

KINGSTON UNIVERSITY
FINANCIAL REGULATIONS

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Robert Ewing

FINANCIAL REGULATIONS

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1. INTRODUCTION

- 1.1 The University's financial regulations have been formulated to provide a framework for internal control that seeks to ensure financial probity whilst maintaining operational efficiency.
- 1.2 The regulations cover the external requirements as provided by the Higher Education Funding Council for England's financial memorandum with the University and the Audit Code of Practice. Financial limits are defined through a scheme of delegated authority and responsibility.
- 1.3 Financial regulations are supported by detailed procedures (Annex 1) which prescribe the detailed operational procedures to be adhered to over a wide range of transactions. These will be added to or amended from time to time to meet changing requirements.
- 1.4 Delegated authority is conditional upon the annual signed acceptance of financial regulations by all Executive Members and designated budget holders. The declaration form is attached at Annex 3.
- 1.5 These regulations apply to the University (including the Joint Faculty) and its subsidiary companies. The Student Union (KUSU) is *expected* to comply with these regulations.

2. FINANCIAL MEMORANDUM

- 2.1 The memorandum sets out the terms and conditions for the payment by the HEFCE to the governing body (Kingston University Board of Governors) out of funds made available by the Secretary of State for Education.
- 2.2 The governing body is responsible for ensuring that funds from the Funding Council are used only in accordance with the Further and Higher Education Act 1992, the financial memorandum and any other conditions that the Funding Council may from time to time prescribe.

3. AUDIT CODE OF PRACTICE

- 3.1 The financial memorandum between the HEFCE and the DBIS requires the Funding Council to issue a code of auditing practice which the University follows. The code is primarily for the use of internal and external auditors, the University's senior management and members of the Board of Governors.
- 3.2 The University is required by the financial memorandum and audit code of practice to have an internal audit function to ensure that it has sound systems of financial and other management controls.

- 3.3 The internal audit service's scope must embrace the whole internal control system including operations, resources, staff services and responsibilities for other bodies. They, therefore, must have unrestricted access to all records, assets, personnel and premises and be authorised to obtain such information and explanations considered necessary.
- 3.4 The systems of control of the University should help to ensure the following:
- The University's objectives are achieved as far as possible;
 - Economical, efficient and effective use of resources;
 - Adherence to management policies, directives and established procedures, and compliance with laws or regulations;
 - The University's assets and interests are safeguarded - particularly from losses arising from fraud, irregularity or corruption;
 - The integrity and reliability of accounting records and other information.
- 3.5 The primary responsibility for the prevention of fraud and irregularities rests with the University Executive who must institute adequate systems of internal control, including clear objectives, segregation of duties, and authorisation procedures. The responsibilities and action to be taken in the event of suspected fraud or irregularity are included in the fraud response plan (Annex 1).

4. AREAS OF FINANCIAL RESPONSIBILITY AND ACCOUNTABILITY

The Governing Body

- 4.1 The governing body of the institution is responsible for ensuring that funds from the HEFCE are used only in accordance with the Further and Higher Education Act 1992. For special initiative funding, this includes the need to demonstrate that funds have been used for purposes intended.
- 4.2 The governing body of the University must ensure that it has a sound system of internal financial management and control. It is also responsible for delivering value for money from public funds.
- 4.3 The role of the Finance Committee includes advising the Board of Governors on financial matters including major capital expenditure. The Audit Committee's remit includes a continual review of the University's internal control system. Any changes to these regulations should be approved by the Audit Committee prior to consideration by the Board of Governors.

Principal Office Holder

- 4.4 The Vice-Chancellor of Kingston University, as principal office holder, is responsible for making the arrangements for the proper administration of the Higher Education Corporation's affairs in accordance with the Further and Higher Education Act 1992.
- 4.5 The Vice-Chancellor is also responsible for advising the governing body if at any time any action or policy under consideration by the Board of Governors appears to the Vice-Chancellor to be incompatible with the terms of the financial memorandum. Should the Board of Governors decide, nevertheless, to proceed, the Vice-Chancellor is required to inform the Chief Executive of the Funding Council in writing.

