

July 2013

BIRKBECK, UNIVERSITY OF LONDON

FINANCIAL REGULATIONS AND PROCEDURES

July 2013

REGULATIONS FOR INTERNAL FINANCIAL MANAGEMENT

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A. INTRODUCTION

1.1 The financial regulations

These Financial Regulations set out the working arrangements for the regulation of all financial transactions and relationships in the College. They have been approved by the Finance and General Purposes Committee and Governors.

They define key financial roles and responsibilities and provide the framework for financial budgeting, control and decision making to:

- ensure compliance with the terms and conditions of the public funding provided through the Higher Education Funding Council for England (HEFCE);
- meet the terms and conditions of College's research and other funders;
- manage financial risk;
- promote value for money and the efficient and effective use of resources;
- guard against fraud and misuse of funds.

These regulations will be subject to periodic review to ensure that they remain effective and responsive to developments within the College and best practice in the sector.

Many staff within the College are involved in financial transactions or processes as part of their work. All have a duty, as part of their contract of employment, to be aware of and comply with these financial regulations. Any member of staff needing clarification of any aspect of the regulations that relate to them should seek the advice of the Director of Finance or the Financial Accountant.

In addition to specifying detailed regulations, this document provides a broader overview of the College's financial structures and functions intended to help staff in understanding the overall organisation and the context and constraints within which it operates.

1.2 Principles of income distribution

The academic structure of the College requires the context of a clearly defined planning, budgeting and devolved resource allocation infrastructure. The College operates an Income Distribution Model (IDM) budget through which an income and expenditure budget is set for each School and for Professional Services through an annual strategic planning and budgeting process.

The IDM provides the basis for devolved resource allocation; a framework for planning activity; and an environment which focuses attention on improving the cost effectiveness and efficiency of all College activities. The College's financial operations are, inevitably, complex, but the principles of transparency, objectivity and equity are best served by a model that is as simple as possible and understood widely across the College.

The IDM identifies income and expenditure for all parts of the College; it allocates income to where it has been earned and costs to where they have been incurred either directly or indirectly in the case of College services and infrastructure, using charging rules based on relevant proxy measures of usage. Resources, and the financial decision making about their use, are thus located close to the academic activities through which the College's income is generated. Within a clear framework of accountability, this provides flexibility both in terms of supporting existing activity but also in providing the scope for more rapid growth, innovation and development in new areas.

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The IDM allocates to each School:

Income

- Fee income from students in the School
- HEFCE T funding based on fundable students in the School
- HEFCE QR funding
- Research grants and contracts secured by School staff
- Other income, e.g. from commercial activity

Expenditure

- Salary costs for all staff in the School
- Sessional and bought in teaching staff costs
- Equipment costs
- Costs of telephone, IT, postage, stationery, consumables and other direct costs
- Discretionary costs
- Indirect expenditure: contribution to the College's central support services.

The IDM returns a surplus or a deficit for each School, which is income minus expenditure. These outcomes, added together, make up the overall College operating position and the surplus or deficit in each School must be interpreted in the College-wide context.

For Schools operating in deficit an agreed level of deficit will be approved for the year as part of the planning and budgeting process on the basis of an overall five year plan that will bring the School back into surplus. If the level of deficit at the end of the year is greater than the agreed level, the difference will be offset against the School's reserves, reducing them.

For Schools operating in surplus, an agreed level of surplus will be approved for the year as part of the planning and budgeting process on the basis of the School's overall five year plan. Any surplus generated over and above this level will be credited to the School's reserves, increasing them.

If the College overall is operating in deficit, the first call on surpluses generated at School level will necessarily be to minimise the College deficit. If the College's financial position is sufficiently strong and stable; and where Schools are operating in surplus; discussions about agreed discretionary spend in relation to School reserves will form part of the annual planning and budgeting process.

All Schools and professional service departments must control costs and obtain maximum value for money. School strategic plans need to encompass both opportunities for income growth and improved cost effectiveness. The key planning assumption for professional service plans will be that service expenditure rises more slowly than the College's overall turnover growth with higher volumes of academic activity being supported at a reducing unit cost.

1.3 Objectives

College objectives

The IDM and the principles governing it support the strategic financial and cost effectiveness objectives set by the Strategic Planning Committee and the Governors, as per the College's Strategic Plan. These include the following objectives:

- to seek to diversify sources of income
- to generate surpluses of up to 3% of turnover
- to reduce staff costs as a proportion of income

The Financial Memorandum between the College and the Higher Education Funding Council for England (HEFCE), which determines the terms and conditions relating to the College's core government funding, also sets out criteria for financial sustainability that have to be observed.

The Financial Memorandum states, *inter alia*, that "The governing body of the institution shall plan and conduct its financial and academic affairs to ensure that it remains solvent and that, taking one accounting period with another, its total expenditure is not greater than its total income."

Meeting objectives and criteria

In order to meet to the College's objectives and the terms and conditions of HEFCE funding, the Governors, through its Finance and General Purposes Committee and as advised by the Strategic Planning Committee:

- Approves financial strategy as part of the College's corporate plan
- Undertakes an annual budgeting and five year forecasting exercise, the outcome of which feeds back into the development and amendment of the financial strategy;
- Approves a budget for each financial year; and
- Monitors performance in relation to this budget within the year

Section B

COMMITTEE AND MANAGEMENT STRUCTURE

- 1. CONSTITUTION**
- 2. COLLEGE COMMITTEES**
- 3. OFFICERS**

B. COMMITTEE AND MANAGEMENT STRUCTURE

I. CONSTITUTION

The College was granted an amended Charter and new Statutes in October 2007 which define the powers and composition of the Governing Body and provide for the appointment of the Master and senior officers.

2. COLLEGE COMMITTEES

2.1 Governors

The Governing Body is the sovereign body of the College and is legally responsible for its management. It appoints the Master and has the final say in constitutional, financial and academic matters but delegates many of its powers to standing Committees. It meets at least three times a year. (Refer to Section C3)

2.2 Academic Board

The Academic Board is responsible for advising the Governors on all academic matters. It therefore receives reports from its committees on academic development, policies and procedures, as well as reports on appointments and promotions.

2.3 Academic Board Executive Committee

The Executive Committee is the steering committee for the Board and also the academic planning committee. It is the link between the academic committees and the Finance & General Purposes Committee (F&GPC). As a committee of the Academic Board, it reports to the Board but it may also report to the F&GPC on financial matters and direct to Governors if the committee timetable does not allow a prior report to the Board. In fulfilling this responsibility, ABExCo considers information on student recruitment alongside regular reports from the academic Committees on their respective remits.

2.4 Committees reporting direct to Governors:

- Nominations Committee
- Finance and General Purposes Committee (refer to section C4)
- Audit Committee (refer to section C5)
- Academic Board (which is not, technically, a Governors' Committee but which does make reports directly to Governors)
- Remuneration Committee
- Equalities Committee

2.5 Committees reporting direct to Finance and General Purposes Committee:

- Investment Committee (refer to section C7)
- Estates Committee (refer to section C8)
- Human Resources Strategy and Policy Committee (refer to section C9)
- Safety Committee
- Strategic Planning Committee (refer to section C6)

2.6 Committees of the Academic Board

- Academic Board Executive Committee
- Teaching and Quality Enhancement Committee
- Research Committee
- Student Experience and Widening Participation Committee
- College Board of Examiners

A diagram of the Committee structure is shown in Section D.

3. OFFICERS

The President is appointed annually by the Governors and plays an honorary and largely ceremonial role.

The Master is the chief academic and administrative officer of the College and is the designated Accounting Officer to the HEFCE.

The Vice-Master is appointed by the Governors for a term of office of five years from among the Professors on the recommendation of the Master after consultation with the Academic Board. He/she acts as deputy in the Master's absence and has executive and management responsibilities, chairing a number of committees, some of which control substantial budgets.

The Dean is appointed by the Governors for a term of office of five years on the recommendation of the Academic Board. He/she exercises a pastoral role on behalf of College staff and students.

The College Secretary and Clerk to the Governors, who is the legal representative of the College, is responsible to the Master for the leadership, management and coordination of the College's administrative departments and systems. As Clerk to the Governors, the post holder is Secretary to the Governing Body, and is responsible for advising Governors, including giving advice on their statutory responsibilities and for ensuring that their decisions are implemented. In that capacity the post holder reports to the Chairman of Governors.

Section C

RESPONSIBILITY FOR FINANCE IN THE COLLEGE

- 1. INTRODUCTION**
- 2. FINANCIAL MEMORANDUM BETWEEN THE HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND AND BIRKBECK COLLEGE**
- 3. THE GOVERNORS**
- 4. FINANCE AND GENERAL PURPOSES COMMITTEE**
- 5. AUDIT COMMITTEE**
- 6. STRATEGIC PLANNING COMMITTEE**
- 7. INVESTMENT COMMITTEE**
- 8. ESTATES COMMITTEE**
- 9. HUMAN RESOURCES STRATEGY AND POLICY COMMITTEE**
- 10. THE MASTER**
- 11. DIRECTOR OF FINANCE**
- 12. INTERNAL AUDITOR**
- 13. EXTERNAL AUDITOR**
- 14. BUDGET HOLDERS**

C. RESPONSIBILITY FOR FINANCE IN THE COLLEGE

I. INTRODUCTION

- 1.1 The Charter sets out in formal terms, the powers bestowed upon the College in furtherance of its objectives. These include the following relating to finance:
- a) to acquire, own, maintain, manage and dispose of real and other property;
 - b) to solicit, receive and administer grants, subscriptions, donations, endowments, legacies, gifts and loans of any property whatsoever whether real or personal;
 - c) to demand and receive fees, subscriptions and deposits;
 - d) to act as trustees for and in relation to endowments, legacies and gifts;
 - e) to invest any monies in the hands of the College and available for investment in accordance with the relevant law and the Statutes;
 - f) to borrow and raise money and give security for loans in any manner;
 - g) to give guarantees; and
 - h) to enter into engagements and to accept obligations and liabilities in all respects without any restriction whatsoever and in the same manner as an individual may manage his or her own affairs.

2. FINANCIAL MEMORANDUM BETWEEN THE HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND AND BIRKBECK COLLEGE

- 2.1 The Higher Education Funding Council for England (HEFCE) has issued financial memoranda to universities, setting out the conditions under which it will make payments to universities out of funds made available to it by the Secretary of State for Education. The Financial memorandum between the Council and each Institution is in two parts. The first part is common to all institutions and sets out the financial framework within which institutions are expected to operate and the conditions which govern the use of Council funds. The second part is the annual agreement between each institution and the Council, describing what the institution is required to deliver in exchange for funding. The Council can withhold part of the funding if an institution fails to attract the number of students specified in the agreement.

3. THE GOVERNORS

- 3.1 The Charter states that:

There shall be a Governing Body of the College comprising Governors who ... shall exercise all the powers of the College and shall have the management and control of the College and the administration of all the property and income thereof with power to delegate all or any of their powers as provided in the Statutes. (Article 7)

- 3.2 The powers of Governors as set out in the Statutes include the following relating to finance:

- a) the Governors shall supervise the expenditure of all monies on account of the ordinary business of the College and shall have power to set the fees or other charges payable by Students of the College ... and to do all such other things as are necessary for the transaction of the business of the College or the furtherance of its objects. (Statute 14)
- b) monies in the hands of the College and available for investment may be invested by the College in accordance with financial regulations agreed by the Governors from time to time. (Statute 27)

4. FINANCE AND GENERAL PURPOSES COMMITTEE

4.1 The Finance and General Purposes Committee has overall responsibility, on behalf of the Governors, for the conduct of the College's financial affairs and for other matters delegated by Governors. The Committee's advice and decisions shall be directed to the protection and enhancement of the College's assets and the best use of its income so that the objects of the College, as defined in its Charter and Statutes, may be achieved.

Within these general terms, the Committee is specifically required:

- a) to lay annually before Governors audited Accounts with a Report;
- b) to submit to the Governors an annual budget of forecast income and expenditure and to report at least each term on estimated actual income and expenditure against these forecasts;
- c) to control, and to report on to the Governors whenever necessary, all questions relating to banking operations, investments, cash statements, auditors' reports, invoices, and any other matters relevant to the income and expenditure of the College;
- d) to delegate responsibility for budgetary control in specified areas of financial expenditure (including Schools and Professional Services) and to monitor and control expenditure within such areas;
- e) to have oversight of the inflow of money from grant giving bodies, both for the support of specific research and for the general support of the purposes of the College, and to ensure that any contingent liability arising from a grant or benefaction shall be acceptable to the College;
- f) to have oversight of annual and longer term financial planning and forecasting and report to Governors as necessary;

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- g) To appoint with terms of reference and to receive the Reports of the Strategic Planning Committee, Estates Committee, Investment Committee, Safety Committee and Human Resources Strategy and Policy Committee and such other groups or Working Parties as the Committee may from time to time appoint;
- h) To oversee generally the provision of such services and amenities as may be necessary for the efficient running of the College.

5. AUDIT COMMITTEE

The Governors have appointed an Audit Committee in accordance with the HEFCE's Code of Practice on Accountability and Audit. Its terms of reference are as follows:

- a) The Audit Committee reports to the Governors on the College's risk management, control and governance arrangements and its arrangements for ensuring economy, efficiency and effectiveness.

Duties

- b) To advise the Governors on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors and any questions of resignation or dismissal of the external auditors.
- c) To discuss if necessary with the external auditors, before the audit begins, the nature and scope of the audit.
- d) To consider the audit aspects of the annual financial statements in the presence of the external auditors, including the external auditors' formal opinion, the statement of Governors' responsibilities, the statement of internal control and any relevant issues raised by the external auditors, in accordance with HEFCE's Accounts Directions.
- e) To discuss with the external auditors problems and reservations arising from the audits, including a review of the management letter incorporating management responses; and any other matters the external auditors may wish to discuss (in the absence of management where necessary).
- f) To consider and advise the Governors on the appointment and terms of engagement of the internal auditors, the audit fee, the provision of any non-audit services by the internal auditors and any questions of resignation or dismissal of the internal auditors.
- g) To review the internal auditors' audit risk assessment and strategy; to consider major findings of internal audit investigations and management's response; and to promote co-ordination between the internal and external auditors.
- h) To keep under review the effectiveness of risk management, control and governance arrangements, and in particular to review the external auditors' management letter; the internal auditors' annual report; and management responses.
- i) To monitor the implementation of agreed audit-based recommendations, from whatever source.
- j) To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the HEFCE accounting officer, have been informed.
- k) To oversee the College's policy on fraud and irregularity, including being notified of any action taken under that policy.
- l) To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

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- m) To receive any relevant reports from the National Audit Office, HEFCE and other organisations.
- n) To monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and to make recommendations to the Governors concerning their reappointment, where appropriate.
- o) In the event of the merger or dissolution of the College, to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

Authority

- p) The Audit Committee is authorised by the Governors
- q) to investigate any activity within its terms of reference and to seek any information it requires from any employee; all employees are directed to co-operate with any request made by the Committee.
- r) to obtain outside legal or other independent professional advice, where it considers it necessary, up to a limit of £5,000 in any one year. Expenditure beyond this amount requires Governors' prior approval.

