

# Financial Regulations

From: Executive Director, Finance & Planning

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## A. GENERAL PROVISIONS

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### I. Background

The University was incorporated by way of the University of Southampton Act (1952). The University Charter, Statute and general regulations are published in the [University Calendar](#). These describe the governance of the University and the powers and responsibilities of University Committees, including the University Council.

The University is an exempt charity and under the terms of the Charities Act 2011 is responsible to the Office for Students (OfS) as principal regulator of English Higher Education Institutions to ensure their compliance with Charity Law.

The Terms and Conditions of Funding for Higher Education Institutions between OfS and the University sets out the requirements for information to enable OfS to carry out their responsibilities as principal regulator. The memorandum reflects OfS' responsibility to provide annual assurances to Parliament that:

- Funds provided to institutions are being used for the purposes for which they were given
- Risk management, control and governance in the institution are effective
- Value for money is being achieved.

A condition of grant is that the University must use OfS and Research England funds only for activities that are eligible for funding under the Further and Higher Education Act 1992 and apply proper processes that ensure effective accountability. These Financial Regulations form part of the overall system of accountability.

This document sets out the University's Financial Regulations. It provides practical guidance detailing the University's policies relating to financial control.

These Financial Regulations must be read in combination with the University's Finance Policies. The Financial Regulations set down the principles that must be followed and the Policies detail the way in which the principles must be applied.

### II. Status of Financial Regulations

These Financial Regulations are subordinate to the University's Charter and Statutes and to any restrictions contained within the OfS publication 'Terms and conditions of funding for higher education institutions'. In the event of any potential conflict, the Charter and Statutes will take precedence.

The purpose of these Financial Regulations is to provide control over the totality of the University's resources and provide the University with an appropriate financial regulatory framework which ensures that resources are used with due regard to propriety, regularity and value for money in the context of the achievement of the University's strategic plan.

Compliance with the Financial Regulations and Financial Policies is compulsory for anyone with a contractual relationship with the University (this includes all employees, honorary staff, Council members and official University visitors including those working on a voluntary basis). A member of staff who fails to comply with the Financial Regulations or Finance Policies may be subject to disciplinary action under the University's Disciplinary procedures. Council will be notified of any material breach through Audit Committee. It is the responsibility of Deans/Chief Operating Officer to ensure through induction on appointment that all staff are made aware of the need to comply with the Financial Regulations.

Finance Committee oversees the maintenance of the Financial Regulations and advises Council of any additions or changes.

In exceptional circumstances, Finance Committee or the Chair of Finance Committee acting on behalf of that Committee, may authorise a departure from these Financial Regulations. Such a departure would be reported to Council at the earliest opportunity.

The University's accompanying Finance Policies and Procedures set out how these Financial Regulations must be implemented. In exceptional circumstances, the Chief Operating Officer or the Executive Director, Finance & Planning may authorise a departure from a Finance Policy or Procedure, providing that this does not constitute a departure from the underlying principles of the Financial Regulations. These exceptions will be recorded and reported to Finance Committee on an annual basis.

The Terms and Conditions of Funding for Higher Education Institutions between the OfS and the University applies to 'related undertakings' which include all University subsidiary companies and joint ventures. The University Financial Regulations set out the compliance framework which all subsidiary companies and joint ventures must comply with. The Directors of the subsidiary company or joint venture are responsible for ensuring compliance with the University Financial Regulations.

The Directors of the subsidiary company or joint venture are responsible for ensuring compliance with these Financial Regulations. Where the Finance Policy states that subsidiaries must set their own policy, Directors are responsible for arranging for subsidiary specific policies to be written and for submitting them to the Executive Director, Finance & Planning who will review their suitability and recommend approval by Finance Committee.

The Directors of the company are responsible for the effective management of the subsidiary and for ensuring that appropriate processes and procedures are in place. The Directors must provide annual assurance statements to the University as set out in the Annual Assurance Process.

## **B. CORPORATE GOVERNANCE**

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### **I. The University Calendar**

Information on Corporate Governance (including information on the Council and the committees of Council) can be found under Section II of the [University Calendar](#).

The University's Data Protection Policy can be accessed through the [University Regulations, policies and guidelines pages](#).

The University's Anti-Bribery Policy can also be accessed through the [University Regulations, policies and guidelines pages](#).

The University's Gift Acceptance Policy can also be accessed through the [University Regulations, policies and guidelines pages](#).

The University's Whistleblowing Policy can also be accessed through the [University Regulations, policies and guidelines pages](#).

### **II. Responsibility for Financial Matters**

The University Council has the overall responsibility for the financial affairs of the University. The Vice-Chancellor and President is the University's chief academic and administrative officer and is the designated Accountable Officer under the OfS Terms and Conditions of funding for higher education

institutions between OfS and the University. Day to day responsibility for the financial affairs of the University is delegated to the Executive Director, Finance & Planning.

Finance Committee oversees and reviews financial matters and makes recommendations to the Council. The Treasurer is a member of Council and Finance Committee. Full details of membership and terms of reference of Finance Committee can be accessed via the [University Calendar](#). Finance Committee recommends to Council the distribution of resources within the University on the basis of the University's strategic plan.

