

FINANCIAL REGULATIONS
Adopted and approved 24 April 2017 by Court



- A Introduction**
- 1 Purpose Contact: Lynne Ramsay: lynne.ramsay@ed.ac.uk; 650 9563
- The purpose of these Regulations is to:
- a. provide sound arrangements for internal financial management, accounting and control;
 - b. promote best value for money; and
 - c. fulfil the University's legal and financial obligations including the requirements of its Financial Memorandum with the Scottish Funding Council.
- These regulations are subordinate to the University's Statutes and Ordinances.
- The Financial Information, Reporting & Strategy team (FIRST) should be contacted for advice if there is any uncertainty as to the application of the Financial Regulations.
- 2 Responsibility Court is responsible for the supervision and management of University resources and finances and is responsible for reviewing the effectiveness of the University's system of internal control and risk management.
- The Principal is the designated officer appointed by the University Court who is directly accountable to the Chief Executive of the SFC for the institution's proper use of funds.
- Policy and Resources Committee (PRC) advises Court on financial matters.
- Further information on the remit of the various [committees of Court](#) is on the University's website.
- 3 Application These Regulations apply to:
- a. all University income and business including all purchases or acquisitions of goods, services and capital works;
 - b. all staff – see section c for details of staff responsibilities; and
 - c. all departments and University subsidiary companies
- 4 Policies and Procedures These Regulations should be read in conjunction with the University's financial policies and procedures as set out in the Finance and Procurement websites. The Policies set down the principles that must be followed and the procedures set down the way in which the policies should be applied. The procurement regulations are embedded in the appropriate [Procurement Journey](#).
- 5 Review and maintenance These Financial Regulations shall be effective from 24 April 2017.
- The Director of Finance maintains a continuous review of these Regulations and they will be updated annually. Major changes will be through Court approval on the advice of the Policy and Resources Committee. These Regulations and any changes will be communicated to Heads of Schools/Departments and will be published on the University's website.

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- 6 [Annual Report and Accounts for the financial year](#)
- The University prepares an Annual Report and Accounts which include financial statements for its financial year which runs from 1st August until 31st July.
- The financial statements are prepared in accordance with the following:
- a. FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland,
 - b. Statement of Recommended Practice (SORP): Accounting for Further and Higher Education,
 - c. Scottish Funding Council Guidance.
- The Audit and Risk Committee review the financial statements which have been audited by the University's appointed external auditor and recommend to Court for approval. They are then signed off by the Principal, the Vice–Convener of Court and the Director of Finance on behalf of Court.
- Contact: Julia Miflin: julia.miflin@ed.ac.uk; 650 2168
- 7 **B Ethical Principles and Business Conduct**
General Principles
- No University activity must be undertaken that is in known breach of the laws and regulations of any country. Staff knowingly or recklessly disregarding this prohibition may be subject to disciplinary action, up to and including dismissal. In cases of doubt, all staff must seek advice from the University Secretary before any financial commitment is made or where there is suspicion of money laundering or other criminal activity.
- All staff must ensure they commit University resources in a transparent and ethical way and must always seek to uphold and enhance the standing of the University.
- Key Principles of University Procurement are (as defined by law)
- a. equal treatment,
 - b. non-discrimination,
 - c. transparency,
 - d. proportionality,
 - e. mutual recognition
- Failure to observe the following will lead to disciplinary action, up to and including dismissal:
- a. Staff must not use their authority or office for financial gain for themselves, friends or relative
 - b. No-one can evaluate bids or sign a University contract if they (or family) have a personal interest in the affairs of the other party.

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8 Nolan Principles All University business must be conducted in a manner consistent with the Committee on Standards in Public Life's seven principles. These are selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Governance Codes

9 [Scottish Code of Good Higher Education Governance](#) The Committee of Scottish Chairs, being the chairs of the governing bodies of Scotland's 19 higher education institutions, appointed a Steering Group to oversee the preparation of the Scottish Code of Good Higher Education Governance (the Code).

All University financial affairs will be conducted according to the principles outlined in the Code. A 'comply or explain' basis will be used in relation to these principles. The Principal must advise the Court if the University's financial affairs or plans deviate from the expectations in the Guidance.

The Code states that the overarching purpose of HEIs is to promote the enduring success, integrity and probity of the Institution as a whole. Specifically:

- a. Supporting its mission as an autonomous institution;
- b. ensuring the proper and effective use of funds;
- c. promoting an appropriate participation of its key constituents, including students and staff;
- d. guarding against potential conflicts of interest;
- e. maintaining and observing clear statements of authority and responsibility;
- f. matching such authority and responsibility with accountability to key internal and external stakeholder

Guidance on Remuneration Committees was also issued.

Financial Management

The Code also states:

Day-to-day financial control is exercised by officers of the Institution under delegation from the governing body. Responsibility for administering the finances and advising on financial matters is delegated to a professional employee, generally designated as director of finance. That individual must have access to the Principal whenever he/she deems it appropriate.

10 Bribery and Corruption All staff must comply with the University's [Anti-Bribery and Corruption Policy](#). Staff business conduct must comply with this policy regardless of where University business takes place. They must particularly ensure that they do not breach the UK [Bribery Act 2010](#) by ensuring that they avoid the Act's four offences:

- a. Bribing another person;
- b. Being bribed;
- c. Bribing a foreign public official; and
- d. Failure to prevent Bribery

All staff must ensure that external contractors or organisations working at the University Comply with the 2010 UK Bribery Act and other applicable anti-bribery legislation worldwide.

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In cases of doubt about offers or inducements all staff must contact the University Secretary for advice.