Meetings

- s) The Committee will meet at least three times each financial year, normally once per term. The external or internal auditors may request a meeting if they consider it necessary.

Reporting

- t) A Report will be drafted following each meeting of the Committee and circulated to all Governors.
- u) The Committee will prepare an annual report covering the College's financial year and any significant issues up to the date of preparing the report. The Committee should, where appropriate, confirm with the internal and external auditors that the effectiveness of the internal control system has been reviewed; and comment on this in its annual report. The annual report will give the Committee's opinion, based on the information presented to it, on the adequacy and effectiveness of the College's arrangements for:
 - v) risk management, control and governance, including the accuracy of the statement of internal control included with the annual statement of accounts;
 - w) economy, efficiency and effectiveness (value for money).
- x) The report will be addressed to the Governors and the Master as designated officer. It should normally be considered by the Governors before the Letter of Representation is signed and the annual financial statements approved.

6. STRATEGIC PLANNING COMMITTEE

The Governors have appointed a Strategic Planning Committee which reports to the Finance and General Purpose Committee

- a) To consider College-wide strategic issues and priorities and to advise F&GPC and Governors accordingly as part of the annual and five-year planning cycle;

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- b) To develop and keep under review internal planning and resource allocation policy and procedures, including the income distribution model, ensuring that these reflect the College's strategic priorities;
- c) To set the strategic context and objectives for the annual planning round, taking into account College objectives as defined in the five-year corporate plan and through Governors' annual consideration of the College's strategic direction;
- d) To oversee the annual planning and budgeting process, to give feedback to Schools and central services on developing plans and to co-ordinate and integrate plans for presentation to F&GPC;
- e) To discuss annual iterations of School plans with the Executive Deans and to consider and approve School and central service plans against the objectives set, provided that;
 - a) Academic activities and programmes are approved and monitored through the procedures overseen by the Academic Board and its Committees;
 - b) Budgets are approved by the F&GPC and Governors;
- f) To establish and to regularly monitor Key Performance Indicators that measure performance against the objectives set, overall and against School and central service plans;
- g) To report to and advise F&GPC and ABExCo as appropriate on matters arising from the annual planning round;
- h) To take into account the advice of the Executive Deans and ABExCo on planning priorities and cross-School issues;
- i) To establish a Fees Bursaries and Scholarships Committee, to consider recommendations from it on fee and scholarship policy and levels and to advise F&GPC and Governors accordingly;
- j) To ensure an annual report on the disbursement of scholarship funds is made by the Fees and Bursaries Committee to ABExCo.

7. INVESTMENT COMMITTEE

7.1 The Governors have appointed an Investment Committee which reports to the Finance and General Purposes Committee. The terms of reference of the Investment Committee are as follows:

- a) to be responsible to and to report to the Finance and General Purposes Committee and the Governors for all investments;
- b) to recommend to the Finance and General Purposes Committee and the Governors the appointment of investment managers to undertake the day-to-day management of the College's investments in accordance with agreed policy;
- c) to formulate and to keep under review the policy governing the College's investments, including the "Powers and Restrictions", and to make recommendations to the Finance and General Purposes Committee thereon;
- d) to receive regular reports from the investment managers and to keep their performance under review.

- 7.2 The aims of the Funds are to provide growth in income and capital over the long term, while at the same time limiting the level of risk.
- 7.3 The following "Powers and Restrictions" governing the actions of the College's current investment managers has been agreed:
- a) the investment managers can invest in securities which are dealt with on any recognised stock exchange, subject to the restrictions set out in this document;
 - b) with regard to equities, no one holding should bring the total holdings in that organisation above 5% of the market value of the Fund or 5% of the issued share capital of the company;
 - c) where urgent action is required the Director of Finance is empowered to act on behalf of the Committee. Such action shall be reported to the next meeting of the Committee.

8. ESTATES COMMITTEE

The Governors have established an Estates Committee with responsibility to the Finance and General Purposes Committee on all matters relating to building and estates. Its terms of reference are as follows:

- a) To consider and make recommendations to F&GPC and Governors on strategic, developmental and policy and matters related to the estate, including environmental policy;
- b) To oversee the development and ongoing review of the College's Estates Strategy, in the context of the overall corporate plan and strategic objectives, for approval by F&GPC and Governors;
- c) To monitor the overall delivery of the Estates Strategy and to make an annual report to F&GPC and Governors;
- d) To establish Key Performance Indicators for estates and to monitor these in the context of the targets identified in the Estates Strategy, making periodic reports to F&GPC;
- e) To have responsibility for oversight and monitoring of current major and College-level estates projects*, reporting on significant budget variances and making recommendations as necessary, including oversight of the use of specific grants;
- f) To evaluate and advise Governors and F&GPC on new proposals for major and College-level estates projects and bids for project funding;
- g) To approve the long term maintenance plan and the annual programme of long term maintenance work and to make recommendations on funding to the F&GPC;
- h) To promote the efficient use of space throughout the College;
- i) To advise F&GPC on the College's property portfolio and the acquisition and disposal of property and leases.

* Major and College-level estates projects are projects using HEFCE or other external funding, or with a budget of over (£50K), or projects affecting common space or the facilities and activities of more than one School.

9. HUMAN RESOURCES STRATEGY AND POLICY COMMITTEE

9.1 The terms of reference of the HR Strategy and Policy Committee are to be responsible to the Finance and General Purposes Committee for:

- a) to oversee the development of the College's HR Strategy and to champion and promote it;
- b) to monitor annually the implementation of the HR Strategy and recommend changes where necessary;
- c) to be responsible for the conditions of service and career structure of all staff, including arrangements for probation, merit pay, regarding and appraisal;
- d) to keep abreast of HR best practice, develop appropriate policies and make recommendations to Finance and General Purposes Committee for changes required to existing policy and practice;
- e) to monitor developments in legislation and agree minor revisions to existing policies. Where these are required by legislation and have no direct financial or strategic implications, the Committee has delegated authority from Governors to approve revisions without the need for further approval by Finance and General Purposes Committee and Governors.
- e) the appointment of the members of the following review panels:
 - Academic Staff Probationary Review Panel
 - Academic Staff Review Panel (Lecturer A to Lecturer B)
 - Academic Staff Review Panel (Lecturer to Senior Lecturer)
 - Academic Staff Review Panel (Conferment of Title)
- f) considering the reports of all review panels' decisions and also any recommendations they may make;
- g) receiving for information the reports of the gradings process and the annual contribution-related pay process for professional and support staff;
- h) for appointing the members of the College side of the Staff Joint Committees and receiving for information the reports to Governors of the Joint Committees
- i) to consider equality and diversity in all aspects of its discussion and decision-making
- j) to report and make recommendations to the Finance and General Purposes Committee.

10. THE MASTER

Under the terms of the College's Charter, there shall be a Master of the College who shall be appointed by the Governors and who shall be the chief academic and administrative officer of the College.

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The Master is the academic and administrative head of the College and has responsibility to the Governors for its finances, for promoting and maintaining the efficiency, good order and development of the College.

Under the Financial memorandum with HEFCE, the Master is the designated office holder for the College.

11. DIRECTOR OF FINANCE

The Director of Finance is responsible to the College Secretary for the administration of the Finance Department and to the Master and Chair of the Finance and General Purposes Committee for the financial administration of the College, the maintenance and development of systems of financial control and for the provision of financial information for management and planning purposes.

12. INTERNAL AUDITOR

The terms of reference for Internal Audit are as follows:

12.1 Role

The internal audit service is responsible for reporting and giving assurance to the Master and the Governors through the Audit Committee on the adequacy and effectiveness of the College's internal system of control. Internal audit is not a substitute for, nor an extension of, management. However, it will assist management by evaluating and reporting to them on the effectiveness of the controls for which they are responsible.

12.2 Scope

All the College's activities, funded from whatever source, fall within the remit of the internal audit service. The internal audit service will consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that management have taken the necessary steps to achieve these objects.

It is not within the remit of the internal audit service to question the appropriateness of policy decisions. However, the internal audit service is required to examine the management arrangements of the College by which decisions are made, monitored and reviewed.

The internal audit service will also conduct the following:

- a) any special reviews requested through the Audit Committee
- b) any value-for-money work as directed by the Audit Committee

provided such reviews do not compromise their objectivity, independence or achievement of their audit plan.

12.3 Responsibilities

Internal audit is responsible for providing an independent appraisal of all the College's activities. The service will be responsible for reporting and giving assurance to the Master and the Governors on the adequacy and effectiveness of the College's internal system of control.

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In order to provide the required assurance, the internal audit service will undertake a programme of work over a cycle authorised by the Governors on the advice of the Audit Committee to achieve the following objectives:

- a) to review and appraise the soundness, adequacy and application of accounting, financial and other controls;
- b) to ascertain the extent to which systems of control ensure compliance with established policies and procedures;
- c) to ascertain the extent to which the assets and interests entrusted to, or funded by, the College are properly controlled and safeguarded from losses of all kinds;
- d) to ascertain that accounting, budgetary control and other information is reliable as a basis for the production of accounts and other returns;
- e) to ascertain the integrity and reliability of financial and other information provided to management, including that used in decision making;
- f) to ascertain that systems of control are laid down and operated to achieve the most economic, efficient and effective use of resources;
- g) to draw attention to apparently uneconomic or otherwise unsatisfactory results applying from management decisions, practices or policies.

12.4 Standards and approach

The internal audit service's work will be performed in accordance with appropriate professional auditing practice; the standards laid down in the Government Internal Audit Manual and will comply with the HEFCE Code of Practice for university internal and external audit.

In achieving its objectives, the internal audit service should:

- a) identify all elements of control systems on which it is proposed to place reliance and establish a review cycle;
- b) evaluate those systems, identify inappropriate or inadequate controls, and recommend improvements in procedures or practices;
- c) ascertain that those systems of control are laid down and operated to achieve the most economic, efficient and effective use of resources;
- d) draw attention to any apparently uneconomic or otherwise unsatisfactory result flowing from decisions, practices or policies;
- e) liaise with external auditors and with the HEFCE internal audit service.

12.5 Independence

The internal audit service has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. It may provide advice, however, on control and related matters, subject to the need to maintain objectivity and to resource constraints.

The Audit Committee will advise the Governors on all matters concerning internal control. Within the College, responsibility for internal control rests fully with management who should ensure that appropriate and adequate arrangements exist without reliance on the College's internal audit service. In order to preserve the objectivity and impartiality of the internal auditors' professional judgement, responsibility for implementing audit recommendations rests with management.

The internal audit service has rights of access to all the College's records, information and assets which it considers necessary to fulfil its responsibilities.

12.6 Access to the Audit Committee and Master

The internal audit service has a direct right of access to the Chairman of the Audit Committee and to the Master at any time it is considered necessary or appropriate.

12.7 Reporting arrangements

The internal audit service should make arrangements to submit its reports to the appropriate department or division within the College for comment and agreement. Any findings which the internal audit service considers to be significant should be brought to the attention of the Master, other senior officers and the governors if appropriate. The internal audit service should agree when it will follow up its comments and recommendations, generally after one year.

The internal audit service will produce its reports, usually within one month of completion of each audit, giving an assessment of the area reviewed and making recommendations where appropriate. Such reports will be referred to the next meeting of the Audit Committee. Executive Deans, School Managers and Heads of Professional Services departments or divisions will be required to respond to the Director of Finance on each audit report, usually within one month of issue, stating their proposed action with a timed plan for implementing agreed recommendations.

The internal audit service will also submit to the Master and the Governors, after consideration by the Audit Committee, an annual report of the work undertaken together with an assessment of the extent to which the financial systems may be relied upon.

12.8 Liaison and relations with external audit

The internal audit service will liaise with the external auditor's of the College and with the HEFCE's internal audit service to enhance the level of service it provides to the management of the College.

12.9 Internal audit files

The files and other records maintained by the internal audit service in relation to work at Birkbeck College shall remain the property of the College. Appropriate arrangements should be made to hand files over to incoming auditors at the conclusion of the contract.

13. EXTERNAL AUDITOR

13.1 The Statutes include the following provisions relating to the External Auditor:

- a) There shall be an audit of the Accounts of the College made every year by one or more Auditors, being members of a body of accountants recognised by the Secretary of State under Section 389(1) of the Companies Act 1985, to be appointed by the Governors. The Auditors shall make a report to the Governors. (Statute 24)
- b) If more Auditors than one be appointed the continuing Auditor or Auditors shall have power to act notwithstanding any casual vacancy. The Auditors' report and audited accounts shall, in addition to being presented annually to the Governors, be furnished to such persons corporations and bodies contributing to the revenue of the College as the Governors shall from time to time determine. (Statute 25)
- c) No person shall be appointed or remain Auditor who is or any one of whose partners is a Governor or a member of the Staff. (Statute 26)

13.2 The external auditor has a direct right of access to the Chair of the Audit Committee and to the Master at any time if it is considered necessary or appropriate.

14. BUDGET HOLDERS

14.1 Budget holders are the persons accountable for expenditure from, and income to, particular budgets. Budget holders include:

- Executive Deans
- School Managers
- Directors of research projects
- Heads of Professional Services departments and sections
- Designated staff having special responsibilities for expenditure e.g. Safety Officer.

14.2 Each budget holder is responsible for the control of his/her budget and for the general financial administration of his/her area of responsibility. Budget holders receive annual notification of budgets and regular expenditure statements from the Finance Department.

14.3 Budget holders may reasonably delegate authority to incur expenditure within their budgets, but they retain ultimate responsibility for the control of such expenditure.

14.4 Budget holders shall monitor income received and expenditure incurred during the year with reference to the budget for the year and notify, as soon as possible, the Director of Finance if it is foreseen that the budget for the year will unavoidably be overspent.