In accordance with OfS requirements, the University has an Audit Committee reporting to Council. The Audit Committee provides the Council with advice on the effectiveness of financial audit, risk assessment and internal control arrangements. The Audit Committee also has a number of other objectives which include:

- To comment upon questions of control and governance, value for money and the general efficiency, economy and effectiveness with which aspects of the University's activity are undertaken, and to recommend appropriate action as necessary.
- To review management procedures including risk management and to monitor the effectiveness of systems of accounting and internal control.

The Vice Chancellor and President must report any material adverse change or event such as a significant and immediate threat to the financial position of the University, significant fraud, or impropriety or major accounting breakdown to all of the following:

- Chair of Audit Committee
- University Treasurer
- Chair of Council
- Internal Audit Partner
- External Audit Partner
- OfS Chief Executive

The University Executive Board is a single decision making body bringing together academic and professional services leadership, working together to make the best decisions for the University. The Board's principal role is to ensure that resources, goals and governance meet the strategic and operational needs of the University in addition to overseeing the delivery of the core academic (education and research) activities of the University.

Deans and the Chief Operating Officer are responsible for the effective and efficient use of resources within their area of responsibility in line with their agreed strategic plan and for taking appropriate and prompt corrective action against variance from the agreed plan.

Subsidiary companies must take all reasonable steps to generate its budgeted level of income from its activities and contain its expenditure within its allocated budget. It is the responsibility of the Directors to ensure that expenditure does not exceed the level of the annual expenditure budget. Subsidiaries must produce quarterly forecasts and report any major variances to the Executive Director, Finance & Planning.

Staff must not commit the University contractually where they are not authorised to do so. The Scheme of Delegation found in [Finance Policy 23](#) sets out the limits of authority and delegation for all financial matters and contractual commitments.

### **III. Risk Management**

The University acknowledges the risks inherent in its operations and is committed to managing those risks that pose a significant threat to the achievement of its objectives and financial health.

Audit Committee reviews management procedures including risk management and monitors the effectiveness of systems of accounting and internal control. The University risk register is split into strategic risks and operational risks and is reported to University Executive Board, Audit Committee and Council. The principles of risk management are embedded in the University's operation and approval procedures at all levels. Deans and the Chief Operating Officer are responsible for risk management within their areas.

#### **IV. Conflicts of Interest Policies and Procedures**

The University's Conflicts of Interest Policy accords with the Seven Principles of Public Life established by the Nolan Committee, and similar policies are common in most universities and other publicly-funded bodies. The fact that the University has adopted such a Policy does not in any way cast doubt on the integrity or professionalism of the University's employees. Rather it recognises that the University wishes to give a great deal of freedom to employees to engage in external activities, but in so doing needs to put in place a mechanism to protect its employees, and itself, from reputational damage and other liabilities.

In summary, the Conflicts of Interest Policy provides for a three-fold approach:

- Disclose always
- Manage the conflict in most cases
  - Prohibit the activity when necessary to protect the public interest or the interest of the University.

The formal process of managing individual instances of actual or potential conflicts of interest is described in detail in the [Conflict of Interest Regulations](#).

#### **V. Compliance and Whistleblowing**

The University aspires to meet the expectations of legal and ethical codes for the conduct of its business, including the protection of those members of staff who consider that attention should be drawn to certain aspects of the University's work (a practice which is commonly known as "Whistle Blowing"). The University policy on "Whistle Blowing" can be accessed via the University's [Regulations, policies and guidelines pages](#).

A register of formally reported concerns raised under the Whistle Blowing policy is reported annually to Audit Committee.

#### **VI. Audit**

Audit activity will take account of the requirements of the OfS Audit Code of Practice and be consistent with other relevant statements of professional good practice.

External auditors are appointed by the University Council on the recommendation of Audit Committee. The Audit Committee discusses, as required, with the external auditors the nature and scope of their proposed work and also the outcome of the audit (including review of the annual external audit management letter).

Internal auditors are appointed by University Council on the recommendation of Audit Committee and provide an objective and independent appraisal of all the University's activities, financial and otherwise. They provide information to the whole organization, including the Audit Committee and all levels of management. Internal audit is not an extension of, nor a substitute for, good management, although it can have a role in advising management.

The Head of Internal Audit provides a written report and annual internal audit opinion to the Audit Committee as to the adequacy and effectiveness of governance, risk management and control, and

economy, efficiency and effectiveness arrangements (value for money). This is achieved through a risk-based plan of work, agreed with management and approved by Audit Committee.

Where the University wishes the internal or external audit firm to undertake other work, approval from Audit Committee may be required. Reference must be made to [Finance Policy 1](#) for further information.

## **VII. Anti-corruption, fraud and bribery**

The University is committed to conducting all of its business in an honest and ethical manner and has a zero tolerance policy towards fraud, bribery and any form of dishonesty in its transactions. Any allegation that a member of the University has acted in a manner that is illegal or inconsistent with this Policy will be treated seriously.

The University's management is responsible for the prevention and detection of fraud and other irregularities. The Executive Director, Finance & Planning is responsible for devising and implementing internal controls for this purpose. The effectiveness of these controls will be reviewed by Internal Audit.

The University's Anti-Corruption, Fraud and Bribery Policy sets out the University's commitment to conduct all of its business in an honest and ethical manner and can be accessed through the [University Regulations, policies and guidelines pages](#).

