restricted to research projects funded by the UK research councils, charities and the higher education funding bodies.

All other externally financed research projects are classified as 'research contracts'. Where approaches are to be made to outside bodies for support for research projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the Director of Research to ensure that the financial implications have been appraised by the Deputy Vice-Chancellor. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

The Deputy Vice-Chancellor is responsible for examining every formal application for grant and shall ensure that there is adequate provision of resources to meet all commitments. The Deputy Vice-Chancellor should ensure that the full cost of research contracts is established. In general all applications must be prepared in accordance with the University's principles of full economic costing as approved by the OfS / Research England. Further details are contained in the Finance Handbook. The research agreement must be in line with the University's policy with regard to indirect costs and other expenses and taking account of different procedures for the pricing of research projects depending on the nature of the funding body.

Research grants and contracts shall be accepted on behalf of the University by the Vice-Chancellor.

The Deputy Vice-Chancellor shall maintain all financial records relating to research grants and contracts and shall ensure that all claims for reimbursement from sponsoring bodies are made by the due date.

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

Overall planning and control of expenditure against a research grant is the responsibility of the Vice-Chancellor, who may delegate day-to-day control to a project manager or grant holder. Any overspend is to be the responsibility of the Vice-Chancellor with any loss being a charge on Research funds.

### **15.2 Recovery of overheads**

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

### **15.3 Costing/transparency**

The University has adopted the principles on costing and pricing recommended by the



Financial Sustainability Strategy Group (FSSG) and the TRAC Development Group (TDG).

Staff undertaking research activity will maintain the records specified by the Deputy Vice-Chancellor to enable compilation of returns to the funding body which meet the requirements of the Transparent Approach to Costing (TRAC).

#### **15.4 Grant and contract conditions**

Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions could mean that the University will suffer a significant financial penalty. It is the responsibility of the named supervisor or grant holder to ensure that conditions of funding are met.

Any loss to the University resulting from a failure to meet conditions of funding is the responsibility of the budget holder, and will be charged against the relevant budget centre's funds.

### **16 Other externally funded projects and activities**

#### **16.1 General**

The same principles apply as for Research projects and activities, as in paragraphs 15.1 to 15.4 above.

### **17 Other Income-Generating Activity**

#### **17.1 Private consultancies and other paid work**

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

- outside consultancies or other paid work may not be accepted without the consent of the Vice-Chancellor;
- applications for permission to undertake paid work shall include the following information:
  - the name of the member(s) of staff concerned
  - the title of the project and a brief description of the work involved
  - the proposed start date and duration of the work
  - full details of any University resources required (for the calculation of the full economic cost)
  - an undertaking that the work will not interfere with the teaching and normal University duties of the member(s) of staff concerned.

#### **17.2 Short courses and services rendered**

In this context a short course is any course which does not form part of the award-bearing course portfolio of the University.

Any staff wishing to run a short course must have the permission of the Director of Innovation and Engagement. The course organiser will be responsible for day-to-day management of the course.

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

### **17.3 Off-site collaborative provision**

Any contract or arrangement whereby the University provides education to students away from University premises, or with the assistance of persons other than the University's own staff or with independent contractors (partner organisations), must be subject to the following procedure.

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

The form of the contract shall be submitted to the University Council for approval. The impact of the contract(s) shall be subject to scrutiny by the Finance and Resources Committee of the University Council. The format for regular reports shall be as stated in funding body guidance. They shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the University's financial forecast.

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

### **17.4 European Union (EU) and other matched funding**

Any such project requires the approval of the Deputy Vice-Chancellor prior to any commitment being undertaken. Such approval shall be dependent upon the evidence that eligible matching funds are available and that the project is financially viable by the application of the University's costing and pricing policy.

### **17.5 Profitability and recovery of overheads**

All other income-generating activities must 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 Deputy Vice-Chancellor. Other income-generating activities organised by members of staff must be costed and agreed with the Deputy Vice-Chancellor before any commitments are made. Provision must be made for charging both direct and indirect costs in accordance with the University's current agreed procedures and policies, in particular for the recovery of overheads.

### **17.6 Deficits**

Any deficits not approved by the Deputy Vice-Chancellor incurred on income-generating activities will be charged to the relevant budget centre funds.

### **17.7 Additional payments to staff**

Any proposal that involves additional payments to members of staff should be supported by a schedule of names and values and must be approved by the Deputy Vice-Chancellor, and in the case of the Deputy Vice-Chancellor, the Vice-Chancellor.

## **18 Intellectual Property Rights and Patents**

### **18.1 General**

Certain activities undertaken within the University including research and consultancy

may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property. Further guidance is available in the Staff Handbook and from the Director of Innovation and Engagement.

## **18.2 Intellectual property rights**

In the event of the University deciding to become involved in the commercial exploitation of its intellectual property or other assets, the matter should proceed under the direction and guidance of the Deputy Vice-Chancellor.

## **19 Non-Pay Expenditure**

### **19.1 General**

The Deputy Vice-Chancellor is responsible for making payments to suppliers of goods and services to the University.

### **19.2 Delegation and financial authorities**

The budget holder is responsible for purchases within his or her area of responsibility. Purchasing authority may be delegated to named individuals within the area. In exercising this delegated authority, budget holders are required to observe the purchasing policies and financial procedures of the University.

The Director of Finance shall maintain a register of authorised signatories and record of specimen signatures of those authorised to commit expenditure and/or certify invoices for payment.

The Director of Finance must be notified immediately of any required changes to the authorities to commit expenditure.

Budget holders are not authorised to commit the University to expenditure without first reserving sufficient funds to meet the purchase cost.

Purchase order forms (which may either be in paper format or created via our online portal) shall be approved by the budget holder or other authorised staff member and by the Deputy Vice-Chancellor, Director of Finance or other authorised deputies.

### **19.3 Procurement**

The University requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with sound business practice.

