



UNIVERSITY  
*of*  
ABERTAY DUNDEE

# Financial Regulations

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## TERMINOLOGY

In these Regulations the following references shall bear the following meanings:

**"Financial Memorandum"** shall mean the Financial Memorandum entered into between the Scottish Further & Higher Education Funding Council (Scottish Funding Council) and the University of Abertay Dundee in force for the time being.

**"Governance Order"** shall mean The University of Abertay Dundee (Scotland) Order of Council 1994.

**"Head(s) of School/Service"** shall mean the Principal and Vice-Chancellor, Vice-Principal and Deputy Vice-Chancellor, Pro-Vice Chancellors, Heads of Schools or Services and other Senior Managers.

**"The Regulations"** shall mean these Financial Regulations.

**"The Funding Council"** shall mean the Scottish Further & Higher Education Funding Council.

**"Standing Orders"** shall mean the standing orders approved by the University Court for the conduct of its business and the management of its affairs.

**"University"** shall mean the University of Abertay Dundee.

**"University Court"** shall mean the University Court of the University of Abertay Dundee.

Throughout these Regulations gender references shall apply equally to male and female.

## **A GENERAL PROVISIONS**

### **1 Background**

The University is a higher education institution created under the provisions of the Further and Higher Education (Scotland) Act 1992. Its structure of governance is laid down in the statutory instrument - The University of Abertay Dundee (Scotland) Order of Council 1994. The Order can only be amended by primary legislation and the articles of government by the Privy Council.

The University is an exempt charity by virtue of the Charities Act 1993.

The Financial Memorandum between the Funding Council and the University sets out the terms and conditions on which grant is made. The governing body (University Court) is responsible for ensuring that conditions of grant are met. The Financial Regulations of the University form part of this overall system of accountability.

### **2 Status of Financial Regulations**

This document sets out the University's Financial Regulations. It translates into practical guidance the University's broad policies relating to financial control.

This document was approved by Court on 17 June 2011. It applies to the University, the University of Abertay Dundee Foundation and all of the University's wholly-owned subsidiary entities.

These Financial Regulations are subordinate to the University's Order of Council and to any restrictions contained within the University's Financial Memorandum with the Funding Council.

The purpose of these Financial Regulations is to provide control over the totality of the University's resources and provide management with assurances that the resources are being properly applied for the achievement of the University's objects (see paragraph 4 (1) of the Order of Council) and of the University's strategic plan and business objectives while:

- ensuring financial viability
- achieving value for money
- fulfilling its responsibility for the provision of effective financial controls over the use of public funds
- ensuring that the University complies with all relevant legislation; and
- safeguarding the assets of the University.

Compliance with the Financial Regulations is compulsory for all staff connected with the University. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the terms of the University's Staff Disciplinary Procedure. University Court will be notified of any such breach through the Audit Committee. It is the responsibility of Heads of School/Service to ensure that staff are made aware of the existence and content of the University's Financial Regulations.

The Finance, People & General Purposes Committee (FPGP) is responsible for maintaining a continuous review of these Financial Regulations, through the Head of Finance, and for advising University Court of any additions or changes necessary.

In exceptional circumstances, FPGP may authorise a departure from the detailed provisions herein, such departure to be reported to the University Court at the earliest opportunity.

The University's detailed financial procedures set out how these Regulations will be implemented and are contained in separate documents available via the Finance intranet site.

## **B CORPORATE GOVERNANCE**

### **3 Authority of University Court in respect of these Regulations**

The authority for (a) these Regulations, and (b) the Standing Orders shall be the University Court, which shall have sole responsibility for interpreting any of the matters set out herein or for approving any amendments to the said Standing Orders or to these Regulations.

The University Court may act through its Chairman's Committee and references to actings by the "University Court" imply actings by the Chairman's Committee as a surrogate for the University Court.

For the avoidance of doubt, where matters are referred to in these Regulations and in the Standing Orders, in cases of dispute the Standing Orders shall rule; but where matters appear only in these Regulations then such matters shall carry the authority of the University Court.

### **4 University Court – Financial Responsibilities**

The University Court is responsible for making such arrangements as are appropriate and as it thinks fit for the conduct of the financial affairs of the University, subject to any conditions which may be imposed as conditions of payment of grant (section 37 of the Order of Council refers).

The primary financial responsibilities of the University Court\* are to:

- approve a financial strategy, long-term business plans and annual budgets, ensuring that these meet the interests of stakeholders and reflect the University's strategic plan
- establish and monitor systems of control and accountability throughout the University, including financial controls
- act as the financial and business authority of the University and to ensure economical, efficient and effective delivery of services, by overseeing arrangements for internal and external audit and approving annual financial statements
- ensure the proper use of public funds awarded to the University
- observe the terms of the Financial Memorandum between the University and the Funding Council and any other conditions prescribed by the Funding Council
- act as a trustee for, or arrange for trusteeship of, any legacy, endowment or gift in support of the University's activities

*\* derived from Court-approved Statement of Primary Responsibilities*

### **5 Designated (or 'Accountable') Officer**

The Principal is the designated officer of the University and as such will be required to satisfy the University Court that there is compliance with all such conditions as may be prescribed by the Funding Council. The designated officer may be required to appear before committees of the Scottish Parliament along with the Chief Executive of the Funding Council on any matter relating to grant to the University which arises before such committees.

The designated officer is responsible for advising the University Court if at any time in his opinion any action or policy of the University Court is incompatible with the terms of the Financial Memorandum with the Funding Council. In the event of the University Court deciding nevertheless to proceed with such action or policy, the designated officer is required to inform the Chief Executive of the Funding Council in writing.

The Principal shall, together with the Chairman of University Court and the Head of Finance, be required to sign the University's annual financial statements.

## **6 Committee Structure**

The University Court has ultimate responsibility for the University's finances, but delegates specific powers and processes to the committees detailed below. These committees are accountable to the University Court.

### **6.1 Finance, People & General Purposes Committee**

The University Court shall appoint a Finance, People & General Purposes Committee whose terms of reference and membership are as set out in Appendix 1.

The Finance, People & General Purposes Committee shall *inter alia* be responsible to the University Court for the overall financial arrangements of the University. The Committee will consider the financial statements for each financial year and may recommend to Court that they be approved. The Committee will also consider and report to University Court on the development, implementation and review of financial strategy, policy and procedures and also consider and report on the annual estimates of income and expenditure and all proposals for the borrowing of money.

### **6.2 Audit Committee**

The University Court shall appoint an Audit Committee whose terms of reference and membership are as set out in Appendix 2.

The Audit Committee shall be responsible to the University Court for ensuring compliance with the relevant requirements placed on the University in terms of the Financial Memorandum with the Funding Council.

The Committee has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors.

### **6.3 Remuneration Committee**

The University Court shall appoint a Remuneration Committee, whose terms of reference and membership are set out in Appendix 4.

The Remuneration Committee considers and determines the pay and conditions of the senior officers of the University.

### **6.4 Planning & Resources Committee**

Consideration of the University's medium-term and strategic plans is undertaken by the Planning & Resources Committee of Senate. The remit of this Committee is set out in Appendix 5. This Committee is responsible for ensuring that all the financial implications of such plans are taken into account before their approval by University Court.

## **7 Others with Financial Responsibility**

### **7.1 The Head of Finance**

The Head of Finance shall be responsible to the Principal, in the latter's role as designated officer, for the administration of the financial affairs of the University and for ensuring that proper financial records are kept and that adequate and effective methods and procedures for financial control are followed.

The Head of Finance shall report to the Principal and shall provide regular reports on estimates, budgets, and interim and annual financial statements.

The Head of Finance shall keep the Principal and the Audit Committee informed of (i) any material changes in the University's procedures and controls and (ii) any instance of material failure to comply with approved procedures and controls.

The Head of Finance shall advise the Principal and the University Court and its sub-committees on relevant financial matters; and, on behalf of the Principal and as required by the Financial Memorandum, shall ensure that adequate financial and accounting arrangements are made within the University and throughout all Schools and Services.

The Head of Finance or the authorised representative shall have authority to (a) enter at all reasonable times any University premises, (b) gain access to all records, documents and correspondence relating to any financial or other transactions of the University, (c) require and receive such explanations as are, or as he deems to be, necessary concerning any matter under examination, and (d) require any employee of the University to produce money, goods or other University property under that employee's control.

### **7.2 Heads of School/Service**

The Heads of School/Service are responsible for financial management for the areas or activities they control. They are advised by the Head of Finance in executing their financial duties. The Head of Finance will also supervise and approve the financial systems operating within their cost centres, including the form in which accounts and financial records are kept. Heads of School/Service are responsible for establishing and maintaining clear lines of responsibility within their School or Service for all financial matters. Where resources are devolved to budget holders, they are accountable to their Head of School/Service for their own budget.

