Financial Regulations

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London Metropolitan University is a limited company registered in England and Wales with registered number 974438 and VAT registered number GB 447 2190 51. Our registered office is at 166–220 Holloway Road, London N7 8DB. London Metropolitan University is an exempt charity under the Charities Act 2011. Its registration number with HMRC is X6880.

**Foreword**

Our strategic plan has the need for financial sustainability as one of its primary objectives, alongside academic sustainability.

To conduct its business effectively, the University must ensure that it has sound

financial management systems in place. This is good business sense. We spend over half of our income on payroll cost and approximately one third of our income on the purchase of goods and services. It is essential to our future that effective and formal control is exerted and demonstrated to ensure that:

* funds provided to us are being used for the purposes for which they were given;
* all expenditure is in accordance with our budgets and operating plans, designed to deliver our strategic priorities;
* best value for money is being obtained;
* purchases are made efficiently and in the University’s interest;
* legislation is fully complied with.

Compliance with these financial regulations helps us to achieve our financial sustainability objective, by ensuring that we use our financial resources in the most economical and effective way and, at the same time, comply with relevant regulatory requirements, including those of the Office for Students (OfS), Research England, other funders, European Procurement and HMRC.

Under the Scheme of Delegation from our Board of Governors and as the designated Accountable Officer to OfS it is my responsibility to ensure the solvency of the university and to safeguard its assets. These regulations are a key control to achieve that requirement. They set out our financial policies, describing the authorities delegated under the Scheme of Delegation, through the Senior Staff of the University, to budget holders Those budget holders are responsible, and accountable, for the funds under their budgetary control and the proper application of these Regulations by all of their staff.

They have been approved by the Board of Governors and reflect national standards and good practice. It is therefore expected and required that all staff adopt and follow these standards in all their daily conduct.

Professor Lynn Dobbs

Vice-Chancellor and Chief Executive

August 2023

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**A Background**

1. London Metropolitan University is a company limited by guarantee, incorporated under the Companies Act registered number 974438. It is governed by its Articles of Association, which set out its objectives as a higher education institution.
2. The University is an exempt charity by virtue of the Charities Act 2011.
3. As a condition of its registration with the Office for Students, the University must comply with the Terms and conditions of Office for Students funding, which require that we have in place management and governance arrangements that are adequate and effective to ensure regularity, propriety and value for money. These financial regulations of the University form part of those arrangements.

**University’s Scheme of Delegation**

1. The University’s Scheme of Delegation defines the responsibilities of the Board of Governors, the Board’s Committees, the Academic Board, the Vice-Chancellor, the Senior Leadership Team and the Senior Staff.

**Financial stewardship responsibilities of the Board of Governors**

1. The Board of Governors has primary responsibility for:

* ensuring the solvency of the University
* ensuring that proper books of account are kept
* approving the annual budget and financial statements
* safeguarding the University’s assets, property and estate
* ensuring that funds provided by the Office for Students and Research England are used in accordance with the Memorandum of Assurance and Accountability
* Approving expenditure and disposals above £5m\*
* Approving all property acquisitions and disposals above £5m\*
* Approving capital and revenue-funded projects above a total value of £5m\*
* Monitoring the progress of projects above a total value of £5m.\*

\* including individual items and cumulative expenditure/acquisitions/disposals in a budget line in a single financial year.

1. The Board of Governors is advised by the Audit Committee on (inter alia) the establishment and monitoring of systems of control and accountability, including financial and operational controls and on satisfactory arrangements to promote economy, efficiency and effectiveness (Value for Money).
2. The Board of Governors is advised by the Finance and Resources Committee on (inter alia) the solvency of the University, the approval of annual budgets and forecasts and on estates management, IT infrastructure, employment matters and capital projects.
3. The Finance and Resources Committee is responsible for approving all expenditure, acquisition or disposal of assets, or capital and revenue-funded projects of a value between £2m and £5m, for making recommendations to the Board for these items over £5m and for monitoring the progress of projects of a total value between £2m and £5m.
4. The Vice-Chancellor or Deputy Vice Chancellor and the Chief Operating Officer or University Secretary are authorised to approve all expenditure, acquisition or disposal of assets, or capital and revenue-funded projects of a value between £250k and £2m as described in the University’s Scheme of Delegation.

**Delegation to Senior Staff, Heads of School, Directors of professional service departments and other budget-holders**

1. Responsibilities are delegated by the Vice-Chancellor and Senior Staff to Heads of Schools, Directors of Professional Service Departments and other budget-holders through these Financial Regulations. Under the Scheme of Delegation, those delegating responsibilities remain accountable and responsible for the responsibilities they have delegated.
2. The budget holder plus Senior Leadership Team (SLT) line manager or any SLT member are authorised to approve all expenditure, acquisition or disposal of assets, or capital and revenue-funded projects of a value between £101K and £250K.
3. Directors and Heads of Schools are authorised to approve all expenditure, acquisition or disposal of assets, or capital and revenue-funded projects of a value up to £100K

**B Responsibilities of Heads of School, Directors of Professional Service Departments and other budget-holders**

**Use of resources**

1. All Heads of School and Directors of Professional Service Departments are accountable to the Vice-Chancellor and Chief Executive through the agreed Senior Leadership Team structures for financial management of the areas or activities they control. They are the primary budget-holder for their School or Department.
2. Heads of Schools and Directors are advised by the COO in executing their financial duties.
3. Heads of Schools and Directors are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where authority for use of resources is delegated to budget holders, the Head of School or Director remains accountable and responsible for financial management of those resources and for compliance with these financial regulations, including:

* Ensuring that expenditure is within approved budgets
* Ensuring expenditure is authorised before any financial commitment is made
* Ensuring that value-for-money can be demonstrated through proper record keeping and compliance with procurement rules.