The Director of Finance is responsible to the Deputy Vice-Chancellor (or other designated officer) for:

- ensuring that the University's purchasing policies and procedures are known and observed by all involved in purchasing for the University
- advising on matters of the University's purchasing policies and procedures
- developing appropriate standing supply arrangements on behalf of the University to assist budget holders in meeting their value for money obligations
- appropriate authorisation of all orders according to the agreed criteria
- ensuring that the University complies with EU regulations on public purchasing policy.

Further guidance on procurement can be found in the Finance handbook.

#### **19.4 Purchase orders**

The ordering of goods and services shall be in accordance with the University's detailed financial procedures and purchasing policies, as included in the Finance Handbook. Official University orders must be placed for the purchase of all goods or services except those using petty cash. In exceptional circumstances and with the agreement of the Director of Finance, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.

When transferring goods or services between departments, an interdepartmental transfer form must be used.

#### **19.5 Institutional credit cards**

Where appropriate, the Vice-Chancellor or the Deputy Vice-Chancellor may approve the issuing of institutional credit cards to some staff. Such credit cards shall be used for the payment of valid business expenses only, and the misuse of such cards shall be grounds for disciplinary action.

Holders of institutional credit cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure that there is sufficient budget available to meet the costs. The Deputy Vice-Chancellor shall determine what information is required on purchases made with purchasing cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained and cardholders must provide that information.

#### **19.6 Purchasing through the internet**

There may be occasions when purchases need to be made via the internet. This is permissible providing that such purchases are deemed to represent value-for-money. On such occasions a credit or debit card payment may be required and the usual method of raising an order will not be applicable. In such instances budget holders should ensure that funds are available to pay for such transactions. Once the purchase has been made, if they have used a personal credit or debit card they should reclaim the cost in the usual way. For those who have an institutional credit card, alternative procedures will apply. Further details on this are provided in the Finance Handbook.

#### **19.7 Tenders and quotations (excluding major building and engineering works)**

Managers and delegated budget holders must comply with the University's rules stated below:

- If the purchase is below £5,000, it is not necessary to provide written quotes.
- If the purchase is between £5,001 and £10,000, it is necessary to provide two written quotes.
- If the purchase is between £10,001 and £25,000, it is necessary to provide three written quotes.
- If the purchase is between £25,001 and £181,302 it is necessary to follow the formal tender process (see Finance Handbook).
- If the purchase is more than £181,302 it is necessary to follow the EU Procurement Directive tender process. (see Finance Handbook)

These rules exclude capital projects – refer to Appendix C for details on this.  
All these rates are for the net price, exclusive of VAT.

Further details are available in the Finance Handbook.

#### **19.8 Major building and engineering contracts and building maintenance works**

Large scale building contracts will be tendered through a professional design team established by the Deputy Vice-Chancellor. All expenditure being approved by the Deputy Vice-Chancellor in line with current approved budget estimates.

All payments made under contracts for building, engineering or similar works, including professional fees, shall be recorded by the Finance Department. Payments on account to contractors shall only be made by the Deputy Vice-Chancellor following the issue to the Deputy Vice-Chancellor by the Contract Administrator of a certificate in a form approved by the Deputy Vice-Chancellor.

Further details can be found in Appendix C – Summary of protocols for capital projects

#### **19.9 EU regulations**

The Deputy Vice-Chancellor is responsible for ensuring that the University complies with its legal obligations concerning EU procurement legislation. EU procurement regulations apply to written contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding a threshold value.

The Deputy Vice-Chancellor will advise staff as appropriate on the thresholds that are currently in operation. A breach of these EU regulations is actionable by a supplier or potential supplier. Details of the current thresholds will be found in the Finance Handbook within the guidance on Tenders & Quotes.

It is the responsibility of managers to ensure that their members of staff comply with EU regulations by notifying the Deputy Vice-Chancellor of any purchase that is likely to exceed the thresholds. This will need to be done well in advance in order to permit advertisements in journals such as the *Official Journal of the European Community* (OJEC).

#### **19.10 Receipt of goods**

All goods received must be checked by the purchaser for quantity and/or weight and inspected for quality and specification. Where applicable, a delivery note should be obtained from the supplier at the time of delivery and signed by the person receiving the goods. This should be kept safely in case of dispute at a later date.

If the goods are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

#### **19.11 Payment of invoices**

The procedures for making all payments shall be in a form specified by the Deputy Vice-Chancellor.

The Deputy Vice-Chancellor is responsible for deciding the most appropriate method of

payment for categories of invoice. Payments to UK suppliers will normally be made by electronic funds transfer every two weeks.

Budget holders are responsible for ensuring that expenditure from their budget(s) does not exceed funds available.

Invoices should normally be received within the finance department. All invoices will be required to be certified as correct by the purchaser before payment is made. Any invoice received in course or other areas must be passed to the finance department as soon as they have been certified. Care must be taken by the budget holder to ensure that discounts receivable are obtained.

Certification of an invoice by Finance staff will ensure that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory (evidenced by online approval of the invoice)
- where appropriate, it is matched to the order
- invoice details (quantity, price discount) are correct
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- an appropriate cost centre is quoted; this must be one of the cost centre codes included in the budget holder's areas of responsibility and must correspond with the types of goods or service described on the invoice.

#### **19.12 Staff reimbursement**

The University's purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement (see 20.5). Where such purchases by staff are planned, the Deputy Vice-Chancellor may approve cash advances to staff who are going to incur expenditure on the University's behalf. Upon completion of the travel or project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

#### **19.13 Petty cash**

Where a single claim is for less than £25 it may be purchased by staff and repaid from the University's petty cash (held in Finance). It must be supported by receipts or vouchers where available. As well as claims that can be made from the petty cash float held in Finance, some other departments may be permitted to hold petty cash floats. Wherever petty cash floats are held, they must be kept locked in a secure place in compliance with the requirements of the University's insurers when not in use and will be subject to periodic checks by a senior member of finance staff.

Petty cash will be recorded and accounted and the petty cash float replenished as required according to procedures laid down in the Finance Handbook.

#### **19.14 Other payments**

Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the Deputy Vice-Chancellor, supported

by detailed claims as required by the sponsors and by University procedures.