Section D

ORGANISATION CHARTS

1. **[THE COMMITTEE STRUCTURE](#)**
2. **[REPORTING STRUCTURE](#)**
3. **[FINANCE DEPARTMENT STRUCTURE](#)**

Section E

FINANCIAL REGULATIONS AND PROCEDURES

- 1 **Planning and budgeting**
- 2 **Accounting**
- 3 **Auditing**
- 4 **Banking**
- 5 **Expenditure – payment and authorisation**
- 6 **Purchase of goods and services**
- 7 **Sale and disposal of equipment**
- 8 **Borrowing, lending and investment**
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- 10 **Income tax and National Insurance contributions**
- 11 **Income**
- 12 **Research grants and contracts and other services**
- 13 **Consultancies, short courses and academic services**
- 14 **Intellectual property, copyright and the exploitation of inventions**
- 15 **Assets**
- 16 **Inducements, hospitality and gifts received**
- 17 **Reimbursement of expenses – travelling, subsistence and hospitality**
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I. PLANNING AND BUDGETING

1.1 Principles and objectives for planning and budgeting

The College's financial planning and budgeting support the strategic financial objectives set by the Governors.

The Financial Memorandum between the College and the Higher Education Funding Council for England (HEFCE), which determines the terms and conditions relating to the College's core government funding, also sets out criteria for financial sustainability that have to be observed. A surplus of 3% per annum is advised in order to provide funds to invest in future activities and facilities.

The Financial Memorandum states, *inter alia*, that "The governing body of the institution shall plan and conduct its financial and academic affairs to ensure that it remains solvent and that, taking one accounting period with another, its total expenditure is not greater than its total income."

In order to meet to the College's objectives and the terms and conditions of HEFCE funding, the Governors, through its Finance and General Purposes Committee and as advised by the Strategic Planning Committee:

- Approves financial strategy as part of the College's corporate plan
- Undertakes an annual budgeting and five year forecasting exercise, the outcome of which feeds back into the development and amendment of the financial strategy;
- Approves a budget for each financial year; and
- Monitors performance in relation to this budget within the year.

1.2 The Budgeting Process

Financial planning and budgeting is managed through the annual planning and budget cycle, as described below. This cycle covers the expenditure in the Schools and professional services sections, funded primarily through HEFCE income and tuition fees. Budgeting in relation to specific income linked to the delivery of externally funded research is covered in Section E12.

The annual College Budget and Income Distribution Model are, together, the financial plan providing the authorisation for College staff to commit resource in pursuit of the School and Professional Service strategic plans that have been agreed by the Strategic Planning Committee.

The concept of planning implies a process of monitoring and review. It follows therefore that budgets must be closely controlled at the level at which expenditure is authorised, and must be viewed as a constraint on spending by those with authority to incur commitments. This is especially true at a time of financial restraint. Equally the budgets must be soundly based to begin with and must provide flexibility for revision during the year if circumstances significantly change.

The baseline financial objective for Schools and sections is to operate at breakeven or better over the five year period covered by the School budget and financial forecasts. However, depending on the College's overall position, a School may be required to operate at higher levels of surplus or, for the short-term, have approval to operate at a deficit. Such approval may be to support a new initiative where investment is required which will be recovered by additional income generated subsequently; or to deal with the loss, or decline, of a specific funding stream. In such cases there must be a clear financial plan showing the path through which the deficit operating position will be

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cleared. The objective for Professional Services sections is that expenditure levels must rise more slowly than the College's income growth rate. The plans should be placed in the context of the achievement of the College's strategic objectives, including:

- to seek to diversify sources of income
- to generate surpluses in the region of 3% of turnover
- to reduce staff costs as a proportion of income.

The planning horizon for the budgeting exercise is five years. While allowing for inevitable uncertainty in figures relating to future years, this approach allows significant trends or major changes in funding or cost to inform the immediate budget setting process and provide a test of sustainability. It also provides the context in which to assess investment in new areas and activities which will have an impact on income or expenditure over future years.

The College devolves the management of financial resources to Schools and Professional Services sections. The Executive Dean or Director is the budget holder.

Executive Deans and Directors of Professional Services are responsible for producing costed strategic plans and the Strategic Planning Committee chaired by the Master is responsible for agreeing them. Budget holders are responsible as agreed within the School or Professional Service for preparing plans and costings of their areas of responsibilities.

Preparation for the annual planning and budget cycle starts in the spring term. At this stage financial planning discussions are held between senior School staff and the Pro-Vice-Master (Strategy), College Secretary and Directors of Finance and Planning. Similarly, discussions are held between senior professional services staff and the College Secretary and Directors of Finance and Planning. These discussions form the basis of the costed School and Professional Services strategic plans which are considered by SPC early in the summer term and which lead to the production of proposed budget estimates by the Finance department.

In preparation for these discussions and the production of strategic plans, Schools and Heads of Professional Services use a planning and forecasting model produced by the College, which predicts income and expenditure based on student recruitment and retention indicators, staffing and research and other income. This process is designed to ensure that expenditure commitments are accurately reflected and that prudent forecasts of income are made for current and new activities.

The planning and budgeting process is intended to be iterative, enabling consultation on and discussion of plans and budgets before they are presented for formal approval.

The Director of Finance is responsible for preparing the budget estimates and the draft IDM, taking into account the strategic plans and SPC's endorsement of them. The IDM provides a provisional budget for each School and Professional Service. Its content is driven by:

- Estimated cost of the activities in the agreed School and Professional Service strategic plans;
- Target student numbers and forecast tuition fee income;
- Research grants and contracts and other income including commercial activity;
- Confirmation of HEFCE grant (normally received in March).

In summary the IDM distributes tuition fees directly; HEFCE income according to the basis on which it is awarded; and research and consultancy income directly. In addition, indirect expenditure charges are made for professional and support services calculated according to a set of agreed charging rules which are intended to reflect their relative use of the services.

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The Director of Finance is responsible for submitting the IDM estimates to the Strategic Planning Committee, normally in May. The SPC considers the plans in the context of the College's financial objectives and strategy. The IDM estimates are then submitted to the Finance and General Purposes Committee along with the overall College budget, normally in June. F&GPC may vary the proposed estimates. A report of the F&GPC decisions will be presented to the Governors for approval at their meeting at the end of the summer term.

The Governors' decision on the budget is final but Governors should not normally have to arbitrate on disputed Budget provisions. To this end, it shall be the responsibility of the Strategic Planning Committee, advised by the Director of Finance and the Pro-Vice-Master (Strategy), to ensure the School and Professional Service strategic plans and the draft IDM are agreed via a process involving consultation with the Executive Deans and Directors of Professional Services. Where this process highlights competing demands for resource that cannot be accommodated within the budget, priorities are decided by the Master with the advice of SPC.

The Director of Finance is responsible for ensuring that any budget amendments agreed by the Master, SPC or the Finance and General Purposes Committee, are accurately fed back to the relevant Executive Deans, School Managers or Directors of Professional Services. Once the budget has been agreed, the Management Accountant is responsible for loading budgets at an account level onto the School's finance system, and for ensuring that monthly reports accurately reflect the budgets set.

There will normally be a second iteration of the IDM each year early in the spring term following the HESES student number return made to the funding council in December. The HESES return is effectively a census of enrolled students and prediction of enrolments and completions during the year, providing an update on actual and predicted student numbers against the target numbers used for the first IDM iteration. At this point, the Strategic Planning Committee will review the proposed expenditure in the IDM, for Schools and Professional Service departments, in the light of updated income projections. If there are shortfalls in income, the SPC will consider proposed revisions to budgets and forward them to the Finance and General Purposes Committee. Similarly if there are significant increases in income in-year, SPC will if appropriate consider proposals for increased expenditure.

The College reports on its financial performance annually in the autumn term through the production and publication of audited financial statements. This is the record of actual income and expenditure taking into account the end of year HESA student number return of actual enrolments and completions. This is the point at which a final iteration of the IDM will take place, monitoring performance against targets and informing the planning process for the following year.

It is also at this point that adjustments to School reserves will take place. If a School's deficit at the end of the year is greater than the agreed level in its budget, the difference will be offset against the School's reserves, reducing them. For Schools who have generated a surplus generated over and above the agreed level in its budget this will be credited to the School's reserves, increasing them.

The following timetable sets out the essential framework of the annual budgetary cycle and indicates where the main responsibility lies for the major decisions.

Date	Work	Main Responsibility
February	HEFCE sector-wide grant announcement. Resource implications assessed.	Finance Department F&GPC
February-March	School strategic plans drafted; including target student numbers, tuition fee income, research income, pay and non pay expenditure Professional Services strategic plans drafted, including projected support activities, pay and non pay expenditure	School Executives, Professional Service departments, SPC
April – May	School and Professional Service plans considered by SPC Detailed budgets prepared using the Income Distribution Model, taking account of School and Professional Service plans.	SPC Finance Department
May - June	Income Distribution Model and overall College budget estimates considered (and amended as necessary)	SPC F&GPC
July	Approval of budget estimates	Governors
July/August	Identification of accruals and prepayments. Monitoring of monthly management accounts and budget reports	Finance Department, School Executive, Professional Services
September/ November	Preparation and audit of final accounts. Reconciliation of actual outturn against IDM projections	Finance Department External Auditors
December	HESES return – in-year indicator of student numbers, grant funding and tuition fee income Approval of Annual Accounts, external auditor's Management Letter and internal auditor's Annual Report.	Planning and Business Systems Audit Committee Governors External Auditors Internal Auditors
January - February	Revised Income Distribution Model produced based on first six months August - January actual results	Finance Department SPC F&GPC Governors

1.3 Budget setting within Schools

Within the parameters of the IDM, School Executives may determine departmental and individual non-pay budget allocations. These allocations will be based on projected activities identified during the planning process and may also reflect the drivers used for the IDM including staff and student numbers, and quality and quantity of research.

School Executives may agree non-pay allocations to their departments and institutes and may also subject to 1.2 above allow them to retain discretion over parts of the income which they are responsible for earning. Examples of such income include a share of surpluses from bespoke courses or consultancy. If the School does devolve resources to Departments or Institutes, the relevant devolved budget holder is responsible to the Executive Dean for the efficient utilisation of these devolved resources in the delivery of the objectives set by the School.

School Executives may also agree budget allocations to individual members of academic staff, for example to support research or conference participation. Such funds are generally controlled through academic reserve accounts. Subject to the provisions in 1.2 above, Schools may agree that staff may retain control of a share of the income they are responsible for earning. Examples of such income includes surpluses from commercial activity, revenues from sitting on external panels, revenues from advisory roles and a broad range of other incidental income.

If the School does devolve resources to individuals, the account holder is responsible to the Executive Dean for utilising these devolved resources in the delivery of defined objectives.

2. ACCOUNTING

2.1 The Director of Finance shall be responsible through the Master of the College to the Chairman of Finance and General Purposes Committee for keeping all of the financial records and accounts of the College.

2.2 Account Codes

2.2.1 The integrity of the College's accounting and financial information systems is dependent upon the correct classification of income and expenditure and the proper use of account codes. The creation and allocation of new account codes is the responsibility of the Director of Finance but it is the responsibility of individual Budget Holders to ensure that expenditure charged to their accounts has been correctly coded.

The College uses a 13 character code to designate income and expenditure to individual school or professional services departments by using the following breakdown:

- main areas of cost (cost centre - 5 characters)

e.g. one of External Relations main areas of cost is Development and Alumni whereas one of the School of Law's main areas of costs is External Research Grants

- activity (activity code - 5 characters)

Activity codes are used to set a high level budget relating to a group of related analysis codes. For example, the budget set on activity code LB101 for general purposes will cover expenditure on specific expenditure analysis codes for example stationery, consumables and telephones.

e.g. in the Schools, some of the activity codes under the cost centre 'Core Activities' are the names of programmes. In professional services departments, the activity code relates to what the department is involved in, for example Registry has an activity code for UCAS because part of the core activity is to deal with applications from students. These activities are further broken down by the use of analysis codes.

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- codes to indicate income/expenditure (analysis codes - defined set of 3 digit codes)
income and expenditure analysis codes specify clearly and consistently the type of income being received on an account and the type of expenditure being incurred, for example, costs relating to travel or to laboratory consumables.

The correct use of analysis codes is important, both from an audit point of view, to ensure that the College's finance system holds an accurate and true reflection of the income and expenditure activities that have taken place, and from a budgetary control point of view to make sure an accurate and consistent picture is available on what has been spent against a particular budget.

At its worst, miscoding of transactions may be an attempt to circumvent budgetary control by charging against budgets that are not for that type of expenditure concerned because the appropriate budget line either does not exist or is overspent - for example coding the cost of a computer to a consumables code. This is not allowed.

As part of the process of authorising a transaction of any type budget holders and authorised signatories must ensure that the analysis code for the transaction is appropriate for the type of income or expenditure involved. If in doubt consult the Finance Office or RGCO.

Activity codes in schools

For core school/department activity codes there the first character is used to identify particular types of activity namely:

- External research grants A/B/C/D
- Programme spanning departments J
- Laboratories L
- Miscellaneous M
- Doctorial training grants P
- Contingency and Discretionary Funds S/T/U/V
- Consultancy by academic W
- Activity to handle core pay & non pay costs X
- CASE studentship Y
- Institutes and research centres Z

LEVELS OF STUDY

In addition a purely numeric range of unique identifiers are utilised to signify levels of programmes of study and modular based courses:

- Certificate & Diploma programmes 1-99
- Foundation programmes 101-199
- Undergraduate programmes 202-299
- Masters programmes 301-399
- Research programmes 401-499
- Modular courses 501-999

Courses Spanning Departments

There is one further special case that the account code recoding project needs to handle. This is where a programme or subject area spans multiple departments or schools e.g.

MA Contemporary History & Politics

BA French & Management

In these cases an account code will be set up in each department with a common activity code defining the programme and a unique cost centre coded to identify the department e.g.

Fig. 1

Cost Centre	Activity Code	Subject Code	Programme Description
HCC00	SP	212	MA Contemporary History & Politics
POC00	SP	212	MA Contemporary History & Politics
ELC00	BJ201	212	BA French & Management
MNC00	BJ201	212	BA French & Management

In both examples in fig. 1 the cost centres can be seen to identify the individual departments of the course components. In the first example both subject components of the programme: History and Politics are owned by departments in the school of social science thus the first character of the activity code is coded to reflect this fact. In the second example the subject components span departments within different schools: Arts & Business. In this case the first character of the activity “B” identifies a joint programme at Birkbeck.