1. All members of staff should be aware and have a general responsibility for the security of the University’s property, for avoiding loss and misuse and for due economy in the use of resources.
2. Any member of staff given delegated authority by their Head of School or Director to procure goods or services on behalf of the University should ensure that they are aware of, and comply with, the University’s required procurement procedures, including financial authority limits and the values of purchases for which quotations and tenders are required, in accordance with European procurement legislation.
3. Heads of Schools and Directors are responsible, through appropriate induction and training, for ensuring that all members of their staff are aware of and comply with these financial regulations and relevant procurement procedures.
4. Heads of Schools and Directors shall make available any relevant records or information to the COO 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.
5. Heads of Schools and Directors shall provide the COO with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Board of Governors.
6. Heads of Schools and Directors shall immediately notify the COO whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the University. The COO shall ensure that the matter is investigated in accordance with the University’s policies for responding to fraud and other irregularities and shall report the outcome to the Vice-Chancellor and Chief Executive.

**C Financial management and control**

**Financial planning**

1. The COO is responsible for preparing annually a rolling five-year financial forecast for approval by the Board of Governors on the recommendation of the Finance and Resources Committee and for preparing financial forecasts for submission to the Regulatory Body. Financial plans should be consistent with the strategic plan, financial strategy and financial performance indicators approved by the Board of Governors.

**Budget objectives**

1. The Vice-Chancellor, advised by the Senior Leadership Team will, from time to time, set budget objectives for the University. These will help the COO, Heads of School and Directors of professional service departments to prepare more detailed financial plans and budgets for the University.

**Resource allocation**

1. Resources are allocated annually by the Board of Governors, by the approval of University consolidated revenue and capital budgets, on the recommendation of the Finance and Resources Committee and based on the above objectives.
2. Allocation of resources to Schools and departments is determined by the Vice Chancellor with the advice of the Senior Leadership Team.
3. Resources must be allocated according to priorities for action to achieve both the academic and sustainability objectives of the University’s strategic plan and in accordance with School and departmental annual operating plans.

**Budget preparation**

1. The COO is responsible for preparing each year an annual revenue budget and capital programme for consideration by the Finance and Resources Committee before submission to the Board of Governors. The budget should include monthly cash flow forecasts for the year.
2. The COO must ensure that detailed budgets are prepared to support the resource allocation process and that these are communicated to budget holders as soon as possible following their approval by the Board of Governors.
3. During the year, if required by changes in circumstance, the COO is responsible for submitting revised forecasts to the Finance and Resources Committee for consideration before submission to the Board of Governors for approval. Expenditure, disposals or acquisitions of assets, or revenue and capital projects must be approved in accordance with the University’s Scheme of Delegation.

**Capital programme**

1. The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs that meet the criteria set out in the University’s accounting policies irrespective of whether or not they are funded from capital grants.
2. The Board of Governors will approve the limit of capital expenditure as part of the annual budget setting process. Individual capital projects require fully costed business cases to be completed.
3. The COO is responsible for providing regular statements concerning all capital expenditure to Finance and Resources Committee for monitoring purposes.
4. Following completion of any capital project with a value over £2m a post-project evaluation or final report, including actual expenditure against budget as well as outlining significant issues affecting completion of the project, must be submitted to the Finance and Resources Committee.

**Overseas activity**

1. In planning and undertaking overseas activity, the University must have due regard to relevant guidelines issued by the Regulatory Body.

**Financial Control**

**Budgetary control**

1. The control of income and expenditure within an allocated budget is the responsibility of the Head of School or Director as designated budget holder. They must ensure that regular monitoring is undertaken effectively. Budget holders are accountable to their line manager for operation in accordance with these financial regulations and within their budget.
2. To enable simplification through standardisation and automation of accounting processes, the COO may set standard limits for defined levels of staff linked to cost centres. These will be notified to all relevant staff and published for clarity and ease of users of financial systems.
3. Significant departures from agreed budgetary targets must be discussed by the Head of School or Director with the Finance Business Partner responsible for supporting the School or Department and reported to the COO, with details of corrective action taken.

**Financial information**

1. Budget holders are assisted in their duties by financial management information provided by the COO through the Finance Business Partners responsible for supporting the School or department.
2. The COO is responsible for supplying financial management information reports on all aspects of the University’s finances to the Finance and Resources Committee on a basis determined by the Finance and Resources Committee but subject to any specific requirements of the Regulatory Body. These reports are presented to the Board of Governors, which has overall responsibility for the University’s finances.

**Changes to Budgets – Reforecasts**

1. After the Budget for the Financial year is agreed, any changes to the allocation of resources will only be made via updates to the University Reforecasts. These will be produced and reported quarterly to the Finance and Resources Committee and will align to the format of the monthly financial management reports.
2. The Budget Holders are accountable for delivering against their budgets and will be required to explain significant differences and corrective action to the Senior Leadership Team. Authority to re-allocate resources within the budget year requires consultation with the COO and written approval of changes up to £100,000. Changes above this level require written approval of the SLT via the quarterly reforecasting process.