#### **19.15 Late payments**

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

- small businesses can charge interest on overdue invoices
- interest is chargeable on sales made after 1 November 1998
- the rate of interest is currently 8% per annum above the official daily rate of the Bank of England
- the Act also applies to overseas organisations
- the institution can be sued for non-payment.

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

#### **19.16 Project advances**

The Deputy Vice-Chancellor may approve cash advances for projects carried out away from the University where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment.

Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to a project or individual is outstanding.

#### **19.17 Hospitality**

The limits concerning acceptable expenditure for entertaining guests are set out in the University's detailed Finance Handbook.

### **20 Pay Expenditure**

#### **20.1 Remuneration policy**

Staff will be normally appointed to the University salary scales and in accordance with appropriate conditions of service. In some circumstances, SMG may decide that a spot contract rate is more appropriate.

Salaries and other benefits for senior management will be determined by the Remuneration & Personnel Committee set up by the University Council.

The University Council will determine what other benefits, such as medical and life insurance, are to be available, the basis of their provision (contributory or not) and the staff who are eligible to receive them.

All letters of appointment must be issued by the Human Resources office.

#### **20.2 Appointment of staff**

All contracts of service shall be concluded in accordance with the University's approved personnel practices and procedures and all offers of employment with the University shall be made in writing by either the Director of Human Resources or Human Resources Manager on behalf of the Vice-Chancellor. All appointments and dismissals must be approved in advance by the Strategic Management Group. Managers shall ensure that the Deputy Vice-Chancellor and Human Resources Manager are provided promptly with all information required in connection with the appointment, resignation or dismissal of employees.

### **20.3 Salaries and wages**

The Deputy Vice-Chancellor is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Deputy Vice-Chancellor.

The Human Resources office will be responsible for keeping the Deputy Vice-Chancellor informed of all matters relating to personnel for payroll purposes. In particular these include:

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

The Deputy Vice-Chancellor is responsible for payments to non-employees and for informing the appropriate authorities of such payments. The Deputy Vice-Chancellor shall be responsible for keeping all records relating to payroll including those of a statutory nature.

All payments must be made in accordance with the University's detailed payroll financial procedures and comply with HM Revenue & Customs regulations.

### **20.4 Superannuation schemes**

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

The Deputy Vice-Chancellor is responsible for day-to-day superannuation matters, including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes
- overseeing the external arrangements for the administering the University's pension funds.

The Human Resources office is responsible for administering eligibility to pension arrangements and for informing the Deputy Vice-Chancellor when deductions should begin or cease for staff.

### **20.5 Travel, subsistence and other allowances**

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Deputy Vice-Chancellor.

Claims by members of staff must be authorised by the budget holder; if the budget



holder is making the claim it must be authorised by their line manager.

The certification by the line manager/budget holder shall be taken to mean that:

- the journey or activity was authorised;
- the expenses were properly and necessarily incurred;
- the allowances are properly payable by the University;
- consideration has been given to value for money.

Claims submitted by the Vice-Chancellor shall be approved by the Chair of the University Council.

Arrangements for expenditure incurred by the University Council shall be approved by the Clerk to the University Council.

## **20.6 Overseas travel**

All arrangements for overseas travel must be approved by a member of the Senior Management Team in advance of committing the University to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Vice-Chancellor or members of the University Council shall be approved by the Chair of the University Council. Arrangements for overseas travel by the Chair shall be approved by the Chair of the Finance and Resources Committee.

Where spouses, partners or other persons unconnected with the University intend to participate in a trip, this must be clearly identified in the approval request. The University must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings.

Further details can be found within the Finance Handbook.

## **20.7 Allowances for members of the University Council**

Claims for members of the University Council will be authorised by the Deputy Vice-Chancellor. Claims for meeting attendance will be based on standard amounts for each individual, but only reasonable expenses can be reimbursed.

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

Severance payments shall only be made in accordance with relevant legislation. Professional advice should be obtained where necessary. All such payments shall be authorised by the Vice-Chancellor and calculations checked by the Deputy Vice-Chancellor and the Director of Human Resources. Amounts paid should be declared in the financial statements in accordance with the 2015 Statement of Recommended Practice (SORP): 'Accounting for Further and Higher Education' and in accordance with Financial Reporting Standards (FRS) 102. All matters referred to an industrial tribunal shall be notified by the Director of Human Resources to the Deputy Vice-Chancellor at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

## **21 Assets**

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

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the University Council and with reference to funding body

requirements where exchequer-funded assets or exchequer funds are involved.

### **21.2 Fixed asset register**

The Deputy Vice-Chancellor is responsible for maintaining the University's register of land, buildings, fixed plant, equipment, furniture and fittings. Staff will provide the Deputy Vice-Chancellor with any information he may need to maintain the register, including re-location or transfers between departments.

### **21.3 Inventories**

Course leaders and other managers are responsible for maintaining inventories of items not covered by the fixed asset register such as resources held within the workshops and IT equipment whose purchase value falls below the fixed asset threshold in a form agreed with the Deputy Vice-Chancellor and accordance with guidance in the Finance Handbook. The inventory must include items donated or held on trust.

Inventories must be current and maintained as described in the Finance Handbook.

When transferring equipment, etc between departments, a transfer record must be kept and the inventories amended accordingly.

### **21.4 Stocks and stores**

Managers are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their areas of responsibility. The systems used for stores accounting where applicable must have the approval of the Director of Finance. Managers are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

### **21.5 Safeguarding assets**

- Managers and staff are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc under their control. They will consult the Deputy Vice-Chancellor in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- Assets owned by the University shall, so far as is practical, be effectively marked to identify them as University property.

### **21.6 Personal use**

Assets owned or leased by the University shall not be subject to personal use without proper authorisation from the appropriate member of the Senior Management Team.

### **21.7 Asset disposal**

Disposal of equipment and furniture must be in accordance with procedures agreed by the Deputy Vice-Chancellor and contained in the University's detailed Finance Handbook.