Heads of School/Service will provide the Head of Finance with such information as may be required to enable (a) compilation of the University's financial statements, (b) implementation of financial planning; and (c) implementation of audit and financial reviews, projects and value for money studies.

### **7.3 All members of staff**

All members of staff of the University and its wholly-owned subsidiary entities shall be aware of, and have a general responsibility for, the security of the University's property, for avoiding loss and for due economy in the use of resources.

Members of staff shall ensure that they are aware of the University's financial authority limits (see section 19.1 of these Regulations) and the values of purchases for which quotations and tenders are required (see section 19.3 of these Regulations).

They shall make available any relevant records or information to the Head of Finance or to his or her authorised representative in connection with the implementation of the University's financial policies, these Financial Regulations and the systems of financial control. This will include receipt of gifts and hospitality where the value is £5.00 or more (see also sections 10 and 26 of these Regulations).

They shall provide the Head of Finance with such financial and other information as he or she deems necessary from time to time, to carry out the requirements of the University Court.

Members of staff shall immediately notify the Head of Finance whenever any matter arises that involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the University. See also section 9 of these Regulations on whistleblowing.

## **8 Risk Management**

The University acknowledges the risks inherent in its business and is committed to managing those risks. University Court, through its Audit Committee, has overall responsibility for ensuring that there is a risk management policy and associated Risk Register and that there are appropriate processes for the identification, evaluation and monitoring of individual significant risks.

## **9 Whistleblowing**

Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace.

The full policy and procedures for whistleblowing are set out in the University's Public Interest Disclosure (Whistleblowing) Policy, which is available from the University's intranet.

## **10 Code of Conduct**

The University is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life, which members of staff at all levels are expected to observe. These principles are set out in Appendix 6.

Members of the University Court are required to disclose interests in the University's Register of Members' Interests maintained by the Secretary to Court, and for ensuring that entries in the Register are kept up to date.

No member of University Court or member of staff will be a signatory to a contract on behalf of the University where he also has an interest in the activities of the other party.

It is an offence within the Prevention of Corruption Act 1906 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be;

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest
- the action of individuals acting in an official capacity should not give the impression that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation

Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisations or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such gifts, rewards or hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the University would be likely to provide in return.

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the Head of Finance, who will maintain a register of gifts and hospitality received where the value is £5.00 or more. Members of staff in receipt of such gifts or hospitality are obliged to notify the Head of Finance promptly.

See also section 7.3 on staff responsibilities and section 26 below on corruption and fraud.

## **C FINANCIAL MANAGEMENT AND CONTROL**

### **11 Financial Planning**

The Head of Finance is responsible for preparing financial forecasts for submission to the Funding Council. These financial forecasts should be consistent with the University's Strategic Plan and strategies approved by University Court, such as Estates, IT, Research, Quality Enhancement, Human Resources. They include Income & Expenditure, Balance Sheet and Cash Flow forecasts and their scope includes a projected out-turn for the current year along with forecasts for the following three years.

The Head of Finance is responsible for preparing a draft annual budget. This is built up to include Income, Pay, School/Service Non-pay costs and Other Costs (Overheads). The resulting draft budget is reviewed as the University aims to generate a surplus in line with the aims of the Strategic Plan. The draft annual budget will be submitted to the Planning and Resources Committee for review and suggestions. The Head of Finance is responsible for submitting the draft budget for consideration by Finance, People & General Purposes Committee before submission to University Court for approval and also to Senate for information.

The Head of Finance must ensure that detailed budgets are communicated to Heads of School/Service as soon as possible following their approval by University Court. Heads of School/Service are responsible for the economic, effective and efficient use of budgets allocated to them.

Capital expenditure includes all expenditure on land, buildings, equipment, vehicles, furniture and associated costs, whether or not they are funded from capital grants or from internally generated resources. Expenditure of this type will form part of the capital programme which will be subject to approval by University Court.

Proposed capital projects should be supported by:

- a statement that demonstrates the project's consistency with the University's Strategic Plan and subsidiary strategies;
- a full risk assessment and project plan;
- a capital budget for the project, which should include a comprehensive statement of costs and proposed funding sources;
- a financial evaluation of the project, including investment appraisal, cash flow forecast, and impact on revenue budgets;
- a demonstration of compliance with tendering procedures and Funding Council requirements.

Following completion of a capital project, a final report should be submitted to Finance, People & General Purposes Committee and/or Estates & Campus Services Sub-Committee including actual expenditure against budget, both for costs and for funding sources, along with other issues affecting completion of the project.

Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment of more than £500,000 should be submitted for consideration by

Finance, People & General Purposes Committee before submission to University Court for approval.

Proposals should be supported by:

- a statement that demonstrates consistency with the Strategic Plan and subsidiary strategies;
- details of the business and what product or service will be delivered;
- details of the business case, including market assumptions;
- details of all resources required to deliver the business;
- a financial evaluation of the proposal, including its impact on revenue, sensitivity analysis, and consideration of taxation issues.

In planning and undertaking overseas activity, the institution must have due regard to the relevant guidelines issued by the Funding Council, the Quality Assurance Agency and the University's collaboration policy.

## **12 Financial Control**

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder (Head of School/Service), who must ensure that day-to-day monitoring is undertaken effectively. Significant departures from agreed budgetary targets must be reported immediately to the Head of Finance and, if necessary, corrective action taken.

The budget holders are assisted in their duties by management information provided by the Head of Finance. The types of management information available to the different levels of management are described in the detailed financial procedures, together with the timing at which they can be expected.

The Head of Finance is responsible for supplying budgetary reports on all aspects of the institution's finances to Finance, People & General Purposes Committee. These reports are presented to University Court, which has overall responsibility for the institution's finances.

The Head of Finance will commence a budget review in November each year to take account of major variations against the original budget for the year, in particular tuition fees and staff costs. Proposals for a revised budget will be presented to Finance, People & General Purposes Committee for submission to University Court for approval.

The following virement rules apply:

- Budget-holders can vire between non-pay codes within a cost centre without restriction.
- Budget-holders will usually be able to vire within non-pay between cost centres once they have notified the Head of Finance, along with an indication as to whether or not this is a permanent change.
- Approval from the Head of Finance is required for virement from pay to non-pay.
- Virement from non-pay to pay is not normally allowed outwith the budget-setting process. Any requests to vire in this way would have to be submitted to P&RC for approval. This is because pay commitments are long-term.
- Unless required by the funding source, hypothecation of income is not normally allowed. If the generation of additional income for the University requires the deployment of additional resources, for instance a new programme, collaborative venture, or commercial opportunity, approval would be sought from P&RC or the relevant Sub-Committee/Group.

At the year end, budget holders will not normally have the authority to carry forward a balance on their recurrent budget to the following year. Any such requests would be considered in the context of the setting and review of the subsequent year's budget.

Non-recurrent funds allocated to budget holders for equipment shall be disbursed or committed within a specified period of time, failing which any funds not committed shall be reallocated.

### **13 Accounting Arrangements**

The University's financial year will run from 1 August until 31 July.

The Head of Finance shall be responsible at the end of each financial year for the preparation of the Annual Report and Financial Statements which, after consideration by the Finance, People & General Purposes Committee, shall be submitted by the Principal as designated officer to the University Court for approval.

The Annual Report and Financial Statements shall be audited by an independent external auditor appointed by the University Court as provided for in section 14.2 below and in accordance with the requirements of the Funding Council. The financial statements are prepared in accordance with the Statement of Recommended Practice, "Accounting for Further and Higher Education", subject to any specific requirements of the Funding Council.

New land and buildings will be recorded in the balance sheet at actual build or acquisition cost. Buildings will be depreciated in equal instalments over their estimated remaining useful life. Land will not be depreciated. Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

The Head of Finance is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities. The institution is required by law to retain prime documents for six years, including invoices, bank statements and payroll records. The Head of Finance will make appropriate arrangements for the retention of electronic records. Retention arrangements must also comply with specific requirements of funding organisations, for instance EU bodies, which typically exceeds six years.

The Head of Finance is responsible for advising Heads of School/Service on all taxation issues and will issue instructions on compliance with statutory requirements including those concerning VAT, import duty, corporation tax, PAYE and National Insurance. The Head of Finance is responsible for maintaining the institution's tax records, making tax payments, receiving tax credits, and submitting tax returns by their due date as appropriate.

### **14 Audit**

#### **14.1 General**

The University Court in making arrangements for internal audit and external audit shall comply in full with the requirements of the Funding Council.