**Accounting arrangements**

**Financial year**

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

**Basis of accounting**

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

**Format of the financial statements**

1. The financial statements are prepared in accordance with the Statement of Recommended Practice *Accounting for Further and Higher Education*, subject to any specific requirements of the Office for Students, and in accordance with the provisions of the Companies Acts.

**Accounting policies**

1. The University’s accounting policies, including those for capitalisation and depreciation of assets, must be approved by the Finance and Resources Committee.

**Accounting records**

1. The COO is responsible for the retention of financial documents. Payroll and associated personnel, pension and payroll tax records are the responsibility of the Director of Human Resources.
2. Accounting records must be kept in a form that is acceptable to the relevant authorities. The University is required by law to retain prime documents for the current year plus the six previous years. These include:

* purchase orders
* paid invoices
* invoices raised
* bank statements
* copies of receipts
* paid cheques
* payroll records.

1. The COO will make appropriate arrangements for the retention of electronic financial records in accordance with the University’s Records Retention Schedule.
2. Heads of Schools and Directors must ensure that local retention arrangements for project documentation comply with any specific requirements of the funding organisations, such as the European Commission, taking into account their right of retrospective audit.

**Taxation**

1. The COO is responsible for advising budget-holders, in the light of guidance issued by the appropriate bodies and relevant legislation on all value added or corporation taxation issues, as it applies to the University. Therefore, the COO will issue instructions to departments on compliance with statutory requirements including those concerning VAT and corporation tax.
2. The Director of Human Resources is responsible for advising budget-holders, in the light of guidance issued by the appropriate bodies and relevant legislation, on all employment taxation issues, as it applies to the University. Therefore, the Director of Human Resources will issue instructions to departments on compliance with statutory requirements including those concerning PAYE and national insurance.
3. The COO is responsible for maintaining the University’s VAT and corporation tax records, making all tax payments, receiving tax credits and submitting tax returns, other than those for employment taxes, by their due date as appropriate.
4. The Director of Human Resources is responsible for maintaining PAYE, national insurance and pension fund records and for submitting returns by their due date as appropriate.

**Audit requirements**

**General**

1. External auditors and internal auditors shall have authority to:

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

1. The COO is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.
2. Following consideration by the Finance and Resources Committee, the financial statements should be reviewed by the Audit Committee. On the recommendation of the Finance and Resources Committee and the Audit Committee they will be submitted to the Board of Governors for approval.

**External audit**

1. The appointment of external auditors will take place annually and is the responsibility of the Board of Governors. The Board of Governors will be advised by the Audit Committee.
2. 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 Auditing Practices Board’s statements of auditing standards.

**Internal audit**

1. The internal auditor is appointed by the Board of Governors on the recommendation of the Audit Committee.
2. Office for Students Terms and conditions of funding require us to 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.
3. The main responsibility of internal audit is to provide the Board of Governors, the Vice-Chancellor and Chief Executive and senior management with assurances on the adequacy and effectiveness of risk management, control and governance arrangements.
4. The internal audit service remains independent in its planning and operation but has direct access to the Board of Governors, the Vice-Chancellor and Chief Executive and the Chair of the Audit Committee.

**Value for money (VFM)**

1. The Board of Governors 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 Office for Students, the National Audit Office, the Public Accounts Committee or other relevant bodies.
2. Internal audit is to have regard to value for money in its programme of work. This will enable the Audit Committee to refer to value for money in its annual report.
3. The requirement to obtaining best value-for-money in the use of the University’s resources, both staff and non-staff, must be taken into account by all University staff in their day-to-day activities. Further guidance may be found in the University’s Value for money policy.

**Other auditors**

1. The University may, from time to time, be subject to audit or investigation by external bodies such as the Office for Students, the National Audit Office, European Court of Auditors, H M Revenue and Customs. They have the same rights or greater of access as external and internal auditors.

**Fraud and corruption**

1. It is the duty of all members of staff, management and the Board of Governors to notify either the COO or the University Secretary or Deputy immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. They shall immediately invoke the Fraud Response Plan, which shall be used to investigate the allegation and take appropriate action.
2. If the suspected fraud is thought to involve the University Secretary, or the COO, the member of staff shall report their concerns to a different assessor (i.e. other than the one about whom the concern relates) using the Public Interest Disclosure Policy (Whistleblowing).
3. The University Secretary or Deputy shall maintain a register of allegations reported under the Fraud Response Plan and a register of disclosures made under the Public Interest Disclosure Policy

**Treasury management**

**Treasury Management and Ethical Investment Policy**

1. The Finance and Resources Committee is responsible for approving a [treasury management policy](https://www.londonmet.ac.uk/media/london-metropolitan-university/london-met-documents/professional-service-departments/policies/Treasury-Management-and-Ethical-Investment-Policy-Nov-2022-Final.pdf) ,setting out the University’s policy for cash management, long-term investment and borrowing.
2. All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the COO. All borrowing shall be undertaken in the name of the University.
3. The COO will report to the Finance and Resources Committee annually on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.
4. The Finance and Resources Committee is responsible for approving an [ethical investment policy](https://www.londonmet.ac.uk/media/london-metropolitan-university/london-met-documents/professional-service-departments/policies/Treasury-Management-and-Ethical-Investment-Policy-Nov-2022-Final.pdf), setting out the University’s policy for placing investments in accordance with its mission and values. The University expects its investment managers, as part of their normal investment research and analysis process, to take account of social, environmental, ethical and governance considerations in the selection, retention and realisation of investments.