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

### **21.8 All other assets**

Managers and staff are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the University, whether tangible or intangible, including electronic data.

## **22 Funds Held on Trust**

### **22.1 Gifts, benefactions and donations**

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

### **22.2 Trust funds**

The Deputy Vice-Chancellor is responsible for maintaining a record of the requirements for each trust fund and for advising the relevant committee(s) on the control and investment of fund balances.

The Deputy Vice-Chancellor is responsible for ensuring that all the University's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

### **22.3 Voluntary funds**

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

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

## **23 Other**

### **23.1 Insurance**

The Deputy Vice-Chancellor is responsible for the University's insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets.

The Deputy Vice-Chancellor is responsible for effecting insurance cover. He is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. A register of all insurances effected by the University and the property and risks covered will be kept.

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 Deputy Vice-Chancellor advice should be sought to ensure that this is the case. Managers must give prompt notification to the Deputy Vice-Chancellor of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Managers must advise the Deputy Vice-Chancellor immediately of any event that may give rise to an insurance claim. The Deputy Vice-

Chancellor will notify the University's insurers and, if appropriate, prepare a claim in conjunction with the head of department for transmission to the insurers.

The Deputy Vice-Chancellor is responsible for keeping suitable records of assets subject to inspection by an insurance company.

All staff using their own vehicles on behalf of the University shall maintain appropriate insurance cover for business use. If their own personal insurance cover does not include business use, they should inform the Director of Finance, who will arrange for business cover through the University's own insurance cover.

### **23.2 Companies and joint ventures**

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

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

It is the responsibility of the University Council to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the institution.

### **23.3 Security**

The University Council shall be accountable for maintaining proper security of all buildings, furniture, equipment, plant, stores and other assets of the University. The responsibility for day to day security of University assets is delegated to the Vice-Chancellor.

Each Course Leader/Manager is accountable for the security of all resources used in connection with his/her area.

Keys to safes and similar receptacles shall be carried on the person of those responsible at all times; the loss of any such keys must be reported to the Deputy Vice-Chancellor without delay.

All property belonging to the University must be clearly marked as such; valuable items of must be suitably security marked.

### **23.4 Students' Union**

Subject to any constraints imposed by the funding body, the University Council shall determine the level of grant to be paid annually to the Students' Union and approve their budget for the year.

The Students' Union is responsible for maintaining its own bank account and financial records and preparing its own annual financial statements.

### **23.5 Use of the University's seal**

Where a deed or document requires the University's seal, it must be authenticated by the signature of the Chair of Council or by another member of Council to whom the attestation has been delegated in accordance the Instrument of Government.

**23.6 Provision of indemnities**

Any member of staff asked to give an indemnity, for whatever purpose, should consult the Deputy Vice-Chancellor before any such indemnity is given.

## **24 Appendices**

- A: OfS Audit Code of Practice
- B: Key contacts within the Finance Department
- C: Summary of protocols for capital projects
- D: Accounting Policies

## APPENDIX A

### OfS AUDIT CODE OF PRACTICE

#### Overview

1. In this Audit Code of Practice (the Code) the word 'must' denotes a mandatory requirement under the memorandum of assurance and accountability, whereas 'should' denotes our view of good practice.

2. The Code sets out what we require higher education institutions (HEIs) to have in place to provide themselves and us with adequate assurance on good governance, internal controls, the management of risk and achieving value for money (VFM). How these requirements are met is for HEIs to decide themselves.

#### Governing bodies of HEIs

3. The responsibilities of governing bodies are set out at paragraph 22 of the terms and conditions of OfS funding and paragraph 21 of the terms and conditions of UKRI funding relating to funds administered through Research England. Governing bodies are also responsible for the appointment and removal of external and internal auditors. Governing bodies are also responsible for appointing outsourced internal audit providers, on the advice of the Audit Committee, and for choosing to move between outsourced and insourced internal audit provision, also after taking advice from the Audit Committee. Staff appointments and terminations for insourced internal audit staff are a matter for management, with the Audit Committee advising on the appointment and termination of the Head of Internal Audit.

#### Audit committees in HEIs

4. Each HEI must have an audit committee which follows best practice in HE corporate governance. The audit committee is responsible for assuring the governing body about the adequacy and effectiveness of:

- risk management, control and governance
- VFM
- the management and quality assurance of data.

5. The Committee of University Chairs has published detailed guidance about audit committees (HEFCE 2008/06). This reflects best governance practice, and the OfS and Research England expects HEIs to take account of such guidance in meeting the required standards or explain why the guidance is not being applied and good practice is not being followed.

6. An audit committee can undertake whatever work it considers necessary to fulfil its role. This should include assuring themselves about the effectiveness of its internal audit function and its external auditors. Audit committees will only be able to provide the necessary assurances if they are supported by suitably resourced internal audit and external audit functions, operating to recognised professional standards. They should also consider evidence based assurances from management.

7. Members of the audit committee must not have executive authority. Audit committees should include a minimum of three lay members of the governing body. Audit committee members should not be members of an HEI's finance committee or its equivalent. This is because it would create a potential conflict of interest when the audit committee is considering

issues involving the finance committee. If an HEI's governing body determines that cross-representation involving one member is essential, this should be the subject of an explicit, recorded resolution, which sets out the rationale for such a decision – but it should not be an option for the chair of either committee or the chair of the governing body.

8. The committee must produce an annual report for the governing body and the accountable officer. The report must cover the financial year and include any significant issues up to the date of signing the report and its consideration of the financial statements for the year. The report must be presented to and reviewed by the governing body before the audited financial statements are signed.

9. The report must include the committee's opinion on the adequacy and effectiveness of the HEI's arrangements for:

- risk management, control and governance
- economy, efficiency and effectiveness (VFM)
- management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, HEFCE, the OfS, Research England and other bodies.

10. The final annual report to the governing body and the accountable officer must be shared with the OfS each year, and, on request, with Research England.