External and internal auditors shall have authority to:

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

#### **14.2 External Audit**

The Audit Committee shall, after consideration and on advice received, appoint an independent external auditor. The Audit Committee shall keep under review its external audit arrangements and conduct a formal review at least every three years. University Court shall be invited by the Audit Committee to formally reappoint the external auditor each year.

The primary function of the external auditor will be to report on the annual financial statements of the University and to carry out such examination of the statements and underlying records and control systems as is necessary to reach their opinion on the statements. The external auditor's report shall also cover the regularity of transactions (in other words, whether the terms and conditions attached to the funds provided to the University have been completed). Their duties will be in accordance with advice set out in the Auditing Practice Board's statements of auditing standards. The external auditor's report shall be reviewed by the Audit Committee.

The Head of Finance is responsible for drawing up a timetable for final accounts preparation and will advise staff and the external auditor accordingly.

### **14.3 Internal Audit**

The Audit Committee shall, after consideration and on advice received, appoint an internal auditor or an internal audit service for the purpose of providing the University Court with assurance on the adequacy and effectiveness of the University's system of internal control.

The responsibility for the maintenance and operation of the systems of internal control shall remain fully with officers of the University.

The terms of reference for internal audit shall be in accordance with the guidelines contained in the CUC Handbook for Members of Audit Committees in Higher Education Institutions. The internal auditor will also comply with the Auditing Practices Board's auditing guideline *Guideline for Internal Auditors*.

The internal audit service remains independent in its planning and operation but has direct access to Court, the Principal and the Chair of the Audit Committee.

### **14.4 Value for money**

It is a requirement of the Financial Memorandum that the governing body of the institution is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice from time to time by the Funding Council, Audit Scotland, or other relevant bodies. This is set out in more detail in the Value for Money Strategy and Policy.

Internal audit is to have regard to value for money in its programme of work. This will be used to enable the Audit Committee to refer to value for money in its annual report.

### **14.5 Other auditors**

The institution may, from time to time, be subject to audit or investigation by external bodies such as the Funding Council, Audit Scotland, the Scottish Executive, European Court of Auditors and HM Revenue & Customs. They have the same right of access as external and internal auditors.

## **15 Treasury Management**

The University's treasury management policy shall be determined by the University Court on the advice of the Finance, People & General Purposes Committee, which shall take into account current advice issued by the Funding Council or other relevant public bodies.

### **15.1 Banking Arrangements and Borrowing Powers**

The University's bankers shall be appointed by the University Court on the recommendation of the Finance, People & General Purposes Committee. The appointment shall be for a

specified period after which consideration shall be given by the Committee to competitively tendering the service.

No member of staff of the University other than the Head of Finance acting on the authority of the University Court, shall open a bank account either in the name of the University or otherwise into which shall be paid any monies which belong to the University or which may be due to the University.

Cheques and other documentation issued by the University's bank shall be held in safe custody as directed by the Head of Finance.

All cheques shall bear the signatures of authorised officers from a list of such officers as shall be approved by the University Court. Two signatures shall be required to operate University bank accounts.

All automated transfers on behalf of the University, such as BACS or CHAPS, must be authorised in the appropriate manner. Details of authorised persons and limits shall be set out in financial procedures.

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

The bank accounts shall not be overdrawn in excess of a sum approved by the University Court and the University's bankers.

## **15.2 Borrowing**

The University's borrowing powers are set out in the governing Order and the Financial Memorandum. Authority to borrow, lease or enter into other appropriate financial instruments shall only be granted by the University Court acting within the said powers.

## **15.3 Investments**

The Head of Finance, shall be responsible for placing funds for investment in accordance with the investment policies approved by the University Court and shall provide, as required, reports on such investments to the Finance, People & General Purposes Committee.

In advising the University Court, the Finance, People & General Purposes Committee shall take account of advice from investment advisers and managers as may be appointed from outwith the University by the University Court.

## **16 Income**

### **16.1 Maximisation of income**

The Head of Finance is responsible for ensuring that appropriate procedures are in operation to enable the institution to receive all income to which it is entitled.

It is the responsibility of all staff to ensure that revenue to the institution 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 Head of Finance of sums due so that collection can be initiated. In the event of services that the University are providing such as Room Bookings; External visitors staying in the Residences; or attendance at Courses or Conferences run by the University, it is the responsibility of the Head of School/Service providing the service to ensure that the University obtains payment before the individual/company has the benefit of the service.

The Head of Finance is responsible for ensuring that all grants notified by the Funding Council and other bodies are received and appropriately recorded in the University's accounts.

The Head of Finance is responsible for ensuring that all claims for funds, including research grants and contracts, are made by the due date.

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

The Head of Finance is responsible for the prompt collection, security and banking of all income received. All monies received by and for the University shall be passed promptly to the Finance Department for immediate lodging in the University's bank account. The Head of Finance shall keep accurate chronological records of such deposits.

Receipts shall normally be issued in acknowledgement of all sums received, unless some other form of control is in operation with the consent of the Head of Finance. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Head of Finance.

All payments shall be paid over gross and no payments shall be set off against receipts. Under no circumstances shall income be used to make petty cash disbursements, borrowed by staff for personal use, or used for the cashing of personal cheques.

### **16.3 Collection of debts**

In accordance with the University's Debt Policy, the Head of Finance shall ensure that:

- debtor invoices are raised promptly on official invoices
- invoices are prepared with care, showing the correct amount due with VAT correctly charged where appropriate
- monies received are posted to the correct debtor account
- swift and effective action is taken in collecting overdue debts, in accordance with financial procedures
- overdue debts are monitored and reports prepared for management.

In addition, all Heads of School/Service must assist in minimising the risk to the University of the non-collection of debts and must help with the collection process where appropriate.

Only the Head of Finance can implement credit arrangements and indicate the periods in which different types of invoices must be paid.

Requests to write off debts in excess of £5,000 must be referred in writing to the Head of Finance for submission to Finance, People & General Purposes Committee for consideration. Debts below this level may be written off with the permission of the Head of Finance. Any debts written off will be charged against the cost centre that received the income.

### **16.4 Student Fees**

The procedures for collecting tuition fees and residence fees must be approved by the Head of Finance, who is responsible for ensuring that all student fees due to the institution are received.

Any student who has any debt owing to the University shall not be allowed to graduate until all such debts have been cleared. Any student returning in the following year with debt over £250 shall not be allowed to register for a subsequent academic session.

## **17 Research Grant and Contracts**

All income arising from research grants and contracts awarded to staff of the University shall be vested in the University.

All expenditure on pay and non-pay items in respect of research grants and contracts shall be governed by the Regulations.

Where a member of staff is involved in any research contract or such other arrangement in which he has an interest, pecuniary or otherwise, such interest must be disclosed to the Head of Finance prior to the commencement of such contract or arrangement together with any regulations or conditions set by the sponsoring body.

The term “research grant” is used to refer to research funding from the UK research councils, charities or funding bodies. Most other externally financed research projects are classified as “research contracts”.

Where approaches are to be made to outside bodies for support for research projects or where contracts are to be undertaken on behalf of outside bodies, it is the responsibility of the Head of School/Service to ensure that the financial implications have been appraised by the Head of Finance. This will include checking the ‘credit-worthiness’ of the funder and obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

The Head of Finance is responsible for examining every formal application for grant and shall ensure that there is adequate provision of resources to meet all commitments. The Head of Finance should ensure that the full economic cost of research contracts is established. The research agreement must be in line with the institution’s policy with regard to indirect costs and other expenses and taking into account of different procedures for the pricing of research projects depending on the nature of the funding body.

Research grants and contracts shall be accepted on behalf of the University by the Principal or Vice-Principal in his absence, once the above requirements have been satisfied.

The Head of Finance shall maintain all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date. Each grant or contract will have a named principal investigator and will be assigned a unique cost centre or project code within the School, although in certain cases, small projects may be amalgamated.

Control of pay and non-pay expenditure may be delegated by the Head of School/Service to the grant holder but any overspend or under-recovery of overheads is to be the clear responsibility of the School/Service, with any loss being a charge on it.

All staff must comply with any requirements of the Transparency Review, in particular the full economic costing of research activity.

Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information.

Failure to respond to these conditions often means that the institution will suffer a significant financial penalty. It is the responsibility of the named grant-holder to ensure that conditions of funding are met. Any loss to the University resulting from a failure to meet conditions of funding will be charged to the School.