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| 11 | Money Laundering | All staff must comply at all times with the Proceeds of Crime Act 2002 , the Money Laundering Regulations 2007 , the Bribery Act 2010 and all other regulations on, or related to, money laundering and related offences. |
| 12 | Modern Slavery | All staff must comply at all times with the Modern Slavery Act 2015 . The University's Modern Slavery Statement details the relevant policies and procedures which will ensure that staff will act ethically and with integrity in all relationships, and use all reasonable endeavours to take action directly and to influence others to ensure slavery and human trafficking is not taking place.
To demonstrate its commitment, the University has adopted the Advanced Procurement for Universities and Colleges (APUC) Supply Chain Sustainability Policy which promotes the 10 Principles of the UN Global Compact. |
| | Human Rights | 1: Businesses should support and respect the protection of internationally proclaimed human rights; |
| | Labour | 2: make sure that they are not complicit in human rights abuses.
3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; |
| | Environment | 4: the elimination of all forms of forced and compulsory labour;
5: the effective abolition of child labour;
6: the elimination of discrimination in respect of employment and occupation. |
| | Anti-corruption | 7: Businesses should support a precautionary approach to environmental challenges;
8: undertake initiatives to promote greater environmental responsibility; and
9: encourage the development and diffusion of environmentally friendly technologies.
10: Businesses should work against corruption in all its forms, including extortion and bribery. |
| 13 | Fraud and irregularity | All staff, students or members of Court who suspect fraud or irregularity in the University must report their concerns to the Director of Finance. The Director of Finance must immediately advise the Principal, the Convener of the Audit and Risk Committee, the University Secretary, the Director of Corporate Services, and the Chief Internal Auditor.

All fraud investigations must be authorised and conducted in accordance with the University's Fraud Response Plan. The University's disciplinary policy must be adhered to. No member of staff is permitted to undertake a fraud investigation without authorization. The Director of Finance will liaise with the Director of Human Resources before appointing an investigator.

Fraud allegations relating to the Director of Finance, must be reported without delay to the University Secretary who will follow the Fraud Policy and Fraud Response Plan when such reports are made. |

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The Principal, Director of Legal Services and the University Secretary are authorised to contact the Police in cases of alleged fraud against the University. No other University officer is permitted to contact the Police in such circumstances.

The University Secretary will advise the SFC where:

- a. frauds exceed the threshold advised in their Financial Memorandum.
- b. frauds could damage the relationship between SFC and the University if the SFC is not alerted.

Reports relating to all fraud investigations undertaken must be presented to the Audit and Risk Committee. Updates on any ongoing investigations must also be given, subject to any legal restrictions. These reports will be given by the University Secretary or the Director of Finance.

Any firms convicted of irregularities must be excluded from future procurement in accordance with the legal obligations stated in the Procurement Regulations.

14 Conflict of Interest

All staff must formally declare any potential conflicts of interest to their line manager when undertaking University business. All declarations must:

- a. be in writing;
- b. comply with the requirements stipulated in the University [policy on conflicts of interest](#);
- c. record and handle any identified potential conflicts of interest (during procurement stages) in accordance with sector guidance.

"Interest" includes financial involvement of spouses, partners, children, parents or other immediate family.

15 Register of Interests

The University Secretary will be responsible for maintaining a Register of Interests. Members of Court, Court Committees and specified Officers of the University must submit written annual declarations of interest to the University Secretary. Any changes to the Officers required to submit declarations will be advised by the University Secretary.

Any identified potential conflicts of interest during procurement stages must be handled and recorded in accordance with sector guidance.

16 [Gifts and Hospitality](#)

University staff must avoid accepting offers of gifts of hospitality in the following circumstances where:

- a. accepting the offer could be perceived as seeking to influence the proper conduct of their duties,
- b. accepting the offer could be taken to influence future decisions in the University, eg the outcome of a procurement process,
- c. the acceptance of even modest gifts or hospitality could damage the reputation of the University,
- d. the gift of hospitality is significantly greater than the University would provide in return,
- e. Where lavish offers of gifts or hospitality could be taken to be bribery.

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All staff will declare all gifts and hospitality offered during any procurement process, or received above the minimum thresholds set. These thresholds will be notified annually to the University by the Director of Finance.

Staff must decline gifts or hospitality in all cases of doubt.

Staff must not accept offers of gifts, hospitality or “free” goods for use from organisations currently tendering for University business and report offers made during the procurement process. Staff must contact the Director of Procurement for clarification in cases of doubt.

All gifts and hospitality received and given must be recorded in a gifts and hospitality register. The Head of School/ Directors of Service are responsible for ensuring up to date registers are maintained.

- 17 Acceptance of Donations Only authorised officers in the Development Office can formally acknowledge acceptance of a donation made to the University. Signed approvals for all financial and land and buildings donations must comply with the Delegated Authority Schedule. No donations must ever be accepted where:
- a. restrictions are sought on any aspect of academic freedom,
 - b. funders request explicit control over the use of University resources,
 - c. funders request the alteration of any University policy,
 - d. Equipment is free-on-loan or with promise to purchase.
- Potentially contentious donations must be referred to the University Secretary for further action. This can include further submission to the Ethical Fundraising Advisory Group. No decision must be made on acceptance without permission from these sources.
- All donations must be fully disclosed and recorded in a University-approved database record.
- 18 Whistleblowing Where staff suspect malpractice in the workplace, they must follow the University’s [Code of Practice on Reporting Malpractice](#). Reports must initially be made to line managers except where this is considered inappropriate by the person concerned.
- 19 [Data protection](#) All staff are responsible for ensuring that sensitive data is handled in compliance with:
- a. The Data Protection Act 1998,
 - b. University policy on storage and protection of information,
 - c. Commercial confidentiality (eg if a bidder or supplier is an individual).
- The Data Protection Act 1998 (DPA) sets out what you can and can’t do with all personal data that the University holds. The Records Management Section supports the University’s compliance with information legislation and provides guidance on dealing with personal data. There are eight Data Protection principles included in the University’s data protection policy that define how data can be legally processed. All staff are responsible for ensuring that personal data is handled in compliance with the DPA.