2.3 Year end procedures

2.3.1 The published Annual Accounts are produced for the College's financial year from 1 August to 31 July and shall be prepared in accordance with statutory requirements, standard accounting practices and the approved Statement of Recommended Accounting Practice in Higher Education Institutions. The HESA Finance Return shall be prepared in accordance with HESA and HEFCE regulations. Both are subject to audit and represent the most reliable and useful statement of the College's finances. It is therefore essential that these are produced promptly at the end of the financial year and that income or expenditure arising beyond the end of a financial year is correctly accrued to the year to which it relates.

2.3.2 The Director of Finance shall provide instructions to budget holders on the end-of-year accounting procedures. Budget holders shall comply with end-of-year procedures and provide any information required. The following year-end procedures have been adopted to ensure that accurate accounts can be promptly produced.

- a) All invoices received from suppliers must be duly authorised and passed to the Finance Department for payment as soon as goods and services have been received but in any event not later than four weeks after the end of the financial year.
- b) Invoices passed to the Finance Department for payment in the first few weeks of a new financial year but relating to the previous financial year must be batched separately from those relating to the current financial year.

- c) The financial year to which an invoice should be allocated is the year of the date of supply, i.e. goods supplied on or before 31 July but invoiced on or after 1 August should be allocated to the previous financial year.
- d) Where the date of supply is not stated on an invoice and not known, the date of the invoice may be used to determine the year in which the payment should be made.
- e) Where goods and services have been received prior to 1 August but an invoice has not been received four weeks into the new financial year the Director of Finance should be notified in writing so that the creditor may be reflected in the accounts.
- f) Batches relating to a new financial year should be numbered with a new sequence.
- g) All requests for manual cheques and foreign transfers relating to any financial year must be made before the end of that financial year, i.e. on or before 31 July.
- h) Claims for cash reimbursements relating to any financial year must be made before the end of that year. All cash reimbursements made on or after 1 August will be charged to the new financial year.
- i) All cash or cheques received on or after 1 August each year will be credited to the new financial year unless the Finance Department is notified otherwise.

2.3.3 The Director of Finance shall be responsible for ensuring that the audited accounts for the year are presented to the Finance and General Purposes Committee in December. Once approved, the accounts are presented to Governors at their December meeting and subsequently circulated more widely.

3. AUDITING

- 3.1 The Audit Committee was established in accordance with the HEFCE's Code of Practice for internal and external audit. The duties of the Audit Committee include discussion with the external auditor of any problems or reservations arising from the audit or any matters the auditor may wish to discuss; consideration of the major findings of internal audit investigations and management's response; and review of the effectiveness of internal control systems, taking into account the external auditor's management letter, the internal auditor's annual report and management responses.
- 3.2 The Governors shall appoint external auditors qualified in accordance with the requirements of Schedule 7 of the Education Reform Act 1988. The external auditor shall be required to conduct an audit of the College's annual financial statements in accordance with approved Auditing Standards and to report their opinion to the Governors.
- 3.3 The terms of appointment of the external auditor shall be contained within a Letter of Engagement approved by the Governors.

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- 3.4 The internal auditor shall be appointed by the Governors under terms of reference approved by the Governors. The head of the internal audit service shall be required to give an annual opinion to the Governing body, through the Audit Committee, on the status of internal control within the College and comment on other activities for which the Governors are responsible and to which the internal audit service has access. The head of the internal audit service shall give an opinion on whether the control arrangements, including those for economy, efficiency and effectiveness, installed and in operation, are adequate and properly applied.
- 3.5 Responsibility for internal control, compliance with statutory and other regulations and for the prevention and detection of irregularities, including fraud, rests with line management and ultimately with the Governors. However, the work of the external auditor shall be planned and conducted to achieve a reasonable expectation of detection of material misstatements in the accounts resulting from irregularities, including fraud or breach of regulations, and that the work of the internal auditor shall seek to identify defects in internal control which might give rise to the possibility of malpractice. Where any such irregularities are identified, they shall be reported immediately to senior management and, in the case of serious irregularities, to the Chairman of the Audit Committee and to the Governors.
- 3.6 The external and internal auditors have the right of access to any minutes, books, documents or other information which they consider necessary to fulfil their responsibilities.

Note: For additional information refer to sections C12 and C13

4. BANKING

- 4.1 The College bankers are appointed by the Governors on the recommendation of the Finance and General Purposes Committee. The College's present bankers are National Westminster Bank plc and the bank accounts are held at the Tailstock Square branch.

The College presently has the following bank accounts:

- Main Current Account
- Fees Current Account
- Business Reserve Account
- Euro Current Account
- Euro Business Currency Account
- Unified Trust Fund (UTF) Current Account
- UTF Business Reserve Account
- UTF Capital Reserve Account
- US \$ Current Account (UK)
- US \$ Current Account (USA) – Citizens (RBS)

In addition to the above bank accounts, surplus cash balances are invested with authorised deposit takers.

- 4.2 The Director of Finance shall be responsible for the security and banking of funds received. The Director of Finance shall open all accounts, as authorised by the F&GPC, in the name of the College and shall advise the bankers in writing of the conditions under which each account shall be operated. All funds shall be held in accounts in the name of the College.

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- 4.3 No department or individual shall operate any separate bank account for College business undertaken from a College address unless authorised to do so by the Director of Finance. No officer other than the Director of Finance shall open any bank account in the name of the College.
- 4.4 The Director of Finance shall advise the bankers in writing of any alteration in the conditions of operation of accounts that may be required by resolution of the F&GPC from time to time.
- 4.5 The Director of Finance shall advise the bankers in writing of the officers authorised to withdraw money from and draw cheques on each bank account of the College, and shall notify the bankers promptly of the cancellation of any officer's authority to release money.
- 4.6 The non-interest-earning balances on accounts holding College funds shall be maintained at the lowest practicable levels.
- 4.7 The signatories for the College bank accounts shall be:
- a) For payments not exceeding £25,000, any one of the following:
 - Director of Finance
 - Financial Accountant
 - Income Accountant
 - Management Accountant
 - b) Payments greater than £25,000 shall be signed by one of the persons in (a) above and countersigned by any one of the following:
 - College Secretary
 - Master
 - a member of the Finance and General Purposes Committee
 - a College Governor
- 4.8 The Director of Finance shall ensure that bank accounts are reconciled with the College's financial records at regular intervals.
- 4.9 All income attributable to the College must be paid into the Finance Department and be held in authorised College bank accounts. As stated in 4.3, individuals and departments have no authority to establish separate bank accounts for any College purposes.
- 4.10 Cheques passed to the Finance Department for banking must be accompanied by clear information explaining what the payment is for and, if the cheque is in payment of a College invoice, the number of that invoice. The account code to which the payment is to be credited should be written on the reverse of the cheque. Likewise, if income is due to be paid directly into the College bank account appropriate details should be provided to the Finance Department in advance.

5. EXPENDITURE - PAYMENT AND AUTHORISATION

- 5.1 The Finance Department is responsible for the payment of all invoices, expense claims etc. Payment will only be made against invoices etc as follows:
- a) which have been signed for payment by an appropriate budget holder or their authorised representatives. By certifying an invoice etc for payment the budget holder is stating:
 - i) that the goods were officially ordered;
 - ii) that the goods have been received in full;
 - iii) that the goods comply with the details on the College order form (where appropriate);
 - iv) that the goods are of acceptable quality;
 - v) that the invoice details (quantity, price, and discount) are correct;
 - vi) that the invoice is arithmetically correct and that the VAT has been correctly calculated;
 - vii) that the invoice has not previously been passed for payment (i.e. that it is not a duplicate request for payment);
 - viii) that all invoices have been allocated a unique number for identification and control purposes.
 - b) which quote an approved account code. This must be one of the cost centre codes within the budget holder's responsibility and must correspond with the type of goods, service etc detailed on the invoice.
- 5.2 Certifying an invoice or expense claim for payment is a statement by the budget holder that there are sufficient funds in the relevant budget or group of inter-related budgets.
- 5.3 Normally no payment should be made, except on receipt of an original invoice. Where an original invoice is not provided payment must be authorised by an authorised officer with a written statement detailing why an original invoice has not been provided.
- 5.4 Members of staff placing orders with suppliers must not undertake to make payments in advance of delivery of goods or performance of services except in very special circumstances, e.g. where this is a means of securing a substantial discount from a reputable supplier, where part payment in advance of delivery of major capital equipment is a normal requirement, or where payment with order is reasonably requested by an overseas supplier. If a particular UK supplier insists on payment in advance as a condition of doing business, another supplier should, where possible, be found for the goods or services in question. In such exceptional circumstances prior agreement must have been reached with the Director of Finance, who will seek adequate guarantees against possible losses.
- 5.5 All expenses must be submitted on the appropriate form and be supported by appropriate backing documentation and authorised by the appropriate budget holder or their authorised representative.

- 5.6 Staff fees must **never** be paid by an individual and reclaimed as expenses.
- 5.7 Budget holders are responsible for giving the Finance Department a list of staff authorised to sign for expenditure on invoices, expense claims etc. No member of staff may authorise his or her own expenses.

It is the responsibility of the School Managers and other senior managers to ensure that the list of authorised signatories is kept up to date.

5.7 Finance Department Controls

The following checks must be performed by the Finance Department to maintain proper control over the payment system:

- a) Transactions which have already been properly authorised by budget holders must be reviewed by the Director of Finance before payment is released.
- b) The Finance Department must hold a list of all authorised signatories which should be reviewed regularly.
- c) Bank reconciliations should be prepared on a monthly basis and reviewed by the Income Accountant.
- d) All unused cheques must be kept in a secure place.
- e) Pre-signed cheques are stored in a safe in the Finance Department. Income Section releases the required number to the Payments Section. Sequence checks are performed on all cheques issued to the Payments Section.
- f) The College suppliers will normally be paid within thirty days after the invoice date, unless special circumstances apply, i.e. to obtain a discount if paid earlier.
- g) Payments to UK suppliers will normally be made by computer cheques produced weekly or by weekly BACS transfer; however, exceptionally, the Finance Department will prepare cheques manually for urgent payments.

6. PURCHASE OF GOODS AND SERVICES

6.1 General

Most purchases through the College are financed from either publicly provided funds or students' fees. Staff are reminded of the need to purchase responsibly, obtaining value for money and at all times acting within their delegated authority and recording accurately and fully their transactions.

6.2 Value for money and sustainable procurement

- 6.2.1 A major consideration in purchasing any goods or services is that the purchase represents the best value for money (see Value for Money Policy, D24). This does not necessarily mean that the lowest tender or lowest priced article must be purchased, only that the purchaser must have ascertained that the purchase represents the most advantageous price available

consistent with quality and fitness for purpose.

6.2.2 In order to achieve value for money the College is a member of various consortia, which by the nature of their size, purchasing power, and therefore ability to negotiate competitive deals, generally provide good value for money. From time to time the College Secretary will provide advice as necessary about contracts negotiated with suppliers by the College or the London University Purchasing Consortium (LUPC). Where a consortium supplier exists, that supplier must be used unless there are good reasons for not doing so. The reasons shall be documented in writing and retained within the school or professional service department for reference purposes. For goods and services where no consortium supplier exists, competitive quotations on tenders must be obtained.

6.2.3 The College has a sustainable procurement policy which must be followed (**insert link**).

6.3 The purchasing process and authorised officers

6.3.1 In each School and Professional Services Department, clear responsibilities must be allocated specifying the staff, budgets and the appropriate account codes. In order to achieve this, for each School, the Executive Dean or School Manager, for the Professional Services departments, the College Secretary must specify in writing to the Director of Finance those members of staff:

- a) responsible for controlling faculty and departmental budgets/Central budgets, (budget-holders) and
- b) authorised to raise orders and/or certify expenditure.
- c) Executive Deans or School Managers and the College Secretary must notify the Finance Department whenever there is a change in any of the above, using the forms provided by the Finance Department.

6.3.2 Individual elements of the processing of a purchase must be sufficiently segregated so that it is not possible for the same individual to be solely involved in all aspects of purchasing such as initiating an order, taking receipt of goods and authorising the invoice for payment. Batch header forms must be completed by the appropriate officer and then authorised by separate individuals.

6.3.3 Unsolicited goods, vouchers or payments received from suppliers or their agents as a result of an official order being placed by the College belong to the College and not to the person placing the order.

6.4 Government Purchasing Cards

6.4.1 Barclaycard procurement cards are very much like personal credit cards. The cards can be used with any supplier who accepts VISA including overseas suppliers. They have been introduced to provide schools and departments an alternative to raising purchase orders for procurement in order to reduce processing costs e.g. where there are large volumes of small value purchases.

They would typically be used on items such as travel and accommodation bookings, subsistence expenditure, subscriptions, and web based purchases and small items of consumables or equipment.

6.4.2 Card Use

Barclaycard Procurement Cards are issued to staff for College business use. Purchasing using the College procurement cards must comply with the College's Financial Regulations and Procedures. For example, procurement procedures specifying the number of quotations required for purchases of goods and services continue to apply. Cardholders should endeavour to use LUPC suppliers for purchases of goods and services and always seek best value for money. Cards should only be used by the named cardholder (or a nominee with the cardholder's permission). Pin numbers must not be revealed to any other person. When not in use, cards should be held in a secure place and not left in desk drawers or offices over night.

Cards must not be used for any personal expenditure. No cash withdrawals are permitted against procurement cards. Card misuse could result in the card being withdrawn and disciplinary action being taken.

6.4.3 Monthly Statement and return

Monthly statements will be issued to cardholders on the 2nd of each month. These should be checked against receipts and any suspected errors or fraudulent transactions reported immediately to Barclaycard and Finance. Card holders will be required to submit a monthly return to Finance detailing each item of expenditure together with cost codes and valid receipts and authorised by an appropriate budget holder. The authoriser checks that the expenditure is on valid College business and that appropriate receipts are attached. The returns must be submitted to the Finance Department within 14 days of the statement date. This is to ensure that financial transactions are recorded in the school or departments accounts in the correct period. The Finance Director may suspend card use if returns are not made on time.

If hospitality purchases are made with the card e.g. restaurant bills the following details need to be submitted along with the receipt (this information is an HMRC requirement)

- The nature of the event e.g. conference attendance, examiners meeting.
- The names of those attending the event
- Whether the guests are College staff, students or visitors.

