Queen Mary University of London

Review of Financial Regulations; Scheme of Delegation of Financial Authority & Capital Expenditure Policies

Outcome requested:	Audit and Risk Committee is asked to **approve** the updated Financial Regulations; Scheme of Delegation of Financial Authority and Capital Expenditure Policies.
Executive Summary:	All three policies have been reviewed and minor amendments made to ensure terminology and references are up to date, including the transition to FRS102. • The Scheme of Delegation of Financial Authority has been reviewed and greater flexibility for the delegation of authority by the Head of School for periods of absence has been included in section 4.7. • The Financial Regulations have specific amendments in relation to the responsibility of budget holders (8.8 & 8.21) to ensure budget is available before committing expenditure and section 26 in relation to insurance arrangements and the interaction with Audit and Risk Committee and Finance and Investment Committee. To note: the Capital Expenditure Policy is subject to confirmation of the adoption of revised accounting policies following the transition to FRS102.
QMUL Strategy:	Strategic Aim 6: to achieve and sustain financial strength to enable our academic ambitions, through a balanced portfolio of activities.
Internal/External regulatory/statutory reference points:	N/A
Strategic Risks:	12 – Cost control, VFM and expenditure 13 – Maintain effective and constructive governance
Equality Impact Assessment:	Not required
Subject to prior and onward consideration by:	QMSE 17 May 2016 ARC 2 June 2016 FIC 17 June 2016 Council 28 June 2016
Confidential paper under FOIA/DPA	No
Timing:	Annual review of the Financial Regulations and Scheme of Delegation of Financial Authority. Three year review of the Capital Expenditure Policy.

Authors:	Janice Trounson, Deputy Director of Finance, Financial Controls
Date:	13 May 2016
Senior Management/External Sponsor	Joanne Jones, Director of Finance Emma Bull, Interim Chief Operating Officer

Capital Expenditure

Policy

Version: Draft v1

Date: 12 May 2016

Policy Owner: Deputy Director of Finance, Financial Control on behalf of Director of Finance

Approved by:

- **QMSE on: 17 May 2016**
- **Audit and Risk Committee on 2 June 2016**
- **Finance and Investment Committee on: 7 June 2016**

Contents

1 Introduction

1.1 Accounting for capital is governed by the requirements contained in financial reporting standards under FRS102 and the associated accounting guidance for the Higher Education sector as set out in the Higher Education Statement of Recommended Practice 2015 (HESORP 2015) (or its successors):

Queen Mary University of London (QMUL) must adhere to these standards in preparing its financial statements and this policy is therefore consistent with FRS102. They require that capital expenditure is recorded separately from revenue expenditure and to this end QMUL requires that they are budgeted for and approved separately in order that the implications for the Statement of Comprehensive Income, Balance Sheet and Cash flow can be identified.

1.2 The overall purpose of this policy is to:

- Confirm and clarify the current policies in place, which should be followed on behalf of QMUL
- ensure that capital expenditure across QMUL is clearly identified, planned, authorised and accounted for accurately in a timely manner.

1.3 This document describes the Capital Expenditure Policy that must be adhered to on behalf of QMUL and includes details of what is classed as capital expenditure and the process to be followed.

1.4 This policy supports Queen Mary, University of London Financial Regulations, section 14 – Financial Planning; the Scheme of Delegation of Financial Authority and the accounting policies referred to in the Financial Statements, as defined in section 4 below.

http://www.arcs.qmul.ac.uk/policy_zone/index.html

1.5 Capital expenditure and associated costs on land, buildings, equipment and any other capital spend (e.g. software), can only be approved as part of QMUL's Capital Programme agreed by Council, as outlined in the Financial Regulations.

1.6 The Scheme of Delegation of Financial Authority outlines the areas of responsibility and approval limits related to capital expenditure.

http://www.arcs.qmul.ac.uk/policy_zone/index.html

1.7 This policy also provides examples of what should not be capitalised, that is expenditure that is classed as revenue and should be charged to the Statement of Comprehensive Income.

1.8 This policy is owned by the Deputy Director Financial Control on behalf of the Director of Finance.

1.9 This policy is supplemented by user guidance and training, as described in section 19.

2 Governance and funding

2.1 Queen Mary Senior Executive determines the overall capital budget for QMUL and retains overall responsibility for capital expenditure.

2.2 The capital budget is allocated between:

- IT expenditure which is managed by the IT Strategy Board;
- Estates and Facilities expenditure which is managed by the Estates Strategy Board;
- Faculty capital spend which is managed at Faculty and School/Institute/PS Department level;
- Other specific sums, for example research equipment renewal fund and specific funding for large capital research projects, for which ownership is agreed as required; and

A summary report on overall capital expenditure is included in the monthly management accounts reviewed by QMSE and a comprehensive and more detailed report is also reviewed at Estates Strategy Board.

2.3 For grant funded equipment – where full grant funding is provided, the responsibility for approval lies within the relevant School. However, the capital must be accounted for in the same way, as per the guidance in this policy.

2.4 Capital funding for all capital spend, including grant funded equipment, is approved through completion and sign off of the Gateway Approval form, through the relevant governance process. This includes review and sign off by Finance.

3 Capital budgeting process

3.1 All anticipated capital expenditure, with the exception of fully grant funded, should be budgeted for during the budgeting process, covering e.g. major estates and IT projects and equipment. Budget guidance is distributed by the Financial Management team.

3.2 The budgeting process is not authorisation to initiate spend. QMUL’s capital authorisation process must be followed, in accordance with the governance described in section 2 of this policy.

4 Accounting policies

4.1 The following accounting policies are extracted from the Queen Mary University of London Financial Statements.

Intangible assets

Intangible assets are stated at cost or at impaired value. Where it is considered that there has been any impairment in the value of an asset, the difference between the carrying value and the higher of its net realisable value or value in use is expensed in the consolidated statement of comprehensive income and expenditure.

Third party software and the costs associated with its implementation costing less than £25,000 per individual item or group of related items is written off in the year of acquisition. All other costs are amortised over 5 years, the period of its estimated useful life.

Fixed assets

Fixed assets are stated at cost or deemed cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

i. Buildings are depreciated over 50 years. Depreciation on leased buildings is calculated over the life of the lease if the lease is less than 50 years. No provision for depreciation is made against the value of land.
ii. Assets in the course of construction are stated at cost and are not depreciated until they are transferred to the completed asset class when ready for use.
iii. Major refurbishment works are depreciated over 20 years
iv. Plant & Machinery is depreciated over 15 years.
v. Fixtures & Fittings are depreciated over 10 years
vi. Equipment is depreciated over 5 years
vii. Plant & Machinery, Equipment and Fixtures & Fittings costing less than £25,000 per individual item or group of related items is written off in the year of acquisition. All other items are capitalised.
viii. Where assets are acquired with the aid of specific grants they are capitalised and depreciated over the shorter of the term of the grant or the depreciation terms as set out above.
ix. Assets held under finance leases are depreciated over the period of the finance lease or the depreciation terms as set out above whichever is shorter.
x. Improvements to properties held under short leases are depreciated over the life of the lease.
xi. Expenditure on an asset after it is purchased is capitalised when the expected future benefits from that asset as a result of the expenditure are greater than those previously assessed.

xii. Where it is considered that there has been any impairment in the value of an asset, the difference between the carrying value and the higher of its net realisable value or value in use is expensed in the income and expenditure account. Circumstances which could give rise to an impairment are reviewed annually.

xiii. QMUL owns heritage assets, none of which either individually or collectively are material to these Financial Statements, which have not been capitalised.

xiv. Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the year it is incurred. QMUL has a planned maintenance programme which is reviewed annually.

Finance Leases

Leases in which QMUL 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.

Income Recognition

Capital grants are recognised in income when QMUL is entitled to the funds subject to any performance related conditions being met. Where grant funded assets are in the course of construction, we consider on a case by case basis whether their construction constitutes a performance related condition. In the event that it does, income will be recognised as the expenditure to complete the asset is incurred.

5 Capital vs revenue

What is capital?

5.1 Capital expenditure is money spent on acquiring, upgrading and building assets. It is generally used to purchase or develop property, furniture or fixtures, computer hardware and software, laboratory and other equipment.

5.2 QMUL defines capital expenditure (as per the Scheme of Delegation of Financial Authority) as:

- any expenditure over £10,000 on an item or group of related items which has a life of more than 1 year and
- has a use in the teaching of students, research, the care of patients or for administrative purposes.

  This covers all construction and improvements which increase the value and useful economic life of a building, major equipment purchases, software, and expenditure related to research, consultancy and other areas of knowledge transfer.

5.3 Capitalised items are written off to the Statement of Comprehensive Income via a depreciation charge (definition – see section 20 – Appendix 1 Glossary) which is set in accordance with the asset life attributed to the items asset class as defined in the fixed asset accounting policy.

5.4 Costs should be considered as gross costs including VAT and finance will review the VAT treatment on a project by project basis. Due to the mix of activities undertaken QMUL is not able to recover all VAT and consequently budget holders should consider it to be a cost.

5.5 Examples of expenditure (> £10k per item) that would be included as capital:

- New construction (new buildings or major additions)
- Building renovations or upgrades (capital improvements)
- Freehold property acquisitions
- New or replacement equipment or furniture (replacement only where any existing asset has been fully depreciated or disposed of)
- Telecommunication and information technology hardware
- Heating, ventilation and air-conditioning (new or replacement where any existing assets have been substantially depreciated), subject to 5.7 below

5.6 The cost of a fixed asset is its purchase price and any costs directly attributable to bring it into working condition for its intended use. These costs include:

- Acquisition costs
- Site preparation and clearance
- Delivery and installation costs
- Professional fees i.e. architect fees, quantity surveyor (but not Procurement)
- Internally generated costs where these re directly attributable to the asset eg project management

5.7 For a repair or replacement to be capitalised, it must increase the value and useful economic life of the asset (see 5.9 below).

5.8 A replacement may also be capitalised if the new item/part is of significantly improved quality and higher value compared to the old item.

5.9 The following examples would be capitalised:

- Replacing a lift by enlarging the shaft and increasing the carrying capacity from 5 to 20 people
- Building an extension to a lecture theatre
- Replacing a flat roof with a pitched roof if it increases the useful life of the building
- Extending a nursery to increase capacity

For more specific guidance refer to the relevant sections 6 - 8 covering – Estates and Building Projects, IT Projects, Institute and Research Equipment.