## **18 Other income-generating activity**

### **18.1 Commercial activity/Consultancy**

All commercial contracts shall be subject to the University's standard terms of business and shall be governed by the procedural guidelines detailed in the Business Development – Commercialisation & Contracts section of the University intranet. Close liaison with both the Research, Enterprise and Innovation Services Office and the Finance Department is required throughout all stages of carrying out commercial activity including the initial costing

of the project. At an early stage, before contracts are entered, the Finance department must be given the opportunity to carry out a credit check of the client.

All activity must normally be intended to generate a surplus; however, a decision may be taken by the Head of School/Service to approve the activity based on other valuable non-tangible benefits. The costing of inputs and the pricing of outputs must be carried out in accordance with the University's costing and pricing policy contained in the above procedural guidelines. For all contracts, costing and pricing must be agreed with the Head of Finance before any quotation is issued to the client.

The Head of Finance shall maintain all financial records relating to commercial activity. Each contract will have a named Project Leader and will be assigned a unique cost centre or project code within the School. Control of pay and non-pay expenditure may be delegated by the Head of School/Service to the lead consultant but any unexpected loss on the contract will be the responsibility of the School/Service.

It is the responsibility of the Project Leader approved by the Head of School/Service to request that the Finance Department issue an invoice for work completed. In respect of Courses and Conferences run by the University, the Head of School/Service should ensure that it obtains payment before the individuals are allowed to attend the Course or Conference in line with normal commercial practice.

Additional payments may be made to staff for consultancy activities performed outwith their contracted hours and normal duties, subject to prior agreement between the Head of School/Service and the staff member. Any instruction to make such additional payments shall be authorised by the Head of School/Service and passed to Finance to ensure there are adequate funds. Distribution of income on commercial activity to central funds will be 35%. The maximum payable to the consultant is 32.5%.

Profits earned by the School/Service may be available to fund investment in capital assets or other strategic activities. Approval must be sought from the Principal or Vice-Principal in his absence for such expenditure and this expenditure must then be reflected by the Head of Finance in the University's capital or revenue budget and obtain the necessary approval by Court.

## **18.2 Private consultancy**

Private consultancy is when the member of staff acts entirely in a private (personal) capacity, so that the client has no link to Abertay. The employment contract for academic staff states that Abertay will be prepared to consider giving its consent to private consultancy work or collaborative arrangements with external organisations provided that any such arrangement is entered into in accordance with the terms of the Abertay's Intellectual Property Policy, and that it does not generate a conflict of interest e.g. the client is a preferred supplier to the University.

The consultant must not use any Abertay address (mailing or email) in any communication with the client nor make use of any University resources (staff, facilities) in the course of the consultancy or do anything that might lead the client to believe that the consultant is acting in his Abertay capacity.

Members of staff must seek consent through their Head of School/Service and the Vice-Principal before agreeing to undertake private consultancy. All such consents will be subject to compliance with Abertay's Intellectual Property Policy and its Financial Regulations.

When undertaking private consultancies, it is incumbent upon the consultant to have a Disclaimer Letter signed between him and the client in such terms as has previously been approved by the Vice-Principal. This documents the fact that the client acknowledges the consultant is acting in an individual capacity, which is in no way connected or associated with Abertay, thereby releasing Abertay from all responsibilities and/or liabilities for the

services rendered. A copy of this signed letter should be lodged with both the Head of School/Service and the Head of Finance.

### **18.3 Off-site collaborative provision**

Any contract or arrangement whereby the University provides education to students away from institution premises and in collaboration with a partner, or with the assistance of persons other than the University's own staff, must be subject to the following procedures.

There shall be a Memorandum of Agreement signed by the Principal and on behalf of the partner organisation before any provision is made. The contract shall comply at least with the Funding Council model contract, as amended from time to time. The form of the contract shall be scrutinised in advance of its operation by Quality Assurance Committee and Planning & Resources Committee and approved by Senate.

The impact of the contract shall be subject to scrutiny by the University Court. They shall consider the risk factors associated with the proposed partnership and agree an appropriate entry in the University's Risk Register.

Where the partnership would represent a significant departure from the University's strategic plan, the governing body shall approve the departure, and the Principal shall inform the Funding Council.

### **18.4 European Union and other matched funding**

Any such project requires the approval of the Head of Finance prior to any commitment being entered into, the application will then be approved on behalf of the University by the Principal and in his absence the Vice Principal. Such approval shall be dependent upon the relevant Head of School/Service being able to demonstrate that eligible matching funds are available and that the project is financially viable.

### **18.5 Intellectual Property**

The procedures to deal with the ownership and exploitation of intellectual property are contained in the Intellectual Property Policy approved by the University Court.

### **18.6 Other income**

This covers a variety of projects and initiatives. Very similar rules and procedures are applied to those of Research and Commercial projects. Cost centres are set up and project expenditure is booked directly to these. Where possible, project costings should be undertaken.

## **19 Expenditure**

### **19.1 Scheme of Delegation**

Each Head of School/Service is responsible for expenditure within his area of responsibility. Authority to incur expenditure may be delegated to named individuals within the School/Service. In exercising this delegated authority, budget holders are required to observe these financial regulations and all related procedure manuals.

The following duties must be appropriately segregated:

- placing orders or awarding contracts
- receiving goods
- checking invoices
- certifying invoices.

(Paper-based systems) The Head of Finance shall maintain a register of authorised signatories and Heads of School/Service must supply him with specimen signatures of those authorised to certify orders, invoices, payroll instructions etc.

(Electronic systems) The Head of Finance shall control the creation of requisitioners and authorisers and their respective financial limits.

The Head of Finance must be notified immediately of any changes to those authorised to commit expenditure.

Single orders made via the electronic system (approved University suppliers) which exceed £15,000 shall require the prior approval of the Head of Finance. All orders made via the paper-based system shall require the approval of the Head of Finance.

### **19.2 Procurement**

The University requires all budget holders, irrespective of the source of funds, to obtain supplies, goods and services at the lowest possible cost consistent with quality, delivery requirements and sustainability, and in accordance with best value principles. Factors to be considered in determining lowest cost are noted in the detailed financial procedures.

The Head of Finance is responsible for:

- ensuring that the University's procurement policy and procedures as contained in the Procurement Manual are known and observed by all involved in purchasing for the institution
- advising on matters of procurement policy
- advising Schools and Services where required on specific purchases
- developing appropriate contracts and approved supplier arrangements to assist the Head of School/Service in meeting their value for money obligations
- securing all contracts with a value over £15,000, in collaboration with the responsible School/Service, and ensuring that appropriate competitive procedures have been followed for purchases below £15,000.
- ensuring that the University complies with EU regulations on procurement policy.

### **19.3 Tenders and quotations**

Heads of School/Service must comply with the University's Procurement Manual as follows:

- Where possible, orders should be placed using University or APUC contracts or approved suppliers.
- Orders for certain commodity groups should always be placed via the relevant University lead buyer.
- Where none of the above applies, the following thresholds shall be observed.

- Under £2,000 the budget holder should usually obtain two quotations. These can be obtained orally or by other means.
- From £2,000 to £15,000 the budget holder shall obtain at least three written quotations.
- Over £15,000 the budget holder should contact the Head of Finance who will issue a tender invitation.

In some cases there may be a reason for not tendering; in such circumstances the reasons must be stated in a single supplier form and submitted to the Head of Finance, who has discretionary authority, for approval. The tender, and the reasoning behind the approval, should be reported at the next scheduled meeting of the Finance, People & General Purposes Committee.

Details of these procedures can be found in the University's Procurement Manual.

#### **19.4 Purchase orders**

The ordering of goods and services shall be in accordance with the University's detailed financial and procurement procedures.

Official University orders must be placed for the purchase of all goods or services, except those made using purchasing cards or petty cash in advance of the commitment to purchase being made. In exceptional circumstances, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day. All purchase orders must refer to the University's conditions of contract.

#### **19.5 Purchasing cards**

The operation and control of the institution's purchasing credit cards is the responsibility of the Head of Finance.

Holders of purchasing cards must use them only for the purposes for which they have been issued and within the monthly and single transaction limits set by the Head of Finance. It is a disciplinary offence to lend cards to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant budget holder in advance and in writing. Cards should only be used for purchases in which the supplier will only accept credit cards as a payment. The Head of Finance shall determine what information is required on purchases made with purchasing cards from cardholders to enable financial control to be maintained and cardholders must provide that information by the specified date.

In line with all other purchasing at the University, if the budget holder is receiving the benefit of the goods or services, then they must obtain their line manager's written permission before the card is used for that particular purchase (section 19.10 refers).

Details of the operation of the scheme are set out in the relevant financial procedure.