Head of Internal Assurance and Advisory Services (HIA)

- 4.6 The HIA reports on a day to day basis to the Finance Director and the Executive member to whom the particular audit review relates.
- 4.7 The HIA must report serious weaknesses, significant frauds or any major accounting breakdown that arise in the normal course of work to the Vice-Chancellor. The Vice-Chancellor must inform, without delay, the chairman of the audit committee, the chairman of the Board of Governors and the accounting officer of the HEFCE. In the event of a refusal by the Vice-Chancellor to report to the chairman of the Audit Committee, the chairman of the Board of Governors or the accounting officer of the HEFCE, internal auditors must report to them directly.
- 4.8 The Vice-Chancellor receives all Audit Committee papers and meets with the HIA at least annually.

Executive Members

- 4.9 The University operates a scheme of delegated authority with devolved responsibility for financial performance, accounting and internal controls. This means that certain members of the University Executive Board are both responsible and accountable for ensuring the following are adhered to:
- Corporate policy
 - Corporate procedures
 - Internal financial procedures (Annex 1)
 - Requirements of the HEFCE financial memorandum
 - Requirements of the Kingston University Audit Code of Practice
 - Good financial practice

Executive members

4.10 Executive members are defined as follows:

Vice-Chancellor
Deputy Vice-Chancellor
Pro Vice - Chancellor (Academic Support and Student Services)
Pro Vice - Chancellor (Research and Enterprise)
Pro Vice - Chancellor (Corporate Affairs and University Secretary)
Deans of Faculties
Director of Information Services
Director of Student Services and Administration
Director of Property Management and Development
Director of Academic Development
Academic Registrar
Finance Director
Human Resources Director

4.11 Executive Members may delegate authority to managers (Heads of School, Heads of Corporate Departments, Heads of Resources and Planning, Associate Deans, Faculty Technical Managers) within the limits and levels of authority prescribed in the financial regulations (see Annex 2).

4.12 Specimen signatures of delegated staff must be provided each year to the Deputy Finance Director using the form included as Annex 3. It is the Deputy Finance Director's responsibility to ensure that the list of signatures is complete. During a period of absence a manager's level of authority must revert back through the management hierarchy. Further delegation should then take place by ensuring that details of the period covered and a specimen signature of the nominated deputy are provided in writing to the Deputy Finance Director.

4.13 The only exception to the above provisions is that by virtue of his / her office the Deputy Vice-Chancellor is authorised to act in the absence of the Vice-Chancellor. Where an appointment is made on an acting basis to any post to which delegated authority is attached (including fixed term contract personnel), notice of the appointment shall be provided in writing to the Deputy Finance Director together with a specimen signature of the appointee.

4.14 Executive Members are responsible for the agreement of annual revenue and capital expenditure allocations in liaison with the University Finance Director and Vice-Chancellor.

- 4.19 The General Manager of KUSCO may delegate authority to members of the KUSCO senior management team. Specimen signatures must be provided each year to the Deputy Finance Director using the form in Annex 3.
- 4.20 The monitoring of the Facilities Management contract with KUSCO is performed at executive level by the University Authorised Officer (UAO), currently the Deputy Director of Finance. The annual contract valuation is authorised by the Vice-Chancellor and the Chairman of KUSCO. All contract variations must be approved by the UAO.

Accounting and Finance

- 4.21 All budgeting, accounting and financial procedures operated by the University shall be under the control of the University Finance Director.
- 4.22 The University Finance Director will organise the provision of financial and prescribed non-financial information based upon data processed by the financial system in accordance with financial procedures included in Annex 1.
- 4.23 All loans and investments made by the University including term deposits shall be negotiated by the Finance Director with the approval of the Vice-Chancellor within arrangements approved by the Board.
- 4.24 Any bank account in the name of Kingston University or relating to transactions made in respect of any activity exercised by or on behalf of the University must be approved by the Board of Governors. Clearing bank services will be reviewed annually and put out to tender every three years.
- 4.25 All cheque signatories for any University bank account shall be approved by the Board of Governors. Cheques drawn on the main University bank account in excess of £10k will require the signatures of two Board approved cheque signatories.
- 4.26 For BACS processing, approval from the Deputy Finance Director is required for transmissions over £4.0m (purchase ledger) and £4.5m (payroll).

Legal and Secretarial

- 4.27 All securities relating to the property of or in the name of Kingston University shall be held in the custody of the Pro Vice Chancellor (Corporate Affairs and University Secretary).
- 4.28 The title deeds of all property in the ownership of the University shall be held in custody of the Pro Vice Chancellor (Corporate Affairs and University Secretary).