All employees have a responsibility to inform management if they have a suspicion of a fraud, act of bribery or other irregularity. The process which must be followed is set out within [Finance Policy 2](#).

## **VIII. Anti-Money Laundering**

[Finance Policy 5](#) outlines how the University and employees will manage money laundering risks and comply with its legal obligations, in accordance with the Proceeds of Crime Act 2002 and Money Laundering Regulations 2007. It aims to ensure that the University and its employees comply with the legislation, and that the highest standards of due diligence are applied.

## **IX. Criminal Finances Act**

The Criminal Finances Act 2017 introduced a new corporate criminal offence of failure to prevent the facilitation of tax evasion. The University is criminally liable where we fail to prevent those who act for, or on our behalf, from criminally facilitating tax evasion.

Further details are set out in [Finance Policy 24](#).

## **X. Use of the University Seal**

Any contract or other document required by law to be made under seal shall be validly executed if it is sealed with the Common Seal of the University and signed by the following persons in whose presence the Seal is affixed:

One member of the Council of the University and;  
The Chief Operating Officer, or the Executive Director, Finance & Planning, or the Academic Registrar or the Director of Legal Services.

## **XI. Guarantees and Indemnities**

No guarantee or letter of comfort or support will be issued other than as approved by the Executive Director, Finance & Planning within limits approved by Finance Committee.

Any member of staff asked to give an indemnity, for whatever purpose, will refer the request to the Executive Director, Finance & Planning.

## **C. FINANCIAL MANAGEMENT AND CONTROL**

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### **I. Financial Planning, Approval & Monitoring**

As part of the Annual Assurance Return to OfS, the University is required to prepare each year a five year consolidated Financial Plan (including cash flow forecasts and projected year-end balance sheets). This Financial Plan is presented to Finance Committee and Council for approval and subsequent submission to OfS.

The Financial Plan must be consistent with the University Strategy and Capital Programme approved by Council. The financial plan should set appropriate benchmarks and performance indicators, show how resources are to be used and how activities and infrastructure will be financed.

Annual budgets are presented to Finance Committee and Council for approval, any major revisions due to fluctuations in student numbers are presented to Finance Committee and Council for approval in autumn and revised budgets agreed. The Executive Director, Finance & Planning will provide a regular management accounts pack to University Executive Board, Finance Committee and Council highlighting any major variances from budget.

It is the responsibility of Deans and the Chief Operating Officer to ensure that budget holders within their areas are aware of their responsibilities for budget management when committing the University to expenditure. Guidance relating to financial approval and financial monitoring is set out within [Finance Policy 3](#).

### **II. Accounting Arrangements**

University Council is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the University. The Executive Director, Finance & Planning is responsible for the day to day management and integrity of the information held within the Finance system.

The consolidated Financial Statements are prepared in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and with the Statement of Recommended Practice (SORP) Accounting for Further and Higher Education, subject to any specific requirements of the OfS.

The University's Principal Accounting Policies are approved by Finance Committee and Audit Committee and are set out in [Finance Policy 21](#). The University's financial year runs from 1<sup>st</sup> August to 31<sup>st</sup> July.

The University's [Financial Statements](#) are available on the University's website.



## **D. INCOME, COMMERCIAL ACTIVITY AND DEBTORS**

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### **I. Student Fees**

Recommendations on the level of all regulated tuition fees are made to Council for approval by Finance Committee. Non-regulated tuition fees, discounts and deposits are recommended by UEB to Finance Committee for approval. Tuition fees must be set for all credit bearing courses. It is the responsibility of the Executive Director, Finance & Planning to ensure all fees are accurately recorded and billed.

Student fees for non-credit bearing courses are set by Faculties/Professional Services and must be approved by the Head of Faculty/Professional Services Finance. Other administrative fees such as examination and transcript fees are set by the Academic Registrar.

The general regulations setting out the collection of student fees, charges and expenses are set out in Section IV of the [University Calendar](#).

Students in debt to the University are subject to a formal debt collection process including referral to the University's solicitors for legal action in appropriate cases. No person shall be awarded a degree, diploma or certificate unless he or she has paid the Tuition fees prescribed and due to the University (Ordinance 7.4). If payment of Tuition Fees is not received in accordance with the fees policy, the students concerned will be liable to termination of their programme. Students may also be refused examination in accordance with Ordinance 7.3.6.

Further information on the arrangements for student fees is set out within [Finance Policy 6](#).

### **II. Income**

The Executive Director, Finance & Planning is responsible for the prompt collection, security and banking of all income received.

The Executive Director, Finance & Planning is responsible for the prompt collection of all debts due to the University. All Sales Invoices and Credit Notes must be raised on the University's financial system and approved by the relevant Head of Faculty/Professional Services Finance.

Further details are set out within [Finance Policy 7](#).

### **III. Gifts & Donations**

The University must comply with charity law and fundraising regulations with regards to the solicitation, receipt and expenditure of funds. Finance Committee consider the acceptance of gifts, donations, endowments and legacies made to the University.

Fundraising activity for the University must only be undertaken with the approval of, and under the guidance of, the Director of the Office of Development & Alumni Relations (ODAR) who will consult the Executive Director, Finance & Planning on the appropriate accounting treatment for the income.