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- 20 [Policy on sensitive information and personal data](#)
- The policy sets out the University's policy on the storage, transmission and use of personal data and sensitive business information outside the University, including on mobile devices and portable storage media.
- All medium and high risk sensitive data or sensitive business information must be encrypted if it leaves the University environment. Failure to comply with this policy could expose the University, its staff or students to risks including fraud, identity theft and distress, or damage the University's reputation and its relationship with its stakeholders, including research funders. The Information Commissioner can also levy a fine on the University, which may be up to 10% of the University's turnover, or up to £500,000.
- Any financial data extracted from Finance Systems for transmission to third parties must be securely transmitted. All staff transmitting financial data must ensure University policies and procedures for encryption/password protection are followed. In case of doubt clarification on such matters must be sought from Information Services.
- The Information Security website outlines the responsibilities for protecting information including The Computing Regulations, The Information Security Policy, the DPA and The Freedom of Information (Scotland) Act 2002.
- 21 **C Staff Responsibilities Compliance**
- Contact: Jess Wright: jess.wright@ed.ac.uk; 651 4438
- Staff must, irrespective of sources of funding, comply with:
- a. the Financial Regulations
 - b. University Statutes and Ordinances
 - c. University policies and procedures;
 - d. all legal, financial, administrative and other obligations
 - e. the requirements laid down by the Scottish Funding Council, HM Revenue and Customs and other regulatory authorities
 - f. the University's Delegated Authorisation Schedule and must not:
 - authorise any financial or procurement activity outside of their authorised delegated limits.
 - deliberately split orders for goods and services to remain within any limits they are given.
 - deliberately avoid aggregation of expenditure on similar (type not source) of goods or services to remain below regulated thresholds
- Staff must also comply with
- a. University's Fraud Policy when fraud or irregularity is suspected.
 - b. The Whistleblowing Policy to raise issues of irregularity of malpractice.
 - c. The Modern Slavery statement to raise issues when slavery or human trafficking is suspected.
- A detailed list of regulatory bodies and their documents can be accessed at the link. [Governing regulations 2016 Jun 24.xlsx](#)

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In case of doubt all staff must seek advice on the application of any regulation, policy or procedure. This could be from your line manager, FIRST or the person responsible for the policy.

All staff must declare interests that may be perceived to affect their judgement in making or influencing decisions. These decisions include anything with a financial or procurement competition implication for the University. These can involve personal relationships as well as interests in a body bidding for business, or contracting with the University. Staff must seek the advice of the University Secretary in cases of doubt.

All staff must provide the Director of Finance with any information requested about the University's finances and Director of Procurement for any procurement plans or activities. This includes any requests relating to compliance with University Financial Regulations, Policies and Procedures or evidence regarding compliance with the University Procurement Strategy.

Appropriate records must be kept to ensure compliance is evidenced eg in court.

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| 22 | Risk | <p>All staff are responsible for assessing and managing risk and must:</p> <ul style="list-style-type: none">a. ensure risk is managed at an acceptable level for all University activities undertaken.b. only accept risks within their limits of authority and not breach any University policy or procedure.c. seek advice on procurement risks prior to engaging with suppliers or bidders. <p>In case of doubt Staff must initially consult with their line manager.</p> |
| 23 | Value for Money | <p>All staff are responsible for ensuring the University obtains value for money from funds received from all sources. Staff must ensure they use:</p> <ul style="list-style-type: none">a. University resources and assets in a prudent way to meet agreed University objectives.b. resources received or allocated for the purpose for which they are intended. <p>To help fulfil this responsibility, the Director of Finance will prepare and revise each year a value for money report.</p> <p>Internal audit will also have regard to value for money in its programme of work. These measures will be used to enable the Audit and Risk Committee to provide assurances regarding value for money in their annual report to Court.</p> |
| 24 | Consequence of non-compliance with regulations | <p>Non-observance of these Regulations may result in disciplinary action.</p> |

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Some Regulations have criminal conviction risks to individuals if found liable.

- 25 Communication of Financial Regulations The Director of Finance is responsible for ensuring that copies of the Financial Regulations are published on the University's website.
- It is the responsibility of all designated Budget Holders to ensure that:
- a. their staff are made aware of the existence and provisions of the Financial Regulations,
 - b. where necessary, ensure that staff are trained to carry out their duties and
 - c. ensure that staff are made aware that non-compliance with the Financial Regulations will result in disciplinary proceedings.
- 26 [Retention of documents](#) The University is required by law to retain prime documents for seven complete tax years (April to March). Further guidance on records and retention can be obtained from the [Records Management website](#).
- Requests for procurement documentation may be required for significantly longer on funding body terms e.g. European funding. Commercial supplier contracts should be retained for seven years after completion. Bids evaluated and records of decisions must be retained for seven years from the selection process.
- D Authorisation**
- 27 [Delegated Authority Schedule](#) Contact: Lynne Ramsay: lynne.ramsay@ed.ac.uk; 650 9563
- The Delegated Authority Schedule contains the regulations about the Committees or individuals to whom authority has been delegated. It outlines who can commit the University to expenditure within approved budget limits.
- Delegated authority is expressed through a system of authorised signatories. However, it remains the responsibility of primary Budget Holders, Heads of Schools or the equivalent officers to ensure full compliance with the Financial Regulations and Financial Policies and Procedures.
- The DAS includes regulations on:
- a. Budgets and General Expenditure
 - b. Land and Property
 - c. Knowledge Strategy Activities
 - d. Procurement
 - e. Treasury and Cash management
 - f. Income
 - g. Donations and Endowments
 - h. Students and Academic Collaborations
- 28 Sub-delegation of authority The Director of Finance has sub-delegated his authority through the Formal scheme of sub-delegation. The Schedule can be found on the Finance website.
- 29 Cheque and Standing Order Signatories Standing orders and direct debits must only be authorised by the Director of Finance and those individuals who have been approved as described above by the Court as cheque signatories