#### **Internal audit arrangements in HEIs**

11. Internal audit is a vital element in good corporate governance since it provides governing bodies, audit committees and accountable officers with independent assurance about the adequacy and effectiveness of risk management, control and governance, and VFM.

12. Consequently each HEI must have a suitably resourced internal audit function which must comply with the professional standards of the Chartered Institute of Internal Auditors. Internal audit terms of reference must make clear that its scope encompasses all the HEI's activities, the whole of its risk management, control and governance, and any aspect of VFM delivery.

13. The internal audit service must produce an annual report which must relate to the financial year and include any significant issues, up to the date of preparing the report, which affect the opinions. It must be addressed to the governing body and the accountable officer and must be considered by the audit committee.

14. The report must include the internal auditor's opinions on the adequacy and effectiveness of the HEI's arrangements for risk management, control and governance and economy, efficiency and effectiveness (VFM).

15. The final annual report to the governing body must be shared with the OfS each year, and, on request, with Research England.

16. The head of internal audit must have direct access to the HEI's accountable officer, the chair of the audit committee and, if necessary, the chair of the governing body.

17. Where internal audit is provided from an outside source, market testing should be undertaken at least every five years.



### **External audit arrangements in HEIs**

18. External audit must provide an opinion to the governing body on whether funds (including public funds) have been applied for the intended purposes and on whether the financial statements provide a true and fair view of the financial results for the year. External audit must also form a view about whether an HEI is a going concern. External auditors of HEIs do not have a duty of care to the OfS and Research England.

19. HEIs may ask external auditors to provide additional services. The audit committee must agree all significant matters with a bearing on the auditor's objectivity and independence. Additional work must not impair the independence of the external audit opinion.

20. HEIs must disclose separately, by way of a note to the financial statements, the fees paid to their external auditors for other services.

21. External auditors must issue a report (or reports, if more than one, covering different stages of the annual audit) to those charged with governance which records accounting issues and control deficiencies arising from the audit. The OfS and Research England would expect any issues around the use of charitable assets for non-charitable purposes to be highlighted in such reports. The HEI's management must provide written responses to any recommendations made or issues raised. The report(s), including management response, is one of the annual accountability returns which must be submitted to the OfS.

22. The report(s), with management responses, must be made available to the HEI's audit committee in time to inform the committee's annual report.

### **Audit report**

23. The external auditors must report whether in all material respects:

a. The financial statements give a true and fair view of the state of the HEI's affairs, and of its income and expenditure, recognised gains and losses, and statement of cash flow for the year. They should take into account relevant statutory and other mandatory disclosure and accounting requirements, and OfS and Research England requirements.

b. The financial statements have been properly prepared in accordance with the financial reporting standards (FRS102) and the *Statement of Recommended Practice: Accounting for Further and Higher Education*, and relevant legislation.

c. Funds from whatever source administered by the HEI for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.

d. Funds provided by the OfS and Research England have been applied in accordance with the memorandum of assurance and accountability and any other terms and conditions attached to them.

e. The requirements of OfS's accounts direction have been met.

24. Auditors should have regard to the specific requirements of the memorandum of assurance and accountability such as compliance with those relating to increases in financial commitments thresholds, or other issues of non-compliance, in their management letters or reports, as set out in paragraph 23 above.

25. Market testing should be undertaken at least every seven years. One named individual partner in the firm is normally responsible for the HEI's audit; he or she should not hold this position for more than ten consecutive years.

#### **OfS and Research England access to auditors**

26. The OfS and Research England may wish to communicate with an HEI's external or internal auditors, particularly in connection with an Assurance Review (until July 2018) or an accountability and governance review (from 1 August 2018 until 31 July 2019) and should have unrestricted access to do so. This will normally be arranged through the HEI's accountable officer or representative. The OfS and Research England will exchange letters where necessary with both parties to deal with confidentiality and the terms under which access is given.

#### **Provision of audit services**

27. Internal and external audit services must not be provided by the same firm or provider.

#### **Auditors' access to information**

28. Internal and external auditors must have unrestricted access to information – including all records, assets, personnel and premises – and be authorised to obtain whatever information and explanations the head of internal audit service or the external auditor considers necessary.

#### **Restriction on auditors' liability**

29. Where the internal audit service is provided through a contractual arrangement with an external provider, the provider may ask the HEI to agree to a restriction in the internal auditors' liability arising from any default by the auditors. Normally such liability should be without limit. However, HEIs may negotiate a restriction in liability so long as the decision is made on an informed basis and the liability remains at such a level as to provide reasonable recourse for the HEI. The governing body, through the audit committee, must be specifically notified of any request for a liability restriction.

30. HEIs must not agree to any restriction in external auditors' liability in respect of the external audit of their annual financial statements.

31. For other types of work performed by the external auditors, the provider may ask the HEI to agree to a restriction in the auditors' liability arising from any default by the auditors. However, as with internal audit services, HEIs may negotiate a restriction in liability if the decision is made on an informed basis and the liability remains at such a level as to provide reasonable recourse to the HEI. The governing body, through the audit committee, should be notified of any liability restriction agreed.

#### **Appointment, removal or resignation of internal and external auditors**

32. Governing bodies are responsible for the appointment and removal of external and internal auditors. Where auditors cease to hold office for any reason, they should provide the governing body with either a statement of any circumstances connected with their removal which they consider should be brought to the governing body's attention, or a statement that there are no such circumstances. Any such statements must also be sent to the OfS by the accountable officer.

## APPENDIX B

### KEY CONTACTS WITHIN THE FINANCE DEPARTMENT

<b>Position</b>	<b>Tel.ext.no</b>
Deputy Vice-Chancellor	6222
Director of Finance	6229
Finance Operations Manager	6258
Finance Manager	6286
Senior Finance Assistant	6316

## APPENDIX C

### SUMMARY OF PROTOCOLS FOR CAPITAL PROJECTS

#### **Appointment of Consultants**

The appointment of consultants that make up the professional design team is made on a project by project basis, with consultants in the main selected from those that have supported and performed well for the University over a number of years.