#### **19.6 Building contracts**

Building contracts are the responsibility of the Estates & Campus Services Sub-Committee (set out in Appendix 3) and are administered by the University's Head of Estates & Campus Services.

Proposals will normally be initiated by the Head of Estates & Campus Services in respect of planned replacements, general improvement schemes, space planning or in response to requests from Schools/Services. See section 11 for details of capital expenditure approval.

Consultants may be appointed if the project, as determined by the Estates & Campus Services Sub-Committee, is too large or too specialised for internal resources. Appointments shall be subject to tendering and will comply with the University's Procurement Manual.

Proposals shall be presented in the form of costings or investment appraisals prepared in conjunction with the Head of Finance as appropriate for consideration by the Committee. Investment appraisals should comply with appropriate funding body guidance.

Where appropriate, following consideration by the Committee and approved by the University Court, submissions should be forwarded to the Funding Council. If the required agreement is secured, the Funding Council procedures should then be followed. The Funding Council guidance on good practice should be followed even when approval is not required.

### **19.7 Receipt of goods**

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 shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

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.

All persons receiving goods on behalf of the University must be independent of those who negotiated prices and terms and authorised the official order where appropriate.

### **19.8 Payment of invoices**

The procedures for making all payments shall be in a form specified by the Head of Finance.

The Head of Finance is responsible for deciding the most appropriate method for payment for categories on invoice. Payments to UK suppliers will normally be made by BACS transfer (or cheques where necessary). Suppliers must notify the Finance department on their headed notepaper their bank account details. When there are changes made to this we seek the same notification as before but also check this by telephoning our usual contact.

#### **19.8.1 Manual Purchase Orders**

All suppliers should be instructed by the budget holder to submit invoices for goods or services to the Finance Department. Invoices from manual purchase orders will be logged by Finance, sent to the budget holder to be certified for payment, and returned for payment.

Where a discount is available for prompt payment, the invoice should be certified for payment and forwarded to the Finance Department immediately, with the discount clearly indicated. Otherwise, in line with our terms and conditions for ordering, suppliers will be paid within 30 days.

Payment will only be made against invoices that have been certified for payment by an appropriate authorised signatory. By certifying the invoice, the authorised signatory is confirming that:

- the goods have been received, examined and approved with regard to quality and quantity or that services rendered are satisfactory
- the goods/services have been checked against the official purchase order
- invoice details are correct as regards quantity, unit price, discount etc
- the invoice is arithmetically correct
- the invoice has not previously been passed for payment
- where appropriate, an entry has been made on a stores record or School/Service inventory
- he has specified an appropriate cost centre for which he is an authorised signatory and a subjective appropriate to the nature of the goods/services.

## 19.8.2 Computerised / Electronic Purchase Orders

The University operates a computerised / electronic purchase order system with a goods receipting system. All invoices should be submitted to the Finance Department where they will be logged onto the systems. Schools / Services must ensure they receipt the goods / services when they are received in a timely manner otherwise invoices / suppliers cannot be paid.

Where the purchase order has been placed via the electronic system, payment may be made against invoices that can be matched to a receipted order.

Internal charging from one School/Service to another will be by journal entry following satisfactory delivery of goods or performance of service.

## 19.9 Staff reimbursement of Travel and Subsistence costs

The University's purchasing and payment procedures are in place to enable the majority of goods and services to be procured without staff having to incur any personal expense. However, on occasion staff may incur expenses in relation to travel, and are entitled to reimbursement. All non Travel and Subsistence costs must be incurred via normal purchasing procedures and not claimed as Travel and Subsistence.

Where this is the case, the University's financial procedures on Travel and Subsistence Expenses must be strictly adhered to. Members of staff and other persons authorised to travel on official University business shall do so in accordance with these procedures, with the general object of using the most cost-effective and convenient form of transport appropriate to the circumstances.

All arrangements for travel must be approved by the budget holder or the budget holder's line manager in advance of committing the University to those arrangements or confirmation of any travel bookings. Where spouses, partners or other persons unconnected with the institution intend to participate in a trip, this must be clearly identified in advance and agreement to the reimbursement to the University of the expected costs shall be obtained in advance of travel.

Reimbursement of expenses shall be by BACS transfer on a weekly basis.

An application for an advance of expenses may be made to the Head of Finance where it is considered necessary and authorised by the budget holder. The maximum amount of advance is 75% of expected subsistence expenditure (90% for overseas travel). With the prior approval of the Head of Finance, staff may receive advance for travel and/or accommodation, where it is clearly not practicable for the University to procure these. Members of staff who receive such cash advances shall account fully for all actual expenditure supported by appropriate receipts as soon as possible and in any event within one month after their return to the University.

All reimbursement of expenses shall be based on the scales as are at the time of the travel approved by the University Court. In exceptional cases, claims which exceed the scales may be submitted where these have received prior approval by the Head of School/Service and the Head of Finance.

All claims for reimbursement shall be counter-signed by a signatory other than the claimant. This will usually be the budget holder of the relevant cost centre. If the claimant is himself the budget holder, the claim should be counter-signed by his line manager. All claims shall be submitted to the Finance Department within **one month** of the claimant's return to the University and claims submitted thereafter will not normally be accepted. Claims relating to previous financial years cannot be made once the ledgers are closed for that year.

Authorisation of an expense claim shall be taken to mean that:

- the travel was authorised
- the expenses were wholly, necessarily and exclusively incurred on the University's business and receipts (not credit card vouchers) or other supporting documentation have been supplied as required
- consideration has been given to value for money in choosing the mode of transport.

Arrangements for travel by the Principal or members of the University Court shall be approved by the Vice Principal; but Travel and Subsistence Expense Claims shall be approved by the Chairman of Court, or Vice-Chair when the Chair is not available.

Personal subscriptions and personal professional memberships will not be reimbursed to Staff. Subscriptions and memberships will only be paid where it is deemed by the Head of Finance that a membership is necessary for a particular function of the University.

#### **19.10 Goods and Services for Budget Holders**

Where a budget holder would personally benefit from a purchase; e.g. car hire for themselves, a conference they are to attend etc, then the budget holder must obtain the prior written approval of their line manager before ordering/committing to such expenditure.

#### **19.11 Petty cash**

Where necessary, staff may purchase certain items under £25 and claim reimbursement from the Finance Department. A petty cash voucher should be completed, indicating the item purchased and the account code to be charged. It must be signed by the member of staff and an authorised signatory, and must be supported by a receipt. Approval for reimbursement for items exceeding £25 shall require prior written authorisation from the Head of Finance.

Under no circumstance shall petty cash be borrowed or used for personal purposes for the cashing of personal cheques or for the payment of salaries.

Cash rolls from suppliers tills which do not give details of the items purchased are not acceptable as receipts for petty cash purposes and suppliers should be requested to supply an itemised receipt.

The Finance Department collects and distributes cash on behalf of its Students Association. Reimbursements to and from the Association are carried out during each calendar month with a formal reconciliation carried out monthly. The maximum value of claims for petty cash by the Students Association is £50. A petty cash voucher needs to be completed, indicating the item purchased and the account code to be charged. It must be signed by appropriate Society Members and the Students Association Vice President.

#### **19.12 Payments to students**

Payments to students on behalf of sponsoring organisations shall be made on the authority of the Head of Finance, on the basis of detailed supporting documentation supplied by the relevant School/Service.

#### **19.13 Late payment rules**

The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. It has now been extended to medium, large and public sector organisations. Interest can be charged at 8% above Bank of England base rate.

In view of the penalties in this Act, Schools and Services should ensure that suppliers are instructed to submit invoices to the Finance Department and that invoices forwarded for certification are returned immediately for payment (for manual orders) or are receipted in Aptos promptly by the School/Service when goods / services are received (for electronic orders).

#### **19.14 Hospitality**

Staff entertaining guests from outside bodies at lunch time should normally use the University's catering facilities. Where this is not the case, reasons must be stated when submitting a claim for reimbursement, as well as details of who attended, with external guests clearly indicated. For entertaining in the evening, details of who attended, with external guest(s) clearly indicated, is also necessary.

The limits concerning acceptable expenditure for entertaining guests are set out in the detailed financial procedure.

#### **19.15 Payments to Consultants**

The Head of School/Service must get permission from the Head of Finance before entering into an agreement to pay a consultant without deduction of Tax and National Insurance (i.e. not being paid via Payroll). The Head of Finance will seek advice from HM Revenues and Customs as appropriate. When it is agreed to pay a consultant gross a copy of the signed contract for services must be passed to the Finance Department for their records.

### **20 Pay Expenditure**

#### **20.1 Remuneration policy**

All University staff will be appointed to the salary scales approved by the University Court and in accordance with appropriate conditions of service. All letters of appointment shall be issued by the Human Resources Department.