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30	Electronic Signatures	The use in these Financial Regulations of the term "authorised signatory" includes electronic as well as written signatures.
31	Staff Changes	The Director of Finance must be notified immediately of any changes to those authorised to commit expenditure, including staff leavers.
	E Financial Control	Contact: Laura Robertson: laura.robertson1@ed.ac.uk ; <u>651 4227</u>
32	Financial Control	There are various ways of exercising financial control; through audit and risk management, segregation of duties, authorisation limits, policies, budgets, system controls, bank reconciliations, management accounts, forecasting and audit.
33	Audit and Risk Committee	The Audit and Risk Committee is independent of senior management and reports directly to Court. It has a right of access to all information it considers necessary to discharge its responsibilities and consults directly with the internal and external auditors.
34	Risk management	The role of the Risk Management Committee is to support and advise the Audit and Risk Committee, and through it the Court, on the implementation and monitoring of the risk management policy.
35	Segregation of duties	Segregation of duties is an internal control designed to prevent error and fraud by ensuring that more than one person is required to complete a task. It serves as a deterrent to fraud and concealment of error because of the need to recruit another individual's co-operation, via collusion, to conceal it. Effective segregation of duties must be in place between the preparer and authoriser, and based on an approved transaction. See Appendix A for more detailed explanation.
36	Opening/ closing of bank accounts	Only Court may authorise the opening or closing of a University bank account and appoint University Bankers.
37	Operation of bank accounts	No staff member (other than the Director of Finance operating on the authority of Court) may open or operate bank accounts to deal with funds held by or due to the University Court.
38	All transactions recorded Gross	All sums received must be paid into the bank and accounted for in full. There must be no payments from receipts before being banked i.e. a. All transactions must be recorded in the system at their full value. b. Payments must not be made by netting off the full value of any receipt.
39	Cash receipts	All cash received from whatever source must be receipted in a timely manner using official University stationery. Custody arrangements must meet insurance provisions as a minimum requirement.

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	F Budgets and Forecasting	Contact: Alison Lindsay: alison.lindsay@ed.ac.uk ; 650 2436
40	Planning Round	<p>Governance and strategic Planning (GASP) are responsible for setting the timetable for the planning round. The pattern for this is:</p> <ol style="list-style-type: none">a. Setting of strategic prioritiesb. 1st round of planningc. Strategic review and directiond. 2nd round of planninge. Review and refinementf. Approval and confirmation <p>Budget holders must create a clear plan to achieve strategic objectives. They must focus on net income growth and optimise expenditure.</p>
41	Budgets	<p>A budget is an estimate of income or expenditure over a period of time. Regularly reporting actual income and expenditure against estimated helps the University manage and control its business. A detailed explanation of Budgetary Processes is on the Finance website.</p>
42	Resource allocation	<p>Court must approve an annual budget for the University before the new financial year starts.</p> <p>Before Court approves the budget it must approve the resource allocation recommended by the Policy and Resources Committee (PRC). The PRC recommendation is based on a paper prepared by the Governance and Strategic Planning department (GASP).</p>
43	Resource allocation model	<p>GASP is responsible for the resource allocation model. No activities can be funded which are not agreed under the model.</p>
44	Budget control	<p>The Head of College or Support Group is the designated budget holder for their respective College or Group.</p> <p>The control of income and expenditure within an agreed budget is the responsibility of the designated Budget Holder who must ensure that day-to-day monitoring is undertaken effectively.</p>
45	Budget reports	<p>The Director of Finance is responsible for supplying budgetary reports on all aspects of the University's finances to the University Court and its Committees, in particular the Policy and Resources Committee (PRC).</p>
46	Reporting variances	<p>Significant departures from agreed budgetary targets, incurred or prospective, must be reported immediately to the Director of Finance by the Head of School/Department concerned and, if necessary, corrective action taken.</p>

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- 47 Forecasts In addition to budget control, the University regularly forecasts its expected results. This helps to keep track of any issues that could arise. By identifying difficulties which may arise in future months and how such issues can impact on the University corrective measures can be put in place at an early stage to mitigate their impact. During the year, the Director of Finance is responsible for submitting revised forecasts to the Policy and Resources Committee for consideration before submission to Court for approval.
- 48 Capital planning The University has capital as well as revenue resources. These regulations apply to both capital and revenue expenditure. The limits for approval are in the Delegated Authority Schedule.
The Policy and Resources Committee (PRC) approves the estates capital plan as part of the business planning process, advises the University Court on any matters of concern and recommends to Court any proposals for significant subsequent amendments to the agreed estates programme.
The Estates Committee has Delegated Authority to approve land & property transactions/projects consistent with the direction of the estates capital plan up to £10m. Estates Committee does not have authority to approve projects which require resource outwith the estates capital plan. Such projects must be referred to PRC and Court for approval.
- G Accounting Systems** Contact: John Bannaghan: john.bannaghan@ed.ac.uk; 650 9384
- 49 Financial Systems The Director of Finance must authorise any financial system used in the University. The Chief Information Officer signs off on security and assesses the potential to integrate with the University's network.
- 50 Training In order to access the University's finance systems, staff members are required to attend an appropriate training course and must follow the policies and procedures for related systems. Training can be arranged by contacting the Finance helpdesk in the Finance Department or ePS helpdesk for eProcurement (SciQuest) training. Failure to attend an appropriate training course may result in access to financial systems being removed.
- 51 Recording of transactions All financial transactions must be properly recorded within the University's finance systems either through direct input or through an appropriate interface from another University approved system platform.
- 52 Compliance with computing regulations All members of staff with access to the University finance systems must comply with the rules laid down by Information Services and [computing regulations](#). This includes the protection of passwords which must not be shared.