Unlike many other universities, NUA does not operate a formal framework, with few capital works projects undertaken annually.

External consultants are mainly used on projects over £100,000 in construction value. Those projects that fall below this value (and normally of a repair or planned maintenance basis) are managed directly by the University's Estate Management Team.

The professional design team will usually comprise the Architects, Cost Consultants, Structural Consultants and M&E Consultants. The University will typically engage different consulting firms where there are a number of regional firms with the appropriate expertise. Fees are agreed within standard industry ranges with scale of project and complexity both being factors. The architects' fees will be within RIBA fee range guidelines.

Consultants are appointed largely on the basis of either an exchange of letters or industry body standard templates e.g. RIBA conditions in the case of an Architect.

#### **Timelines and Steps – The Procurement Process**


Most of the University's projects involve working within existing buildings, requiring either refurbishments or extension (or both). NUA's approach is to procure works adopting a client-led procurement route; a Design+Build route is less suited for projects of this type.

Typically, the University procures works on a single-stage procurement basis adopting the following key steps:

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This process is managed by the combined design team with University “sign-off” at key stages to ensure compliance with NUA requirements and cost.

On occasions, where either the building conditions require earlier contractor engagement or when programme and earliest possible completion is more critical, a two-stage procurement route is employed which is intended to overlap the design and procurement processes and on occasions, procurement and the construction stage itself.

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With this alternative route, contractors are appointed initially on a limited basis to work alongside the design team to procure works packages competitively as the design evolves and on occasion to start early works to maintain a programme. Ultimately, the intention is to have market tested the entire project, albeit progressively (as opposed to in one step with single stage procurement).

### **Selection of Contractors and Tenderers**

The selection of contractors is based upon the following:

- Size/scope of project
- Complexity
- Appetite of various contractors to be competitive in the current market place
- Experience/capability given type of project

Prior to settling upon a contractor list and in consideration of the above, a “Preliminary Invitation to Tender” is issued to gauge interest from prospective tenderers. An example is shown below.

Responses from contractors at this point confirm interest in tendering the project and their ability to respond positively to the type of project and timescales given.

### **Due Diligence on Tenderers**

Contractors tend to be taken from the local construction market place, with the design team having reasonable knowledge of Contractors current workload, current commitments and capability.

Aside from anecdotal reviews of contractors by the professional team members, financial statements may be requested supporting individual contractor's abilities to cashflow finance projects.

Other than financial capabilities, due diligence is also relevant to selecting the most appropriate contractor and contractor personnel that have the site level experience and skills to deliver any given project.

Tender documentation includes typically the following:

- Contract preliminaries, incorporating project specific details, obligations and restrictions to be imposed upon the appointed contractor, contract terms and conditions, details of programme,
- Specifications and design drawings developed by the Architect and other consultants
- Health and Safety information, project risks, asbestos registers and other such documents
- Contract Sum Pricing Summary information – this requiring tenderers to price works on a like for like basis, in so far as is possible
- Forms of Tender (with an invitation for tenderers to offer an alternative programme to that stated in the contract preliminaries)
- Certificate of Bona Fide Tender (anti-collusion)
- Instructions relating to the submission of tenders

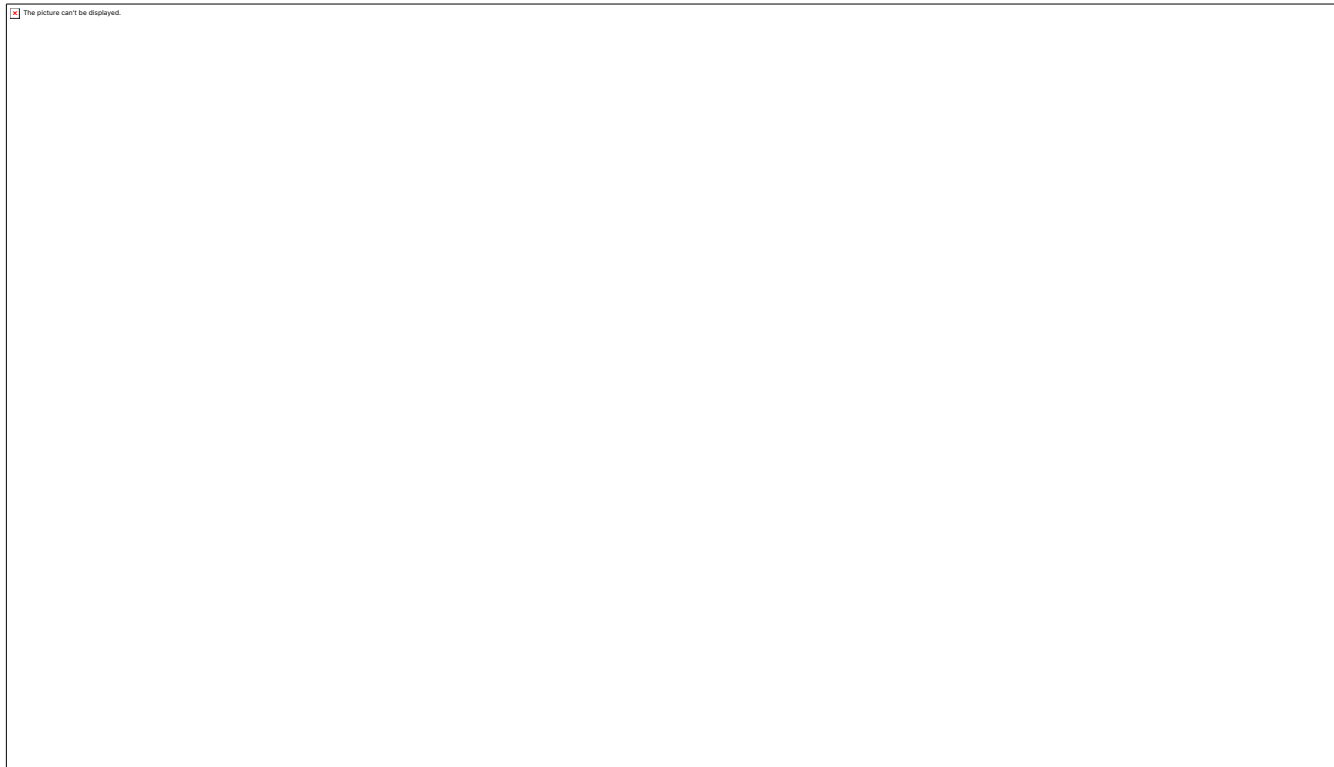
### **Adjudication and Evaluation of Tenderers**

Tenders are received either directly by the University or the cost consultant.