Salaries and other benefits for senior management will be determined by the Remuneration Committee appointed by the University Court.

#### **20.2 Appointment of staff**

All contracts of service shall be concluded in accordance with the institution's approved personnel practices and procedures. Offers of employment of casual hourly-paid temporary or part-time staff must secure appropriate prior approval, with such offers being made in accordance with the procedures in force from time to time.

Budget holders shall ensure that the Human Resources Department and the Head of Finance are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

On occasion the University may pay Relocation Expenses when it is keen to complete the recruitment of exceptional candidates. Typically, staff may be eligible for a grant towards admissible removal expenses for furniture and personal belongings, including insurance thereof, and legal fees, equal to 75% of the actual expenditure incurred, subject to an upper limit which is determined by the University Court from time to time. For removal expenses, three quotations should be obtained and submitted to the Head of Finance for verification. Following removal the receipted invoice(s) in respect of relevant expenses, including legal expenses, should be submitted to the Finance Office to claim reimbursement of the appropriate sum.

#### **20.3 Salaries**

The Head of Finance shall be responsible for the payment of all salaries and all appropriate deductions therefrom and shall account for all such payments and deductions to the appropriate authorities or agencies. Payment of salaries shall be made monthly in arrears through BACS.

All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Head of Finance.

Heads of School/Service are responsible for ensuring that all episodes of sick leave are notified immediately to the payroll section of the Finance Department and other absences are reported on a monthly basis.

All payments must be made in accordance with the University's detailed financial procedures and comply with HM Revenue & Customs regulations.

The Head of Finance shall be responsible for keeping all records relating to payroll, including those of a statutory nature.

#### **20.4 Superannuation schemes**

The University Court is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

The University is a participating institution in the Scottish Teachers' Superannuation Scheme. The relationship is governed by the Teachers' Superannuation (Scotland) Regulations. The University also participates in the Tayside Local Government Superannuation Scheme. The relationship is governed by the Local Government Superannuation (Scotland) Regulations.

The Head of Finance is authorised by members of staff who participate in either of the above Schemes to deduct from their monthly salary payments the appropriate percentage of income due to the Scheme. The University contributes for each participating member of staff at the rate laid down by the Scheme from time to time.

The Head of Finance is responsible for the management of pension arrangements, including:

- paying contributions to various authorised superannuation schemes
- preparing the annual return to various superannuation schemes
- administering eligibility to pension arrangements.

#### **20.5 Allowances for members of the University Court**

Claims for members of the University Court will be authorised by the Secretary to Court. Claims for meeting attendance will be based on the rates approved from time to time by the University Court.

#### **20.6 Severance and other non-recurring payments**

Severance payments shall only be made in accordance with the relevant legislation and when made for reasons of redundancy under any scheme that may be in place. If such severance payments are made under an approved redundancy scheme then they require to be approved by the Redundancy Committee. Professional advice should be obtained where necessary. No amounts shall be expended that exceed the budget allocated for the purpose. All such payments shall be checked by the Head of Finance and authorised by the Principal.

When severance payments are made outside such approved schemes or made for other reasons (such as, under the terms of a Compromise Agreement), then the payments should be checked by the Head of Finance and approved by the Principal. All such payments should be reported to the Remuneration Committee or its equivalent (such as the Chairman's Committee).

When payments exceed the limit set by the Scottish Funding Council and relate to "senior officers" (based on an annual salary threshold specified by the Scottish Funding Council), all such payments should be approved by the Remuneration Committee or its equivalent and justified according to the appropriate guidelines laid out by the Scottish Funding Council.

## **21 Property and Assets**

### **21.1 Property**

The purchase, lease or rent of land, buildings or fixed plant can only be undertaken with authority from the University Court, which shall act on the advice of the Estates & Campus Services Sub-Committee and in accordance with the Funding Council requirements.

No member of staff shall commission alterations or additions to the University's property for any purpose whatsoever nor shall he authorise expenditure on such alterations or additions from whatever source without the express prior written approval of the Head of Finance, who shall, in giving any such approval, observe the requirements for competitive quotations and tenders stated elsewhere in the Regulations.

### **21.2 Equipment**

Heads of School/Service shall exercise responsibility and control on behalf of the University Court in respect of all equipment, furniture, goods, cash and other property within their School/Service and shall ensure that proper and effective inventories or records of them are maintained for audit and other inspection and in accordance with such guidelines as may be issued from time to time. Such exercise of responsibility and control is in appropriate circumstances subject to the over-riding responsibility and control of the Head of Finance.

Heads of School/Service shall provide details of such inventories and stocks from time to time as may be required by the Head of Finance.

The University shall maintain an asset register, which shall form the basis for relevant entries within the University's annual financial statements and for such other purposes as may be required. The Head of Finance shall ensure that the register is properly maintained, recording all additions and disposals, and reflecting any relocation or deterioration.

### **21.3 Stocks and stores**

Heads of School/Service are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their School/Service. The systems used for stores accounting must have the approval of the Head of Finance.

Heads of School/Service 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.

Where stocks require valuation in the balance sheet, the Head of School/Service must ensure that the stock-taking procedures in place have the approval of the Head of Finance and that instructions to appropriate staff within their departments are issued in accordance with advice contained in the University's financial procedures.

### **21.4 Vehicles**

All vehicles owned or operated by the University shall be used only in accordance with the regulations governing such use as are currently in force.

### **21.5 Security**

Keys to safes or other similar containers are to be kept secure by those responsible at all times. The loss of such keys must be reported to the Head of Finance immediately.

The Head of Information Services shall be responsible for maintaining proper security and privacy of information held on the University's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers.

Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 1998. The Vice-Principal is the designated data protection officer for the

University and is responsible for ensuring compliance with the Act and the safety of documents.

### **21.6 Personal use**

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

### **21.7 Asset disposal**

Disposal of equipment and furniture must be in accordance with procedures contained in the detailed financial procedures.

Disposal of land and buildings must only take place with the authorisation of the University Court. The Funding Council consent may also be required if exchequer funds were involved in the acquisition of the asset.

## **22 Endowment and Trust Funds**

The Head of Finance shall ensure the proper and safe custody of all funds administered by the University Court and shall make the necessary arrangements for the proper administration of each fund in accordance with the conditions laid down by the trust or other deed.

The Head of Finance is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the University and for initiating claims for recovery of tax where appropriate.

## **23 Insurances**

As part of the overall risk management strategy of the University, all risks will have been considered and those most effectively dealt with by insurance will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets.

The Head of Estates and Campus Services shall be responsible for maintaining adequate insurance for property, personal and other appropriate risks, whether statutory or otherwise, and shall deal with all claims on behalf of the University Court.

Heads of School/Service are required to immediately inform the Head of Estates and Campus Services of any alterations which will or might affect existing risks or require additional or new cover.

Heads of School/Service are responsible for all equipment, stock and other items under their control and shall ensure that, where there is a requirement for independent inspection for general safety or to comply with legislation, such inspections are carried out timeously and that suitable records are kept which shall record any defects noted at the time of inspection and the remedial measures taken.

Heads of School/Service shall immediately notify the Head of Estates and Campus Services of any loss, damage or injury which may give rise to an insurance claim. If a loss results from theft or other criminal offence, the Head of Finance shall be notified immediately irrespective of whether the loss or damage caused as a result thereof shall be a matter in respect of which an insurance claim may be made or not.

Items of equipment or stock shall not be removed from the University for official use without the prior permission of the Head of School/Service. Any such movement of items of equipment or stock should be notified to the Head of Estates and Campus Services for insurance purposes. No equipment or stock of whatever nature shall be removed from the University other than for approved University use.

Where large contracts are entered into, whose value is in excess of £100,000, then consideration should be given to insuring against the contracted company becoming insolvent and therefore being unable to complete the contract. Guidance should be sought from the Head of Finance, especially where the University had not had a prior relationship with the contracted company.

All staff using their own vehicles on behalf of the University shall maintain appropriate insurance cover for business use and will be required to produce the relevant records demonstrating such cover.

## **24 Subsidiary Entities**

In certain circumstances it may be advantageous to the University to establish a company or a joint venture to undertake services on behalf of the University. Any member of staff considering the use of a subsidiary entity should first seek the advice of the Head of Finance, who should have due regard to guidance issued by the Funding Council.

The establishment of all subsidiary entities shall be subject to the approval of the University Court. The process involved in forming a subsidiary entity and arrangements for monitoring and reporting on the activities of these entities are documented in the financial procedures.