Gifts must comply with the Gift Acceptance Policy which can be accessed through the [University Regulations, policies and guidelines pages](#).

The Finance, Planning & Analytics Department, working closely with ODAR, is responsible for maintaining financial records of gifts, benefactions and donations, advising on the conditions of their use, and initiating claims for recovery of tax where appropriate.

The University does not permit donations to be made from its own funds to other charities.

Further details are set out in [Finance Policy 8](#).

#### **IV. Research Grants and Contracts**

The Executive Director, Finance & Planning is responsible for the financial administration of all research grants and contracts. The Finance, Planning & Analytics Department provide pre-award support for research grant proposals and contract proposals, and also post-award support on the successful research grants and contracts awarded to the University. The Executive Director, Finance & Planning is responsible for ensuring all research applications are appropriately costed and institutional support is affordable and within financial budgets and forecasts. All applications to funders, research award acceptances and research contracts are approved and submitted by Finance, Planning & Analytics once approvals have been obtained as set out in [Finance Policy 12](#).

Deans/Chief Operating Officer are responsible for ensuring that all research work carried out by the University complies with the Charities Act and furthers the charitable purpose of the University. All staff involved in research must be aware of the Objects of the University as contained in the University Charters and Statutes, Section 3. All research must comply with the [Frascati](#) definition of research.

Research must only be undertaken if the research is for the public benefit with any private benefit being incidental. For private benefit to be incidental the research must be necessary (either in furthering the University's Objects or as a consequence of doing so), reasonable and in the interests of the University. Private benefits will be incidental if the research directly contributes towards achieving the University's aims and/or are a necessary result or by-product of carrying out those aims.

Approval for research will only be given if the University's interests are protected. Any conflicts of interest must be considered. Therefore all research agreements with third parties must be made in the context of ensuring that the project and the terms and conditions comply with the Charities Act.

The University recognises the importance of undertaking activities with responsibility and integrity and is strongly committed to fulfilling the principles of the [Concordat to Support Research Integrity](#).

Further details are set out in [Finance Policy 12](#).

#### **V. Commercial and Trading Income (non-research)**

All non-research work and new business ventures or initiatives, enterprise and trading activity are governed by [Finance Policy 10](#). No bids must be submitted or commitment entered into before the completion of approval set out in this policy.

All non-research work and new business ventures or initiatives, enterprise and trading activity must be costed on a full cost basis. Where public funds are used to subsidise non-public activities, the element of State Aid must be recorded by the Head of Faculty/Professional Services Finance.

Deans/Chief Operating Officer are responsible for ensuring proper financial control, monitoring of expenditure, preparing information for claims and compliance with the terms of the funder. The

Faculty/Professional Services Finance team will provide pricing, costing, and accounting support and must raise all invoices and grant claims.

Before submission of any tender/quote or proposal, the relevant Faculty/Professional Services Finance team will check the costings, ensure compliance with University's rules and policies, and ensure appropriate approval has been obtained prior to arranging any signatures required.

Staff authorised to sign non-research tenders/quotes/proposals and contracts are set out in [Finance Policy 10](#).

## **VI. Consultancy, Private Work and Other Appointments**

The University is an enterprising organisation and seeks to release the talents of our staff and students for the benefit of the economy and society as a whole. The University's [Consultancy Policy](#) sets out the eligibility of academic staff to offer their services on a consultancy basis for up to a maximum of 30 days in total through permitted routes in any 12 month period.

In considering whether or not permission will be given for consulting activity the Dean/Chief Operating Officer will take into account such factors as the compatibility of the activity with the responsibilities and commitments of the staff member, potential conflicts of interest, the use of university resources and alignment with the University's Enterprise Strategy.

The activity may be undertaken individually as private work in which case there is no link to the University and no use of University facilities. Alternatively, the activity can be contractually provided by the University. In either case, the approved consultancy activity will count against the 30 days of allowed activity for the individual involved.

[Finance Policy 9](#) sets out the financial approval required prior to any approval by Deans/Chief Operating Officer of any University Consultancy. It also sets out the authorised signatories for any contracts with external bodies. Deans/Chief Operating Officer are responsible for the approval and recording of all consultancy activity in their area.

Staff undertaking consultancy must also comply with the [Conflicts of Interest Policy](#) and [Intellectual Property Regulations](#).

## **VII. Subsidiary Companies and Other University Entities**

Finance Committee are responsible for approving and monitoring the University's investments in any trading activities or operations in which the University has an interest.

The University will consolidate in the University accounts any undertaking, including companies and other corporate entities, over which the University has control or exercises a substantial degree of influence in relation to that company's activities.

Where the University is asked to take any shareholding, or take part in any joint venture or partnership, even where the University's contribution is nil or minimal, consent should first be obtained from Southampton Enterprise Board.

Finance Committee examine and approve the basis and structure of any trading entities which the University might propose to set up and to approve their disestablishment.

Finance Committee also examine and approve any changes to intercompany loans or shareholdings and monitor changes to directors and Board governance.

All appointments of directors and company secretaries of subsidiary companies will require the approval from Southampton Enterprise Board and University Executive Board.

The Directors of the company are responsible for the effective management of the subsidiary and ensuring that the appropriate processes and procedures are in place. The Directors must provide annual assurance statements to the University as part of the Annual Assurance Process.