Note: Please also refer to section 9 – Feasibility Studies and section 10 – Strategic Studies.

What is revenue?

5.10 Replacement or restoration of the original functionality even if over £10,000 would not qualify as capital expenditure, where it is bringing the asset back to its original state (no enhancement).

5.11 The following maintenance examples would not be capitalised, as they only bring the asset back to the original state (no enhancement):

- General repairs and maintenance (e.g. repair of potholes)
- Repainting office / nursery
- Plumbing or electrical repairs (e.g. burst pipe, replacing lights, heating and ventilation system repairs)

5.12 Costs not directly related to the construction of the project such as administration and general overhead costs would be classed as revenue.

Note: Some projects may be a combination of revenue and capital items.

Note: Please also refer to section 9 – Feasibility Studies and section 10 – Strategic Studies.

6 Estates and buildings projects

6.1 If the asset is constructed by QMUL, the capital costs will include:

- Labour costs of own employees or building contractor, arising directly from the construction of the tangible fixed asset
- Professional fees directly related to the construction of the asset (e.g. architect, employer's agent, project manager, quantity surveyor)

- Delivery and installation of heating, lighting, lifts and air conditioning

6.2 The following costs will not be included as capital costs:

- Costs not directly related to the construction of the project such as administration and general overhead costs including unspecified and percentage based project office costs
- Costs incurred by, or on behalf of those staff, who are directly working on the project but are not directly related to the construction or acquisition of the asset e.g. training, general advice (finance, procurement) and consumables.
- Costs of moving into a new building.

6.3 Relevant capital plant and machinery or furniture installed in a new or refurbished building should be distinguished from the construction or refurbishment and depreciated in accordance with the depreciation policy for the asset class.

6.4 Maintenance costs which include elements of tangible improvements/“betterment” to the asset can be capitalised. For example – repainting a lecture theatre would be classed as revenue (and not capitalised). However, refurbishment of the lecture theatre which included an extension to increase capacity would be classed as capital.

7 IT projects

7.1 For IT related projects, the following can be capitalised (if over £10,000):

- Purchased software
- Hardware
- Training for implementation
- Direct consultancy costs and internal staff costs (up to the point of implementation)

7.2 The following should not be included:

- Any margins
- Staff training, software and hardware maintenance costs and software licences once the project has been completed
- Costs related to Finance or Procurement staff
- Annual software licences

8 College wide capital equipment including Institute and Research equipment

8.1 Equipment costing £10,000 or more per individual item or group of related items, and where the economic benefit of the asset has a useful life of more than one year, should be capitalised.

Example 1 - microscopes, slide scanners, centrifuges where individually they cost > £10,000

Example 2 - a computer lab where all computers are replaced may cost £50,000, but the individual computers cost less than £10,000 each – would not be capitalised.

Example 3 – where purchasing a number of component parts to build a piece of equipment (an asset) which overall costs more than £10,000 would be capitalised.

Note: It is important to be aware that it is not always what is invoiced. It is necessary to take into account all the part payments for the related items e.g. 3 x payments of £8,000 = £24,000. The £24,000 would be capitalised. In such cases, Finance will rely on Faculties to provide information, to help determine and ensure these assets are identified and capitalised.

For further advice and guidance, please contact Finance (see section 19).

9 Feasibility studies

9.1 Feasibility studies for potential capital projects are capitalised by default. Where a project does not receive approval from the appropriate QMUL Committee, the feasibility study costs (initially charged to capital), cannot be capitalised and must be charged back to the revenue budget of the department initiating the study.

9.2 All projects in progress, will be reviewed in November and May, to ensure they are likely to provide value by the year end and will be continuing. Otherwise, costs cannot be capitalised.

If the project has not been started in order for the costs to be treated as capital, a commitment will need to be provided from QMSE/ Finance and Investment Committee that a project will proceed.

10 Strategic studies

10.1 Strategic studies may not be capitalised e.g. costs incurred to produce an IT Strategy, as these do not directly relate to a specific asset.

11 Grants

11.1 Where assets are acquired with the aid of a specific grant, the grant is attributed to the relevant asset and recognised in income when QMUL is entitled to the funds subject to any performance related conditions being met.

11.2 Where assets are acquired with the aid of specific grants the assets are capitalised in accordance with the fixed asset policy and depreciated over the shorter of the term of the grant or the depreciation term in accordance with the relevant asset.

12 Operating leases

12.1 An operating lease is a contract agreement for the use of an asset and tends to be short term (but not always), compared to the useful life of the asset or piece of equipment. For example, a piece of equipment may have an economic useful life of 25 years, but may be leased under an operating lease to an organisation (lessee) for 5 years.

12.2 Costs incurred as part of an operating lease are classed as revenue and not capital.

12.3 With an operating lease, the title of the asset does not generally pass to the lessee (organisation using the asset), but remains with the lessor (organisation providing the asset).

12.4 When considering purchasing vs operating vs finance leases, a business case should be put forward to consider the benefits of both options for QMUL e.g. becomes a financing decision.

12.5 The accounting for operating leases is overseen by Financial Accounting and the Finance Faculty Business Partnering Team.

13 Finance leases

13.1 A finance lease is a contract agreement for the use of an asset and tends to be more longer term (but not always).

13.2 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. Financial Accounting will provide a schedule of interest charges over the life of the lease.

13.3 For assets held under finance leases, QMUL has a policy to depreciate the assets over the period of the finance lease or the asset life attributed to their specific asset class as defined in the accounting policy.

13.4 The lessor (providing the asset) is usually the legal owner of the asset during the course of the lease. However, the lessee (using the asset) has control over the asset, incurring both the benefits and risks of economic ownership.

13.5 With a finance lease, the lessee may have the option to acquire ownership of the asset (e.g. paying the last rental amount, bargain option purchase price).

13.6 When considering operating vs finance leases, a business case should be put forward to consider the benefits of both options for QMUL e.g. becomes a financing decision.

13.7 The accounting for finance leases is overseen by the Financial Accounting team.

14 Accounting for capital expenditure

14.1 Capital expenditure must be allocated to the relevant capital account codes at the time of commitment e.g. when a Purchase order is raised. Relevant account codes will be advised by the Financial Management team.

14.2 Finance will have overall responsibility for determining the distinction between capital and revenue and treatment of leases, in line with the UK accounting rules, based on information provided by faculties and departments. Finance should be consulted to discuss proposed items of spend, to ensure decisions are made about the correct treatment.

14.3 Purchase requisitions should be raised on Agresso for planned capital expenditure, after the governance process has been followed, to correctly approve the spend.

14.4 Committed capital expenditure - purchase requisitions should be raised, coded to the relevant capital account codes as advised by Finance and approved, for the full value of any contracted sums. This ensures QMUL has visibility of its commitments throughout the financial year.

14.5 Accruals for equipment – should be included in the monthly management accounts. Receipting of goods/services against purchase orders related to capital spend should be actioned on a timely basis once the goods/services have been received as per requirements in the original order, to ensure accruals can be included in the monthly management accounts.

14.6 Accruals for projects - Project Managers should inform the Business Partner – Estates and Facilities or Business Partner - IT about work executed to date, so that the value of this can be taken into account, where the invoice has not yet been received and/or paid.

14.7 Assets under construction – will remain under “work in progress” until completed. Projects Managers and the Relevant Finance Business Partner who will liaise with the Fixed Assets and Cashflow Accountant will regularly review projects and anticipated completion dates. Completed assets must be advised to finance by the project manager and included on the Fixed Asset Register.

14.8 Depreciation - should be charged from the time an asset comes in to use, at the start of its useful life (e.g. building comes in to use). The Fixed Assets and Cashflow Accountant must be notified when an asset comes in to use, so that it can be included on the Fixed Asset Register and depreciation charged according to QMUL’s policy.

14.9 Depreciation will be charged monthly in the management accounts in line with the depreciation polices outlined in section 4.

14.10 Retentions – a Register of Retentions is maintained and information is included in the notes to the accounts. Retentions are accrued monthly by the Finance Partner – Estates and Facilities, through the construction phase of the project. These will be reviewed periodically and released in the event that they are not due to be paid.

15 Monitoring and reporting

15.1 Capital expenditure will be monitored and reported on monthly, co-ordinated by the Financial Management Team and will cover spend overseen by:

- Estates Strategy Board (ESB)
- IT Strategy Board (ITSB)
- Faculties/Professional Services

15.2 The Financial Management Team will be responsible for providing Financial Reports to ESB and ITSB

16 Disposal/sale of assets

16.1 If an asset, that has previously been designated as a capital item (e.g. piece of equipment, building), comes to the end of its useful life or is disposed of (e.g. given away, scrapped or sold), Finance must be notified via an Assets Disposal Form submitted to the Fixed Assets and Cashflow Accountant, so that the Fixed Asset Register can be updated and the relevant accounting entries actioned.

17 Impairment of assets

17.1 In the event of any impairment (loss) in the value of an asset over and above normal wear and tear (e.g. change in use of the asset or economic life is shortened), Finance must be notified via the Fixed Assets and Cashflow Accountant, so that the Fixed Asset Register can be updated and the relevant accounting entries actioned.

17.2 Circumstances which could give rise to an impairment are also reviewed annually by the Fixed Assets and Cashflow Accountant.

18 Further guidance, queries and training

18.1 This policy is supported by user guidance and training arranged and provided by Finance.

18.2 If you require any further guidance or have any queries related to this policy or about capital expenditure, please contact:

- your Finance Partner or the Fixed Assets and Cashflow Accountant.