It is the responsibility of the University Court to establish the shareholding arrangements and appoint directors of companies wholly-owned by the University.

The Head of Finance shall report annually on subsidiary companies where the University is the sole or majority shareholder to the University Court, via the Finance, People & General Purposes Committee, except where they are dormant. He will also submit business plans or budgets as requested to enable the Committee to assess the risk to the University. The directors of such companies are responsible for appointing external and, where appropriate, internal auditors for the company.

Where the University is the sole or majority shareholder in a company, that company's financial year shall be consistent with that of the University.

All companies and their subsidiaries in which the University has an interest shall be governed by the requirements of the Companies Acts. All wholly-owned companies shall also operate within the spirit of the Regulations, provided that such operation is not in conflict with the Companies Acts and is not specifically over-ridden by a resolution of or separate guidelines issued by such a company.

## **25 Students' Association**

The Students' Association is a separate legal entity from the University but is recognised to fulfil a valuable role in relation to the University's students.

The University Court shall determine the level of grant paid annually to the Students' Association. The University Court requires the Students' Association to provide details of its proposed budget to assist in determining the appropriate level of grant.

The Students' Association is responsible for maintaining its own bank account and financial records and preparing its own financial statements. These will be audited by an appropriately qualified firm of auditors and will be presented to the Finance, People & General Purposes Committee for information.

In accordance with an agreement between the University and the Students' Association, the University's internal auditor shall have access to records, assets and personnel within the Students' Association in the same way as other areas of the University.

## 26 Corruption and Fraud

Misuse or misappropriation of the assets and funds of the University is a serious disciplinary matter which can ultimately lead to criminal proceedings.

Since direct contact between the University and external suppliers of goods and services is an area which is particularly vulnerable to accusations and acts of fraud, the University has established clearly auditable financial and procurement procedures as laid down in the Regulations and the Procurement Manual to govern such relations and protect individual members of staff and the University as a whole.

Staff shall have no commercial dealings with any company resorting to questionable sales tactics such as free holidays and similar inducements. Business gifts or hospitality which may be deemed by others to be calculated to influence business decisions should always be refused. As a working practice any gifts other than items of very low value such as diaries or pens should be returned to the supplier and any hospitality accepted from a supplier should not significantly exceed that which the University would be likely or able to provide in return.

It is the duty of all members of staff, management and University Court to notify the Head of Finance immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety. Staff should refer to the Public Interest Disclosure (Whistle-blowing) Policy for more guidance.

The University's procedures regarding fraud are set out, in full, in the Fraud Prevention, Detection and Investigation Policy. As a brief summary, the Head of Finance shall immediately invoke the fraud response plan, which incorporates the following key elements:

- he shall notify the Principal and the Audit Committee (through its Chair) of the suspected irregularity and shall take such steps as he considers necessary by way of investigation and report
- he shall inform the police if a criminal offence is suspected of having been committed
- any significant cases of fraud or irregularity shall be reported to the Funding Council in accordance with the Financial Memorandum
- the Audit Committee shall commission such investigations as may be necessary of the suspected irregularity, by the internal auditor
- the internal auditor shall prepare a report for the Audit Committee on the suspected irregularity, which should include advice on preventative measures

If the suspected fraud is thought to involve the Head of Finance and/or the Principal, the member of staff shall notify the Chairman of the University Court of their concerns regarding irregularities.

## **APPENDIX 1**

### **Finance, People and General Purposes Committee**

#### ***General Duties***

Generally to advise Court on matters affecting the interests of Court and the whole administration of Court in respect of its responsibilities with regard to the financial administration of the University, and as an employer.

To receive and consider the minutes of the meetings of the committees with responsibility for Diversity and Equality, Estates & Campus Services and Health & Safety Committee and refer any significant matters to Court.

#### **Finance**

To consider and report to Court on:

The development, implementation and review of financial strategy, policy and procedures;

The annual financial statements for each financial year;

All proposals for the borrowing of money;

The annual estimates of income and expenditure;

The financial projections prepared for submission to the Scottish Funding Council.

To oversee and supervise the administration, management and application of all funds of the University from whatever source.

To make recommendations to Court on all matters relating to the insurance of Court and its members and all employees of Court and all properties and other assets of the University against any appropriate risks.

To advise Court on the criteria for the selecting, appointment and remuneration of insurance brokers and to recommend, following consideration of appropriate candidates, the appointment of such insurance brokers<sup>1</sup>

#### **People**

To consider and report to Court on:

The development, implementation and review of HR strategy, policy and procedures;

Staff consultative processes;

Performance indicators in respect of staffing

To oversee and supervise the management of all activities of the University as they relate to the duties and responsibilities of Court as an employer and provider of education, including:

diversity and equality for staff and students

health and safety of staff and students

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<sup>1</sup> This duty was previously a responsibility of the Audit Committee. At its meeting in December 2007, Court approved the removal of this duty from the Audit Committee and its transfer to FPGP.

## **General Purposes**

To oversee and supervise the management of all activities of the University as they relate to the estate and the University's Estate Strategy.

To review the relevance and appropriateness of the performance indicators established by Court and bring forward recommendations for change where necessary.<sup>2</sup>

To monitor the implementation of the goals and targets within the University's Strategic Plan.

Generally to advise Court on other matters affecting the interests of Court not referred to any other Committee.

## **Membership**

### ***Nominated by Court***

Seven lay members of Court – one of whom shall act as Chair

### ***Elected***

None

### ***Ex officio***

The Principal

Vice-Principal and Deputy Vice-Chancellor (will normally attend and represent the Principal)

Pro Vice-Chancellor (Academic Development)

Pro Vice-Chancellor (Recruitment and Student Experience)

Head of Finance

Head of Human Resources

President of the Students' Association.

### ***Co-opted***

None

### ***In attendance***

Chair of Audit Committee

### ***Secretary***

Administrative Officer, Secretariat (nominated as Secretary by the Secretary to Court & Head of Secretariat)

### ***Quorum***

A majority of Court members and a majority of ex officio members must be present.

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<sup>2</sup> This duty was previously a responsibility of the Governance Committee. At its meeting in December 2007, Court approved the removal of this duty from the Governance Committee and its transfer to FPGP

## **APPENDIX 2**

### **Audit Committee**

#### ***Remit***

To provide Court with such advice as it considers appropriate on matters relating to audit and internal control to assist Court in ensuring the proper discharge of its responsibilities for proper financial management, for the effectiveness of the internal control and management systems, for the safeguarding of the assets of the University and public funds, for the economy, efficiency and effectiveness of the University's activities, and in regard to risk management and corporate governance and the conduct of the University's operation.

To carry out the under-noted duties, namely:

To review the processes for ensuring the effectiveness of financial and other internal control systems, including monitoring arrangements for risk management within the University;

To review and comment upon the assessment carried out by the internal auditors and external auditors of the effectiveness of the University's financial and other internal control systems, including controls specifically to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness;

To ensure that where internal audit reports or other information indicate a failing in controls which have been identified as being part of the University's risk management process, these failures or deficiencies are promptly acted upon and remedied by the Senior Management Group (SMG);

To monitor compliance with corporate governance requirements and good practice guidance in the context of the remit of the Governance Committee to consider, and bring forward, recommendations in relation to best practice in institutional governance that it [i.e. Governance Committee] considers relevant to Court's current and future effectiveness;

To monitor compliance with the University's risk management framework and report annually to Court;

#### **Internal audit**

To advise Court on the terms of reference for internal audit and the criteria for the selection, appointment and remuneration of internal auditors, and to recommend, following consideration of appropriate candidates, the appointment of such auditors;

To review the scope, efficiency and effectiveness of internal audit work, including the adequacy of the resourcing made available;

To initiate, consider and approve, and review as appropriate, the internal audit needs assessment;

To agree with the internal auditors the criteria for grading recommendations in reports, and to review the management responses and implementation of the agreed recommendations therein;

#### **External audit**

To advise Court on the criteria for the selection, appointment and remuneration of external auditors and the scope of their work, and to recommend, following consideration of appropriate candidates, the appointment of such auditors;

To consider and comment upon the University's annual financial statements and the external auditors' report prior to their consideration by the Finance, People & General Purposes Committee;

To review the external auditors' management letter and the response thereto of senior management, to monitor implementation of agreed recommendations with direct access to the external auditors, and to keep under review any salient issues arising therefrom;

To review and monitor on an appropriate basis the effectiveness of the external audit service;

### **Value for money<sup>3</sup>**

To ensure that appropriate liaison and co-ordination exists between external and internal auditors;

To evaluate the University's arrangements for securing the economical, efficient and effective management of its resources and the promotion of best practice in the light of experience and national studies;

To advise Court on potential topics for inclusion in any programme of value for money reviews and to provide a view on persons or bodies most appropriate to undertake assignments decided upon;

### **Other duties**

To advise Court on any significant relevant reports from SFC (Scottish Funding Council) and Audit Scotland and other appropriate bodies;

To review the University's compliance with the SFC Financial Memorandum, and to advise Court thereon;

To review reported cases of impropriety to establish whether they have been appropriately dealt with;

To carry out such other duties as the Court may from time to time require;

To produce an annual report which shall incorporate any significant matters arising from the internal audit work and comment on the Committee's assessment of its own effectiveness, for submission to Court and to SFC.