- 4.29 The University Secretary is responsible for the custody of leases and contracts under seal which are negotiated centrally. For those contracts specific to Faculties (e.g. Research contracts), the University Secretary is responsible for maintaining an inventory of agreements in place.
- 4.30 The Pro Vice Chancellor (Corporate Affairs and University Secretary) shall effect all insurance cover and negotiate all claims in consultation with managers where necessary. The Pro Vice Chancellor (Corporate Affairs and University Secretary) shall conduct all communications with the University insurers.

Personnel and payroll

- 4.31 The University Human Resources Director issues all personnel and payroll procedures operated by the University.
- 4.32 The Human Resources Director shall maintain the staff handbook and personnel procedures and ensure that all financial procedures contained therein are subject to regular review and update.
- 4.33 All appointments made must be in accordance with corporate personnel procedures.

5. LIMITS AND LEVELS OF AUTHORITY

- 5.1 The limits and levels of authority do not apply to statutory payments in respect of:
- withholding taxes in respect of National Insurance and PAYE;
 - pension fund contributions;
 - Value Added Tax.
- 5.2 The limits and levels of authority granted to managers through the financial regulations must be applied in a manner which is consistent with the HEFCE financial memorandum and satisfies both the Executive and the governing body that financial probity has been exercised on all occasions.
- 5.3 The limits and levels of authority for the University and its subsidiary companies apply equally to both income and internal and external expenditure and are summarised under Annex 3. The Vice-Chancellor has the authority to reduce or withdraw delegated authority. Similarly, Executive Members may reduce or withdraw any delegated authority to designated managers provided under clause 4.11 of these regulations.
- 5.4 The levels of authority and signing power designated in the financial regulations are extended in the following areas:

5.5 Library Stock Fund

Faculties receive an allocation each year from the book fund as part of the budgetary control process. Information specialists are authorised to commit on behalf of the University from the fund. The information specialists are also authorised to sign the annual periodicals list on behalf of their designated faculties. Both of these functions are carried out in accordance with the learning resource strategy.

5.6 Major Capital Works - Interim Certificates

Interim certificates signed by University designated staff or our externally appointed agents, surveyors, architects etc, contractually commit the University at that point in the process. University designated staff and the University's agents involved in this process are authorised to sign interim certificates up to and within the level of the duly approved original contract. Any variation to the original contract price must be referred back for signature to the authorised signatory on the original contract. If the revised contract price exceeds the authorised signatory's signing powers it must be progressed to the next level of authority. The invoice when raised must be signed by the appropriate authority on all occasions.

6. COMPLIANCE WITH PROCUREMENT LEGISLATION

6.1 The University's procurement procedures have been developed to provide Value for Money and responsible procurement practice compliant with EU Procurement Directives. Procurement Legislation relates to the EU Directives incorporated in UK law (Public Contract Regulations 2006). These procedures are outlined in the University's Procurement Guide (Annex 1) and apply to the University and its subsidiary companies. For the purposes of procurement, expenditure only relates to non pay recurring revenue and capital, and is exclusive of VAT.

6.2 Supplier Classification

The University has two classifications of its authorised suppliers:

Primary Supplier – These suppliers are selected using the formal tendering process undertaken by the University or organisations on its behalf (e.g. LUPC or Buying Solutions).

Secondary Supplier – These suppliers are selected using the quotation process.

6.3 Framework Agreements

A framework agreement is developed through a tendering process and consists of a single or multiple primary supplier arrangement.

The University and its subsidiary companies shall use framework agreements for the majority of its non pay recurring and capital expenditure.

6.4 Procurement Routes

The University has three prescribed routes to selecting a supplier, as detailed in the Procurement Guide:

- Existing Frameworks (primary suppliers)
- Quotations (secondary suppliers)
- Tendering

The University and its subsidiary companies must always use every opportunity to use existing frameworks or primary suppliers where applicable.

6.5 Expenditure Limits and Thresholds

The following limits and thresholds apply to the University and its subsidiary companies for its non pay recurring and capital expenditure exclusive of VAT.

The expenditure thresholds below do not apply when a primary supplier is used.