Contact details can be found on the Finance intranet page

http://qm-web.finance.qmul.ac.uk/people/index.html

18.3 If you have any queries about raising purchase requisitions/orders or goods receipting, please contact:

- Procurement Team

Contact details can be found on the Procurement intranet page

http://qm-web.finance.qmul.ac.uk/purchasing/team/index.html

19 Appendix 1 - Glossary of accounting and QMUL terms

Term	Definition
Accruals concept	The principle that revenue and costs are recognised as they are earned or incurred, are matched with one another, and are dealt with in the Statement of Comprehensive Income in the period to which they relate, irrespective of the period of receipt or payment.
Accruals at QMUL	QMUL follows accruals accounting. This is when income and expenses are recorded as they occur, regardless of when cash is exchanged. This means that assets are recorded in the accounts when they are acquired or costs incurred. A Purchase Order example for the purchase of equipment: • the school raised a purchase order for a microscope costing £15,000 and placed the order with the supplier in September • the supplier delivered the microscope in December as per the order but the organisation has not yet received and paid the invoice. • the school has "goods receipted" the Purchase Order for the microscope, as the microscope has been delivered as per the specification requested. • Finance can "accrue" (record in the accounts) the £15,000 amount owed (the liability) to the supplier for the microscope delivered, which will be paid at a later date once the invoice has been received. This means

Term	Definition
	the accounts reflect the amount owed to the supplier, which provides a more accurate forecast. For projects – we take into account the value of work executed to date but where the invoice has not been received and/or paid.
Capital expenditure	The cost of acquiring, producing or enhancing fixed assets.
Capital commitments	The estimated amount of capital expenditure: • purchase order raised against a capital account code and order placed with supplier • contracted for but not yet provided for • authorised but not yet contracted for Purchase order example for purchase of equipment • a school decides to purchase a new microscope and raises a purchase requisition in September for £15,000, which is approved and a purchase order created. • the purchase order is sent to the supplier to place the order, with the delivery date being in December. The school is now committed to spending the money, from its allocated budget. • the funds remain committed until the goods or services are received and paid for, when it becomes actual expenditure. Major projects example – • a contract has been signed for a new building project but it has not been completed yet. • the funds for the new building have been agreed from the budget and set aside to spend on the new building, but no actual expenditure has been incurred.
Depreciation	The measure of wearing out, consumption or other loss of value of a fixed asset whether arising from use, the passing of time, or it becomes obsolete through technology or market changes. It is an accounting entry (non-cash), and indicates how much of an asset's value has been used up. Finance are responsible for the accounting entries, which writes down the asset cost in the balance sheet and are charged to the Statement of Comprehensive Income.
International Financial	Is a single set of accounting standards, developed and

Term	Definition
Reporting Standard (FRS)	maintained by the International Accounting Standards Board with the intention of those standards being capable of being applied on a globally consistent basis.
Fixed asset	An asset that is not consumed or sold during the normal course of business, such as land, buildings, equipment, machinery, vehicles. Any asset expected to last, or be in use for, more than one year is considered a fixed asset and has a cost over £10,000.
Impairment of an asset	The value of an asset is less than the amount recognised in QMUL books. For example – loss in the value of the asset or when the purpose of that asset no longer exists.
SORP	Statement of Recommended Practice; a set of clarifications of how accounting standards apply to a specific sector e.g. Higher Education.

Financial Regulations

Document Owner: Director of Finance

Final Draft for recommendation and approval

Document version/date: Updated May 2016
Reviewed by QMSE: 17 May 2016
Reviewed by Audit and Risk Committee: 2 June 2016
Recommended by Finance and Investment Committee: 17 June 2016

Approved by Council: 28 June 2016

Number of Years to Next Review: 1 Year - May 2017

Contents

1. Introduction

1.1 This document contains the Financial Regulations as approved by the Council of Queen Mary University of London (henceforth known as QMUL) on the recommendation of the Finance and Investment Committee.

1.2 The Financial Regulations set out QMUL's broad policies relating to Financial Control.

1.3 The purpose of the Financial Regulations is to ensure that the use of finances and resources comply with the requirements of internal control and with any legal or financial obligations as laid down by the Ordinances, HM Revenue and Customs, the Higher Education Funding Council for England (HEFCE) and other authorities.

1.4 The Audit and Risk Committee is responsible for maintaining a continuous review of the Financial Regulations and advising the Finance and Investment Committee of any additions or changes necessary. The Finance and Investment Committee recommends the Financial Regulations to Council for approval.

1.5 The President and Principal is responsible for determining how QMUL's Financial Regulations are to be interpreted and when they can be waived.

1.6 The regulations and procedures shall be subject to full review at the termination of periods of no longer than three years, or such other shorter period as Council shall decide.

General Provision

2. Background

2.1 QMUL was established by Act of Parliament and by the granting of a Royal Charter in 1989, following the merger of Queen Mary College (incorporated by charter in 1934) and Westfield College (incorporated in 1933).

2.2 The Charter has been revised on a number of occasions:

- 1995 - to reflect the merger of QMUL with Barts and the London School of Medicine and Dentistry
- 2008 - following QMUL's successful application to the Privy Council for Degree Awarding Powers
- July 2010 - following a governance review and resultant revocation of the Statutes
- April 2013 – the organisation's name changed from Queen Mary and Westfield College, University of London to Queen Mary University of London

2.3 Queen Mary University of London is hereafter known as 'QMUL'.

2.4 Its structure of governance is laid down in the instruments of its incorporation, namely the Charter as interpreted by the Ordinances of QMUL.

2.5 The Charter establishes QMUL's Council as the governing body, responsible for the management and administration of the university.

2.6 The Charter can only be amended by the Privy Council.

2.7 The Ordinances are the procedural rules which set out, in detail, how QMUL should conduct its business.

2.8 The Council of QMUL is empowered to make amendments to the Ordinances.

3. Legislation

3.1 QMUL is an exempt charity by virtue of the Charities Act 2006 (which replaced the Charities Act 1993).

3.2 From 1 June 2010, the exempt charity regulation provisions of the Charities Act 2006 came into effect for higher education institutions, whom are now subject to the regulatory powers of the Charity Commission.

3.3 On that date, HEFCE became the principal regulator of higher education institutions that are exempt charities. All principal regulators have a duty to promote compliance with charity law by the exempt charities for which they are responsible. This will require regular monitoring, including liaison with the Charity Commission on any complex issues.

3.4 Under the Universities of London Act 1994, as a member of the University of London, QMUL operates within the Federal statutory framework of the University of London's Statutes, Ordinances and Regulations which were revised in 2008, following a review of the University of London. (See Appendix B for link to website).

4. Memorandum of Assurance and Accountability with the Funding Council (HEFCE)

4.1 The Memorandum of Assurance and Accountability between the Higher Education Funding Council for England (HEFCE) and QMUL sets out the terms and conditions on which funding grants are made.

4.2 QMUL's Council is responsible for ensuring the conditions of the grant are met.

4.3 As part of this process QMUL must adhere to HEFCE's Audit Code of Practice (Annex A of the Memorandum of Assurance and Accountability between HEFCE and Institutions) which requires it to have sound systems of financial and management control. The Funding Council may withhold payment of the funding grant where this cannot be shown to be the case. The Financial Regulations of QMUL form part of the overall system of accountability.

5. Status of the Financial Regulations

5.1 The Financial Regulations apply to all activities of QMUL.

5.2 The Financial Regulations are subordinate to QMUL's Charter and to any restrictions imposed by the HEFCE Memorandum of Assurance and Accountability and audit code of practice.

5.3 The purpose of these Financial Regulations is to provide control over the totality of QMUL's resources and to provide management with assurances that the resources are being properly applied with the aim of achieving the goals of QMUL's Strategic Plan.

5.4 Compliance with the Financial Regulations is compulsory for all staff connected with QMUL.

5.5 Failure to comply with the Financial Regulations will result in disciplinary action under QMUL's disciplinary procedures. Any such breeches will be notified to Council through QMUL's Audit and Risk Committee.

5.6 Heads of Schools/Institutes and Directors of Professional Service departments are responsible for ensuring that their staff are made aware of the existence and content of QMUL's Financial Regulations.

5.7 A copy of QMUL's Financial Regulations is available on QMUL's Intranet.

Corporate Governance

6. The Council

6.1 The Council is the governing body of QMUL and is responsible for the strategic oversight of the institution and in determining its educational character and mission. It sits at the pinnacle of QMUL's corporate governance framework. Council's specific responsibility includes approval of its financial strategy and the securing of its assets. The Council comprises a majority of external members whose principal role is to bring independent expertise to QMUL from a range of sectors and professional spheres and to hold, collectively, the Executive to account. It meets at least five times per year.

6.2 The Council has ultimate responsibility for the management and administration of QMUL, including:

- To ensure the solvency of QMUL
- To safeguard the assets of QMUL
- To ensure the effective and efficient use of resources
- To ensure that funds provided by HEFCE are used in accordance with the terms and conditions specified in the Memorandum of Assurance and Accountability between HEFCE and QMUL
- To ensure that funds provided by other funders are used in accordance with the terms and conditions specified in the conditions of the grant
- To ensure that financial control systems are in place and working effectively
- To ensure that QMUL complies with the HEFCE Audit Code of Practice
- To approve QMUL's Strategic and other plans
- To approve QMUL's budget and annual financial statements
- To appoint QMUL's internal and external auditors

6.3 The Council has ultimate responsibility for QMUL's financial management and administration. In order to undertake its duties effectively Council delegates decision-making in designated areas of QMUL activities to a suite of sub-Committees.

7. Committee Structure

7.1 There are two committees of Council that have financial responsibility. These are the Audit and Risk committee and the Finance and Investment committee. The membership and Terms of reference for these committees are reviewed regularly and copies of them are available from the Council secretariat and published online.

8. Staff with Responsibility for Finance

The President and Principal

8.1 The President and Principal, as chief executive officer, is the head of QMUL. He has a general responsibility to the Council for the organisation, direction and management of QMUL. Under the terms of the formal Memorandum of Assurance and Accountability between QMUL and the Higher Education Funding Council for England (HEFCE), the President and Principal is the designated officer of QMUL and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

8.2 As chief executive, the President and Principal exercises considerable influence upon the development of QMUL strategy, the identification and planning of new developments and the shaping of QMUL ethos. The President and Principal is assisted in this by the Queen Mary Senior Executive (QMSE).

Queen Mary Senior Executive (QMSE)

8.3 Queen Mary Senior Executive (QMSE) is the Senior Management Team of QMUL. It comprises the President and Principal; the Vice Principals; Chief Strategy Officer and the Chief Operating Officer. QMSE, in conjunction with other senior QMUL Officers in Professional Services, makes day-to-day business decisions and also ensures that strategic issues are directed to the relevant committee for detailed scrutiny. It meets weekly and is responsible for:

- Planning, co-ordinating and managing teaching, research and support services
- Scanning the external environment and analysing its impact on Queen Mary
- Considering and planning for the future
- Reviewing the monthly management accounts

8.4 QMSE members, individually and collectively, advise the President and Principal on the management of day-to-day QMUL business as well as its long-term future. Typical meetings review ongoing developments as well as considering specific topics arising from external stakeholders such as HEFCE and the Department for Business, Innovation and Skills. QMSE also receives, for initial consideration, substantive agenda items for Council and its committees.