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- 53 Authorisations database Every College and Support Group must use the eAuthorisations database to which School Administrators can add or amend personal, financial code or authorisations amounts.
Levels set on this database will be used for all financial systems. Authorisation levels on the eExpenses, FPM (finance process manager), eITs (electronic internal transfer system), and eFinancials systems and eProcurement permissions granted must agree to this database.
- 54 Ledger code changes There are 4 analysis codes used to record financial activity, cost centre, account, job and activity. Each of these must be used for the purpose for which they have been set up, i.e. cost centre relates to school or sub-unit, account to type of transaction and job to projects etc. Activity codes are only used for payroll. College and Support Group accountants must approve new cost centre and job codes. The financial control section of FIRST must approve new account codes.
- H Income**
- 55 Tuition fees Contact: Jess Wright: jess.wright@ed.ac.uk; 651 4438
Fees Strategy Group (FSG) is a strategic advisory group that reports to the Central Management. Group (CMG). FSG recommends fee proposals to CMG for final decision. The [Fees policies and guidance](#) contains a Programme Costing Template.
- 56 Maximisation of income It is the responsibility of all staff to ensure that revenue to the University is maximised by the efficient application of agreed procedures for the identification, collection and banking of income. In particular, this requires the prompt notification to the Finance Department of sums due so that collection can be initiated.
- 57 Pricing There is guidance on fee setting within the Fees policy and guidance. Goods/services received into the University at contract prices cannot be 'marked up' for internal resale unless agreed policy on internal recharges is agreed by the management accountants in FIRST. Such proposals must also be notified to the Director of Procurement.
- 58 Receipt of income Income can be received in various ways such as cash, cheque, credit card and online payments. All income received must be accounted for in the appropriate budgetary cost centre in order to facilitate accurate budgetary control and reporting.
- 59 Cheque receipts Cheques intended for any fund within the University must be made payable to the University of Edinburgh.
- 60 Credit card/ internet payments All electronic payments must comply with [Payment Card Industry Data Security Standards \(PCI DSS\)](#). Compliance is mandatory for any business that processes, stores or transmits cardholder data i.e. process card payments.
Responsibility for compliance with PCI DSS is managed by the Finance Department. Policies, training and checklists are provided to help all departments and staff who deal with card transactions.
- 61 Payments to subsidiaries Payments made to University subsidiaries should be made payable to the subsidiary concerned. If goods and services are being procured and the subsidiary is wholly owned, the University Procurement Strategy permits non-competition.

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- 62 Sales Invoices The Director of Finance is responsible for the University's sales' invoicing, debt management and credit arrangements. In exercising these responsibilities the Director of Finance will ensure that:
- a. sales invoices are accurate, raised promptly on official invoices and are recorded in the financial system;
 - b. any credits granted are valid, properly authorised and accurately recorded;
 - c. VAT is correctly charged and accounted for;
 - d. monies received are posted to the correct debtor account;
 - e. swift and effective action is taken in collecting overdue debts;
 - f. outstanding debts are monitored and pursued, and reports are prepared for management.
- 63 Overdue debts Debt which is overdue by more than six months, or is deemed irrecoverable before that date, is charged back to the School, Research Institute or Administrative Service who raised the associated invoice.
- 64 Debt write off The Policy and Resources Committee has delegated authority to approve financial transactions for settlement of tax matters, incorporation and winding up of a subsidiary, creation of joint venture legal entities write-off or write-down of money due and foreign exchange dealings, up to £10m.
All transactions listed in this section must be notified to the Director of Finance.
- I Grants and Contracts for Research, Commercial and Other Activities** Contact: Stuart Graham: stuart.graham@ed.ac.uk; 650 2197
- 65 Research Grants The Director of Corporate Services has delegated authority for:
- a. the application and acceptance of research grants,
 - b. tenders for research contracts to others and
 - c. stand-alone contracts for research.
- 66 Grants and contracts greater than £5m The Director of Finance should be notified of all grant applications, acceptances, tenders and standalone contracts above £5m.
- 67 Applications Staff are encouraged to seek and obtain grants and other awards from the various research granting bodies.

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- 68 Research Support Office The [Research Support Office \(RSO\)](#) is responsible for all administration regarding research grants and contracts up to and including the point of acceptance by the University. It is crucial that all proposals for work for third parties is notified to RSO to ensure that the correct procedures are followed.
- RSO and researcher are responsible for identifying any regulated procurement required to complete the research grant or contract, and ensuring that the University Procurement Strategy is applied, and Procurement Office notified in order to provide appropriate advice/guidance.
- 69 Costing applications It is University policy that all externally funded research and service projects will be costed on a fEC basis, except for travel grants, equipment grants and studentships. The University's guidelines on the full economic costing (fEC) of research and service contracts is available on the University's [fEC website](#).
- Equipment grants should seek whole life cost recovery at list price, as procurement action may reduce the funding. Underestimates cannot easily be covered if a funding bid falls short for example if it is discounted, currency dependent.
- 70 Awards The Finance Department is responsible for the financial administration of research grant awards.
- 71 Other Services (Non Research and Commercial Contracts) Where the University provides a service to an external organisation which does not fall within the definition of a research grant or contract, it will be considered to be a 'Services Rendered' contract. These contracts are income generating activities and include:
- a. the provision of a service (routine testing, analysing samples etc.),
 - b. conferences,
 - c. continued Professional Development Courses and
 - d. consultancies.
- 72 Commercial contracts The Chief Executive Officer of Edinburgh Research and Innovation (ERI) in conjunction with the Director of Corporate Services or his sub delegate has delegated authority to sign 'Service and Consultancy' agreements. Heads of College have delegated authority to sign Conference and Short Course agreements.
- It is the responsibility of all staff members who have delegated responsibility to ensure that the University Procurement Strategy and appropriate procurement journey for competitive tendering policy is followed when proposing to enter into a commercial buying contract with an external third party for any services/goods. Advice should be sought from [Procurement Office](#) before action.
- 73 Commercial Activity Commercial activities cover both trading and commercialisation. A more detailed explanation is on the [Finance website](#).