Further details are set out in [Finance Policy 11](#).

## **VIII. Exploitation of Intellectual Property**

The University's position regarding intellectual property ownership and commercial exploitation of work undertaken by staff through licensing and spin-out companies is outlined in the [Intellectual Property Regulations](#).

Further details can be found in [Finance Policy 13](#).

## **E. TAXATION AND DOCUMENT RETENTION**

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### **I. Taxation**

The Executive Director, Finance & Planning is responsible for identifying and addressing the key tax risks that the University is exposed to both in the UK and overseas, working openly with the relevant authorities to achieve a low level of tax risk.

The University has adopted a risk based approach to tax management which ensures that all significant tax risks are identified by reference to the value and frequency of occurrence.

The University's primary activities are exempt from corporation tax under Section 472-488 of the Corporation Tax Act 2010 and from capital gains tax under Section 256 of the Taxation of Chargeable Gains Act 1992. Non-charitable activities performed in the UK, including those of the University's UK trading subsidiaries are subject to corporation tax. Overseas profits remain subject to corporate taxes in the relevant territories.

Further details are set out in [Finance Policy 14](#).

### **II. Retention of Financial and Associated Legal Documents**

University Council has primary responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the University.

The Executive Director, Finance & Planning has responsibility for ensuring the retention of appropriate financial records for the purposes of HM Revenue and Customs, other statutory agencies and the external auditors. The University's detailed policies relating to the retention of financial documents are contained within [Finance Policy 4](#) and must be complied with.

## **F. EXPENDITURE AND CREDITORS**

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### **I. Procurement and Purchasing**

All expenditure must be incurred solely in support of the Objects of the University as specified in its Charter and Statutes.

As a public body, the University must comply with both the Public Contracts Regulations (2015) and the EU Procurement Directives. The Executive Director, Finance & Planning is responsible for all tendering activity and the publication of contract awards.

The Executive Director, Finance & Planning is responsible for ensuring the purchasing of goods and services is compliant with the relevant legislation. Where a contracted supplier is in place, this supplier must be used for all relevant purchases.

Deans and the Chief Operating Officer are responsible for ensuring that their staff comply with relevant policies including the Anti-Bribery Policy and Conflicts of Interest Policy as well as the Financial Regulations when purchasing goods and services and follow [Finance Policy 15](#) which sets out the detailed guidance.

Staff must not commit the University contractually where they are not authorised to do so. Official University orders must be placed for the purchase of all goods and services unless prior agreement has been obtained from the Executive Director, Finance & Planning. Orders or contracts must be placed prior to any work being undertaken or any commitment made. [Finance Policy 15](#) sets out the authorised contract signatories for the University.

The University will hold suppliers accountable for the Key Performance Indicators as set out in contract terms and conditions. Deans/Chief Operating Officer are responsible for ensuring adequate contract management procedures are in place for contracts in their areas. The Head of Procurement is responsible for ensuring adequate contract management procedures for major cross University contracts.

### **II. Payments – non staff**

The Executive Director, Finance & Planning is responsible for the payment of all monies due from the University. The standard terms for payment are 30 days from receipt of an accepted invoice. The University should always ensure that it receives a valid tax invoice from suppliers that are VAT registered prior to payment being made. Invoices should be sent directly to Accounts Payable quoting a valid purchase order.

Deans and the Chief Operating Officer are responsible for ensuring that goods are appropriately receipted on the Finance System. Invoices will only be paid where there is a three way match between the invoice, order and goods receipt. Where payment is requested prior to the receipt of goods or services, approval must be given by the relevant Head of Faculty/Professional Service Finance.

[Finance Policy 16](#) sets out the mechanisms and controls for payment of non-staff costs including the use of Procurement Cards.

### **III. Payroll & Pensions**

The Executive Director, Human Resources is responsible for the maintenance of human resources records and for determining the contractual arrangements relating to the payment of salaries, wages and other emoluments. Further details can be found on the Human Resources website.

All contracts of employment must be issued by the Human Resources department.

The Executive Director, Finance & Planning is responsible for making payroll payments to staff and for the maintenance of related records, including those of a statutory nature. Sufficient segregation of duties between Human Resources and Payroll staff must be observed at all times.

The Executive Director, Finance & Planning will decide when tax will be deducted from payments to staff and consultants. The Executive Director, Finance & Planning will ensure compliance with all regulations from the appropriate authority regarding the deduction of tax, national insurance, pension and other statutory, contractual and voluntary deductions (including any credits to be applied through the taxation system).

Faculties and Professional Services are responsible for providing promptly to the Executive Director, Human Resources any relevant information regarding the appointment, service breaks, resignation or dismissal of an employee.

All temporary staff must follow the procedures for registration and submission of timesheets as set out by UniWorkforce. No payments to staff will be made for work undertaken prior to completed registration.

The Executive Director, Finance & Planning is responsible for ensuring pension arrangements meet legislative requirements, the maintenance of related records and that deductions are paid to the appropriate scheme in line with the rules of the scheme.

Further details are set out in [Finance Policy 18](#).