The date and time for return of tenders are clearly set out in advance.

Tendering procedures are aligned to the Code of Procedure for Single Stage Selective Tendering as published by the Joint Contracts Tribunal (JCT). This is a widely used and acknowledged protocol within the construction industry and covers such aspects as adjudication of tenders, correction of errors etc.

Below is a sample record sheet for the tender sums to be recorded and witness by those opening the tenders:



Tender evaluation should reflect and comment upon the following considerations:

- Proposed methodology to be employed in delivering the project (tender stage response to tender documents)
- Tender stage programme (or one representing an alternative programme)
- Proposed Contractor team members – skills and experience
- Pricing details, ensuring parity between bids (and evaluating tender omissions) and also to provide a firm basis for the valuation of any variations and for interim payments made to the appointed Contractor
- Resolution of technical and contractual qualifications
- Value for Money and overall competitiveness of the lowest tender
- Comparison to budget

Post-tender interviews are arranged if required with those contractors under consideration to allow the University and professional team members to meet with tenderers prior to concluding a decision to award the contract.



### **Contractual Arrangements**

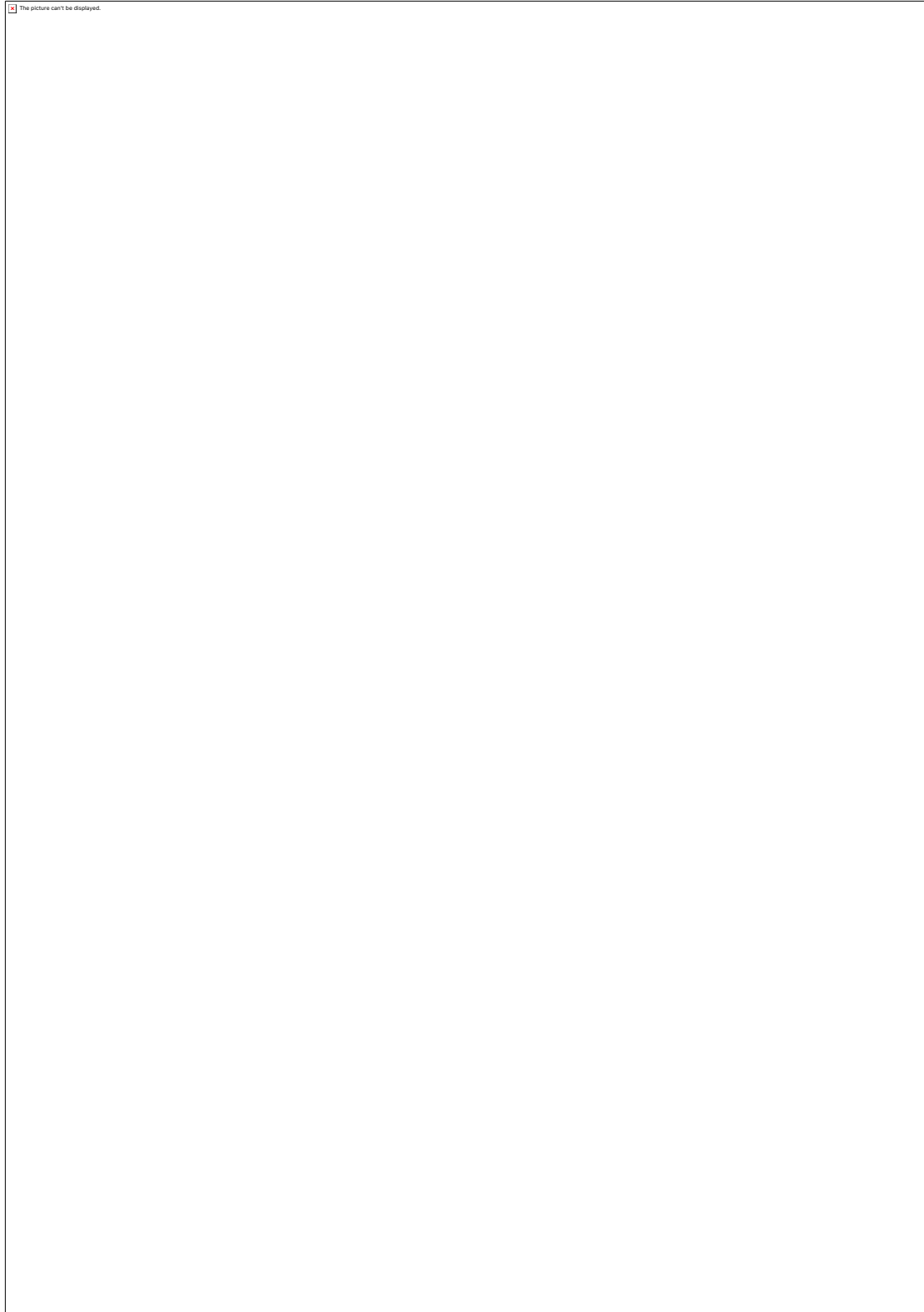
Contractual arrangements are generally based upon industry standard JCT Forms of Contract, with projects contracted by adopting one of the following:

Contract Version	Basis For Use	Typical Value
Minor Works (MW11)	Simple works	£50k to £100k
Intermediate Form (IC 2011)	More complex works, possibly involving elements of Contractor Design	£100k to £1m
Main Contract	All other works	£1m +

Presently, contracts are un-amended.