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- 74 Earmarked Grants
- From time to time, the University is awarded grants and funding for a specific purpose or programme. Staff responsible for financial matters in the Colleges, Schools or Support Groups will discuss with the appropriate Budget Holder how best to administer the grant but normal practice will be to set the grant up as a separate project, with its own job code, within the University's financial system. Each project will have a designated Budget Holder who must ensure that the terms and conditions of the grant are adhered to. Failure to adhere to conditions may lead to the University having to reimburse a sponsor or incur a financial penalty. Any loss to the University resulting from a failure to meet conditions of the grant will be charged to the College, School or Support Group income and expenditure account. Any unspent income on an ear-marked grant will be carried over between financial years as long as this does not conflict with any conditions associated with the grant. The University Procurement Strategy applies to any proposed acquisitions to complete the project aims.
- 75 Intellectual Property Rights (IPR)
- Policies and Procedures relating to Intellectual Property Rights (IPR) are on the ERI website.
- Generally, contracts received from research sponsors place an obligation on the researcher and the University to exploit valuable research results. It is the policy of the University to develop University research capabilities and to assess, develop and promote the transfer of Edinburgh's technology and ideas for society's use and benefit.
- Procurement standard terms and conditions must be used unless otherwise approved by University Director of Procurement consulting with the Legal Services.
- J Endowments and Donations**
- 76 [Donations](#)
- Contact: Lynne Ramsay: lynne.ramsay@ed.ac.uk; 650 9563
- The Development Trust has delegated authority for acceptance and utilisation of donations.
- A Memorandum of Understanding (MoU) is drawn up between the donor and the University agreeing the purpose of the donation and its terms of use.
- Development Trust decides what the donation is for and allocates it to the appropriate cost centre in the College or Support Unit. Donations can be received with restrictions which limit what the donation can be spent on. The budget holder must spend the donation on the purpose for which it was given. There may also be performance related conditions which will affect how the donations is accounted for.
- The policy and guidance on accounting for donations and endowments is on the Finance website.

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- 77 [Endowments](#) An endowment is a particular type of donation and is recognised as income in the year it is received.
It is retained by the University and invested so that it earns income which can be used for the purpose specified by the donor.
A permanent endowment must be retained in perpetuity whereas an expendable endowment may be utilised when necessary in line with the terms of its MoU.
The Investment Committee has responsibility for the investment of endowment funds.
The individual endowment fund-holder must ensure that expenditure is in line with the donor’s wishes.
- K Non-pay expenditure** Contact: Lorna Mcloughlin: lorna.mcloughlin@ed.ac.uk; 650 9555
- 78 Authority to Incur Expenditure No expenditure may be incurred by a Head of School unless provision for such expenditure is included in the Annual Budget or has been additionally approved by the Policy and Resources Committee or Director of Finance or is covered by a specific provision, from an external source, accepted formally on behalf of the University by an officer authorised on behalf by the University.
- 79 Purchasing - Acquiring Goods and Services A Head of School may incur revenue expenditure within the approved budget providing that the expenditure is made in accordance with the Financial Regulations, the University Procurement Strategy and detailed financial policies and procedures. All financial commitments must be in line with the University’s Delegated Scheme of Authority, Finance Department’s Authorisations’ database and follow the appropriate approved Procurement Journey.
- 79 Purchasing - Acquiring Goods and Services All staff must comply with the University’s [Procurement Strategy](#). The procurement office should be contacted on Procurement Strategy or regulations before action.
- Staff should wherever possible buy goods and services from University contracted suppliers who have been selected according to our strategy and legal duties using the appropriate e-ordering system. For information on approved contracted suppliers see [Buy@Ed](#). A list of regulated contracts are on the Procurement website.
- Where the goods or services cannot be sourced from a contracted supplier then staff members must follow the University approved [Procurement Journey](#).
- The University will procure any other goods/services/ works according to the appropriate and legally compliant procurement processes, using the Procurement Journey and advice provided from the procurement professional staff engaged.
- 80 Procurement Office guidance Guidance, training and awareness of procurement law, whole life costs, drafting a procurement plan and procurement journeys are available from the Procurement Office. The University requires advance and (from 2017) public planning for any large, major or strategic projects, or where total acquisitions of goods or services aggregate to a value in excess of £50,000. Details of financial thresholds for large projects (eg workover£2million)and the planning guidelines to be followed are outlined

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on the procurement website.

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| 81 | Receipt of goods and services | <p>All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification. A delivery note must be obtained from the supplier at the time of delivery and signed by the person receiving the goods.</p> <p>All persons receiving goods on behalf of the University should, if possible, be independent of those who negotiated prices and terms, and authorised the official order. The University has payment obligations under the University Procurement Strategy and goods receipting must not be delayed as it may delay payment duties.</p> |
| 82 | Return of goods | <p>If the goods are deemed to be unsatisfactory, the record shall be marked accordingly and the supplier immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.</p> |
| 83 | Payment of Invoices | <p>All invoices will be paid in line with the appropriate Finance Department's Policies and Procedures.</p> <p>The Director of Finance is responsible for deciding the most appropriate method for payment of invoices. Invoices will only be paid for amounts authorised by an appropriate authoriser with a sufficient delegated limit as in the Delegated Authority Schedule and as defined on the eAuthorisations database.</p> <p>Payments shall only be made on invoices where the goods or services have been satisfactorily received. However, in circumstances where advance payment (partial or full) is required as a condition of contract, and the University can be satisfied that it will ultimately receive the goods and services, such payments may be made.</p> |
| | HMRC IR35 | <p>When engaging a supplier it is essential that staff determine if a person is an employee under HMRC IR35 (intermediaries legislation). All invoices received from these suppliers must be sent to payroll so that tax and national insurance can be deducted before payment.</p> |
| 84 | Late payment rules | <p>The Late Payment of Debts (Interest) Act 1998, as amended by the Late Payment of Commercial Debts Regulations 2013, gives small, medium and large businesses and public sector organisations the right to charge interest on late payments from large organisations and public authorities. In view of the penalties in this Act, school/departments should ensure that invoices are authorised without undue delay. Any charges incurred will be charged back to the College / University Service concerned. The University does not apply this charge to other organisations.</p> |
| 85 | Internal Charging | <p>All Internal charging from one department to another must be undertaken using the electronic internal transfer (eIT) system, following satisfactory delivery of goods or performance of service and appropriate authorisations.</p> <p>Prompt payment of eITs is essential for goods, services which are bought in order to supply e.g. catering, events, printing. The eIT must not be held back to manage budgets.</p> |

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- 86 Payment of expenses Reimbursement of expenses must be done in accordance with the [Expenses Policy](#).