#### **IV. Travel**

The Executive Director, Finance & Planning is responsible for ensuring that policies and procedures are in place to ensure consistency and transparency relating to the costs of University travel. Travel should only be booked if it is appropriate and reasonable and necessarily incurred whilst undertaking approved business activities on behalf of the University.

[Finance Policy 17](#) sets out the Travel Policy which is compliant with relevant legislation including the requirements of HM Revenue & Customs.

#### **V. Expenses**

The Executive Director, Finance & Planning is responsible for the payment of expenses. Expenses should be reimbursed in full for all types of expense wholly, necessarily and exclusively incurred in the course of the University's business, and which are in excess of those they would normally incur. Expenses do not include the cost of goods or services which must be purchased via an official University order unless prior agreement has been obtained from the Executive Director, Finance & Planning/Director of Finance.

[Finance Policy 25](#) sets out the Expenses Policy which is compliant with relevant legislation including the requirements of HM Revenue & Customs.

#### **VI. Gifts & Hospitality**

The University discourages offers of personal gifts or hospitality outside normal working practices from potential customers or suppliers which are essentially of a social nature.

[Finance Policy 26](#) sets out the rules which must be followed for all receipts of gifts or hospitality to staff.

## **VII. Legal Costs**

Any potential or pending legal related matters should be referred as soon as practicable to the Director of Legal Services. The Director of Legal Services will inform the Executive Director, Finance & Planning of any financially material events.

## **VIII. Leases**

The permission of the Executive Director, Finance & Planning is required to commit the University to any lease agreements. All leases will be in the name of the University.

## **IX. Insurance**

The Executive Director, Finance & Planning is responsible for ensuring that appropriate insurance is in place. The Head of Insurance is responsible for the University's day to day insurance arrangements, including the provision of advice on the range of insurance cover available, negotiating claims and maintaining the necessary records.

Any person placing contracts or agreements on behalf of the University must ensure that the legal liability of the University for risks are covered by insurance as necessary and must consult with the Head of Insurance.

Any circumstances which could give rise to a claim on the University's insurance must be advised to the Head of Insurance immediately.

## **G. BANKING AND TREASURY INVESTMENTS**

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### **I. Treasury Management and Investments**

Finance Committee and Council considers the arrangements for the identification, management and control of treasury management risk and reviews these at least annually to ensure their adequacy and suitability.

The Executive Director, Finance & Planning is responsible for implementing and monitoring the arrangements established by Council. The Executive Director, Finance & Planning will report to the Chief Operating Officer and the Treasurer as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the University's business objectives.

The Executive Director, Finance & Planning will ensure that the University always has sufficient liquid funds available to it which are necessary for the achievement of its business objectives. The Executive Director, Finance & Planning will ensure that sufficient cash balances and available facilities exist for this purpose.

The University will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs, or securing its interest revenues (as identified in the annual budget and cash flow forecasts) and meeting reasonable benchmark returns. It will achieve this by ensuring stability and certainty of costs and revenues whilst retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

The primary objective of the University's treasury management activities is the security of the principal sums it invests. Accordingly, it will ensure its counterparty list is constructed with security in mind, but with reasonable spread to make the most of market conditions. The counterparty list will be reviewed on a continuing basis.

Further details are set out in [Finance Policy 22](#).

## **II. Borrowing**

All borrowing will be subject to the approval of Finance Committee and Council, who will consider the necessity of the facility, the reasonableness of the terms and the University's ability to repay. The Executive Director, Finance & Planning is responsible for short-term borrowing to meet day to day cash shortfalls within limits approved by Finance Committee and Council.

The University will ensure that its borrowing and financing agreements are negotiated with a view to obtaining competitive and favourable offer terms for renewal or refinancing if required. It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above. The University will not enter into funding arrangements where the repayment profile of the loans exceeds the expected useful economic life of the asset or venture being financed.

The University will seek to ensure that, where possible, new funding arrangements will not be entered into that bind the University to meet financial covenants and security arrangements which are deemed to be more onerous than those contained within the current loan documentation. The financial position of the University is monitored on a regular basis to ensure it does not breach any of its existing financial covenants.

Further details are set out in [Finance Policy 22](#).

## **III. Banking Arrangements**

University Bankers are appointed by the University Council on the recommendation of Finance Committee. The Executive Director, Finance & Planning is responsible for all the University's day to day banking arrangements.

The permission of the Executive Director, Finance & Planning is required to either open or close a bank account for dealing with the University's funds. All bank accounts will be in the name of the University and managed within Financial Accounts.

## **H. CAPITAL EXPENDITURE, ASSETS AND STOCKS**

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### **I. Capital Expenditure - Land & Buildings and Equipment**

Finance Committee are responsible for considering all new capital programmes, for considering all business cases for investments over £10m and for making recommendations to Council for approval. Capital Programme Board (CPB) is responsible for prioritising major Estates projects and proposing the Estates Capital Programme to UEB, Finance Committee and Council for approval.

CPB is responsible for the delivery and management of the Estates Capital Programme and the Chief Information Officer is responsible for the delivery and management of any approved IT Capital Spend. Finance Committee are responsible for monitoring the Capital Programme to ensure that significant



projects are progressing to time and budget. Finance Committee can approve any amendments to a previously approved capital project budget other than where an overall budget is exceeded by more than £5m or where a significant project of over £10m is exceeded by 10% where approval is required by Council.