6.5 Orders and contracts for goods and services

6.5.1 The supply of goods or services is based on an official order system. Budget holders must ensure that official College orders above an agreed limit (currently £50) are completed for the supply of all goods and services, and authorised (signed and dated) prior to the order being placed, unless purchases are made using a College issued Government Purchasing Card (see 6.4.1 above). For the few remaining departments still using a manual purchase order book official College order forms are controlled and issued under the authority of the Finance Department. Urgent orders placed by telephone must quote a valid order number and subsequently must be recorded on an official order form.

6.5.2 An individual shall not purchase goods and services on behalf of the College and subsequently seek reimbursement. Normally goods and services are ordered using official order forms and the College makes payment to the Supplier. No goods or services may be obtained except for College use, using an official order and by staff with appropriate authority.

6.5.3 Private purchases for personal use, including purchases for a third party, through College or departmental channels, are not permitted.

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- 6.5.4 The Director of Finance should be consulted at an early stage in the event of goods being subject to import or export, whether permanent or temporary, so that matters of duties payable, insurance etc, can be determined.
- 6.5.5 The responsibility for initiating orders rests with the budget holders or their authorised representative. Prior to the completion of an official order, the budget holder must ensure that the proposed costs are within the approved budget allocation.
- 6.5.6 The requirement in paragraph 6.5.1 above that all orders must be matched by an official Order Form need not apply only in the case of regular supplies of goods or services which are delivered under contract, e.g. books or periodicals delivered under standing order arrangements, supplies of services under maintenance contracts and replenishment of liquid nitrogen and card ice supplies under established procedures operating throughout the Bloomsbury precinct. Other paragraphs of this section however apply equally to supplies falling within these categories. It is the responsibility of the relevant authorised signatory to ensure that standing order arrangements and maintenance contracts are reviewed from time to time.
- 6.5.7 Copies of Order Forms must be retained for at least twelve months after the end of the Financial Year in which the orders are delivered.
- 6.5.8 Where there is more than one source of supply, and the value of the order is greater than £2,000 for services and £5,000 for goods (and it is normal for prices to differ), the department must ensure that prices are competitive by purchasing through LUPC or by obtaining quotations.
- 6.5.9 In addition to 6.5.8 above, competitive quotations must be obtained before an order is placed according to the following procedures:

Goods:

- a) For goods with an estimated total value (inclusive of VAT) exceeding £5,000 but not £20,000 at least two competitive quotations must be obtained, requesting a detailed account of the goods. The decision made as to the contractor selected must be formally recorded, with reasons, dated and signed by an officer with authority to take the decision.
- b) For goods with an estimated total value (incl. VAT) exceeding £20,000 but not £50,000 at least three competitive quotations must be obtained, requesting a detailed account of the goods to be provided. The decision made as to the contractor selected must be formally recorded, with reasons, dated and signed by an officer with authority to take the decision.

Services:

- a) For services with an estimated total value (inclusive of VAT) exceeding £2,000 but not £10,000 at least two competitive quotations must be obtained, requesting a detailed account of the services. The decision made as to the contractor selected must be formally recorded, with reasons, dated and signed by an officer with authority to take the decision.
- b) For services with an estimated total value (incl. VAT) exceeding £10,000 but not £20,000 at least three competitive quotations must be obtained, requesting a detailed account of the services to be provided. The decision made as to the contractor selected must be formally recorded, with reasons, dated and signed by

an officer with authority to take the decision.

Note: (i) A competitive quote may be obtained either by contacting the supplier or by consulting an up to date price catalogue or equivalent guide.

(ii) Where the equipment is being paid for by a grant-giving body (e.g. a Research Council) and the choice of equipment specified in the grant application has already been through the competitive process, there is no need to then repeat the process.

(iii) In all of the above cases, there may be instances when it is considered impractical or inappropriate to seek competitive quotes. In such cases the agreement of the College Secretary or Director of Finance must be obtained.

Goods and services:

- c) Goods with an estimated total value in excess of £50,000 (£20,000 in the case of services) must be subject to competitive tendering which shall include the following:
 - i) At least three contractors must be invited to submit tenders. Depending on the size of the contract or purchase, more contractors are preferable.
 - ii) A full specification must be prepared and sent to all contractors simultaneously, allowing reasonable time for tenders to be returned and confirming a date and time beyond which tenders will not be accepted.
 - iii) The letter of invitation to tender must state expected start and completion dates, if appropriate, and any material information which could affect the pricing of the contract.
 - iv) Contractors invited to tender must be supplied with a tender return so that they can all provide a similar breakdown of costs, and a pre-addressed return envelope.
 - v) There must be a fixed date and time by which tender returns are to be made and tender returns must not be opened before this date unless all tenders have been received by the tender review panel.
 - vi) Tenders shall be returned to the appropriate budget holder in a sealed envelope, which shall be supplied by the College bearing the name of the budget holder and the date and time of the close of tender. The envelope shall not bear any name or mark indicating the sender. These must only be opened in the presence of the tender review panel which should consist of the specifier, the administrative section head/head of school or delegate and a senior member of the Finance Department or other senior College officer.
 - vii) The tender review panel must sign and date each tender review form, the details of which should be transferred to a tender results form.
 - viii) The tender review panel should then recommend a contractor, if one is judged suitable. Their recommendation must be made to the appropriate

officer or Committee in the College with authority to approve the level of, or particular, expenditure.

- ix) After entering the recommended contractor on the tender results from each member of the panel should sign and date the recommendation. One copy of the form should be retained within the department's files as appropriate and one copy lodged with the Finance Department.

6.5.10 The above procedures may be varied but only with the written authority of either the College Secretary or Director of Finance if good reasons can be demonstrated. These might include: emergency works, limited number of agents/contractors with specialist skills, the need to have equipment serviced or repaired by the manufacturers or their agents.

6.5.11 Statutory requirements

For the purchase of goods and services in excess of 200,000 Euro's (approximately £166,000), EU Regulations on Purchasing apply, i.e. Public Supply Contracts Regulations 1991 and Public Works Contracts Regulations 1991. Any department or officer anticipating the need to enter into a contract above £100,000 must notify the College Secretary as set out in EC PROCUREMENT DIRECTIVES

6.6 Personal Interest

6.6.1 Staff involved in initiating or placing orders shall disclose in writing to the Director of Finance any personal interest in a company trading with the College where that interest might be held to have influenced the choice of supplier, whether or not the individual member of staff concerned is directly responsible for orders placed through that supplier. In this context, a personal interest in a supplying company may extend beyond the narrow definition of a direct financial interest, either in the company or in the particular order, and it is for individuals therefore to determine whether the obligation to disclose an interest applies to them.

6.6.2 Members of staff having close relationships with suppliers, or in a position to influence the choice of supplier, may accept reasonable hospitality, such as an occasional lunch, but may not accept gifts from suppliers of any value, other than items such as calendars, pens, diaries etc which clearly display the supplier's name and which will remain on the College premises. In the first instance it is for the individuals concerned to decide whether an offer of hospitality is reasonable, but examples of unreasonable hospitality would include foreign holidays and invitations to major sporting events. Where doubt exists as to whether an offer of hospitality from a supplier might be held to be an unreasonable inducement to favour that supplier in the placing of orders on behalf of the College, the offer should be refused. If there are strong grounds for believing that a substantial offer from a supplier may nevertheless be reasonable, e.g. an offer to pay for the cost of witnessing major scientific equipment in operation at an overseas location, the consent of the College Secretary or Director of Finance must in all circumstances be sought before the offer is accepted.

6.7 Delivery notes

A delivery note submitted by the supplier must be obtained whenever possible in respect of every delivery of goods. At the point of delivery, the goods shall be checked that the required quantity has arrived. Delivery notes must be signed to identify the officer who received and checked the goods and retained in the appropriate school or department's files. Checks for quality shall be carried out by the end user.

6.8 Personal responsibility

It is the responsibility of the Executive Dean and the College Secretary to take all reasonable steps to ensure that staff for which they are responsible are aware of and implement these procedures. It is the responsibility of all staff with any involvement in the purchasing process to observe these procedures. Failure to do so, depending on the seriousness of the issue, particularly in relation to matters of personal interest (paragraph 6.6), could lead to disciplinary action being taken.

7. SALE AND DISPOSAL OF EQUIPMENT

- 7.1 Schools/Professional Services departments will be free to sell or part-exchange equipment worth up to £100,000 (per single item or collection) without reference to the Finance and General Purposes Committee subject to following the procedures set out below. Disposal of items valued at more than £100,000 requires the consent of the Committee.
- 7.2 All disposals must be notified to the Finance Department whose sole responsibility it will be to invoice the proposed purchaser for the agreed price, plus any taxes that may apply to the disposal. Sale of equipment is invariably vat able and VAT will therefore be added to the disposal price at the standard rate when completing the invoice. Redundant or obsolete equipment of no further use to the College shall be sold as scrap or discarded. If the item has some use, although not to the College, it shall be offered for sale and the best price obtained.
- 7.3 Before any disposal takes place, equipment must be publicly offered for sale through the Birkbeck Bulletin, the London University Purchasing Consortium (LUPC), For Sale/Wanted Bulletin, or some other suitable forum. Equipment may be sold at whatever price is considered reasonable by the person authorising the disposal in consultation with the Executive Dean or Head of Professional Service, but may not be sold or part-exchanged at a lower price if a higher price can be obtained. *Subject to 7.4 below, disposal can only be authorised by any person who is authorised to incur expenditure against the relevant equipment code.*
- 7.4 In addition to the above, disposal of equipment to a member of staff or student of the College may take place in consultation with the relevant School Manager and with the written consent of the relevant Executive Dean or, in the event of a disposal to the Executive Dean or administrative officer, that of the College Secretary or Director of Finance. Requests for such consent must state the original date and price of purchase of the equipment concerned.
- 7.5 There will be rare instances where the requirement that all items be offered publicly for sale before disposal is inappropriate, e.g. in the case of high value items offered in part-exchange with a sole supplier of equipment. In such instances, the College Secretary or the Director of Finance have the power to waive the requirement, but any waiver must be confirmed in writing.

8. BORROWING, LENDING AND INVESTMENTS

8.1 Under the Charter and Statutes:

The College ... shall have powers:

- to invest any monies in the hands of the College and available for investment in accordance with the relevant law and the Statutes; ...
- to borrow and raise money and give security for loans in any manner; ... **(Article 5)**

Monies in the hands of the College and available for investment may be invested by the College in accordance with financial regulations agreed by the Governors from time to time. (*Statute 27*)

Investment

8.2 Monies in the hands of the College and available for investment may be invested by the College in any of the following modes or objects of investment:

- (a) By placing them on deposit with any bank or licensed deposit taker;
- (b) By investing them in such stocks, funds, shares, securities and other investments (including land of any tenure or any interest therein) within the United Kingdom or elsewhere, whether producing income or not and without the need for diversification, as the Governors shall in their absolute discretion think fit;

provided that in the case of monies held by the College as trustees this discretion shall be exercised in accordance with the relevant law.

8.3 The Governors may, in writing, appoint and revoke or vary the terms of appointment of investment advisers or investment managers and permit any monies, investments or other property belonging to or in the hands of the College to be registered or held in the name(s) of any nominee(s) within the United Kingdom on behalf of the College, without being liable for any loss occasioned thereby, in each case subject to terms and conditions (including the payment of remuneration) agreed in writing between the Governors and the investment advisers or managers.

8.4 The investment of funds shall be carried out by firm(s) of investment managers appointed by the Governors on the recommendation of the Investment Committee and the Finance and General Purposes Committee. The Powers and Restrictions governing the actions of the firm(s) of investment managers shall be agreed by the Finance and General Purposes Committee.

8.5 The Director of Finance shall be responsible for placing fixed-term and overnight deposits of surplus funds in accordance with guidelines established by the Investment Committee.

8.6 Any interest earned from the deposit or investment of surplus monies shall not be credited to specific departmental accounts and funds. Nor shall any funds deposited with the College by outside bodies normally be credited with interest.

Borrowing and lending

- 8.7 Arrangements for exercising borrowing powers may only be made upon the authority of the Finance and General Purposes Committee. F&GPC must ensure that borrowing is in support of activities that are within the College's objects and should consider whether it is prudent to borrow and/or give security over charitable assets in order to achieve these activities.
- 8.8 Budget holders shall not make loans to individuals or organisations from the funds within their control.
- 8.9 Members or employees of the College shall not borrow College monies other than for the purpose of purchasing season tickets for travelling to and from work, and certain specified salary advances. Loans for any other purpose are not permitted except with the agreement of F&GPC.

9. STAFFING

- 9.1 Individual School and Professional Services budget proposals should include all posts. The combined plans form part of the overall College budget which shall be approved by Governors upon the recommendations of the Finance and General Purposes Committee, following a series of iterations and consideration by the Strategic Planning Committee (see E 1.2 for a description of the budget setting process).
- 9.2 All requests to fill or replace posts included in the School or Professional Services plans, should be made by completing the relevant staff expenditure authorisation form. This form will normally be completed by a senior manager. The request will be forwarded to the School Manager/Director of Professional Services for confirmation of funding, and then on to the Executive Dean/College Secretary for authorisation. The form should then be sent to HR for validation who will refer the request to the Master/College Secretary, for authorisation on behalf of the Strategic Planning Committee. The Masters/College Secretary's office will notify the Executive Dean/College Secretary and HR of the outcome. In cases where a request involves an unbudgeted net increase in spend of College funds greater than £5,000 (in a 12 month period), is not included in the School or Professional Service section approved plans or is for an academic or senior management position (grades 9/10), the request will be referred to the Master as chair of the Strategic Planning Committee. The Master (as Chair of the Strategic Planning Committee) may devolve the authority to fill specific categories of post included in the agreed budget to the Deans of Academic Schools which are operating in surplus.
- 9.3 Schools shall have devolved authority to employ sessionally contracted staff within the planned budget. If expenditure is likely to exceed the planned expenditure then the process referred to in 9.2 above should be followed.
- 9.4 The Director of Human Resources shall maintain a record of the approved planned staffing for the College for each category of staff.
- 9.5 The Director of Human Resources shall be responsible for ensuring that all appointed staff receive contracts of employment.