Claims for expenses must be raised and approved in the University eExpenses system. Click on [link](#) for guidance on how to register.

eExpenses must not be used as a route to procure goods and services.
- 87 Advances Where advances are made to members of staff for reasons of foreign travel, these advances should be accounted for within 3 months of the return to the University. Further advances will not be made to members of staff who have previous advance accounts outstanding.
- 88 Petty Cash The University's petty cash account is maintained by the Finance Office. Cash floats should not normally be maintained in Departments. However, under exceptional circumstances, petty cash accounts may be maintained on the authority of the Director of Finance to meet minor payments and disbursements. Such accounts are the responsibility of the member of staff to whom they are entrusted. Payments from petty cash accounts must be supported by appropriate invoices or receipts.
- L Payroll and Pensions**
89 Staff records and contracts Contact: Laura Robertson: laura.robertson1@ed.ac.uk; 651 4227

A contract must be set up by the Human Resources Department before any work is performed. Departments should not contract with individuals directly.

Managers must ensure that the relevant Head of Human Resources is provided promptly with all information required in connection with the appointment, resignation or dismissal of employees

The Director of Human Resources is responsible for:
 - a. ensuring all contracts of employment are in accordance with the University's approved Human Resources practices and procedures,
 - b. the maintenance of staff records and for determining the contractual arrangements relating to the payments of salaries, wages and other emoluments,
 - c. issuing all contracts of employment.
- 90 Staff payment The Director of Finance is responsible for ensuring:
 - a. that people are paid through the University payroll,
 - b. that tax is deducted, except where satisfied that a contract of employment does not exist, and
 - c. the maintenance of related records, including those of a statutory nature.
- 91 Payment of wages, salaries and other remuneration Except where specifically directed by the Director of Finance, all payments of wages, salaries or other salary emoluments or employment shall be made through the University payroll. The payroll is run on the Oracle HR system and is jointly managed by HR and Finance.

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92	Pensions	<p>The eligibility of staff for membership of the University's Superannuation Scheme (USS), the Edinburgh University Staff Benefits Scheme (SBS), the National Employment Savings Trust (NEST) and any legacy Schemes will be detailed in individual contracts of employment and the University's conditions of service documents.</p> <p>The Director of Finance is responsible for undertaking the Court's role as employer in relation to most pension matters.</p>
	M Land, Buildings and Equipment	
	Safeguarding assets	<p>Contact: Jennifer Roskilly: j.roskilly@ed.ac.uk; 650 6091</p> <p>Assets owned or leased by the University shall, so far as is practical, be effectively marked to identify them as University property. Local inventories of such assets should be maintained with the following details included:</p> <ol style="list-style-type: none">a. A description of the equipment;b. The price paid or its estimated value;c. Related future costs such as maintenance, annual service, part replacement, upgrades and warranties. This is to ensure that the assets can continue to be used.d. The location in which it is stored or used;e. The date of purchase or lease.
94	Personal use of assets	<p>Assets owned or leased by the University shall not be subject to personal use without proper authorisation.</p>
95	Disposal of assets	<p>Disposal of land and buildings must only take place with the authorisation of Court advised by the Estates Committee. The Funding body consent may also be required if exchequer funds were involved in the acquisition of the asset.</p>
96	University vehicles	<p>University-owned vehicles may only be used by authorised drivers on official University business. Authorised driver must read and abide by the University's vehicle policy and Vehicle and driver handbook.</p> <p>Personal or private use of University vehicles is strictly forbidden and University vehicles should not be taken home by authorised drivers. Advice on insurance is available from the University Insurance Officer.</p>
97	Custody of assets	<p>Individual Schools, Department and Research Centres are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the University, whether tangible (such as stock) or intangible (such as intellectual property), including electronic data.</p>

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98	Capital Policy	<p>The Director of Finance is responsible for capital policy and guidance</p> <p>The capital policy and guidance describes the different types of expenditure that may, or may not, be capitalised and gives examples.</p> <p>Capital expenditure includes the acquisition, upgrading and construction of fixed assets such as buildings and equipment costing more than £50,000 which will be used for more than one year. Any other expenditure on assets is charged to revenue.</p> <p>The University's detailed accounting policies on capitalisation of assets can be found within its financial statements available from the Finance website.</p>
99	Recording of Fixed Assets	<p>For accounting and reporting purposes the University must record:</p> <ul style="list-style-type: none">a. Research equipment costing more than £10,000;b. Leased equipment – equipment and vehicles leased or hired by the University for a period of one year or more;c. Fixed asset equipment costing more than £50,000 with a useful life of more than four years. <p>The capital accounting section of FIRST must be notified of capital equipment spend using the Capital Equipment Expenditure (CEE) form process. Fixed asset equipment costing less than £50,000 should be written off in the year of purchase.</p>
100	Property and equipment documentation	<p>All legal documentation related to building will be retained by Legal Services. Estates retains the invoices related to buildings. Invoices for equipment bought by Colleges and Support Groups is retained by Accounts Payable for seven years. All other documentation must be retained by College and Support Groups.</p>
101	Changes to assets	<p>In order for the University to ensure that its central fixed asset register is kept up to date, Budget Holders must notify the capital accounting section of FIRST where they become aware of changes in capitalised assets (for example where any of these assets are disposed of or where their value has fallen due to damage or changes in market conditions).</p>
102	Central Asset Register Threshold	<p>The capital accounting section of FIRST maintains the central asset register for property and equipment with an initial cost in the excess of £50,000. The register is a module of eFinancials in which each individual asset has a unique record.</p>