**Appointment of bankers and other professional advisers**

1. The Finance and Resources Committee is responsible for the appointment of the University’s bankers and other professional financial advisers (such as investment managers). The appointment shall be for a specified period and made in accordance with the University’s procurement policy.

**Banking arrangements**

1. The COO is responsible, on behalf of the Finance and Resources Committee, for liaising with the University’s bankers in relation to the University’s bank accounts.
2. The COO is authorized to open or close a bank account for dealing with the University’s funds. All bank accounts shall be in the name of the University or one of its subsidiary companies. No bank accounts that receive money or make payments in respect of the University may be opened without the express permission of the COO.
3. All cheques drawn on behalf of the University must be signed in the form approved by the COO. All cheques shall be ordered on the authority of the COO, who shall make proper arrangements for their safe custody.
4. 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 COO.
5. The COO is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

**Money laundering**

1. The COO is the officer nominated to receive disclosures in respect of suspected money laundering transactions or activity within the University.
2. Money laundering is defined as:

* Concealing, disguising, converting or transferring criminal property or removing it from the UK;
* Entering or becoming concerned in an arrangement which you know, or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
* Acquiring, using or possessing criminal property;

1. Money laundering legislation applies to all members of staff. Further guidance may be found in the University’s Anti-money laundering policy.

**Income**

**General**

1. Levels of charges for tuition fees are determined by the Vice Chancellor on the advice of the Senior Management Team. Levels of charges for other services are determined by the budget- holder in accordance with the University’s costing and pricing policy, subject to review and approval in accordance with the Scheme of Delegation and Committee Terms of Reference.
2. The COO is responsible for ensuring that appropriate procedures are in operation to enable the University to receive all income to which it is entitled.
3. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the COO.
4. All Heads of Schools and Directors are responsible for the correct application of these procedures within their department.
5. It is the responsibility of Heads of Schools and Directors to ensure that revenue to the University is maximised by the efficient application of approved financial procedures for the identification, collection and banking of income. This requires the prompt notification of sums due to the Income Collection section of the Finance Department, so that collection can be initiated.
6. The COO is responsible for the prompt collection, security and banking of all income received.
7. The COO is responsible for ensuring that all grants notified by the Office for Students and other bodies are received and appropriately recorded in the University’s accounts.

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

1. All monies received by any School or Department from whatever source must be recorded by them on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments. Amounts received must be banked and details sent promptly to the Cashiers section of the Finance Department.
2. The custody and transit of all monies received must comply with the requirements of the University’s insurers.
3. 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 a petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the University.

**Receipts by credit or debit card**

1. The University may only receive payments by debit or credit card using procedures approved by the COO.

**Security of payment card data**

1. Heads of Schools and Directors are responsible for ensuring that all payment card data processed or stored in their School or Departments processed, transmitted and stored in a secure manner in accordance with the Payment Card Industry Data Security Standard and in compliance with the University’s Payment card data security policy.

**University shop and other web-payment channels**

1. Any member of staff wishing to arrange for payment to be made to the University via the e.Shop or other University website should seek guidance from the COO at an early stage.

**Collection of debts**

1. The COO should ensure procedures are designed so that:

* debtor invoices are raised promptly using the University system, in respect of all income due to the University;
* invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account;
* any credits granted are valid, properly authorised and completely recorded;
* VAT is correctly charged where appropriate, and accounted for;
* monies received are posted to the correct debtors account;
* swift and effective action is taken in collecting overdue debts, in accordance with the protocols noted in the financial procedures;
* overdue debts are monitored, and reports prepared for review and action with the budget-holder.

1. Only the COO or those authorised by him/her can implement credit arrangements and indicate the periods in which different types of debt must be paid.
2. Requests to write off debts must be referred in writing to the COO. Individual debts may be written off with the permission of the COO subject to an upper level for individual debts currently set at £20,000.
3. Individual debt write-offs above this limit up to £2m must be referred to the Vice-Chancellor for approval. Debt write-offs over £2m shall require the approval of the Finance and Resources Committee, and those over £5m shall require the approval of the Board of Governors.

**Student fees**

1. The procedures for collecting tuition fees must be approved by the COO. He or she is responsible for ensuring that all student fees due to the University are received.
2. The implications of non-payment of fees are set out in the Student Fee Regulations.
3. The University reserves the right to charge interest on overdue debt and to pass overdue debt to its collection agents for enforcement through the Court process.
4. Student fee waivers for whatever reason require the approval of the Head of School and authorised by the Associate Director Financial Reporting. The Associate Director Financial Reporting will compile a quarterly report for SLT detailing the transactions.
5. Staff fee waivers require the approval of a Budget Holder and authorised by the Executive Director of People. The school that delivers the service will be credited with the full standard tuition fee and the department of the member of staff receiving the fee waiver will be charged with that cost. The Associate Director Financial Reporting will compile a quarterly report for SLT detailing the transactions.

**Research grants and contracts**

1. 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 improved materials, devices, products and processes including design and construction. It excludes routine testing and analysis of materials, components and processes.
2. 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.’