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- 9.6 The payment of wages to all staff, including casual or part-time staff, shall be made through the payroll system and be subject to PAYE and NIC.
- 9.7 Where appointments are to be made to research projects or to other activities funded by outside sources, no post shall be filled unless the Research Grants and Contracts Officer is satisfied that the funds have actually been received or that the funding agency has entered into a commitment in writing to provide the funds.
- 9.8 All appointments shall be subject to the College's terms and conditions of service which have been approved by the Finance & General Purposes Committee.
- 9.9 Budget holders are responsible for informing the Director of Human Resources of any impending vacancy without delay.
- 9.10 The Director of Human Resources shall ensure that the recruitment of each member of staff follows the approved College procedures.
- 9.11 Salaries and wages shall be paid according to nationally and locally agreed scales. The Director of Finance shall be responsible for the payment of salaries and wages in accordance with the notification of the appropriate rates of pay provided by the Director of Human Resources.
- 9.12 All remuneration shall be subject to the rates for deductions in respect of income tax, national insurance, superannuation, court orders and any other statutory deductions as may arise from time to time. In the absence of instructions from HM Revenue and Customs to the contrary, all payments will be taxable at source. Staff fees must **never** be paid by an individual and reclaimed as expenses.
- 9.13 In all cases, underpayments and overpayments of salaries and wages shall be adjusted. In the case of the adjustment of an overpayment, the College Secretary is empowered to agree to the adjustment being spread over more than one pay period. Such repayment period is to be determined according to the circumstances of each case.
- 9.14 All new monthly-paid employees shall be required to receive their salaries by monthly transfer direct to their bank account.
- 9.15 The Director of Human Resources shall notify the Finance Department promptly of all appointments, resignations, absence due to sickness or any other circumstances affecting the salary, wages, gratuities or superannuation of an employee.
- 9.16 With the exception of season ticket loans and of salary advances to weekly paid staff transferring to the monthly payroll, an advance of salary may be made to a newly appointed member of staff. The amount of the salary advance and the repayment terms will depend on the circumstances and must be approved by the College Secretary.

Note: Reference should be made to the relevant Human Resources policy and to the written procedures on terms and conditions of employment of staff.

10. INCOME TAX & NATIONAL INSURANCE CONTRIBUTIONS

10.1 Schedules D & E

- 10.1.1 All employees are regarded as having Schedule E (PAYE) status and their earnings are therefore subject to PAYE deductions. This applies to both full and part-time staff.
- 10.1.2 Occasional lecturers engaged either on a regular or occasional basis will be regarded as falling within PAYE except where they are guest lecturers engaged for three sessions or less per term on a non core module.
- 10.1.3 Individuals registered under Schedule D (self-employed) will nevertheless be assessed under Schedule E unless:-

- a) Before submitting their first invoice they establish with the College's Inspector of Taxes that they are to be assessed under Schedule D on any remuneration from the College.

The College's Inspector of Taxes address & reference number is:

College Tax office
Chapel Wharf Area
Trinity Bridge House
2 Dearmans Place
Salford M3 5DS
tel: 0845 300 0627

The College's reference number - 951/B9054

- b) They are lecturers engaged on a one-off guest lecture.

Except in case (b) above individuals with a Schedule D reference number will still be assessed under Schedule E until the College has formal instructions from its Inspector of Taxes to do otherwise. All remuneration paid gross will be reported to the Inland Revenue on the end of year tax returns.

- 10.1.4 Individuals registered as a limited company and invoicing (i.e. on an invoice bearing the company's registration number) the College for fees or consultancy, will be paid gross if the payments are made to the company and not the individual. These payments will normally be made through the College's purchase ledger rather than the payroll system.
- 10.1.5 Individuals registered for VAT must submit VAT invoices when claiming fees, quoting the VAT registration number.

VAT invoices for limited companies requesting payment to that limited company will be paid gross inclusive of VAT through the purchase ledger.

Request for payments to individuals in all circumstances must be referred to the college's payroll section and not to the accounts payable section.

- 10.1.6 Any fees waived in favour of a UK registered charity by Schedule E assessable persons will still be subject to Income Tax & National Insurance deductions, with the net sum being remitted to the nominated charity.

10.2 National Insurance Contributions (NICs)

- 10.2.1 All employees i.e. those having a contract of employment with the College will have employee NICs deducted from their earnings. The College will therefore deduct the relevant amount from the individual's salary and pay it over to HM Revenue & Customs together with the employer's contribution.
- 10.2.2 Occasional lecturers and other casual staff (with no contract of employment with the College) engaged either on a regular or occasional basis will be regarded as contributors for national insurance purposes, unless:-
- a) They are exempt from NIC as a retired person and produce evidence of age exemption i.e. DSS Form CF384.
 - b) They are exempt from NIC because they already pay the maximum contributions on other earnings and evidence is submitted to that effect i.e. DSS Form RD950
- 10.2.3 Self-employed individuals who are assessed under Schedule D for income tax purposes will be treated as exempt from employee national insurance contributions.

If any further information is required, please contact the College's Financial Accountant (Ext. 3143) or the Payroll Supervisor (Ext. 3136).

Note: The above notes are based on Statutory requirements as laid down in the Finance Act with which the College has an obligation to comply. Finance Acts are passed each year, incorporating proposals set out in the Budget. The above notes may therefore, change without prior notice.

11. INCOME

- 11.1 The Director of Finance shall ensure that safe and efficient arrangements are made for the receipt of moneys due to the College. This shall involve the maintenance of financial organisation and accounting systems to ensure that all sums due to and paid to the College are properly recorded. It shall also involve appropriate arrangements for the collection, custody and banking of all its moneys.
- 11.2 Budget holders shall be responsible for ensuring that the Finance Department is notified of any sums due to the College so that appropriate invoices can be raised.
- 11.3 Budget holders shall ensure that any cash received direct by them is normally paid in to the Cashier's Office on the same day as it is received. Income held pending transfer to the Finance Department shall be locked away securely preferably in a safe. Officers who receive money on behalf of the College shall keep an account and chronological record of all receipts and of deposits.

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- 11.4 All income shall be deposited intact; disbursements shall not be made from income.
- 11.5 Official receipts shall be issued for any cash received.
- 11.6 In consultation as necessary with budget holders the Finance Department shall take action to recover unpaid claims including the issue of standard reminders, and depending on the circumstances, further action such as employing a debt collection agency may be needed.
- 11.7 Sums due to the College shall only be written off after the normal debt collection procedures have been followed. Sums under £5000 may be written off upon the authority of the Director of Finance, with a report to the Finance and General Purposes Committee. Sums over £5000 must be written off upon the authority of the Finance and General Purposes Committee.

12 RESEARCH GRANTS AND CONTRACTS AND OTHER SERVICES

12.1 Introduction

These guidelines set out the procedures which have been approved by the College and are for the use of all academic, research and appropriate administrative staff. Their purpose is to encourage and support research by ensuring that the administrative aspects are dealt with as efficiently as possible and that all relevant costs are recovered. The procedures apply to all research carried out in the College which is supported in full or in part by an external agency. All formal applications for research grants or formal tenders for research grants and contracts are covered by these guidelines.

Research Grants and Contracts and other related projects where external funding is sought must be applied for, negotiated, accepted and administered by the College as a corporate body. Preliminary discussions with prospective sponsors cannot commit the College.

12.2 Applications/tenders

12.2.1 Authorisation

Each application/tender needs to be seen and approved by:

- a. The **Executive Dean or** in his/her absence **the School Manager**. It is important that the Executive Dean is informed of the extent of research in which staff are engaged. He/she needs to know of any accommodation implications and in approving the application, he/she is agreeing that the financial parameters are acceptable to the School and the research can be undertaken within the accommodation currently occupied by the School. If it cannot, there will need to be a separate request for additional accommodation.
- b. The **Research Grants and Contracts Office**. The Research Grants and Contracts Office provide advice and guidance on preparing and completing financial details, with particular responsibility for ensuring the correctness of staff costs and overhead-type

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costs. The application/tender is then authorised by the Head of Research Grants and Contracts, or authorized deputy.

- c. The **College Secretary**. All contracts with external organisations are made between the College and the external organisation: the College Secretary has delegated authority to act for the College. In the absence of the College Secretary, the Director of Finance has authority to act.

For each of the three authorisation stages, at least three clear working days are required.

12.2.2 Each application/tender must be approved using the College's Project Financial Appraisal and Costing Tool (pFACT) software system.

12.2.3 Staff are advised to contact the [Research Grants and Contracts Office](#) at an early stage to obtain or check costings and to ascertain allowable costs for inclusion. All financial details including staff costings, overheads and liability for VAT need to be prepared in conjunction with and agreed by that Office.

12.2.4 Overheads represent the costs associated with the research, both for premises (accommodation, energy, telephone etc.) and for indirect costs (staff time and central services). The rates for these costs are published on the [Research Grants and Contracts Office web page](#).

- a) Research Councils and UK Government Departments
Research Councils pay 80 per cent of the Full Economic Cost (FEC) of the project and UK Government Departments should pay 100 per cent of FEC for non-competitive contracts. For further details on FEC, please consult the Research Grants and Contracts Office.
- b) UK charities
Most charities will not pay any contribution towards overheads nor pay towards the cost of academic staff as investigators.
- c) European grants
Grants from the EC under the scientific Framework Programme 7 generally carry a fixed percentage overheads calculated on all costs where the Additional Costs model is used.

d) Other cases

The College policy is to obtain 100 per cent of Full Economic Cost (FEC), wherever possible. However, the position is often negotiated in the light of other contributions by the parties, ownership of intellectual property rights and other considerations. A decision as to the level of the subsidy of FEC will be made by the Director of Finance or College Secretary. This is outlined in the Full Economic Costing Strategy document, approved by the College Research Committee in May 2006. The Research Grants and Contracts Office should be consulted in all cases in the first instance.

12.2.5 Joint projects

Where an application is being prepared in conjunction with another institution, the costs relating to the College must be clearly identified and agreed with the Head of Research Grants and Contracts, or authorized deputy. It is important to negotiate at this early stage where staff would be employed and how the overall budget would be shared. All the other procedures described in these guidelines should be followed, even if the grant is to be administered by the other institution and the application is being prepared by them.

12.2.6 Completed applications/tenders

The completed application/tender will have been authorised using the pFACT electronic costing and approval system. Where an application form requires a signature of a College representative, this will normally be the College Secretary, or in his/her absence, the Director of Finance. The College Secretary may delegate the signing of application forms to the Head of Research Grants & Contracts, or authorized deputy, provided that the pFACT approval procedure has already been completed. One copy of the authorised application/tender must be provided to the Research Grants and Contracts Office and entered on their database.

12.3 Outcome of applications

12.3.1 When notification of an award is made directly to the research applicant, this information should be copied immediately to the [Research Grants & Contracts Office](#), where the award is checked against the original application. If there are any variations in terms from those set out in the application, for example total grant, or start date, they will be discussed with the applicant before the award or grant is accepted. Conditions attached to the award need careful study; for example there may be restrictions on virement between different budget heads.

12.3.2 Awards are notified within the College to the Master (for large awards), Executive Dean, Director of Human Resources (if appropriate) and the Director of External Relations.

12.3.3 Details of the outcome of the application are entered on the database in the [Research Grants and Contracts Office](#).

12.3.4 The Research Grants & Contracts Office should also be informed by applicants or school administrators of unsuccessful applications/tenders.

12.4 Administration of the grant/contract

12.4.1 Award acceptance

All contracts with external organizations are made between the College and the external organization and must be signed on behalf of the College by the College Secretary or, in his/her absence, by the Director of Finance.

The College Secretary / Director of Finance may delegate the signing of acceptance of award forms, starting certificates and other similar documentation confirming awards from funding bodies, to the Head of Research Grants and Contracts, or authorized deputy.

Commitments may not be made against funds provided under a research grant or contract before the offer has been formally accepted. Expenditure on a research grant or contract in excess of the sum specified is not permitted. Expenditure must be related only to items approved in the research grant or contract budget and must relate to the period of award.

12.4.2 Contract conditions

The conditions set out in any contract must be acceptable to the College. In some cases the draft contract may have been seen at the application stage, in others the conditions form part of the contract to be signed. A full scrutiny of the conditions is made by the Head of Research Grants and Contracts or authorized deputy, before being passed for signature to the College Secretary. At this stage negotiations about individual clauses may be necessary before the contract can be accepted. An area of common concern is ownership of intellectual property and publication rights, and staffs are advised to discuss these at an early stage with the Head of Research Grants and Contracts.

12.4.3 Staff appointments

Requests for staff appointments funded by the grant should be made to the HR Department by the Principal Investigator. The HR Department requires confirmation from the Head of Research Grants and Contracts or authorized deputy that the funds are adequate for the appointment requested. Some funders require to see the curriculum vitae of an appointee before the post is confirmed, or to approve departures from the original planned appointments. Research Grants and Contracts Office will advise where necessary.

12.4.4 Financial administration

A separately identifiable account is opened for each funded research project. The Research Grants and Contracts Office administer the grant funds and maintain the project account according to the funder's requirements. Claims/invoices to the funder are authorized and issued by the Research Grants and Contracts Office. The Principal Investigator, or authorized deputy, is responsible for authorizing expenditure from project funds and monitoring expenditure on a day to day basis. Monthly expenditure reports are available to the Principal Investigator from their School administrator. Quarterly summary accounts are completed by the Research Grants and Contracts Office.

Any proposed changes from the contract agreement discussed between the researcher and external organization must be notified in writing to the Research Grants & Contracts Office.

12.5 Completion of project

- 12.5.1 It is the responsibility of the researcher concerned to submit completed reports on time. At the end of a grant or contract, every effort should be made to have the financial transactions completed and processed as soon as possible. Any financial penalties incurred by late submission will be borne by the researcher's school. Unless previously agreed, any final overspend on the grant must be met by the researcher's school.
- 12.5.2 A copy of the final report must be sent to the Research Grants and Contracts Office for audit purposes.

12.6 Internal allocation of indirect costs (overheads)

Under the Income Distribution Model, all research grants and contracts income and expenditure are attributed in full to individual departments. This includes Indirect costs, Estates costs, Directly Allocated staff, Infrastructure Technicians, FEC surplus and the College Contribution of partially funded FEC awards.

Each research grant or contract is debited (or credited in the case of College Contribution) with the above overhead and staff costs and the relevant departmental core budget is credited (or debited). The Research Grants & Contracts Office is responsible for arranging regular (usually quarterly) journals of these costs items on each individual grant or contract account.