Vice Principals

8.5 The VicePrincipals and Executive Deans for Humanities and Social Sciences, Science and Engineering and Health (School of Medicine and Dentistry) coordinate financial, staffing and resource planning in the Schools/Institutes within their sectors of QMUL.

8.6 The VicePrincipals for Teaching and Learning; Research, International; and Public Engagement and Student Enterprise are responsible for the strategic development of their respective cross cutting initiatives.

Heads of Academic Schools/Institutes

8.7 Heads of Schools in the Faculties are responsible to the President and Principal through their Vice Principal for the maintenance and promotion of standards, efficiency and good order in their School. Heads of Institutes are responsible to the President and Principal through the Vice Principal and Chief Operating Officer (Health).

8.8 Their financial responsibilities include:

- Ensuring that their staff are made aware of the existence and content of QMUL's Financial Regulations
- Preparation of School/Institute academic, financial, personnel and accommodation plans in conjunction with the relevant Vice-Principal
- Ensuring that the resources which are controlled by the School/Institute are used effectively and efficiently and are managed in accordance with QMUL's Financial Regulations
- Establishing and maintaining clear lines of responsibility within their Schools/Institutes for all financial matters, including Budgeting
- Ensuring that all expenditure from QMUL accounts is incurred within the course of approved QMUL business and is authorised in accordance with the scheme of delegation
- Ensuring commitments are not made unless an approved budget exists for the value of the expenditure and no financial commitment is made for a period greater than one year without prior approval from the Director of Finance

8.9 The Director of Finance will supervise and approve the financial systems and procedures in use within their Schools/Institutes, including the form in which accounts and financial records are kept.

8.10 The Director of Finance will provide advice in the execution of their financial duties.

The Treasurer

8.11 The Treasurer is an external member of Council and sits on many of the principal committees of QMUL and is responsible to Council for maintaining an overview of QMUL's financial policies and resources.

Chief Operating Officer and Chief Strategy Officer

8.12 These two positions are the Heads of QMUL Administration and report directly to the President and Principal.

Director of Finance

8.13 The Director of Finance is responsible for QMUL's Finance Function including:

- Financial Transaction Processing: invoicing, accounts payable services, cash and accounting transactions

- Financial Protocols and Procedural Advice to the Heads of Schools/Institutes and to the Directors of Professional Services
- Purchasing Policy, Procedures and Regulations
- Management and Financial Accounts
- Annual Budgeting and Forecasting
- Procurement
- Coordination of internal audit matters

8.14 The Director of Finance is business owner of QMUL Financial Systems.

Head of Internal Audit

8.15 The Head of Internal Audit reports to the Audit and Risk Committee, and is responsible for Internal Audit Strategy. The Director of Finance is the primary liaison in QMUL for internal audit matters and coordinates arrangements between the outsourced internal audit function and QMUL staff.

8.16 The Internal Audit function is independent in its planning and operation and has the right of direct access to Council, the Chair of the Audit and Risk Committee and the President and Principal.

8.17 The prime responsibility is to provide Council, the President and Principal and the Queen Mary Senior Executive (QMSE) with assurances on the adequacy of the Risk Management Policy and the Internal Control Systems.

8.18 Annual internal audit plans are based on an analysis of risks to which QMUL is exposed.

8.19 At least annually the Head of Internal Audit provides the Audit and Risk Committee with a report on internal audit activity within QMUL, including his/her independent opinion on the adequacy and effectiveness of QMUL's internal financial controls.

Directors of Professional Services

8.20 Directors of Professional Services are responsible to the President and Principal for the maintenance and promotion of standards, efficiency and good order in their Departments. Directors of Professional Services are responsible to the President and Principal through the Chief Operating Officer or Chief Strategy Officer.

8.21 Their financial responsibilities include:

- Ensuring that their staff are made aware of the existence and content of QMUL's Financial Regulations
- Preparation of Department, financial, personnel and accommodation plans
- Ensuring that the resources which are controlled by the Department are used effectively and efficiently and are managed in accordance with QMUL's Financial Regulations
- Establishing and maintaining clear lines of responsibility within their Departments for all financial matters, including Budgeting
- Ensuring that all expenditure from QMUL accounts is incurred within the course of approved QMUL business and is authorised in accordance with the scheme of delegation
  Ensuring commitments are not made unless an approved budget exists for the value of the expenditure and no financial commitment is made

for a period greater than one year without prior approval from the Director of Finance

8.22 The Director of Finance will supervise and approve the financial systems and procedures in use within their Departments, including the form in which accounts and financial records are kept.

8.23 The Director of Finance will provide advice in the execution of their financial duties.

9. Code of Conduct

9.1 QMUL endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (formerly known as the Nolan Committee). See Appendix A.

9.2 QMUL's Standards of Business Conduct provides a guide to the standards of conduct required from all members of QMUL community, including staff, students, visitors and external contractors, and can be found on QMUL intranet.

9.3 QMUL's Code of Practice for Outside Work by College Staff applies to work undertaken by academic members of staff of QMUL on behalf of outside persons or organisations resulting from their role or position within QMUL, and can be found on QMUL intranet.

9.4 Members of Council, Committees and of the Queen Mary Senior Executive (QMSE) are required to disclose interests in QMUL's Register of Interests, and ensure that entries in the register relating to them are kept up to date regularly and promptly. The Register of Interests of members of the Council and or members of the senior executive is accessible on the Council and Governance web pages.

9.5 No person shall be a signatory to a QMUL Contract where he or she has an interest in the activities of the other party.

10. Whistle Blowing Policy (Public Interest Disclosure Act 1998)

10.1 QMUL has a duty to conduct its affairs in a responsible and transparent way.

10.2 Members of staff are often the first to know when things are going wrong in the university, whether these concern financial malpractice, the abrogation of appropriate and agreed procedures, or departures from the statutory or other requirements for good governance.

10.3 The Public Interest Disclosure (Whistle-blowing) Policy offers guidance on the handling of allegations relating to the running of QMUL or the activities of colleagues within the institution, and can be found on QMUL intranet.

10.4 The policy is based on the Public Interest Disclosure Act 1998, which sets out in detail when 'disclosures' by staff are protected by the Act. Amendments to the 1988 Act were introduced by the Enterprise and Regulatory Reform Act 2013.

11. Safeguarding against Theft, Fraud and Irregularity

11.1 QMUL's Financial Regulations and Financial Procedures are designed to reduce the possibility of illegal acts occurring.

11.2 The Fraud and Corruption Policy details QMUL's policy and response towards detected or suspected acts of fraud or corruption whether relating to employees, council members, computer misuse, contractors or external bodies.

11.3 Staff should report any suspicion to the Chief Operating Officer in the first instance, unless the Chief Operating Officer is suspected, in which case it should be reported to the President and Principal.

11.4 The Bribery Act 2010 came into force on 1 July 2011, and applies to all individuals working at all levels and grades for QMUL, including consultants, agency staff, volunteers, interns, agents, sponsors, or any other person associated with QMUL wherever situated, and applies to both home and overseas. QMUL has a zero tolerance policy towards bribery and corruption and is committed to the highest level of openness, integrity and accountability, both in letter and spirit.

11.5 It is an offence under the Money Laundering Regulations 2007 to derive a pecuniary benefit, directly or indirectly in the exchange of criminally obtained money or other assets for 'clean' money or other assets. There are specific policies on Anti Bribery and Corruption and Anti Money Laundering available on the QMUL intranet.

11.6 Staff will need to be aware that a breach of the provisions of these Acts renders them liable to prosecution.

12. Receiving Gifts or Hospitality

12.1 It is QMUL's policy not to accept gifts unless the gift is of a value of less than that set by the Finance and Investment Committee from time to time. See Standards of Business Conduct, Appendix D available on the QMUL intranet.

12.2 It is QMUL's policy not to accept hospitality which is in excess of what would normally be expected to be provided by QMUL.

12.3 QMUL's gifts and hospitality policy applies to all Council members, staff and individuals representing QMUL in any way. Where gifts and hospitality cannot be avoided QMUL's procedures on accepting and declaring them are detailed in Standards of Business Conduct - Appendix D: Gifts and Hospitality Policy.

13. Risk Management

13.1 It is the responsibility of QMUL's governing body to ensure that risks are being managed effectively and QMUL is meeting the accountability obligations set out in the HEFCE Memorandum of Assurance and Accountability and Audit Code of Practice.

13.2 As part of this process HEFCE carries out an annual assessment of Institutional Risk. QMUL aims to always be assessed as 'not at higher risk'.

13.3 Under the Risk Management Policy the Council is responsible for overseeing risk management while the Queen Mary Senior Executive (QMSE) implements policy.

13.4 The Internal Control System and the Annual Review are the processes used to oversee risk management.

13.5 QMUL's definition of risk is 'anything (an action, event or set of circumstances) that can adversely or beneficially affect QMUL's ability to achieve its current or future objectives'.

13.6 The Internal Control System is a continuing process whereby key risk indicators are identified, categorised, prioritised, monitored and reviewed on a regular basis. The objective is to manage risk efficiently, effectively and economically by assessing the impact and probability of the risk.

13.7 The Council receives periodic reports from the Chairman of the Audit and Risk Committee concerning internal control, including the steps QMUL is taking to manage risks, and progress reports on key projects.

13.8 Annual internal audit plans are based on the risk analysis.

13.9 At least annually the Head of Internal Audit provides the Audit and Risk Committee with a report on internal audit activity within QMUL, including independent opinion on the adequacy and effectiveness of QMUL's internal financial control.

13.10 The Council is responsible for ensuring, via the Audit and Risk Committee, that there is an Annual Review of the effectiveness of the Internal Control System. The Annual Review is informed by the work of the internal and external auditors and the Annual Report to HEFCE.

Financial Management and Control

14. Financial Planning

QMUL Strategy

14.1 The Council will periodically approve and update an overarching Strategy for QMUL.

14.2 The Statement of Mission, Vision and Values is the core and foundation of the Strategic Plan, and underpins all QMUL's activities.

14.3 The Strategic Planning Office is responsible for the strategic planning process.

14.4 The quarterly Corporate Planning Statement monitors progress against the Strategic Plan's Measures of Achievement for the current financial year.