**Costing and pricing/transparency**

1. The University has agreed to adopt the principles on costing and pricing recommended by the Joint Costing and Pricing Steering Group (JCPSG).
2. Staff undertaking research activity will maintain the records specified by the COO to enable compilation of returns to the funding body which meet the requirements of the Transparency Review (‘TRAC’ returns).
3. 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 Head of School or Director concerned to ensure that the financial implications have been appraised in accordance with the University’s costing and pricing policy. The Head of School or Director is responsible for examining every formal application for grant and shall ensure that there is adequate provision of resources to meet all commitments within the agreed budget allocation.
4. The COO is responsible for establishing procedures to allow the full economic cost of research contracts to be determined. 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.
5. The Pro Vice Chancellor: Research & Knowledge Exchange shall establish an overarching procedure for the approval of research contracts which shall include the necessary financial approvals and the review of contracts by the University Secretary, where required.
6. Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific budget holder (“the project manager”) who will report on financial matters associated with the project to his or her Head of School or Director.
7. The Project Manager shall maintain project records relating to research grants and contracts in accordance with the funder’s conditions of grant; The Finance Department shall maintain all financial records for all projects, including all research activity. The project manager shall be responsible for initiating all claims for reimbursement from sponsoring bodies by the due date and for control of expenditure charged to the project, supported by their Finance Business Partner.
8. Any overspend or under-recovery of overheads is to be the clear responsibility of the Head of School or Director concerned, any loss being a charge on the relevant School or department.

**Recovery of overheads**

1. For the purpose of informing decision making, including the approval of business cases and the assessment of financial performance, overheads will be charged to research activity whether or not the funding arrangements permit full recovery.

**Grant and contract conditions**

1. Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given and procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions often means that the University will suffer a significant financial penalty. It is the responsibility of the named supervisor or project manager, reporting to their Head of School or Director, to ensure that conditions of funding are met.
2. Any loss to the University resulting from a failure to meet conditions of funding is the responsibility of the Head of School or Director and will be charged against School or Department budget.

**Other income-generating activity**

1. All income generating activities are subject to necessary approval, which in turn must take into account the guidance on business cases and the associated Costing and Pricing Policy, the Scheme of Delegation and the Terms of Reference for committees responsible for recommending their approval.

**Private consultancies and other paid work**

1. Unless otherwise stated in a member of staff’s contract outside consultancies or other paid work may not be accepted without the consent of their Head of School or Director (and in the case of the Head of School or Director, the Vice-Chancellor and Chief Executive). Consultancies must be approved and carried out in accordance with the University’s Consultancy policy and the procedures in the Consultancy Handbook.

**Short courses and services rendered**

1. In this context a short course is any course which does not form part of the award-bearing teaching load of the department
2. Any staff wishing to run a short course must have the permission of their Head of School or Director. The course organiser will be responsible to their Head of School or Director for day-to-day management of the course, which must comply with standard University procedures, for example with regards to fee payment.
3. The term ‘services rendered’ includes testing and analysis of materials, components, processes and other laboratory services or the use of existing facilities in order to gain additional information.
4. Where the University is acting as a supplier or consultant to a third party, it is the responsibility of the Head of School or Director to ensure that the agreement does not expose the University to any legal liability for which the University is not covered under its insurance policies. All contracts or agreements must be signed in accordance with the Board Regulations.

**Academic partnerships and collaborations**

1. 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 signed in accordance with the Board Regulations and on behalf of any partner organisation before any provision is made. The University’s procedures for the approval and monitoring of academic partnerships, set out in the Partnership Operational Manual (maintained by the Academic Quality Department) must be followed.
2. Academic partnerships and collaborations involving income under £2m per annum shall be approved by the Vice-Chancellor. Partnerships and collaborations involving annual income between £2m and £5m or significant institutional risk shall be approved by the Finance and Resources Committee; those involving income over £5m per annum shall be approved by the Board of Governors.

**Intellectual property rights and patents**

1. 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.
2. In the event of the University deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the University’s Intellectual Property Policy.

**Non-staff expenditure**

1. The COO is responsible for making payments to suppliers of goods and services to the University.

**Financial authorities/ budget-holder delegation**

1. The Head of School or Director is responsible for purchases within his or her School or department. Purchasing authority may be delegated to a limited number of named individuals within financial delegation limits set by the University Scheme of Delegation and approved by the COO. In exercising this delegated authority, budget holders are required to observe the University’s procurement policies and financial procedures.
2. The COO shall maintain a register of signatories authorised to approve expenditure from each budget code, with their respective financial limits. Head of Schools and Directors must supply the COO with specimen signatures of those authorised to approve purchase orders and to certify invoices for payment.
3. Under procedures agreed by the COO, central control shall be exercised over the creation of purchase requisitions and authorisers and their respective financial limits (for electronic systems).
4. The COO must be notified immediately by the Head of School or Director of any changes to those authorised to commit expenditure.
5. Heads of Schools, Directors and budget holders are not permitted to commit the University to expenditure without first reserving sufficient funds from within their approved budget to meet the purchase cost.

**Procurement Policy**

1. All University staff purchasing goods or services on behalf of the University must comply with the University’s Procurement Policy, which provides further guidance on obtaining best value for money, purchasing thresholds and the auditable evidence required to support purchasing decisions.
2. The Head of Procurement is responsible to the COO for ensuring that the University’s Procurement Policy and supporting procedures are updated as required to comply with relevant external regulation, including EU and UK procurement regulations and for advising budget-holders on application of the Policy.
3. The Head of Procurement is also required to record annually details of expenditure which exceeds the EU threshold. Copies of the relevant documentation falling into this category must be provided by Head of Schools and Directors as requested.