Note re Charity awards:

As the HEFCE research block grant is apportioned directly to Schools/departments then the previous arrangement of returning 1% of total charity project funding to Schools / departments has been discontinued.

12.7 Consultancy and research

12.7.1 The formal definition of consultancy is ‘the provision of professional advice’, whereas research is ‘an original investigation undertaken to obtain knowledge or understanding’. Occasionally, the classification of the nature of the work to be undertaken may be difficult, and in such cases, staff should seek the advice of the Head of Research Grants and Contracts.

12.7.2 There are clear practical differences between research and consultancy:

- research may be included for external Research Assessment purposes; consultancy may not
- contract research involves no Value Added Tax (VAT) liability unless supplied to a commercial organisation, whereas VAT is always charged on consultancies

contract research projects will include overhead recovery rates, which will be returned to the relevant Department. No payments are made to the individual.

13. CONSULTANCY

- 13.1 Consultancy is defined as the provision of expert advice and work carried out for an external client, which falls outside the mainstream research and teaching of a school. This work should be commercially priced in response to a client’s need for assistance using existing knowledge and does not normally involve the creation of new knowledge and the outputs are usually partly or wholly owned by the client. These interactions enable Academic staff to advance their professional development through closer links with external companies and organisations, augment their salaries, contribute to the development of relationships beyond traditional academic boundaries and enhance the reputation of the College. Examples of consultancy assignments can be found at <http://www.staff.bbk.ac.uk/rgco/consultancy.shtml>
- 13.2 The permission of the Executive Dean, which may in practice be delegated to an Assistant Dean, is required for:
- i) any teaching, other than occasional guest lectures, during term time for anybody except the College;
 - ii) any standing, regular or frequent commitment to do paid work for anybody other than the College,;
 - iii) the provision of consultancies, short courses and related services to any external body.
- 13.3 Members of Academic staff are encouraged to undertake those paid extra-curricular or outside activities normally associated with holders of Academic posts in universities, e.g. external examining, reviewing books, editorial work, exhibitions, conferences, advising on and refereeing publications, providing articles, broadcasts and lectures, providing that in sum these activities do not adversely affect the proper performance of their College duties. For these activities, the permission of the College is not required. All fees, income and honoraria should of course be declared personally by the individual to HMRC for income tax purposes. If the work undertaken involves the use of accommodation or facilities, e.g. telephones, postage or equipment belonging to the College, the member of staff is required to arrange with the Finance Department for these costs to be appropriately charged bearing VAT implications in mind and the College reimbursed.

- 13.4 Academic staff are entitled to undertake pre-approved (as per point 13.2) consultancy assignments for up to 30 days per year and are encouraged to offer their consultancy services on behalf of the College (College Led Consultancy) rather than on a private basis (Independent Private Led Consultancy). College Led Consultancy has the benefit of allowing specified use of College facilities, access to additional support from the Research Grants and Contracts Office including assistance with contract negotiation, intellectual property advice, costing and pricing guidance, invoicing and professional indemnity cover. Academic staff undertaking College Led Consultancy may do so under the name of the College. In these cases the contract is signed by the College Secretary or Director of Finance. When deciding whether to undertake externally funded consultancy work, staff should consider the reputation of their department and the College, ensuring that all reasonable precautions are taken to avoid risk, breach of confidentiality or conflicts of interest. In some cases, consultancy work can lead to additional research opportunities or increase opportunities for public and private sector engagement both nationally and overseas. The Executive Dean or those with delegated authority will consider the implications for the College, School and the individual. All consultancy service contracts brought into the College via the Research Grants and Contracts Office are contracted through the College.
- 13.5 For consultancy carried out by staff on a private basis (Independent Private Led Consultancy), it is the responsibility of the member of staff undertaking this work to seek permission from their Executive Dean, to inform the proposed client that the work is done solely in a personal capacity and that the College does not accept any responsibility (including liability for negligence in respect of the work to be performed). Neither the College name nor address may be used on any letterhead or similar document when a private consultancy is undertaken. Staff wishing to undertake such services should note that all agreements should be covered by professional indemnity insurance which they must obtain themselves and may be liable for VAT. Staff should also note that for Independent Private Led Consultancy their own Public Liability Insurance is recommended and they are wholly responsible to Her Majesty's Revenue and Customs for all income tax, national insurance and other similar contributions or taxes (together "Taxes") and Valued Added Tax (VAT) which may be payable out of, or as a result of the receipt of, any fees or other monies paid. Staff carrying out Independent Private Led Consultancy Work are required to abide by the Code of Practice for Academic staff engaged in External Consultancy work (add link)

13.6 Costing and pricing of College Led Consultancy

- 13.6.1 Consultancy carried out on behalf of Birkbeck involves the use of College facilities, services and insurance so a contribution to overheads must be included in the cost, pro-rated on a day basis from the current annual FTE overhead rate. The Research Grants and Contracts Office will advise on the current daily rate.
- 13.6.2 Consultancy assignments normally attract VAT and prices should therefore always be quoted to clients as "+ VAT" or "exclusive of VAT". The Research Grants and Contracts Office can provide further guidance and assistance.
- 13.6.3 The Research Grants and Contracts Office manage the administration of all College Led Consultancy and should be consulted at an early stage.

13.7 Remuneration for College Led Consultancy

- 13.7.1 Staff may choose how they receive fees for consultancy and related services: through Payroll, into a special account, or a combination. Where staff provide consultancy services to external organisations, the College will retain the contribution to overheads and the employer's NI contribution from the gross income. Further details and advice can be found on the College consultancy web pages at <http://www.bbk.ac.uk/rgco/otherservices/consultancy.shtml>
- 13.7.2 Where an Academic chooses to receive their fee through Payroll (less employee's tax and NI), the employer's NI contribution must also be taken into account when costing the work, if the fee is to be paid through Payroll. Income earned through Consultancy does not attract superannuation contributions or London Allowance.
- 13.7.3 Where an Academic chooses to have their fee paid into a fund held in a School account (i.e. not personal use) no employee's tax or NI will be deducted, unless they subsequently decide to receive the fee as income.
- 13.7.4 Where an Academic chooses to receive their fee through a combination of both methods, the part paid through Payroll will be subject to tax and employee's NI, and the College will make an employer's NI contribution on that part.

14. INTELLECTUAL PROPERTY, COPYRIGHT AND THE EXPLOITATION OF INVENTIONS

- 14.1 This code of practice applies to all work undertaken by members of the College, staff or students. Where the terms of a grant or an appointment, e.g. of an externally funded student or researcher, are such that ownership of intellectual property rights, IPR, is deemed to rest elsewhere it will be explicitly stated in the member of staff's contract of employment or formal letter to the student, or in the agreement covering the research.

14.2 Ownership of IPR

- 14.2.1 The formal position on the ownership of copyright with regard to staff is set out below.
- i) The College will continue to waive its rights to the ownership of copyright in books, articles, lectures or other written work other than that
 - a) specifically commissioned by the College or
 - b) commissioned by outside agencies or
 - c) in which the revenue generated is substantial and can be related in part to the author's connection with the College.
 - ii) Except as otherwise agreed in writing, if a member of staff in the course of employment, or a student in the course of studies, produces any original works (including computer software) which may be commercially exploitable, the College shall be entitled to the copyright in such works and shall use its best endeavours to secure royalties. These will be shared as set out in the detailed code of practice.

- 14.2.2 Under the provisions of the patents Act 1977 inventions by employees in the course of their normal duties belong to the College. The Act sets out the conditions which an invention must satisfy to be patentable, including provisions regarding disclosure (whether by publication or otherwise) which require secrecy of inventions to be protected closely before a patent application is filed, and prescribes the lengthy procedure of patenting an invention. It is for decision by the College in each case whether to share in the exploitation or to assign its interest.
- 14.2.3 Students are required to comply with the College procedures for notifying any invention, device, material, product or process, computer software or other potentially valuable result which it is considered might have commercial significance, whether patentable or not, developed or invented during the course of students' research or study at the College and make assignment of rights to the College by signing a Deed of Assignment at the start of their project. Deeds of Assignment must be obtained from the College Secretary's Office, from where further copies of these College procedures, which include details of the sharing of revenue from exploitation, are available.

14.3 Protection and exploitation of IPR

- 14.3.1 It shall be for the member(s) of staff concerned to decide whether any invention or intellectual property has the capacity for exploitation and should so be exploited, or whether it should solely be the subject of academic report. In many cases members of staff will wish to report their findings to their peers including the Executive Dean and, if possible, to exploit commercially such findings. The College will, so far as it is able, protect the right of staff to disseminate their findings freely.
- 14.3.2 Any member of staff who creates intellectual property which in his or her opinion is capable of commercial exploitation and should so be exploited shall notify the Executive Dean and College Secretary at the earliest possible opportunity.
- 14.3.3 Where an invention has potential for commercial exploitation and it is decided to pursue that option, staff shall ensure that confidentiality is maintained. Inadvertent discussion or premature publication may jeopardise an inventor's right and ability to benefit financially from an invention. In discussions with other organisations a note on confidentiality should always be signed.
- 14.3.4 If the College does not wish to be involved in exploitation the inventor shall be free to protect and exploit the intellectual property as he or she wishes, subject to the interests of any third parties. The College will formally assign its rights to the inventor.
- 14.3.5 The College in consultation with the inventor(s) will decide on the action to be taken for the protection and commercial exploitation of all types of intellectual property. This could be an application for patent, assignment of the rights to a third party, the formation of a limited company to exploit the property, or the licensing of another body, e.g. 3i Research Exploitation or British Technology Group.
- 14.3.6 There is no statutory obligation on an employer to compensate an employee for the use made of intellectual property generated by the employee except in the sole case of patents, where an employee has the right in exceptional circumstances to receive a reward. Otherwise, any compensation is entirely at the employer's discretion.

14.3.7 The College view is that there should be a division of revenue received from commercial exploitation of its IPR. Any revenue received by the College therefore as a result of commercial exploitation shall first be used to pay any direct costs incurred by the College in the protection and exploitation of the property. Further income shall then normally be distributed as follows:

Percentage Division of Royalties

£ 000	Inventors	School
<50	75	25
50+	50	50

This division shall be reviewed from time to time.

14.3.8 Where more than one individual is involved in an invention the distribution of their share of the income shall be a matter for them to determine. If there is a failure to agree, the College shall, after taking advice as to an equitable distribution, distribute the royalties as it judges fit.

14.3.9 The sole authorised signatory on behalf of the College on all matters relating to intellectual property shall be the College Secretary except that in cases of urgency and the Secretary's absence this authority may be delegated.

15. ASSETS

- 15.1 Each budget holder shall be responsible for the safe-keeping of all items of equipment and furniture within his/her school/department. He/she shall ensure that such items are adequately cared for and are kept as secure as possible when not in use.
- 15.2 Executive Deans and School Managers and Heads of Professional Services shall be responsible for maintaining an inventory of assets belonging to the College (whose original purchase price was in excess of £1,000) which are under their control. Items on the inventory should be checked at least annually under arrangements made by the budget holder. The inventory should be copied to the Management Accountant annually each July.
- 15.3 No item of equipment shall be removed from College premises for purposes other than official College work. Where equipment is loaned to College staff, the prior permission of the Executive Deans, School Managers or the Professional Services Section Head is required and a note of the loan signed by the borrower shall be obtained. (*Refer to College guidelines on Security and Insurance issued separately.*)
- 15.4 Where practicable portable items of equipment and furniture should be marked permanently to identify them as College property.
- 15.5 Losses of College property must be notified promptly to the Income Accountant whose advice must be sought with a view to the loss being the subject of an insurance claim.

16. INDUCEMENTS, HOSPITALITY AND GIFTS RECEIVED

- 16.1 Under no circumstances may inducements, monetary or otherwise, be accepted from suppliers or potential suppliers (or their agents). Any offer of such inducements should be reported to the College Secretary without delay.
- 16.2 Any goods etc of a complimentary nature, received by a member of College staff from any existing supplier or its agent shall be reported to the Director of Finance. The Director of Finance shall keep a record of the receipt of such items. Notification shall not be required for items such as diaries, calendars etc when they are marked with the supplier's trade name and where the estimated value of such items does not exceed £50.
- 16.3 Hospitality received from suppliers or their agents which go beyond refreshment appropriate to the circumstances shall be reported to the Director of Finance, who shall keep a record of such hospitality.
- 16.4 Where a situation arises when an employee is uncertain whether it would be appropriate to accept an offer of a gift or hospitality, the offer should be declined or the consent of the College Secretary must be given before the offer is accepted.

17. REIMBURSEMENT OF EXPENSES - TRAVELLING, SUBSISTENCE AND HOSPITALITY

- 17.1 The payment of College expenses requiring subsequent reimbursement by individuals should be kept to a minimum. Wherever possible alternative methods of payment should be used, e.g. travel should be booked via an LUPC supplier the College already has an account with, payment should be made using Government Purchasing Cards issued for the purpose (see E 6.4).
- 17.2 Staff in the Finance Department are responsible for ensuring that claims have been appropriately certified for payment and calculated at the correct rates.
- 17.2 With the exception of their own claims, all claims must be authorised by the appropriate budget holder whose authorisation indicates that the expenses have been correctly and necessarily incurred on behalf of the College.
- 17.3 All claims for reimbursement of expenses must carry two signatures. The counter-signatory shall be in a position to verify that the expense claimed has actually been incurred on legitimate College activities.
- 17.4 **Unless there are exceptional circumstances**, claims for reimbursement of expenses incurred more than three months prior to the date of the claim will not be entertained.
- 17.5 All expense claims must be submitted on the appropriate forms and be supported by appropriate backing documentation.
- 17.6 Staff fees must **never** be paid by an individual and reclaimed as expenses.

17.7 Travelling expenses

- 17.7.1 Staff holding season tickets and other travel cards should use these whenever possible when travelling on College business. Travelling expense claims will only be allowed for journeys not covered by season tickets
- 17.7.2 Travelling within the United Kingdom should normally be by public transport. The cheapest public transport route will normally be the amount reimbursed. Reimbursement will only be made for economy class fares. Staff are expected to take advantage of any concessionary fares available to them. If private transport is used, the reason for that use and the number of passengers, together with the names where those passengers are members of College, must be stated on the claim form.
- 17.7.3 If private transport is used, the mileage rate to be applied shall not exceed the current rate agreed by the College. (*Details can be obtained from the Finance Department.*)
- 17.7.4 Travel abroad should normally be invoiced directly to the College. Staff shall book travel arrangements wherever the most favourable terms are obtainable and having regard to travel agents recommended by the London University Purchasing Consortium (LUPC).
- 17.7.5 With the exception of cases where the sterling equivalent is easily verifiable (e.g. expenses supported by original foreign currency receipts but also appearing as sterling equivalents on credit card statements), and subject to the Director of Finance having authority to exercise discretion in cases where there are wild fluctuations in exchange rates, all claims for reimbursement of costs met in foreign currencies should be submitted in their original denominations and converted in the Finance Department at the National Westminster Bank exchange rate prevailing on the first day of the week in which the claim is submitted, with the addition of 3% for exchange fluctuations and conversion costs, to produce a sterling equivalent.
- 17.7.6 The College will not reimburse the cost of travel from home to College for salaried staff.