14.5 The Head of Strategic Planning reports to the Chief Strategy Officer.

Financial Forecasts

14.6 The Director of Finance is responsible for preparing annually a rolling five-year financial forecast and plan for approval by Council on the recommendation of QMSE, and for their submission to HEFCE as part of the obligations of the Memorandum of Assurance and Accountability.

14.7 The rolling five-year forecast provides the basis on which the Finance and Investment Committee can approve the next year's Annual Revenue Budget and Capital Programme.

14.8 The rolling five-year forecast presents the Strategic Plan's Measures of Achievements in a financial format, and is consistent with the Strategic Plan.

14.9 The Financial Management Section of the Finance Department is responsible for the forecasting process.

Budget Preparation

14.10 The Director of Finance is responsible for preparing each year an annual revenue budget and capital programme for consideration by QMSE and the Finance and Investment Committee before submission to Council. The budget should include cash flow forecasts for the year and a projected year- end balance sheet. The Director of Finance must ensure that detailed budgets are prepared in order to support the resource allocation process and these are communicated to the Heads of Schools/Institutes as soon as possible following their approval by the Council.

14.11 During the year, the Director of Finance is responsible for submitting revised budgets to the Finance and Investment Committee before submission to the Council for approval.

14.12 The Financial Management Section of the Finance Department is responsible for the Annual Budget process and the Budgetary Control Manual.

14.13 The control of income and expenditure within the agreed Annual Revenue Budget is the responsibility of the designated budget holder, assisted by management information and Financial Management Accounts provided by the Financial Management Section of the Finance Department.

14.14 Budget holders are responsible to their Heads of School/Institute or Directors of Professional Services departments.

14.15 Variances from agreed budgetary targets outside of a tolerance of 5% of a School/Institutes agreed budget must be reported immediately to the Director of Finance, with an action plan for reversal of adverse variances.

Capital Programme

14.16 The Chief Operating Officer is responsible for the Capital Programme process as administered through the Project Board, Project Working Groups and IT Strategy Board.

14.17 Capital expenditure and associated costs on land, buildings and equipment can only be approved as part of QMUL's Capital Programme agreed by Council.

14.18 The Director of Finance is responsible for preparing regular statements concerning all capital expenditure to the Finance and Investment Committee.

14.19 The Finance and Investment Committee reviews the Capital Programme Funding and Adequacy Statement, and the interest rate structure, at least once a year, or more frequently if considered appropriate.

14.20 Proposals for inclusion of projects within QMUL's Capital Programme are brought forward as part of QMUL's annual Planning and Accountability Round (PAR).

14.21 Projects may arise from QMUL wide developments, QMUL's long-term maintenance plan, unforeseen emergencies, Departmental/School/Institutional initiatives, Research funding received or as a result of receiving HEFCE funds.

14.22 Following approval by Finance and Investment Committee and QMSE, project initiation and progression is subject to approval by the Project Board.

14.23 The Project Board should ensure that expenditure on capital expenditure is made by any relevant HEFCE deadlines, and is responsible for the approval of any variations. The Principal is responsible for the notification of large variations to the funding body, as laid down in HEFCE guidelines.

14.24 The proposed projects will be prioritised in accordance with QMUL's priorities for capital investment as agreed by Council and in light of available resources as agreed by the Finance and Investment Committee.

14.25 Following completion of a capital project, a post-project evaluation or final report is submitted to the Project Board recording actual expenditure against budget and reconciling funding arrangements where a variance has occurred. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines.

14.26 A copy of QMUL Capital Expenditure Policy can be found on QMUL intranet.

Overseas Activity

14.27 International activity, will be developed within QMUL's normal planning and control framework, and set in the context of clear objectives expressed within its Strategic Plan.

15. Financial Control

Budgetary Control

15.1 The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that the day-to-day monitoring is undertaken effectively. Budget holders are responsible to their Head of School/Institute or Director of Professional Services department for the income and expenditure appropriate to their budget. Material departures from agreed budgetary targets must be reported immediately, and if necessary, corrective action taken.

Financial Information

15.2 The budget holders are assisted in their duties by management information provided by the Financial Management Section of the Finance Department.

Increases to approved budgets

15.3 Increases to approved budgets will be considered by the Finance and Investment Committee, which will make recommendations to the Council.

Virements (transfers between budgets)

15.4 The original approved budget cannot be amended. Virements can only be made against the revised budget.

15.5 Where a budget holder is responsible for more than one budget, Virements are permitted between these budgets with the approval of the Head of School/Institute or Director of Professional Services.

15.6 Virements between budgets held by different budget holders is permitted with the approval of the transferring budget holder and the Director of Finance.

Transparent Approach to Costing (TRAC)

15.7 TRAC is an activity based costing methodology used in the Higher Education sector as a form of accountability to the funding councils and to inform the funding councils in their funding submissions to the Treasury.

15.8 It was developed by the Joint Costing and Pricing Steering Group (JCPSG), a representative group bringing together Universities, Colleges and funding bodies.

15.9 It draws on survey data of how higher education academic staff divide their time among various aspects of Research, Teaching and Other Activities.

15.10 Survey data must be gathered every three years.

15.11 The annual TRAC Return is subject to review by the Director of Finance, Chief Operating Officer, Costing Group, QMSE and Audit and Risk Committee.

16. Accounting Arrangements

Accounting Policies

16.1 The Financial Statements are prepared for the financial year ended 31st July in accordance with both the Statement of Recommended Practice on Accounting for Further and Higher Education (SORP), and applicable Accounting Standards.

16.2 The Financial Statements consolidate the financial statements of QMUL and its subsidiary and associated undertakings.

16.3 The Consolidated Financial Statements do not include those of QMSU as it is an independent institution with separate control.

Financial Statements – Annual Financial Accounts

16.4 The Financial Accounting Section of the Finance Department is responsible for the production of the Financial Statements.

16.5 The Director of Finance is responsible for drawing up a timetable for final accounts purposes in conjunction with the External Auditors.

16.6 The Financial Statements are first presented to the Finance and Investment Committee, and then reviewed by the Audit and Risk Committee prior to submission to Council for approval.

Monthly Financial Management Accounts

16.7 The Financial Management Section of the Finance Department is responsible for the production of the Monthly Financial Management Accounts, and analysis of variances against budget as per the Budgetary Control Manual.

16.8 The Director of Finance presents a report of financial performance to the Finance and Investment Committee at least quarterly.

Retention of Accounting Records and Financial Statements

16.9 QMUL's Accounting Records are held on the Agresso Financial System, in line with TECH 01/11: Guidance for Directors on Accounting Records under the Companies Act 2006 issued in 2011 by the Institute of Chartered Accountants in England and Wales. TECH 01/11 is a summary of the obligation to keep accounting records under Section 386 of the Companies Act 2006.

16.10 The Director of Finance is responsible for ensuring the retention of financial records and financial statements.

16.11 It is a legal HMRC requirement for QMUL to retain business records for six years. Records and Accounts may be kept on computer.

16.12 The Companies Acts and the Limitation Act 1980 set out the arrangements for the retention of documents and records. In light of those parameters, the following retention periods are specified by QMUL:

- Six years for Contracts, Investment Instructions, Share Certificates, Insurance Policies, Claims and Reports, Intellectual Property Management
- Twelve years for Capital Asset Register items
- Under the Construction (Design and Management) Regulations 2007 management of the legal aspects of property ownership and occupancy should be kept for the life of the building, to include:
- Title Deeds, Leases, Mortgage Deeds, Planning Applications, Building Plans and Drawings

16.13 The Income and Corporation Taxes Act 2010 requires Corporation Tax Returns to be retained for a minimum of two years. From 1st April 2011 these must now be submitted and retained electronically.

16.14 Council Papers are retained indefinitely by the Council Secretariat, and should be referred to for details of authorisations.

16.15 All retention arrangements must comply with the Freedom of Information Act 2000 and the Data Protection Act 1998.

Public Access

16.16 QMUL's financial statements may be found on QMUL website.

16.17 Under the terms of the Freedom of Information Act 2000, any person may make a written request for financial information concerning QMUL's operations. The Act requires QMUL to respond to any such request within 20 working days, although there are a number of exemptions (including cases where the information requested is already in the public domain).

Financial Forms

16.18 Financial Forms relating to the Financial Procedures can be found on the Finance Department intranet.

Taxation

16.19 The Director of Finance is responsible for advising Schools/Institutes and Directors of Professional Services, in the light of guidance issued by the appropriate bodies and relevant legislation, on all taxation issues as it applies, to QMUL.

16.20 The Director of Finance is responsible for compliance with VAT, PAYE, National Insurance, Corporation Tax and Import Duty legislation, and for communications with the relevant authorities and for providing advice to Heads of Schools/Institutes and Directors of Professional Services departments.

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

16.22 Day to day advice on VAT and Corporation Tax is provided by the Tax Manager supplemented by the Head of Financial Accounting.

16.23 Day to day advice on Income Tax and National Insurance is provided by the Head of Payroll and Pensions within the Human Resources Directorate.

17. Audit Requirements

General

17.1 The Council has responsibility for maintaining an effective system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which the Council is responsible, in accordance with the responsibilities assigned to the Council in the Charter and the Memorandum of Assurance and Accountability with HEFCE.

17.2 External auditors and internal auditors shall have authority to:

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

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

17.4 The financial statements should be reviewed by the Audit and Risk Committee and, on the recommendation of the Audit and Risk Committee; they will be submitted to the Council for approval.

External Audit

17.5 The appointment of the External Auditors takes place annually, and is the responsibility of Council, on the recommendation of the Audit and Risk Committee.

17.6 The primary role of external audit is to report on QMUL'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 HEFCE Audit Code of Practice and the Auditing Practices Board's statements of auditing standards.

17.7 The External Auditors report to the Audit and Risk Committee.

Internal Audit

17.8 The appointment of the Head of Internal Audit takes place annually, and is the responsibility of Council, on the recommendation of the Audit and Risk Committee. The Director of Finance is the primary liaison in QMUL for internal audit matters and coordinates arrangements between the outsourced internal audit function and university staff.

17.9 The Head of Internal Audit reports to the Audit and Risk Committee and is responsible for Internal Audit Strategy.

17.10 HEFCE's Audit Code of Practice and Memorandum of Assurance and Accountability require QMUL to have an Internal Control Function.

17.11 The Internal Audit function is independent in its operation and has the right of direct access to Council, the Chair of the Audit and Risk Committee and the President and Principal.