**Use of purchasing cards**

1. The operation and control of the University’s purchasing cards is the responsibility of the Head of Procurement with the Accounts Payable manager.
2. Holders of purchasing 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.
3. Cardholders should obtain approval to purchase from the relevant budget holder and should ensure in advance of committing expenditure that there is sufficient budget available to meet the costs.
4. The COO shall determine what information is required on purchases made with purchasing cards from cardholders and deadlines for receipt in the finance department to enable financial control to be maintained and cardholders must provide that information.

**Contracts for capital expenditure**

1. Capital expenditure must be approved both within the budget-setting processes described above.
2. The management of building contracts is the responsibility of the University’s Director of Estates. The management of systems development and IT infrastructure contracts is the responsibility of the University’s Director of Information and Technology Services.
3. Building proposals will normally be initiated by the Director of Estates in respect of planned replacements, general improvement schemes, space planning or in response to requests from departments.
4. Systems development and infrastructure proposals will normally be initiated by the Director of Information and Technology Services in respect of planned replacements, general improvement schemes or in response to requests from departments.
5. Consultants may be appointed if the project is too large or too specialised for Estates or Information and Technology Services department resources. Appointments shall be subject to the University’s procurement procedures. The cost of these consultants shall be included in the capital cost of the project.
6. All Capital Expenditure proposals shall be presented in the form of a fully costed business case as appropriate for approval, in accordance with the approval thresholds in the Scheme of Delegation.
7. Achievement of best value for money must be an objective in the award of all contracts and procurement must comply with the University’s Procurement Policy.

**Purchase orders**

1. Official University orders must be placed for the purchase of all goods or services, except those made using purchasing cards or petty cash. In exceptional circumstances, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed ‘confirmation order only’ not later than the following working day. When transferring goods or services between departments, an interdepartmental transfer form must be used.
2. It is the responsibility of the COO (through the Head of Procurement) to ensure that all purchase orders refer to the University’s conditions of contract.

**Receipt of goods**

1. All goods and services shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification. A delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods. If the goods and services 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. The University’s Accounts Payable team should be notified immediately of any dispute with the supplier.
2. Where practical, all persons receiving goods and services on behalf of the University should be independent of those who negotiated prices and terms and placed the official order.

**Payment of invoices**

1. The procedures for making all payments shall be in a form specified by the COO. The COO is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers normally will be made by BACS transfer each week. In exceptional circumstances for urgent payments the COO will authorise payment by cheque or same day bank transfer.
2. Suppliers should be instructed by the purchaser to submit invoices for goods or services to the University’s Accounts Payable team, who will log receipt and pass invoices to budget holders for checking and authorisation. Invoices must be passed to Accounts Payable section as soon as they have been certified to enable payment within agreed terms.
3. Payment will only be made against invoices that have been certified for payment by the appropriate budget holder. Care must be taken by the budget holder to ensure that any prompt payment discounts are obtained and any penalties for late payment are avoided.
4. Certification of an invoice or receipting of an electronic order will confirm that:

* the goods have been received, examined and approved with regard to quality and quantity, or that services rendered, or work done is satisfactory where appropriate, it is matched to the order;
* invoice details (quantity, price discount) are correct;
* the invoice is arithmetically correct;
* the invoice has not previously been passed for payment;
* where appropriate, an entry has been made on a stores record or departmental inventory;
* an appropriate cost centre and account code are quoted; this must be one of the cost centre codes included in the budget holder’s areas of responsibility and the account code correspond with the types of goods or service described on the invoice.

**Travel, subsistence and other allowances**

1. The University’s purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured through the accounts payable 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.
2. All claims for payment shall be in accordance with the [University’s Travel and Expenses Policy](https://staff.londonmet.ac.uk/media/london-metropolitan-university/london-met-documents/professional-service-departments/finance/finance-policies/Travel-and-Expenses-Policy.pdf).

**Giving hospitality**

1. Staff entertaining on the University’s premises must, in accordance with our contract with the catering supplier, use the University’s catering facilities. Where guests are entertained outside the University, reasons must be stated when submitting a claim for reimbursement. Names of staff and guests must be noted on the invoice supporting the claim, which should include the full details. Credit card receipts will not be accepted in support of a claim.
2. The limits concerning acceptable expenditure for entertaining guests are set out in the [University’s Travel and Expenses Policy](https://staff.londonmet.ac.uk/media/london-metropolitan-university/london-met-documents/professional-service-departments/finance/finance-policies/Travel-and-Expenses-Policy.pdf)**.**

**Staff advances**

1. The COO and the relevant Head of School or Director may jointly approve cash advances to members of staff 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 or a University purchasing card.
2. Receipts or paid invoices must be retained for all sums expended in this way. Upon completion of the project to which the advance relates, a final account must be prepared and provided to the Accounts Payable team within one month 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.

**Petty cash**

1. Where a single item claimed for reimbursement is for less than £50 it should be paid from departmental petty cash or can be reimbursed by the Cashiers Office. It must be supported by receipts.
2. The COO shall make available to departments such imprests as he or she considers necessary for the disbursements of petty cash expenses. However, it is important for security purposes that petty cash imprest floats are kept to a minimum.
3. Requisitions for reimbursements must be sent to the COO, together with appropriate receipts before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.
4. The member of staff granted a float is personally responsible for its safe-keeping. The petty cash box 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 the Head of School or Director or another person nominated by him or her.
5. At the end of the financial year a certificate of the balances held should be completed by the member of staff responsible for the float and counter-signed by the Head of School or Director concerned.