The Executive Director, Estates & Facilities is responsible for the day to day management and maintenance of all land and buildings and for the preparation and implementation of a plan for the acquisition, refurbishment and disposal of land and buildings in the context of the Estates Strategy. Finance Committee consider the acquisition of, disposal of and/or any leasing arrangements of land and buildings of estimated value in excess of £1m and are responsible for making recommendations to Council for approvals above £10m.

Further details are set out in [Finance Policy 19](#).

## **II. Capitalisation and Disposal of Assets**

The Executive Director, Finance & Planning is responsible for ensuring that all assets over £25,000 (including irrecoverable VAT) are capitalised in the correct financial year in line with [Finance Policy 20](#) and depreciated over their useful life.

Deans/Chief Operating Officer are responsible for the safekeeping of all University assets within their areas. An annual review of assets is undertaken at financial year end where Deans/Chief Operating Officer are responsible for confirming the location of all assets and highlight any changes to their use or value.

Items or related groups of items costing less than £25,000 (including irrecoverable VAT) are written off in the year of purchase. Deans/Chief Operating Officer are responsible for the safekeeping of these items and maintaining an effective inventory.

Authority to dispose of any asset or impair its value is set out in [Finance Policy 20](#).

## **III. The Use and Control of University Vehicles**

Deans/Chief Operating Officer are responsible for University vehicles under their control. This responsibility includes acquisition and disposal, taxation, legal compliance and maintenance arrangements. Insurance is the responsibility of the Executive Director, Finance & Planning. Vehicle registration documents must be lodged with the Insurance Office for safe keeping.

University vehicles may only be used on University business and not by staff or others in a private capacity including home to work travel. Deans/Chief Operating Officer are responsible for ensuring that any personal use of any University vehicle including any home to work travel is notified to the Head of Payroll and Pensions immediately who will assess whether there has been any benefit in kind and any tax implication. The University reserves the right to recharge employees any fines, administration fees and other related costs incurred whilst driving in a University owned, leased or hired vehicle. Deans/Chief Operating Officer are responsible for keeping a daily log of any use of any University Vehicle in their area.

Further details can be found in [Finance Policy 17](#).

## **IV. Stocks and Stores**

Deans/Chief Operating Officer are responsible for establishing and maintaining adequate arrangements for the custody of stocks and stores within their area. Those Faculties/Professional Services whose stocks require valuation on the balance sheet must ensure that regular inspections and stock checks are carried out.

Stocks and stores of a hazardous nature must be subject to the appropriate security checks and Health and Safety procedures.

**Financial Regulations**            Wherever this document refers to Financial Regulations it is deemed to include the associated Finance Policies.

**The University**                For the purposes of this document “The University” means the University Group including all consolidated entities currently comprising of:

- The University of Southampton
- ECS Partners Limited
- IT Innovation Limited (dormant)
- IT Innovation Centre Limited (dormant)
- Photonic Innovations Limited
- Southampton Asset Management Limited
- Southampton Innovations Limited
- Southampton International Singapore Limited
- USMC Sdn Bhd (Malaysia)
- University of Southampton Holdings Limited
- The University of Southampton Science Park Limited
- The University of Southampton Consulting Limited (dormant)
- Southampton Education Consulting (Beijing) Limited

It also includes linked charities under the control of the University currently comprising of:

- University of Southampton Development Trust

## APPENDIX II - INDEX OF FINANCE POLICIES

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## RESPONSIBILITIES

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The Schedule of Delegation is set out in [Finance Policy 23](#)

### Council

- ✔ Responsible for approving these Financial Regulations
- ✔ Responsible for University Financial Affairs
- ✔ Responsible for the distribution of resources
- ✔ Responsible for the appointment of auditors
- ✔ Responsible for approving the University Annual Budget
- ✔ Responsible for accounting records
- ✔ Responsible for setting regulated fees
- ✔ Responsible for approving a Treasury Strategy & Policy
- ✔ Responsible for all borrowing
- ✔ Responsible for the appointment of University Bankers
- ✔ Responsible for providing authority to dispose of any asset greater than and including £10m or impair its value

### Finance Committee

- ✔ Responsible for recommending the Financial Regulations to Council for approval
- ✔ Responsible for approving Finance Policies
- ✔ Responsible for approving any departure from these Financial Regulations
- ✔ Responsible for recommending the distribution of resources to Council
- ✔ Responsible for recommending the University Annual Budget to Council
- ✔ Responsible for proposing regulated fees to Council
- ✔ Responsible for approving non regulated fees
- ✔ Responsible for writing off debts as set out in Finance Policy 7
- ✔ Responsible for recommending the Treasury Strategy & Policy to Council
- ✔ Responsible for recommending any borrowing to Council
- ✔ Responsible for recommending the appointment of University Bankers to Council
- ✔ Responsible for recommending the Capital Programme to Council

- ✔ Responsible for the authority to dispose or impair any asset greater than and including £1m up to £10m.