17.12 The prime responsibility is to provide Council, the President and Principal and the Queen Mary Senior Executive (QMSE) with assurances on the adequacy of the Risk Management Policy and the Internal Control System.

17.13 Annual internal audit plans are based on an analysis of risks to which QMUL is exposed.

17.14 At least annually the Head of Internal Audit provides the Audit and Risk Committee with a report on internal audit activity within QMUL, including his/her independent opinion on the adequacy and effectiveness of QMUL's internal financial controls.

Other Auditors

17.15 QMUL may, from time to time, be subject to audit or investigation by external bodies such as the HEFCE, European Court of Auditors, HM Revenue and

Customs and other relevant bodies. They have the same rights of access as external and internal auditors.

18. Scheme of Delegation of Financial Authority

18.1 A Scheme of Delegation of Financial Authority has been drawn up by the Director of Finance to support QMUL's Financial Regulations and is available on the QMUL intranet.

18.2 The Scheme of Delegation identifies who is responsible for a particular area of QMUL's financial management as well as the accountability arrangements, including the use of computerised authorisations.

18.3 In exercising this delegated authority, budget holders are required to observe QMUL's financial, procurement and tendering procedures.

18.4 The monetary values in the Scheme of Delegation of Financial Authority are reviewed by the Finance and Investment Committee every year and any changes recommended to Council.

19. Treasury Management

19.1 The Finance and Investment Committee determines the Treasury Management Policy.

19.2 The Financial Accounting Section of the Finance Department administers the policy on behalf of the Finance and Investment Committee.

19.3 Council is responsible for the appointment of QMUL's Bankers and other professional financial advisers (such as investment managers) on the recommendation of the Finance and Investment Committee.

19.4 All Bank Accounts shall be in the name of QMUL or one of its associated or subsidiary companies. Only the Director of Finance shall open or close a Bank Account.

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

19.6 All borrowings shall be in the name of QMUL and shall follow the HEFCE Good Practice Guide – Borrowing in the Higher Education Sector, and to CIPFA's statement of best practice on Treasury Management.

19.7 The Director of Finance is responsible for QMUL's Banking Arrangements, including opening and closing Bank Accounts, and making recommendations regarding the structure of the Bank Mandate.

19.8 Amendments to the structure of the Bank Mandate require approval of the Finance and Investment Committee, as witnessed by a signed copy of the minutes.

19.9 The Statement of Ethical Investment Policy is available on the intranet.

20. Income

20.1 The Director of Finance is responsible for:

- Ensuring that appropriate procedures are in place to enable QMUL to receive all the income to which it is reasonably entitled
- Prompt collection, security and banking of all income received
- Ensuring that all grants notified by the HEFCE and other bodies are received and appropriately recorded in QMUL's accounts
- Ensuring that all claims for funds, including tuition fees, research grants and contracts, are made in a timely manner
- Approving all receipt forms and other official documents in use and electronic collection systems

20.2 The Income and Credit Control Section of the Finance Department is responsible for the day to day management and processing of Income.

20.3 All monies received must be paid to the Cashier promptly, and in accordance with the financial procedures. The custody and transit of all monies received must comply with the requirements of QMUL's insurers.

20.4 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 QMUL.

20.5 It is the responsibility of all staff to ensure that revenue to QMUL is maximised by the efficient application of agreed procedures for the identification, collection and banking of income.

Student Fees

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

20.7 Detailed information regarding the amount, collection and for dealing with outstanding Tuition Fees can be found on QMUL website.

20.8 The Finance and Investment Committee has delegated to QMSE the authority to approve QMUL's policy for dealing with student related debt.

Funding Council Grants

20.9 Funding Council Grants are categorised into the following:

- Recurrent Grant
- Specific Grants
- Deferred Capital Grants Released in the year

Sponsored Research Grants and Contracts

20.10 Income is recognised based on direct expenditure incurred during the year plus recoverable overheads. Unspent balances are carried forward.

Investment Income

20.11 Investment Income, including the net surplus on realisation of investments, is credited directly to the funds concerned.

20.12 Deposit Interest Receivable is accounted for on an accruals basis.

Income from Specific Endowments and Donations

20.13 Income is recognised based on expenditure incurred during the year together with any related contribution towards indirect costs.

Other Operating Income

20.14 Other Operating Income includes:

- Income received from Residences, Catering and Conferences
- Income from Health Authorities

21. Research Grants and Contracts

21.1 Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which may be directed towards a specific aim or objective.

21.2 The term Research Grant is restricted to research projects funded by UK Research Councils, Charities and Government Organisations.

21.3 All other externally financed research projects, with the exception of donations/bequests, are classified as Research Contracts.

21.4 Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions often means that QMUL 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 QMUL resulting from a failure to meet conditions of funding is the responsibility of the budget holder.

Research Ethics

21.5 Ethical approval of research is a requirement of funding from a number of bodies.

21.6 The Queen Mary Ethics of Research Committee deals with the ethical review of research. Where QMUL is in receipt of funding but the research involves NHS patients, or their data, or human tissue, ethical review is undertaken by an external NHS REC and not by QMUL.

21.7 QMUL has a Research Integrity policy consistent with the UUK Research Integrity Concordat..

Research Funding

21.8 The Joint Research Management Office (JRMO) is responsible for all aspects of research funding.

21.9 Details of pre-award and post-award services and support including governance and ethics can be found on the JRMO website.

The Service Level Descriptions (SLDs) covering all of the JRMO activities are available on the Intranet.

22. Intellectual Property Rights

22.1 Certain activities undertaken within QMUL including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property. Any contract regarding commercial exploitation of intellectual property rights will be negotiated by QMUL as part of the contractual process.

22.2 QMUL's Intellectual Property Protection document can be found on the intranet.

22.3 Queen Mary Innovation Limited is committed to building stronger relationships with business and the wider community to help facilitate the transfer of innovative ideas efficiently to the commercial marketplace.

23. Expenditure

23.1 The Director of Finance is responsible for making payments to suppliers of goods and services to QMUL.

23.2 The Procurement department is responsible for developing the procurement (purchasing) policy and procedures to determine how non pay expenditure will be managed to:

- Protect the commercial interests of QMUL
- Provide contracts that give best value for money
- Ensure compliance with all relevant legislation

23.3 The Head of Procurement reports to the Director of Finance.

23.4 Heads of Schools/Institutes and Directors of Professional Services are responsible for ensuring that their area's expenditure does not exceed the budget or funds available.

23.5 Heads of Schools/Institutes and Directors of Professional Services are responsible for ensuring that all expenditure from QMUL accounts is incurred within the course of approved QMUL business and is authorised in accordance with the scheme of delegation.

23.6 Heads of Schools/Institutes and Directors of Professional Services are responsible for ensuring that they and their staff adhere to the Procurement Policy and Procedures when purchasing goods, services and works.

23.7 Full details of procedures for the procurement of non pay expenditure, including for temporary staff, are on the Procurement department's intranet. Also see Scheme of Delegation of Financial Authority for details of monetary values and limits.

23.8 The Agresso Training Manual details procedures for raising and authorising requisitions, receipting goods and authorising purchase invoices.

23.9 Expenditure beyond certain thresholds from research grants funded by Institutions of the European Union, UK Research Councils and UK Government Departments may be required to be advertised for tender in the European Union (EU) marketplace as a condition of the grant. Clarification with regard to which sources of funding require EU tendering may be sought from the Head of Research Resources. Different thresholds apply depending on whether the procurement is for services, supplies or works. The Procurement department can advise on the threshold currently in operation and will coordinate any such procurement process. If in doubt, the Procurement department should be consulted.

Salaries, Wages and Other Staff Payments

23.10 The Human Resources Department is responsible for Salaries and Wages payments to Staff.

23.11 The University's policy regarding Other Staff Payments of Expenses is detailed in the Travel and Expenses Policy issued by the Director of Finance.

23.12 All claims must be authorised by the appropriate budget holder whose authorisation indicates that the expenses have been correctly and necessarily incurred on behalf of QMUL and form part of an approved budget. The claimant must not authorise his/her own expenses.

23.13 The Human Resources Department is responsible for the payment of PAYE and National Insurance to HM Revenue and Customs (HMRC).

24. Assets and Liabilities

24.1 Assets owned or leased by QMUL shall not be subject to personal use without proper authorisation.

Stocks

24.2 Heads of Schools/Institutes and Directors of Professional Services are responsible for the custody and control of stocks and stores within their area, including regular inspection and stock checks. Stocks and stores of a hazardous nature should be subject to appropriate security checks.

24.3 All Stores Accounting and Stock Check Procedures must be approved by the Director of Finance.

24.4 Stocks are stated on the Balance Sheet at the lower of cost and net realisable value.

24.5 Any Stock Provisions or requests to write off stocks must be submitted in writing to the Financial Accounting Section of the Finance Department, and may require Finance and Investment Committee approval.

Current Asset Investments

Current Asset Investments are held at the lower of cost and net realisable value.

Debtors

24.6 The Director of Finance is responsible for implementing the Debtor Policy detailed in the Income and Credit Control Procedures, and the Student Debtor Policy set by QMSE. QMSE have delegated authority from the Finance and Investment Committee to deal with all matters relating to student related debt.

24.7 The Income and Credit Control Section of the Finance Department is responsible for the day to day management of Debtors, including:

- Raising Debtor Invoices promptly
- Processing Cash received
- Taking swift and effective action to collect overdue accounts
- Monitoring outstanding debts and preparing progress reports for the Finance and Investment Committee

24.8 Requests to write off debts must be submitted in writing to the Income and Credit Control Section of the Finance Department, and may require approval from QMSE. See Scheme of Delegation of Financial Authority for details of monetary values and limits.

24.9 The Income and Credit Control Section of the Finance Department is responsible for the maintenance and reconciliation of all receipts bank accounts.

Cash and Petty Cash

24.10 The Income and Credit Control Section of the Finance Department is responsible for the control of Cash and Petty Cash. Also see Scheme of Delegation of Financial Authority for details of monetary values and limits.

24.11 Wherever possible, cash must be paid to QMUL’s Cashier, and custody of cash holdings must comply with the requirements of QMUL’s insurers.