**Student hardship loans**

1. The University’s scheme for emergency/hardship loans must be approved by the Senior Leadership Team. 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 approved scheme.
2. The COO 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.

**Other payments**

1. Payments for maintenance and other items to students on behalf of sponsoring organisations shall be made on the authority of the COO, supported by detailed claims approved by the relevant Head of School or Director.
2. All employee settlement payments above normal contractual or statutory entitlements shall be made on the authority of the COO, supported by advice from Human Resources or in accordance with the University Settlement Policy.
3. All student settlement payments shall be made on the authority of the COO, supported by advice from the Head of Legal services, or in accordance with the University Settlement Policy.

**Staff remuneration**

1. All University staff will be appointed to the salary scales approved by the Board of Governors and in accordance with appropriate conditions of service. All letters of appointment including terms and conditions and remuneration must be issued by the Direction of Human Resources.
2. The Board of Governors 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 to whom they are to be available.

**Appointment of staff**

1. All contracts of service shall be concluded in accordance with the University’s approved Human Resources policies and procedures. All offers of employment with the University must be made in writing by the Director of Human Resources. Budget holders must ensure that the Director of Human Resources is provided promptly with all information required in connection with the appointment, resignation or dismissal of employees.

**Salaries and wages**

1. The Director of Human Resources 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 Director of Human Resources.
2. The Director of Human Resources will be responsible for keeping the COO informed of all matters relating to personnel for budget and management information purposes. In particular these include:

* appointments, resignations, dismissals, supervisions, secondments and transfers
* changes in remuneration other than normal increments and pay awards
* pension scheme changes.

1. The Director of Human Resources is responsible for checking the employment tax status of contractors not employed through registered companies, to ensure that tax is deducted in accordance with relevant legislation. All casual and part-time employees will be included on the payroll.
2. The Director of Human Resources shall be responsible for keeping all records relating to payroll including those of a statutory nature.
3. All payments must be made in accordance with the University’s detailed payroll procedures and comply with HMRC regulations.

**Pension schemes**

1. The Board of Governors is responsible for discharging the role of employer in relation to appropriate pension arrangements for employees.
2. The Director of Human Resources is responsible for day-to-day pension matters, including:

* preparing the annual return to various superannuation schemes
* administering eligibility to pension arrangements and determining when deductions should begin or cease for staff.

**Assets**

**Land, buildings, fixed plant, machinery and information technology**

1. Capital expenditure on land, buildings, fixed plant, machinery and information technology must be approved within the budget-setting and business case processes described above. Any commitment, whether financed by direct purchase, lease or in any other way, must be undertaken in accordance with the approval thresholds for acquisitions set out in in the Scheme of Delegation.

**Fixed asset records**

1. The COO is responsible for maintaining the University’s record of land, buildings, fixed plant and machinery. Head of Schools and Directors will provide the COO with any information he or she may need to maintain the register.

**Inventories**

1. Heads of Schools and Directors are responsible for maintaining inventories of assets held in their School or department, in a form prescribed by the COO, for all plant, equipment, furniture and stores in their departments with a value per item or group of items in excess of £6,000. The inventory must include items donated or held on trust. When transferring items between departments, a transfer record must be kept, and the inventories amended accordingly.

**Stocks and stores**

1. Head of Schools and Directors are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their departments and that. regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks.
2. Those Head of Schools and Directors whose stocks require valuation in the balance sheet must ensure that the stock-taking procedures in place have the approval of the COO.

**Safeguarding assets**

1. Head of Schools and Directors are responsible for the care, custody and security of the buildings, stock, stores, computer equipment, furniture, cash, etc under their control. They should consult the Director of Estates and inform the COO in any case where security is thought to be defective or where it is considered that special security or insurance arrangements may be needed.
2. Assets owned by the University shall, as far as is practical, be effectively marked to identify them as University property.

**Personal use**

1. Assets owned or leased by the University, including laptop computers, shall not be subject to personal use without proper authorisation. The Head of School or Director must ensure that all University property is returned prior to staff leaving the University’s employment.

**Asset disposal**

1. The disposal of land and buildings or interests in land and buildings must only take place with the approval thresholds set in the Scheme of Delegation.
2. Disposal of any asset with an original purchase price over £6,000 must be notified to the COO. The Head of School or Director disposing of the asset should ensure that, wherever possible, the item is offered for sale to ensure best value from the disposal.

**Donations and funds held on trust**

1. The COO 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, including a record of specific requirements for the use of funds, if any, for each trust fund.
2. The COO is responsible for advising the Finance and Resources Committee on the control and investment of fund balances in accordance with the [Treasury Management and Ethical Investment Policy](https://www.londonmet.ac.uk/media/london-metropolitan-university/london-met-documents/professional-service-departments/policies/Treasury-Management-and-Ethical-Investment-Policy-Nov-2022-Final.pdf).
3. The University maintains a hardship fund (the Lord Limerick Fund) which pays small grants and loans to students who are not eligible for other forms of support. Donations may be paid into the Fund subject to the terms of the donation. The University Secretary or Deputy is responsible for ensuring the proper administration of the Fund and ensuring that proper records are kept supporting disbursements.