Expenditure Thresholds	
Transaction Whole Life Value (excl VAT)	Minimum Required Procedure
Under £1000	No formal quotations required
£1,000 to £10,000	2 Written quotations
£10,001 to £50,000	3 Written quotations
£50,001 up to OJEU Threshold (Current OJEU threshold £156,442 for Goods and Services and £3,927,260 for works)	KU Tendering Procedure
Exceeding OJEU Threshold (current OJEU threshold £156,442 for Goods and Services and £3,927,260 for works)	EU Tendering Procedure

6.6 **Tendering Classification**

The University's tendering procedures fall under the following two classifications:

- **KU Tendering;** This procedure should be followed for expenditure between £50,001 and OJEU threshold;
- **EU Tendering;** This procedure should be followed for expenditure that exceeds the OJEU threshold

All tendering process must be overseen by the University's Corporate Procurement Unit.

6.7 **KU Tendering Procedure**

The principles that govern an EU tendering procedure with the exception to the method of advertising and the timescales which are set by the University are applied to the expenditure values between £50,001 and the OJEU threshold.

6.8 **EU Tendering Procedure**

Expenditure values exceeding the OJEU threshold must comply with the Public Contracts Regulations 2006.

6.9 **Sealed Bids**

All tender submission must be returned to the Corporate Procurement Unit as sealed bids. All sealed bids must be officially opened and registered by the University Secretary's Department.

Annex 1

Supporting University Procedures Reference

Procedure	Location
Procurement Guide	StaffSpace/departments/Finance/operations/ procurement
Staff expenses and benefits	StaffSpace/departments/HR/staff handbook/all staff
Fraud response plan	StaffSpace/departments/Finance/rules and regulations/financial regulations
Financial procedures: <ul style="list-style-type: none">• General ledger• Income generation• Petty cash	StaffSpace/departments/Finance/central finance/budgetary control and financial accounting

Annex 2

Limits and Levels of Authority (University)

	Goods and Services	Planned Maintenance (non residential) (Note 5)	Planned Maintenance (residential) (Note 5)		Major capital works	Education, Research Grants and Contracts	Network Franchise Agreements
<i>Board of Governors (Note 1)</i>	Over £1m	Over £1m	Over £1m		Over £1m	Over £1m	Over £1m
<i>Vice-Chancellor/Deputy Vice-Chancellor and one other SMG member (Note 2)</i>	Up to £1m	Up to £1m	Up to £1m		Up to £1m	Up to £1m	Up to £1m
<i>Executive Members</i>	Up to £75k	Nil	Nil		Nil	Up to £75k	Nil
<i>KUEL Director</i>	Nil	Nil	Nil		Nil	Up to £75k	Nil
<i>Pro Vice – Chancellor, External Affairs (Executive Member) (Note 3)</i>	Up to £75k	Nil	Nil		Nil	Up to £75k	Up to £200k
<i>Director of Student Services (Executive member)</i>	Up to £75k	Nil	Up to £75k		Nil	Nil	Nil
<i>Director of Property Management and Development (Executive member)</i>	Up to £75k	Nil	Nil		Up to £75k	Nil	Nil
<i>General Manager of KUSCo</i>	Up to £75k	Up to £75k	Nil		Nil	Nil	Nil
<i>Associate Deans/Heads of School/FAMs/FBMs/FTMs Head of Corporate Departments</i>	Up to £10K	Nil	Up to £10k		Nil	Nil	Nil
<i>Budget Holders (Note 4)</i>	Up to £5K	Nil	Up to 5k		Nil	Up to £5k	Nil
	<p>Notes:</p> <ol style="list-style-type: none"> 1. Contracts under £1m may be referred by the Vice-Chancellor, where they are unusual or may result in reputation impact for approval by the Board 2. The Vice – Chancellor’s limit relates to authority within agreed existing budgets and not an authority to make budget changes 3. For network contracts up to £200k, authorisation required from both the Pro-Vice Chancellor (External Affairs) and the Vice-Chancellor 4. Executive Members can nominate any manager in their area to be a budget holder 5. Planned maintenance expenditure can only be incurred in accordance with approved integrated capital and maintenance plan 						

Annex 3

**ANNUAL ACKNOWLEDGEMENT
OF
DELEGATED AUTHORITY**

Operative Date:

I hereby confirm that a copy of the University's Financial Regulations is held by me and I understand the requirements placed upon me to adhere to such.

I agree to abide by the limits and levels of authority, as set out in Annex 2 of the Regulations.

Name

Position

Cost Centre

Level of Authority (£)

.....

.....

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.....

Signature

Date

I confirm that delegated authority up to the limits and levels prescribed in the University's Financial Regulations has been approved for the financial year ending .*

Signature

Date

*To be completed when the above named is not an Executive Member, as defined by the Financial Regulations.