24.12 No deductions may be made from any cash collected on behalf of QMUL prior to paying to the Cashier.

24.13 Personal or other cheques must not be cashed out of money received on behalf of QMUL.

24.14 Single items less than £50 can be purchased from Petty Cash and must be supported by receipts or vouchers. Petty Cash must not be used for items which can be bought using QMUL’s Purchase Card.

24.15 The Director of Finance shall make available to Heads of Schools/Institutes and Directors of Professional Services such Petty Cash Floats as are necessary for the disbursement of petty cash expenses.

24.16 Heads of Schools/Institutes and Directors of Professional Services are responsible for the safe keeping of the Petty Cash Float.

24.17 Requests for reimbursement, supported by receipts or vouchers, must be sent to QMUL’s Cashier using the appropriate form.

24.18 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 countersigned by the Head of School/Institute or Director of Professional Services.

Creditors

24.19 The Accounts Payable Section of the Finance Department is responsible for the day to day management of Creditors, including:

- Scanning, processing and filing Supplier Invoices promptly
- Processing payments according to the contract payment terms
- Processing overseas payment requests
- Taking swift and effective action to receive credit notes
- Monitoring aged creditors and preparing progress reports for the Finance and Investment Committee

24.20 The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. In view of the penalties in this Act, QMUL requires that invoices must be paid in accordance with agreed credit terms.

Loans to Third Parties

24.21 The Finance and Investment Committee must authorise any loans to Third Parties, including to Subsidiary Companies, QMSU and any loan schemes to QMUL staff.

24.22 The Financial Accounting Section of the Finance Department is responsible for the management of the loans, including the calculation and recovery of interest and capital, and the preparation of reports for the Finance and Investment Committee.

Loans from Third Parties

24.23 The Finance and Investment Committee must authorise any loans from Third Parties, including to Subsidiary Companies.

24.24 QMUL should ensure compliance with the HEFCE Memorandum of Assurance and Accountability.

24.25 QMUL must obtain prior written approval from HEFCE to increase the QMUL financial commitments threshold, before QMUL agrees to any new financial commitment meeting either of the following criteria:

i. Where total financial commitments (long-term and short-term) exceed five times QMUL average earnings before interest tax depreciation and amortisation (EBITDA).

ii. Where QMUL is assessed by HEFCE as being at higher risk

Note the threshold will be five times the average EBITDA surplus, or a multiple above five times the EBITDA surplus where agreed by HEFCE.

24.26 Written Council consent is required before QMUL undertakes any level of financial commitment that would require an increase in QMUL financial commitments threshold, as defined by HEFCE.

24.27 The Financial Accounting section of the Finance Department is responsible for the threshold compliance calculations.

Capital Expenditure Authorities and Responsibilities

24.28 Capital Expenditure is defined as any expenditure over a value specified by the Finance and Investment Committee on an item which has a life of more than one year, and has a use in the teaching of students, research, the care of patients or for administrative purposes.

24.29 A copy of the Capital Expenditure Policy can be found on QMUL intranet.

24.30 See the Scheme of Delegation of Financial Authority for details of monetary values and limits regarding acquisitions and disposals of assets.

24.31 Expenditure which enhances the value of an asset beyond what was originally intended, replaces part or all of an existing asset or relates to a major inspection or overhaul of an asset is classified as Capital Expenditure.

24.32 Repairs and maintenance expenditure designed to maintain the standard or performance of an asset is classed as Revenue and not Capital Expenditure.

24.33 Council must authorise the purchase or lease or rent of land, buildings or fixed equipment, with reference to HEFCE requirements.

24.34 The disposal of any assets funded by HEFCE must be approved by Council, and HEFCE consent must be obtained if exchequer funds were used to acquire the assets.

24.35 The Finance Department is responsible for maintaining QMUL's Fixed Asset Register.

24.36 Heads of Schools/Institutes and Directors of Professional Services must supply the Finance Department with details of their fixed plant and machinery and what has been added, removed or is redundant.

24.37 Heads of Schools/Institutes and Directors of Professional Services are also responsible for maintaining inventories in their area:

- Inventory items are equipment, furniture and stores
- The Inventory must include items donated or held in trust
- Inventories must be checked at least annually

Land and Buildings

24.38 The cost of land, buildings, development costs and the capital element of expenditure incurred in respect of estate improvement is capitalised.

24.39 No provision for depreciation is made against the value of land.

24.40 Assets in the course of construction are stated at cost and are not depreciated. They are transferred to and treated as completed buildings when ready for use. Any impairment of value is provided for accordingly.

24.41 Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are taken to income where no performance criteria exist.

Equipment

24.42 Equipment costing less than an amount specified by the Finance and Investment Committee per individual item or group of related items is written off in the year of acquisition.

24.43 The cost of all other equipment is capitalised.

Leases

24.44 Fixed Assets held under Finance Leases and the related lease obligations are accounted for in accordance with FRS102 and the HE SORP.

24.45 Rental costs under Operating Leases are charged to expenditure in equal annual amounts over the period of the lease.

Fixed Asset Investments and Endowment Asset Investments

24.46 Fixed Asset Investments and Endowment Asset Investments are held in the Balance Sheet at Fair Value.

25. Funds Held on Trust

25.1 The Director of Finance is responsible for maintaining a record of the requirements for each Trust Fund and for advising the Finance and Investment Committee on the control and investment of Fund balances.

25.2 The Finance and Investment Committee is responsible for ensuring that all of QMUL's Trust Funds are operated within any relevant legislation and the specific requirements of each Trust.

25.3 Details of Trust Funds can be found on QMUL's website.

26. Other

Insurances

26.1 The Director of Finance is responsible for effecting insurance cover and for managing the insurance administration and claims process.

26.2 The Audit and Risk Committee reviews the adequacy of QMUL's insurance arrangements with regard to risk management and value for money.

Queen Mary Student Union (QMSU)

26.4 The Charities Act 2006 required all Student Unions to register with the Charity Commission. QMSU successfully completed registration as a charity in July 2011.

26.5 Charity Commission approval required QMSE to demonstrate that the Student's Union is a well managed, transparent and accountable organisation, and that its activities are of benefit to the student body.

26.6 QMSU is a Charitable Company Limited by guarantee.

26.7 QMSU Services Ltd is a wholly owned subsidiary trading company of the Student Union.

26.8 QMUL Financial Regulations also apply to QMSU.

26.9 QMSU is responsible for maintaining its own bank accounts and financial records and preparing its own Management and Annual Accounts.

26.10 Management Accounts will be presented to the Finance and Investment Committee as required.

26.11 At the end of each financial year the QMSU accounts will be audited by a firm of auditors approved by their Trustee Board. The audited accounts will be presented to the Finance and Investment Committee.

26.12 QMUL's internal audit function shall have access to the records, assets and personnel within QMSU to ensure accountability for the use of the Block Grant.

Use of QMUL Seal

26.13 The Academic Registrar and Secretary to Council is responsible for keeping secure the Common Seal of QMUL and submits a report to each Council meeting detailing the use of QMUL's seal since the last meeting.

Appendix A

Seven Principles identified by the Committee on Standards in Public Life (formerly known as the Nolan Committee)

1. Selflessness

Holders of public office should act solely in terms of the public interest.

They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

2. Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

3. Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

4. Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

5. Openness

Holders of public office should be as open as possible about all the decisions and actions that they take.

They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

6. Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

7. Leadership

Holders of public office should promote and support these principles by leadership and example.

Appendix B

Useful links

QMUL Policy Zone

http://www.arcs.qmul.ac.uk/policy_zone/index.html

Charter, Statutes and Ordinances of the University of London:
http://www.london.ac.uk/972.html

Model Memorandum of Assurance and Accountability between HEFCE and Institutions:
http://www.hefce.ac.uk/pubs/year/2014/201412/

Accountability and Audit: HEFCE Audit Code of Practice is to be found in Annex A of:
http://www.hefce.ac.uk/pubs/year/2014/201412/

Statement of Recommended Practice: Accounting for Further and Higher Education:
http://www.hesa.ac.uk/dox/datacoll/fsr_general/sorp07.pdf

TRAC for Teaching (TRAC (T)): http://www.hefce.ac.uk/funding/finsustain/

Public Interest Disclosure Act 1998:

http://www.legislation.gov.uk/ukpga/1998/23/contents

Auditing Practices Board: Statements of Auditing Standards: https://frc.org.uk/Our-Work/Codes-Standards/Accounting-and-Reporting-Policy/Accounting-Standards-and-Statements-issued-by-the.aspx

HMRC VAT Notice 700/21 Keeping Records and Accounts:
https://www.gov.uk/government/publications/vat-notice-70021-keeping-vat-records

Construction (Design and Management) Regulations 2007:
http://www.legislation.gov.uk/uksi/2007/320/contents/made

Appendix 2 of Delegation Framework

SCHEME OF DELEGATION OF FINANCIAL AUTHORITY

Document owner: Director of Finance
Reviewed by QMSE: 17 May 2016
Reviewed by Audit and Risk Committee: 2 June 2016
Recommended by Finance and Investment Committee: 7 June 2016
Approved by Council: 28 June 2016

Number of Years to Next Review: 1 Year – May 2017

Contents

Delegation of Financial Authority Regulations

1. Introduction

1.1 In accordance with the Financial Regulations of Queen Mary University of London (QMUL), the Council must approve all financial authority levels that commits QMUL to incur cost, whether Capital Expenditure, Revenue Expenditure or Contract Expenditure regardless of the source of funding.

1.2 QMUL Council approves the Budget and Capital Programme which sets expenditure limits for each area of activity and capital project. Authority to enter into financial commitments in accordance with the Budget and Capital Programme is delegated to the Executive and Officers as set out in this Scheme of Delegation of Financial Authority. In exercising this delegated authority, budget holders are required to observe QMUL's financial procedures.

1.3 The monetary values in the Scheme of Delegation of Financial Authority are to be reviewed by the Finance and Investment Committee every year and any changes recommended to Council.

1.4 QMUL's Delegation Framework can be found on the Governance and Management section of the Intranet. The Delegation Framework sets out the location of authority within QMUL for particular types of decision made in the institution's name and on its behalf.

1.5 Lines of delegation are either through the line management hierarchy or operate through functional relationships where there is a senior lead for a key strategic theme, and through associated roles at different levels within QMUL.

1.6 The Memorandum of Assurance and Accountability with HEFCE sets out particular areas of responsibility for governing bodies. Under the terms of the Memorandum of Assurance and Accountability, the President and Principal is designated QMUL's Accountable Officer.