**Funds administered on behalf of third parties**

1. Records of funds administered on behalf of third parties will be maintained according to those funders’ requirements.

**D Other matters**

**Insurance**

1. The COO is responsible for the University’s insurance arrangements, including the provision of advice on the types of cover available. As part of the overall University 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.
2. This portfolio of insurances will be considered and approved by the Finance and Resources Committee from time to time as a part of the risk-monitoring process.
3. The COO is responsible for effecting insurance cover as determined by the Finance and Resources Committee. He or she is therefore responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The COO will keep a register of all insurances held by the University and the property and risks covered. He or she will also deal with the University’s insurers and advisers about specific insurance problems.
4. Heads of Schools and Directors must ensure that the University has sufficient insurance arrangements to meet the requirements of any agreements negotiated by their Schools and departments with external bodies. The COO’s advice should be sought to ensure that this is the case.
5. Head of Schools and Directors must give prompt notification to the COO of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks.
6. Head of Schools and Directors must advise the COO immediately of any event that may give rise to an insurance claim. The COO will notify the University’s insurers and, if appropriate, prepare a claim in conjunction with the head of department for transmission to the insurers.
7. The Director of Estates is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.
8. Personal property kept by staff at the University, including books and other items used in teaching, is not covered by the University’s insurance policies. All staff shall maintain appropriate personal insurance cover for these assets.

**Security**

1. Keys to safes or other similar containers are to be carried on the person of those responsible at all times. The loss of such keys must be reported to the COO immediately.
2. The Director of Information Technology Services shall be responsible for maintaining proper security and privacy of information held on the University’s computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 1998and the University’s Data Protection Policy. The University Secretary or Deputy is responsible for ensuring compliance with the Act and the safety of documents.
3. The University Secretary or Deputy is responsible for the safekeeping of official and legal documents relating to the University. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the University Secretary, who shall make appropriate arrangements for their safekeeping.

**Companies and joint ventures**

1. In certain circumstances it may be advantageous to the University to establish a company or a joint venture to undertake services on its behalf. Any member of staff considering the use of a company or a joint venture must first seek the advice of the COO, who should have due regard to guidance issued by the Office for Students.
2. The Finance and Resources Committee 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 Office for Students. It is the responsibility of the Finance and Resources Committee to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the University.
3. The Directors of active companies where the University is the majority shareholder must submit, via the Finance and Resources Committee, an annual report to the Board of Governors. They will also submit business plans or budgets as requested to enable the Committee to assess the risk to the University. The University’s internal and external auditors shall also be appointed to such companies unless they choose not to serve in that capacity.
4. Where the University is the majority shareholder in a company, that company’s financial year shall be consistent with that of the University.

**Use of the University’s seal**

1. The University Secretary or Deputy is responsible for maintaining and safeguarding the common seal of the University.
2. Where a deed or document requires the University’s seal, it must be affixed in the presence of and attested by either of
   1. two Authorised Signatories; or
   2. one Authorised Signatory and two Sealing Officers.
3. The Vice Chancellor shall be entitled to appoint (in writing) any members of staff to be Sealing Officers (for such time and on such terms as the Vice Chancellor regards as appropriate) for the purposes of witnessing and attesting the execution of documents by the University under seal and the University Secretary or Deputy shall maintain a register of current Sealing Officers.
4. “Authorised Signatory” means any of the following: a member of the Board of Governors, the Vice Chancellor, the Deputy Vice-Chancellor, the University Secretary or Deputy and the Chief Operating Officer.
5. “Sealing Officer” means any member of staff appointed as a Sealing Officer by the Vice Chancellor.

**Provision of indemnities**

1. Any member of staff asked to give an indemnity, for whatever purpose at whatever level must consult the COO and the University Secretary or Deputy before any such indemnity can be given, unless the indemnity is only in respect of:

• the University's own breach of contract and is capped at the contract value or less; and/or

• intellectual property claims against the counterparty in respect of materials provided by the University; and/or

• software or software as a service and the Director of Information and Technology Services and head of the operational area in which the software will be deployed have agreed appropriate usage controls and accept the risk.

**Legal Review and Contract Signing**

1. Anyone wishing to enter into contracts on behalf of the University must arrange for the proposed contract to be legally reviewed by the University Solicitor unless:

a) It is a Standard University Contract prepared by the University Solicitor (with no amendments) or a form or template that has been preapproved by the University Solicitor (again with no amendments);

b) It is exempt from review in accordance with:

i) a checklist or instructions published from time to time by the University Solicitor.

ii) a contract review procedure approved from time to time by the University Solicitor, or

iii) other criteria for exemption published from time to time by the University Solicitor.

1. In addition to using approved or exempted contracts (per regulation 205) approval/acceptance of the commercial, financial and business risks (including any legal advice from the University Solicitor’s office) must be obtained from the Budget Holder.
2. To enter into the contract, it must be:

a) Be signed (either in ink or electronically) by a person authorised to sign by or in accordance with the Board Regulations or Financial Regulations; or

b) In cases where a signature (whether ink or electronic) is not required (e.g. click-through or checkbox agreements on webpages, shrink-wrap licences, telephone orders &c) the relevant step indicating acceptance of the terms and conditions can be taken with the prior written approval of the Budget Holder provided the requirements of any instructions published from time to time by the University Solicitor are met.

**Appointment of agents and attorneys**

1. The Vice-Chancellor is authorised on behalf of the Board to appoint any person to act as agent or attorney of the University on such terms as the Vice-Chancellor shall determine, and to resolve or vary such appointments at any time (including terms enabling an attorney to delegate to an agent and/or appoint a substitute attorney to exercise any power given in the power of attorney, other than a power to further delegate or appoint a further substitute).