#### **Audit Committee**

- ✔ Responsible for the effectiveness of audit, risk assessment and internal control arrangements
- ✔ Responsible for agreeing the Principle Accounting Policies

#### **Executive Board Members**

- ✔ Responsible for ensuring compliance with these Financial Regulations at all times
- ✔ Responsible for effective and efficient use of resources in line with the Strategic Plan
- ✔ Responsible for proposing non regulated fees to Finance Committee
- ✔ Responsible for appointing directors & company secretary of subsidiary companies or other university entities
- ✔ Responsible for recommending the Capital Programme to Finance Committee & Council for approval
- ✔ Responsible for the safekeeping of University Assets

#### **Vice-Chancellor & President**

- ✔ Responsible for reporting any material adverse changes
- ✔ Responsible for contract signature as set out in Finance Policy 15

#### **Chief Operating Officer**

- ✔ Responsible for approving any departure from a Finance Policy
- ✔ Responsible for the approval of personal gifts & hospitality

#### **Deans/Chief Operating Officer**

- ✔ Responsible for ensuring all staff & students in their area are aware and comply with these Financial Regulations
- ✔ Responsible for effective and efficient use of resources in line with the Strategic Plan
- ✔ Responsible for ensuring Budget Holders are aware of their responsibilities
- ✔ Responsible for providing approval to Executive Director, Finance & Planning to submit a research application or accept a research award
- ✔ Responsible for providing approval to Executive Director, Finance & Planning to undertake non-research income activity
- ✔ Responsible for providing approval to undertake consultancy, private work or accept other appointments
- ✔ Responsible for contract management of suppliers

- ✔ Responsible for goods receipting
- ✔ Responsible for the safekeeping of University Assets
- ✔ Responsible for maintaining an effective inventory
- ✔ Responsible for University vehicles
- ✔ Responsible for reporting any personal use of any University vehicles
- ✔ Responsible for adequate arrangements for stocks and stores

#### **Executive Director, Finance & Planning**

- ✔ Responsible for approving any departure from a Finance Policy
- ✔ Authorisation for any guarantee or indemnity
- ✔ Responsible for Financial Approval as set out in Finance Policy 3
- ✔ Responsible for the prompt collection of all income
- ✔ Responsible for setting credit limits, credit references and collection of debts
- ✔ Responsible for the accounting treatment of gifts & donations
- ✔ Approval to submit research applications
- ✔ Approval to accept research awards
- ✔ Responsible for ensuring all research applications are appropriately costed and institutional support is affordable and within financial budgets and forecasts.
- ✔ Approval to undertake non-research income activity
- ✔ Approval to create an entity with University investment
- ✔ Responsible for identifying and addressing the key tax risks of the University
- ✔ Responsible for the retention of financial and other associated legal documents
- ✔ Responsible for tendering goods & services
- ✔ Responsible for the publication of contract awards
- ✔ Responsible for compliance with Public Contract Regulations & EU Procurement Directives
- ✔ Responsible for ensuring the use of a contracted supplier
- ✔ Responsible for the payment of all monies due
- ✔ Responsible for the mechanisms of payment for non-staff costs
- ✔ Responsible for making payroll payments to staff

- ✔ Responsible for the maintenance of payroll records
- ✔ Responsible for deductions from pay
- ✔ Responsible for pension arrangements
- ✔ Responsible for setting travel policies and compliance with relevant legislation
- ✔ Responsible for the payment of expenses
- ✔ Responsible for approving the entering of any lease agreement
- ✔ Responsible for all insurance arrangements
- ✔ Responsible for the implementation of the treasury strategy
- ✔ Responsible for short term borrowing in line with the treasury strategy
- ✔ Responsible for opening and closing all bank accounts
- ✔ Responsible for the capitalisation of assets in line with the Principle Accounting Policies

#### **Capital Programme Board**

- ✔ Responsible for the delivery and management of the Capital Programme

#### **Executive Director, Estates & Facilities**

- ✔ Responsible for the day to day management and maintenance of all land and buildings

#### **Director of ODAR**

- ✔ Responsible for approving significant fund raising activity

#### **Heads of Faculty/Professional Services Finance**

- ✔ Responsible for approving payment prior to the receipt of goods & services

#### **Subsidiary Companies**

- ✔ The Directors of the company are responsible for ensuring compliance with these Financial Regulations at all times.
- ✔ The Directors of the company are responsible for ensuring compliance with Finance Policies where stated in the policy. Where the Finance Policy states that subsidiaries must set their own policy, Directors are responsible for writing these policies and submitting them to the Executive Director, Finance & Planning.
- ✔ The Directors of the company are responsible for the effective management of the company and for ensuring that appropriate processes and procedures are in place.
- ✔ The Directors of the company are responsible for providing annual assurance statements to the University as set out in the Annual Assurance Process.
- ✔ Subsidiary companies must produce quarterly forecasts approved by the Directors and report any major variances to the Executive Director, Finance & Planning.



## Employees

- ✔ Must comply with these Financial Regulations at all times
- ✔ Budget Holder approvals must comply with Finance Policy 3

### VERSION CONTROL

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<b>Level:</b>		<b>Hazard Group:</b>		<b>Version:</b>	1.1
<b>Consulted:</b>	Finance Management Team, PSL, Audit Committee		<b>Date:</b>	25/7/18	
<b>Feedback:</b>					
<b>Date to UEB:</b>	10/9/18		<b>Date approved:</b>	17/9/18	
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<b>Author/Job Title:</b>	Mary White, Director of Finance - Operations				