In carrying out its duties to have authority to investigate any matters within its remit, and to have access as it requires to information and appropriate members of staff, and the resources necessary to carry out its remit. Membership

Not less than four lay members of Court, one to act as Convener. The Committee may co-opt lay persons who are not members of Court but who have appropriate experience or expertise, provided there is always a majority of lay members of Court.

### **In Attendance**

The Vice-Principal & Deputy Vice-Chancellor  
The Secretary to Court & Head of Secretariat  
The Head of Finance  
Representatives of the internal and external auditors.

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<sup>3</sup> The University's strategy for VFM is to obtain explicit feedback from internal audit, which is then reported on to the Audit Committee via reports.

Note: representatives of the internal and external auditors will be invited to attend all meetings where relevant matters are under consideration.

**Secretary**

Administrative Officer, Secretariat (nominated as Secretary by the Secretary to Court & Head of Secretariat)

**Quorum**

Three members of the Committee. If, within ten minutes after the time appointed for a meeting, or if before the business of any meeting has been completed, the number of members present is less than three, the members present shall address urgent business only and thereafter adjourn the meeting. Any decisions reached at an inquorate meeting shall be submitted to the subsequent meeting of the Committee for approval.

**Meetings**

The Committee shall meet at least 3 times in each session. One meeting each year will be preceded by a private meeting of the Committee with the internal and external auditors without officers present.

## **APPENDIX 3**

### **Estates and Campus Services Sub-Committee**

#### ***Remit***

To prepare, keep under review and develop an estate strategy for the University and to make such recommendations to the Finance, People and General Purposes Committee in regard thereto as considers appropriate in the light of changing space needs of the University and external circumstances.

To consider and make recommendations to the Finance, People and General Purposes Committee as to the acquisition and disposal of land or buildings as or forming part of the University estate and in general as to the maintenance, renewal and development of the University's estate.

To prepare, keep under review and develop policies in regard to the maintenance and renewal of the University's estate and the services and major fixtures therein.

To consider and oversee all matters relating to the maintenance and renewal of existing buildings and properties forming part of the University's estate and services and major fixtures therein; and also matters relating to the provision of new services and major fixtures whenever required, subject to such works and others being within the limits of the estimates approved by Court from time to time.

To consider and make recommendations upon the placing, variation and termination of contracts for new buildings or the alteration of existing buildings and services and major fixtures therein: declaring that the Sub-Committee shall have the discretion in particular cases of which the Sub-Committee shall be the judge to deal directly with the Scottish Higher Education Funding Council or other body or organisation on behalf of Court, provided that any such action shall be reported to an ensuing meeting of Court.

To consider and apply any statutory requirement, bylaws and others relating to the structure or use of buildings or properties forming part of the University's estate.

To consider and report on any matters relating to the University's estate or parts thereof and services and major fixtures therein not specifically referred to any other Committee of Court and upon any other matters which Court may refer or delegate to it from time to time relating to estate matters.

To consider and make recommendations to the Finance, People and General Purposes Committee on proposals for capital projects; and to monitor their implementation.

Membership

#### ***Court Members***

Three lay members of Court appointed by Court, one of whom will be appointed by Court to act as Chair

#### ***Elected***

None

#### ***Ex Officio***

Principal

Vice-Principal

Pro Vice-Chancellor (Academic Development)

Pro Vice-Chancellor (Recruitment & Student Experience)

Head of Estates and Campus Services,

President of the Students' Association

#### ***Co-opted***

None

***In Attendance***

Head of Student Services  
Student Centre Manager

***Secretary***

Administrative Officer, Secretariat (nominated as Secretary by the Secretary to Court & Head Secretariat)

***Quorum***

The Chair or a Lay member of Court and a majority of *ex officio* members (50% plus 1) must be present

## **APPENDIX 4**

### **Remuneration Committee**

#### ***Remit***

To consider and determine the levels of salary and conditions of service of the senior officers of the University, namely the Principal & Vice-Chancellor, the Vice-Principal and Deputy Vice-Chancellor and Pro-Vice-Chancellors.

#### ***Membership***

The Chairman and Vice-Chairman of Court, the Chair of the Finance, People & General Purposes Committee and three other lay members of Court, one of whom shall be the Chair of the Audit Committee. When the salary and conditions of service of the Principal are not the subject of discussion, the Principal will be in attendance.

#### ***Secretary***

Chairman (to take the Minute).

#### ***Quorum***

Normally all members.

## **APPENDIX 5**

### **Planning & Resources Committee**

#### ***Remit***

To formulate policies and criteria ensuring the effective allocation of resources across the University's main academic and support units, consistent with the University's Strategic Plan, and to make recommendations to Senate thereon;

To consider all proposals with income or expenditure consequences outwith agreed budgets from Schools and Services, and to make recommendations to Senate thereon;

To prepare for consideration by Senate, Court, the Funding Council and any other appropriate body estimates of recurrent and capital expenditure and income, and to consider these at regular intervals;

To decide, within the framework of the policies and the limits of discretion approved by Senate and/or Court from time to time, the allocations to be made to the University's various cost centres under the staff and non-staff headings;

To monitor and review the distribution and redistribution of resources across the University's main academic and support units, and to make recommendations to Senate thereon;

To consider, report upon or act upon such other matters as may be referred or delegated to it by Senate or Court.

To consider all main academic and support unit spending plans as contained within annual plans, ensuring both affordability and consistency with the University's Strategic Plan, and to make recommendations to Senate thereon;

To develop and implement approaches and plans to securing all possible sources of growth and income, including collaboration arrangements, consistent with the University's Strategic Plan;

To consider proposals for the structure of programme (and related) fees and to review market trends, and to make recommendations to Senate thereon;

To monitor the University's monthly management accounts<sup>4</sup>, approve budget proposals, and to make recommendations to Senate thereon.

To consider the strategic and financial aspects of proposals and recommendations made by other University committees, including Planning & Resources' own Portfolio Planning Sub-Committee, and to make its recommendations and views known to Senate.

To ensure that all of the Committee's major decisions and significant discussions are communicated across the Schools and Services, consistent with the University's communications strategy.

#### ***Membership***

##### ***Elected***

None

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<sup>4</sup> In months where there is no timely meeting of the Planning & Resources Committee this monitoring task is remitted to the Senior Management Group of the University

**Ex Officio**

Vice-Principal and Deputy Vice-Chancellor (Chair),  
Pro Vice-Chancellor (Academic Development) (Vice-Chair),  
Pro Vice-Chancellor (Recruitment and Student Experience),  
Secretary to Court & Head of Secretariat,  
Head of Finance,  
Registrar,  
Heads of Schools,  
Academic Director (Institute of Arts, Media and Computer Games),  
Head of Information Services; Director of Business Development,  
Director of Partnerships,  
Commercialisation and Intellectual Property Manager,  
Student Recruitment Manager,  
Head of Student Services,  
Head of Estates and Campus Services,  
Head of Human Resources,  
Director of Communications,  
President of the Students' Association.

**Nominated**

Four members nominated by Senate from amongst its non-*ex officio* membership having due regard to representation across Schools.

**Co-Opted**

The Committee may co-opt members from time to time.

**In Attendance**

Deputy Head of Finance  
Health and Safety Officer  
Student Centre Manager

**Secretary**

Administrative Officer, Secretariat (nominated as Secretary by the Secretary to Court & Head of Secretariat)

**Quorum**

The Chair or Vice-Chair and a majority of *ex officio* members (50% plus 1), must be present

## **APPENDIX 6 THE SEVEN PRINCIPLES OF PUBLIC LIFE**

### **FROM THE REPORT OF THE COMMITTEE FOR STANDARDS IN PUBLIC LIFE (THE NOLAN REPORT)**

#### **SELFLESSNESS**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

#### **INTEGRITY**

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

#### **OBJECTIVITY**

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

#### **ACCOUNTABILITY**

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

#### **OPENNESS**

Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

#### **HONESTY**

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

#### **LEADERSHIP**

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