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	N Stocks	Contact: Jennifer Roskilly: j.roskilly@ed.ac.uk ; 650 6091
103	Stock Control	<p>Stock includes assets:</p> <ol style="list-style-type: none">a. held for sale in the ordinary course of business andb. materials or supplies used in a production process or for rendering of services. <p>Heads of Schools or Support Groups are responsible for establishing adequate arrangements for the custody, control security and safety of stocks and stores within their areas of responsibility. The accounting systems used for stores must have the approval of the Director of Finance.</p>
104	Stock Checks	<p>Heads of Schools or Support Groups are responsible for ensuring that regular inspections and stock checks are carried out. Stocks and stores of a hazardous nature should be subject to appropriate security checks and methods of storage and disposal have been approved by the Health and Safety Department.</p>
105	Safe guarding and accounting for stock	<p>Staff responsible for stock locations must ensure that:</p> <ol style="list-style-type: none">a. adequate stock-taking procedures are in place as required within the University's year-end procedures;b. stock is ordered only in appropriate quantities of suitable quality at the best terms available, within the University Procurement Strategy, and purchased after appropriate requisition and approval;c. stock is adequately protected against loss, misuse or obsolescence;d. procedures are in place to account for all stock movements and the correct allocation to the appropriate user;e. stockholdings are regularly reviewed for obsolete stock and in such cases obsolete stock should be disposed of at an appropriate time so as to obtain the best value (normally expected to be market value) possible for the University;f. waste regulations and Waste Electrical and Electronic Equipment (WEEE) directives are applied to disposal;g. best value is obtained for the competitive sale of any goods to external bodies or to staff and proper records are kept of the sales procedures;h. stocks are valued during the year and the stock valuation (as reported to the Finance Department) should be at the lower of cost or net realisable value.
	O Investment and Borrowing	Contact: Lynne Ramsay: lynne.ramsay@ed.ac.uk ; 650 9563
106	Treasury Management	<p>The University's Treasury Management policy is determined by University Court on the advice of the Policy and Resources Committee and the Investment Committee.</p> <p>The day to day operations in relation to treasury management are delegated to the Finance Department. The Director of Finance reports to the Investment Committee.</p>

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- 107 Investments The Investment Committee is responsible for oversight of all investment of funds of the University. No School or Department of the University may invest in any securities or other investments (including land and buildings) without the prior approval of PRC. Schools or Departments must not borrow money outside the University. No guarantees or letters of comfort may be issued except with the prior written consent of the Director of Finance.
The Social Responsibility and Sustainability department is responsible for the updating of the [Responsible Investment Policy Statement](#) which summarises the approach the University takes to responsible investing, and highlights the progress made along with actions planned in response to policy decisions and strategic objectives relating to environmental, social and governance considerations.
- 108 Loans No School or Department may make a loan, including loans to staff or (outside the normal course of business) extend credit arrangements without the Director of Finance's consent. Equipment loans e.g IT for use in transit or at home, must be registered with information services and meet computer regulations and data protection.
- 109 [Transport loan](#) The University of Edinburgh provides staff with an interest free transport loan for purchasing a bus or train season ticket which is then paid back in instalments from their salaries.
- 110 Hire Purchases and Leases Finance are required to keep a register of financial commitments arising from the long-term lease, or hire, of all equipment. The details of all new leases should be emailed to: first.finance@ed.ac.uk. If an item of leased equipment would have cost the University £50,000 or more to purchase, the Finance Department may have to capitalise this and treat it as an item of fixed asset equipment.
- 111 **P Insurance**
Insurance cover and claims Contact: Geraldine Halliday: geraldine.halliday@ed.ac.uk; 650 9154
The Insurance Department arranges cover which must be procured in accordance with the University Procurement Strategy, for buildings, contents, motor vehicles, travel and legal liabilities.
Further information, including how to make claims can be obtained from the Insurance Manual and [insurance section](#) of the Finance Department website.
- 112 Valuations The Insurance Section is responsible for keeping up to date records of the insurance valuation of buildings and plant and machinery, as required, which may be subject to inspection by an insurance company.
- 113 Use of own vehicle All staff using their own vehicles on behalf of the University must maintain appropriate insurance cover for business use.

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- 114 Notification of risks and claims
- All staff must:
- a. give prompt notification to the Insurance Section of any potential new risks or activity, and additional property and equipment being procured that may require insurance and of any alterations affecting existing risks;
 - b. advise the Insurance Section of any event that may give rise to an insurance claim (either by or against the University). The Insurance Manager will notify the University's insurers and, if appropriate, prepare a claim.
- Q Taxation**
- 115 Responsibility for tax compliance
- Contact: Alastair McClelland: alastair.mcclelland@ed.ac.uk; 650 9608
- The Director of Finance is responsible for advising on all taxation issues within the University in the light of guidance issued by the appropriate bodies and relevant legislation as it applies. This includes VAT, PAYE, National Insurance, corporation tax and import duty. The Director of Finance is responsible for making all tax payments and submitting tax returns by their due date as appropriate.
- Any queries about VAT and corporation tax should go to the tax manager.
- 116 Value Added Tax
- The University's VAT Registration Number is GB 592 9507 00

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Appendix A

Segregation of Duties

No one person should:

- Initiate transaction
- Approve transaction
- Approve supplier selection (for procurement)
- Record transaction
- Reconcile balances
- Handle assets
- Review reports

Segregation of duties is critical to effective internal control; it reduces the risk of both erroneous and fraudulent actions. In general, the approval function, the accounting/reconciling function, procurement duties and the custody of assets should be separated among employees. When these functions cannot be separated, a detailed supervisory review of related activities is required as a compensating control activity. Segregation of duties is a deterrent to fraud because it requires collusion with another person to perpetrate a fraudulent act.

Specific examples of segregation of duties are as follows:

- The person who requisitions the purchase of goods or services should not be the person who approves the purchase.
- The person who approves the purchase of goods or services should not be the person who reconciles the monthly financial reports.
- The person who approves the purchase of goods or services should not be the person who authorises payment.
- The person who maintains and reconciles the accounting records should not be able to authorise payments.
- The person who specifies the goods or services should not be the (only) person who selects the bidders
- The person who opens the bids should not be the (only) person who selects the winning bid (or tender)
- The person who opens the mail and prepares a listing of cheques received should not be the person who makes the deposit.
- The person who opens the mail and prepares a listing of cheques received should not be the person who maintains the accounts receivable accounting records.