It is customary to request a performance bond as part of the tender, providing protection in the event of default by the Contractor (usually in the event of Contractor insolvency). Typically such a bond provides for 10% of the Contract Sum.

**Example of Preliminary Invitation to Tender**



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## APPENDIX D

### ACCOUNTING POLICIES

#### Accounting policies

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom.

#### Going Concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of Norwich University of the Arts to continue as a going concern. The Governors make this assessment in respect of a period of at least 12 months from the date of approval of the financial statements. The Governors have a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future and believe that the University is well placed to manage its activities successfully and is able to meet its liabilities as and when they fall due. Thus they continue to adopt the going concern basis of accounting in preparing annual financial statements.

#### Basis of preparation

These financial statements have been prepared in accordance with the 2015 Statement of Recommended Practice (SORP): 'Accounting for Further and Higher Education' and in accordance with Financial Reporting Standards (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain fixed assets). The financial statements have been prepared in British Pounds, which is the functional currency of the University.

#### Basis of consolidation

The consolidated financial statements include the University and its subsidiary company, NUA Business Limited. All financial statements are made up to 31 July 2018. Intra-group transactions and balances are eliminated fully on consolidation.

The consolidated financial statements do not include the results of the University's Students' Union as it is a separate entity over which the University has no significant control or influence.

#### Recognition of income

Tuition fees represent student fees received and receivable attributable to the current accounting period. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Government revenue grants include Higher Education Funding Council/Office for Students/Research England grants and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Income from research grants and contracts is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs.

Endowment and Investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred to Restricted Reserves, Income and expenditure reserve - endowments.

### **Capital grants**

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

### **Donations and Endowments**

#### Unrestricted donations

Donations with no restrictions are recognised in income when the University is entitled to the funds.

#### Endowment funds

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

- 1) Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution
- 2) Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income
- 3) Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective

### **Pension schemes**

Retirement benefits to employees of the University are provided by the Local Government Pension Scheme (LGPS) and the Teachers Pensions Scheme (TPS). Both of these schemes are defined benefit schemes. Defined benefit schemes are post-employment benefit plans other than defined contribution schemes. Under defined benefit schemes, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit schemes net of scheme assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of

scheme assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Contributions to the both the TPS and LGPS schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis, so the Group does not recognise a net defined benefit liability on its Balance sheet for this scheme.

The LGPS is a funded scheme and the Group does recognise a net defined benefit liability on its Balance sheet for this scheme. The pension cost is assessed every three years in accordance with the advice of an independent qualified actuary using the projected unit method, the last valuation having been in March 2016. .

#### **Fixed assets**

##### **a) Land and buildings**

All land and buildings owned at 31 July 1998 were revalued at that date by a firm of independent chartered surveyors. Premises on the main Norwich site, inherited from the local education authority, were valued at depreciated replacement cost. Other premises acquired before 31 July 1998 were valued at open market value. Any buildings purchased after that date have been included at cost.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Freehold land is not depreciated. Freehold and leasehold buildings at 31 July 1998 are depreciated in accordance with specific advice given by professional chartered surveyors. The average annual rate of depreciation currently applied to buildings is 3.8%. Enhancement to buildings is depreciated on a straight line basis over estimated life as follows:

Freehold buildings	40 years
Enhancements to buildings (Freehold)	20 years
Enhancements to buildings (Leasehold)	the lesser of 20 years or remaining period of the lease

Any impairment in value caused by a clear consumption of economic benefits are charged to the income and expenditure account as are any other impairments of revalued fixed assets to the extent that they are not covered by surpluses arising on prior valuations.

##### **b) Fixtures, Fittings and Equipment**

Fixtures, fittings and equipment costing less than £1,000 per item or group of items are written off to the income and expenditure account in the period of acquisition. Other equipment with an expected life of more than one year is capitalised at cost. Book values at implementation of FRS15 Tangible Fixed Assets have been retained in accordance with the transitional rules set out therein, and will not be updated for any future valuations

Fixtures, fittings and equipment are depreciated on a straight line basis over their useful economic life as follows:

Cabling/ducting, boilers	15 years
Computer (IT) equipment	3 years
Other fixtures, fittings and equipment	5 years

c) Motor Vehicles

Motor vehicles are capitalised and depreciated on a straight line basis over their useful economic life. This is considered to be 4 years.

d) Assets in the course of construction

Assets in the course of construction are accounted for at cost based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

**Maintenance of premises**

The University has a rolling maintenance programme which is reviewed on an annual basis. The cost of all maintenance is charged to the income and expenditure account as incurred. Expenditure which extends the useful life of an asset or enhances an asset is capitalised.

**Employment benefits**

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

**Investments**

Investment properties are land and buildings held for rental income or capital appreciation rather than for use in delivering services. Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the surplus or deficit. Investment properties are not depreciated but are revalued annually according to market conditions as at 31 July each year.

Fixed asset investments which are not listed on a recognised stock exchange are carried at market value. Current asset investments are carried at the lower of cost and net realisable value.

**Finance leases**

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### **Operating leases**

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

### **Service concession arrangements**

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete or slow-moving items. Consumable items are charged directly to the income and expenditure account.

### **Foreign currency translation**

Monetary assets denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period.

### **Taxation status**

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University is partially exempt in respect of Value Added Tax, as its main activity is the supply of education which is an exempt supply for the purposes of VAT. Accordingly, it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on supplies and services received is included in the related costs in the financial statements. It is also added to the cost of tangible fixed assets as appropriate.

NUA Business Limited is subject to corporation tax and VAT in the same way as any commercial organisation.

Deferred taxation is accounted for at expected tax rates on all timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted. Deferred tax is not discounted.



### **Provisions**

Provisions are recognised when the University has a present and legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **Related party transactions**

In accordance with the exemption available in section 33.1A, details of intra group transactions are not disclosed where the subsidiary is 100% owned.

### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### **Reserves**

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

### **Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, management have made the following judgements:

- Determined whether leases entered into by the University either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determined whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

### **Other key sources of estimation uncertainty**

#### *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

#### *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will

impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.