1.7 Queen Mary Senior Executive (QMSE) undertakes regular reviews of the financial position of QMUL and adjusts activities accordingly.

1.8 The Vice-Principals, the Chief Operating Officer, the Chief Strategy Officer and the Directors of Professional Services are responsible to the Council, through the President and Principal for the financial management of their respective areas, in accordance with the Financial Regulations.

1.9 The Director of Finance is responsible through the Chief Operating Officer for the financial management of QMUL.

1.10 Individuals and bodies in whom authority is vested by the delegation framework may sub-delegate to others provided that such sub-delegation is consistent with the financial and other regulations (refer to section 4.6). While authority and responsibility can be delegated, the accountability remains with the individual or body making the delegation.

1.11 Where sub-delegation occurs and there is further delegation, it should take place on the basis of a cascade. That is, the person with authority delegates it to the next person who may then delegate to another and so on. Sub-delegation should not skip management tiers in the interests of clarity of responsibility and ensuring that individuals remain accountable even when others further along the chain are performing the task. A written record should be made of sub-delegations. This may include an email instructing the sub-delegation from the authorised person to another.

1.12 Heads of Schools/Institutes and Directors of Professional Services are responsible for procuring the goods and services they require within their defined budgets. Purchasing authority may be delegated to designated budget holders within a department. In exercising this delegated authority, budget holders are required to observe QMUL's Financial Regulations.

1.13 Heads of Schools/Institutes and Directors of Professional Services and their delegated budget holders are only authorised to commit QMUL to any expenditure after ensuring that sufficient funds are available to meet the purchase cost of goods and services.

1.14 Nobody is permitted to make a non-pay financial commitment for longer than 12 months without the prior approval of the Director of Finance.

1.15 All procurement must be undertaken in accordance with the Procurement Procedures set out in the Procurement section of the Finance intranet. This also shows the procedures for tendering.

1.16 The financial limits that apply are to the project/contract as a whole, even though the procurement may be in phases and over a period of time. In other words, splitting of orders or contract commitments to avoid approval at a higher level is strictly prohibited and will be considered a breach of Financial Regulations.

1.17 All financial limits are inclusive of VAT unless stated otherwise.

2. Principles

2.1 The following principles underpin the Scheme of Delegation of Financial Authority and all decisions taken under the delegation of authority framework:

- The decision should be consistent with QMUL's aims and objectives.
- The person to whom the authority has been delegated should only make decisions within his/her area of responsibility. That is, one academic or service unit should not take a decision that commits another academic or service unit without their consent.
- Delegated authority should be linked to budget management and all budget holders responsible for a budget should have an approval limit.
- Delegated authority should relate to – revenue costs, capital expenditure and research expenditure.
- In the case of self-approval, which only relates to Agresso purchase orders up to a value of £100, the requisitioner must have been given responsibility for spending part of the budget.
- Decisions should not be taken unless relevant documentation has been reviewed in line with QMUL policies and procedures (including the Financial Regulations) and, where necessary, external legal advice has been sought.
- Where a third party has provided funding, decisions should only be taken once any required approval from the third party has been obtained.
- Approved documentation must be produced and a record of the decision made available, in keeping with QMUL's policy on the retention of records, which can be accessed via QMUL's intranet.
- The approval limit delegated to the President and Principal, Chief Operating Officer, Director of Finance covers the need for approval of high value Purchase Orders and requires joint approval.

2.2 Decisions which require a financial commitment should observe the following additional principles:

- The approval of the relevant budget holder or their nominee should always be obtained.
- The decision should demonstrate that value for money considerations have been taken into account.
- Approvers must be assigned to their relevant cost centres and should only approve expenditure for the cost centres / budget codes they are responsible for.
- IT Services and Estates are responsible for any IT or Estates related expenditure, respectively. Faculties and other Professional Service departments should not commit expenditure related to IT or Estates.
- Expense claims must be approved by the Line Manager or relevant budget holder (where these are different) in line with the QMUL Travel and Expenses Policy.
- All Purchasing cardholders must have a delegated approval limit assigned to them.

Framework of Delegated Financial Authority

3. Procurement Authority Limits

3.1 All purchasing must be conducted in line with the Procurement Procedures which can be found on the Procurement intranet.

3.2 QMUL, having taken advice from Queen's Counsel, reviewed its governance and income as stated in its audited financial statements for the year ended 31 July 2013 and determined that it is not a contracting authority for the purposes of EU public procurement regime as implemented by the Public Contracts Regulations 2006 (as amended) . This position will be reviewed on an annual basis and has been re-confirmed based on the financial statements for 31 July 2015. For avoidance of doubt, all spending requirements that have a cost of more than £30,000 must be conducted via the Procurement Department in line with the procedures referred to in 3.1 above.

3.3 The Procurement Procedures also refer to the following:

Items where the cost is less than £5,000	No need to involve Procurement
Items costing between £5,000 and £30,000	Three quotes must be obtained
Items where the cost is more than £30,000	Contact Procurement department

4. Non Pay and Contract Expenditure

4.1 Some contracts may require the President and Principal, Secretary to the Council and Academic Secretary, the Chief Operating Officer, Chief Strategy Officer or the Director of Finance to sign on behalf of QMUL.

4.2 Unless stated elsewhere in this document, and in the absence of a contractual requirement as above, the approval limits in the table below are for purchase orders, payment of non-pay or contract expenditure invoices and other payment documents (e.g. expense claims).

4.4 For Agresso related purchase orders up to £1m, the purchase order will go through all earlier approvals, with final sign off by the President and Principal, Chief Operating

Officer or Director of Finance. Orders over £1m will then require an additional second signatory from one of the three post holders.

4.5 Approval limits should be allocated within one of the maximum ranges shown in the table below. The roles shown in the table are a guide.

4.6 Self-approval only relates to the Agresso purchase orders and is based on a maximum of £100 per purchase order total.

Maximum Approval Limit	Role
£1,000,000 plus	Requires additional approval from either – President and Principal, Chief Operating Officer & Director of Finance.
Up to £1,000,000	President and Principal, Chief Operating Officer, Director of Finance
Up to £200,000	Vice Principal and Executive Deans, Chief Strategy Officer, Chief Operating Officer, Chief Operating Officer (SMD)
Up to £50,000	Institute Directors, Heads of School, Directors of Professional Services, Secretary to Council and Academic Registrar
Up to £20,000	Institute and School Managers/Administrators and Centre/Discipline Leads, Academics, Group Leaders, Assistant Managers, Centre Managers, Deputy Directors
Up to £10,000	Lab Managers, Postdocs, Project Managers
Up to £5,000	Administrators, Research Assistants, Technicians
Up to £1,000	Other purchasers – Junior admin or technical staff
Up to £100	Self-approval for Agresso orders only – per Purchase order total

4.7 In the event an approver being absent, the substitute for the period of absence would ordinarily escalate to the approver with a higher approval authority within the chain of escalation or to a peer. In the event of the absence of the Head of School a nominated alternate from within the school is permitted, provided that this individual ordinarily assumes responsibility for the school during the Head of Schools absence. The Head of School should confirm this nominee.

5. Purchasing Cards

5.1 The use of Purchasing Cards is preferred for small value expenses as it is a controlled, efficient method of paying expenses with a clear audit trail. The regulations covering the use of Purchasing Cards are shown on the Procurement website.

5.2 The maximum limits on the use of Purchasing Cards are as follows, specific limits to be determined on each card based on operational requirement:

Role/operational requirement	Maximum individual transaction limit,	Maximum monthly spend

e.g. local administrator – conference registration, ad hoc small value purchases (one-off suppliers) for department	£500 including VAT	£3,000 including VAT
e.g. local administrator/academics – booking of flights, travel costs based on operational need	£1,000 including VAT	£5,000 including VAT
Other by exception – locally agreed limit based on operational need (on a case by case basis)	Request approved by Deputy Director, Financial Control	Request approved by Deputy Director, Financial Control

5.3 All Purchasing cardholders are assigned an approver. This approver should be in line with the non-pay approval limits shown in table 4.6 above.

5.4 All Purchasing card limit requests are approved by Deputy Director, Financial Control.

6. Capital Expenditure

6.1 QMUL defines capital expenditure (as per the Capital Expenditure Policy) as:

- any expenditure over £10,000 on an item or group of related items which has a life of more than 1 year and
- has a use in the teaching of students; research; the care of patients or for administrative purposes.

6.2 This covers all construction and improvements which increase the value and useful economic life of a building, major equipment purchases, software, and expenditure related to research, consultancy and other areas of knowledge transfer.

6.3 The Capital Budget is prepared annually which incorporates all planned spend on land, buildings and equipment. This is formally approved by QMSE; Finance and Investment Committee and Council. Responsibility for ensuring spend is in line with the approved Capital Budget is delegated to the relevant QMSE lead overseen by either the Estates Strategy Board or the Information Strategy Technology Board.

6.4 Proposals for Capital Expenditure that arise outside the annual Capital Budgeting cycle relating to the acquisition; construction or disposal of land; buildings or equipment require Finance and Investment Committee approval up to the value of £1m and further approval from Council for expenditure in excess of £1m.

7. Bad Debt Write Offs

7.1 The Finance and Investment Committee have delegated to QMSE the authority for dealing with student related debt, including the Student Debtor Policy.

7.2 The following is a list of individuals who are authorised to write off Bad Debts:

Individual debts up to the value of £20,000	Director of Finance

Individual debts up to the value of £50,000	QMSE
Individual debts over the value of £50,000	Finance and Investment Committee

7.3 An annual summary of bad debts written off will be reported to Finance and Investment Committee.

Appendix A

Bank Mandate

The following is a list of individuals who are authorised to sign Cheques and authorise BACS/Chaps payments for individuals and suppliers.

Panel A:

Can sign up to £20,000 as a sole signatory, or jointly with another panel B signatory for amounts greater than £20,000:

President and Principal
Vice-Principals
Chief Operating Officer
Chief Strategy Officer
Director of Finance

Panel B:

Can sign up to £20,000 on their own:

Deputy Director Financial Control
Deputy Director Financial Management
Head of Financial Accounting
Head of Financial Management

Additions and deletions to the list of authorised signatories must be:

- Approved by the Finance and Investment Committee, as witnessed by a signed copy of the minutes

- Made in writing and countersigned by two authorised cheque signatories in addition to the usual identification checks conducted by the QMUL Bankers