17.8 Subsistence

- 17.8.1 Subsistence should always be claimed on the basis of actual expenditure incurred, supported by appropriate documentation. Exceptionally, where this is impossible, for example on field trips where the group is camping, the subsistence level agreed by the College may be applied.
- 17.8.2 The cost of accommodation must be approved by an authorised signatory before the booking is made. The signatory should ensure that the cost of meals claimed is reasonable with the level of accommodation approved.
- 17.8.3 Subsistence costs are reimbursable where a member of staff is required to stay away overnight and includes the cost of accommodation and breakfast, lunch and dinner as appropriate. The amounts reimbursed shall not exceed the rates set by the College.
- 17.8.4 Receipts are always required to support any subsistence claims.

- 17.8.5 In order to satisfy HM Revenue & Customs (HMRC) requirements claims for the reimbursement of travel and subsistence expenses shall be made on a standard College Claim form. Staff are reminded that all payment requests must be accompanied by adequate supporting documents which will normally comprise original (not photocopies) invoices, bills or receipts and must in all circumstances provide sufficient information for Finance Department staff to ascertain whether a request for payment to a named individual should be subject to taxation.
- 17.8.6 Finance Department staff are instructed to refuse payment requests in excess of £20, including requests for urgent cheque payments, which are not supported by full details of the nature and purpose of the payment requested and firm evidence that the cost has been incurred.
- 17.8.7 Staff requesting advance payments in respect of expenses to be met in cash must state a reasonable date by which the advance will be accounted for.
- 17.8.8 Where the expenses incurred are to be recovered from an external funding body, the external body's rules will take precedence if they are in conflict with the College's own rules. Where such a claim is made, a copy of the relevant rules should be supplied with the claim.

17.9 Hospitality expenses

- 17.9.1 No reimbursement of costs for meals or other entertainment will be made to College staff when no third party is being entertained.
- 17.9.2 Hospitality for visitors should normally be provided by the College caterers, or by caterers at the other College sites. In exceptional circumstances, notably where the hospitality is to be funded from external sources, and where the conditions of the funding so permit, hospitality may be provided at a restaurant. In this case, reasonable expenditure may be claimed. Reimbursement for members of staff will normally be limited to the equivalent of one member of staff per visitor. Claims made in these circumstances must be accompanied by documentary evidence that the expenditure lies within the conditions laid down by the funding body.

18. DISCLOSURE OF INTEREST

- 18.1 If a member or employee of the College becomes aware of any personal, financial or other beneficial interest arising from a transaction of the College, he/she shall disclose this, giving details of the nature of the interest to the College Secretary or Director of Finance at the earliest opportunity.
- 18.2 An interest must be declared where a member or employee has an interest in a business which may supply to or trade with the College.
- 18.3 The College Secretary or Director of Finance shall ensure that any declared interest is brought to the attention of any College committee when it is considering matters relevant to such interest.
- 18.4 The College Secretary or Director of Finance shall maintain a record of declared interests and these shall be reported annually to Governors.

19. INSURANCE

- 19.1 All insurances of the College shall be under the direction and control of the Finance and General Purposes Committee.
- 19.2 The Director of Finance shall be responsible to the Finance and General Purposes Committee for establishing procedures for securing cover against any risk falling within the categories of insurance approved by the F&GPC and for recovering insured losses promptly.
- 19.3 The Income Accountant shall be responsible for the day-to-day administration of the College's insurances. He/she shall maintain a register of insurances and schedules of all insurable losses.
- 19.4 Budget holders shall notify the Income Accountant of all new insurable risks falling within their areas of responsibility in accordance with Financial Regulations relating to Assets (*section E15*).
- 19.5 Budget holders shall notify the Income Accountant of any loss, damage or injury which might give rise to an insurance claim. The insurance claim shall be prepared under the direction of the Income Accountant in consultation with the budget holder and shall be submitted to the insurance company as soon as possible.
- 19.6 The Director of Planning and Estates shall keep a register of all engineering plant, lifts and steam pressure vessels which are subject to regular inspection by the Insurance Company under the Inspection Contracts. The Director of Planning and Estates shall be responsible for ensuring that the inspections are carried out at the prescribed times and for ensuring that the action required in the inspection reports is carried out promptly.
- 19.7 Members of the College's staff shall not sign any disclaimer or indemnity documents relating to activities involving outside bodies but should refer these to the Director of Finance.
- 19.8 The College's insurances do not cover loss or damage to personal property and members of staff should satisfy themselves that any possessions they bring to the College are adequately insured. If personal equipment is used for College work the details must be registered with the College Secretary.

20. PETTY CASH ACCOUNTS

- 20.1 The need for petty cash imprest accounts is expected to reduce following the introduction of Government Purchasing Cards (see section 6.4). The Director of Finance must approve the opening of imprest accounts and is unlikely to approve any new ones unless the circumstances are exceptional.
- 20.2 A petty cash account shall be maintained by the Cashier for petty cash disbursements and for making reimbursements of expenditure to holders of approved imprest accounts. The number of petty cash floats shall be kept to a minimum.
- 20.3 Any expenses paid out of imprest accounts must be substantiated by invoices or receipts. Such expenses should be kept to a minimum and be limited to expenses which are properly and conveniently payable only in this manner.
- 20.4 Imprest accounts must be submitted to the Cashier for checking and reimbursement at least once a term. All vouchers must be forwarded to the Cashier with claims for reimbursement.

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- 20.5 No single payment out of departmental petty cash accounts may exceed £50, except by special approval of the Cashier.
- 20.6 Petty cash imprest accounts should not be used for cashing personal cheques or the payment of salaries and wages.
- 20.7 A member of staff granted a petty cash float is personally responsible for the safe custody of the float. The float should be retained in a locked box and placed in a safe or locked cupboard or cabinet at night and whenever the office is left unattended.
- 20.8 As at 31 July each year a certificate of the float should be completed by the member of staff and countersigned by a senior member of the school/department, before lodging the certificate with the Cashier.

21. MAJOR CAPITAL BUILDING PROJECTS

21.1 Initial Stage

21.1.1 Estates Committee (EC) shall consider annually the College's building programme and shall determine which projects shall be subject to these procedures. Approval of the Finance and General Purposes Committee is needed for any project exceeding £50,000. The following regulations are intended to apply to capital building projects with an estimated cost in excess of £200,000 (excl VAT):

21.1.2 The Director of Planning and Estates shall ensure that, for each project:

- a) a team is appointed to prepare the design brief;
- b) all interested parties are consulted;
- c) all approvals are obtained, including planning consent and, where appropriate, the approval of the HEFCE;
- d) the Director of Planning and Estates be designated as the College's Representative to co-ordinate requirements and to liaise with outside consultants.

21.1.3 The Director of Finance in collaboration with the College Secretary and Director of Planning and Estates shall ensure that, for each project:

- a) an option appraisal for carrying out the project is provided for Estates Committee. Such appraisal should include the option of 'doing nothing', and all options should be fully costed showing the income and savings that are likely to result from the project;
- b) a statement of the sources of finance for the scheme, showing repayment details, where appropriate, is provided for Estates Committee.
- c) regular statements relating to all capital expenditure on each project are provided for Estates Committee. These should show progress against plans, costs against the budget, and the value of variations;

- 21.1.4 The Director of Planning and Estates shall follow the College procedures for the selection and appointment of consultants, and that all appointments require consultants to comply with the College's procedures in relation to control of contracts, including tendering procedures.
- 21.1.5 Estates Committee shall maintain oversight over all major capital projects, and it shall receive regular reports from the Director of Planning and Estates and College Secretary. Estates Committee should agree, before each project begins, the responsibilities it wishes to delegate.
- 21.1.6 As soon as the decision to proceed with a project is taken, a Project Management Team normally consisting of a Project Manager, Architect, Engineers, Quantity Surveyor and a Supervising Officer should be appointed. The College shall use formal commissioning letters in engaging the Project Management Team, which include such matters as the mode and timing of interim and final payments.
- 21.1.7 All main contracts should include a contingency sum to be agreed by the Estates Committee. Any provisional sums should also be agreed by the Director of Planning and Estates.
- 21.1.8 As soon as the outline scheme is sufficiently developed, the first cost plan should be established and approved by Estates Committee. If, at any time during the outline proposals stage and the scheme design stage, the project exceeds the expenditure limit, a report should be made to Estates Committee with a view to agreeing modifications in the design or variations in the cost plan. The final cost plan should be completed at the end of the scheme design stage and, where abnormal costs have proved to be unavoidable; the viability of the project should be reconsidered by Estates Committee. Before going to tender, assurances should be obtained by the Director of Planning and Estates from the consultants that the scheme can be completed without any foreseeable delay or additional costs to those budgeted.

Estimates of cost shall be provided as follows (using the RIBA plan of work):

- a) Work Stage A: Inception - prepare general outline of requirements.
- b) Work Stage B: Feasibility - budget costing of works:
- c) Work Stage C: Outline proposals – approximation of construction costs;
- d) Work Stage D: Scheme design - initial cost plan;
- e) Work Stage E: Detail design- full cost plan;
- f) Work Stages F & G: Production information and bills of quantities - update cost plan. A written instruction must be given should the pricing of bills and quantities be required

21.2 **Going to Tender**

- 21.2.1 The tendering procedure as set out in Section E6 should be followed.
- 21.2.2 Before making a final decision on tenders, and if it is considered appropriate, financial vetting of the contractors' liquidity should be carried out by the Director of Finance.
- 21.2.3 The Director of Planning and Estates shall ensure that the detailed breakdown of each tender is reconciled to the cost plan to ensure that realistic prices are being quoted and to avoid problems of quality or delivery at a later stage.
- 21.2.4 The dates for commencement and completion of works should be agreed before the contract is awarded. A detailed programme of work should be obtained from the contractor.
- 21.2.5 Each contract may provide for a performance bond to be taken out to protect the College in the event of the contractor's going into liquidation.
- 21.2.6 Where a contract is placed with a subsidiary company, a guarantee should be obtained from the parent company for the satisfactory completion of the work.
- 21.2.7 The Director of Finance shall ensure that adequate insurances are effected under the terms required by the building contract.

21.3 **Control of Payments**

- 21.3.1 The Director of Planning and Estates shall be responsible for examination and certification of all payments for building works and professional fees which will follow the standard Joint Construction Trades Contract or other agreed Contracts.
- 21.3.2 The Project Manager shall provide the College with a cash-flow chart showing the dates and estimated value of the periodic payments likely to be made on each contract based on the expected rate of construction. During the course of the contract, monthly financial statements should be provided to the College showing changes in the estimated final cost as a result of any matters applicable to the contract conditions and any significant change in the expected rate of cash flow.
- 21.3.3 The Director of Planning and Estates shall ensure that the value of each variation to the contract is assessed by the quantity surveyor (or other appropriate officer) and shall ensure that such additional expenditure is approved before the variation is issued by the Supervising Officer.
- 21.3.4 The Director of Planning and Estates shall ensure that expenditure on provisional sums is approved before the commencement of the work involved is authorised.

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21.3.5 In the event of there being any variations or additional expenditure, provisional sums shall be approved as follows:

- | | | |
|----|---|---|
| a) | up to £10,000 on each item providing it can be met from the contingency sum | Director of Planning and Estates |
| b) | items over £10,000, where they can be met from the contingency sum | College Secretary |
| c) | items which cannot be met by the contingency | Chairman's Action (Estates Committee) with confirmation by F & GP |

21.3.6 The Supervising Officer should ensure that interim certificates of payments due include, as early as possible, all agreed variations in the value of work unless subject to further discussion or dispute.

21.3.7 Once the Supervising Officer issues final certificates, and before final payment is made, the Director of Planning and Estates and the Director of Finance should examine the final account together with such other relevant documents as may be considered necessary.

21.3.8 The internal auditor should ensure that satisfactory controls exist over all aspects of the contract, including: the completion and accuracy of the final account; the recovery of liquidated damages, where appropriate; post-contract reporting.

21.3.9 The College Secretary shall co-ordinate a post-completion assessment, including project re-appraisal, performance reviews of contractors and consultants, revenue forecast, and site supervision. A report on this assessment shall be made to Buildings Committee.

22. TREASURY MANAGEMENT-POLICY STATEMENT

22.1 The strategy and procedures for the management of surplus cash and money market investments are set out below. In due course it will be extended to include other aspects of treasury management including long-term equity investments and sources and methods of raising capital finance.

22.2 All executive decisions on investment of short-term liquid funds shall be delegated to the Director of Finance under the broad supervision of the Investment Committee.

22.3 The Director of Finance shall report to the Investment Committee not less than twice in each financial year on short-term investment activity.

22.4 Short-term investment consists of placing surplus cash either in instant access accounts or on fixed term deposits for periods ranging from overnight to a maximum of one year.

22.5 In managing the investment of surplus moneys, the investment objective is to optimise returns to the College while meeting the overriding need to protect the capital sum. In balancing risk against return, the College should be more concerned to avoid risk than to maximise return.

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22.6 The following list of authorised deposit takers shall be used:

Barclays Bank plc
CAF Bank
Clydesdale Bank plc
Cooperative Bank plc
HBOS plc
HSBC Bank plc
Lloyds TSB Bank plc
National Westminster Bank plc
Santander plc
Bank of Scotland plc
Scottish Widows Bank plc
Standard Life
Royal Bank of Scotland plc

22.7 The credit ratings of the authorised list of deposit takers shall be reviewed once a year.

22.8 Normally no more than £3 million shall be held on deposit with any one bank or building society. However, in special circumstances the Investment Committee may agree to increase the limit.

22.9 At each meeting, the Investment Committee shall receive (i) the College's cash flow projections for the next twelve months and (ii) a schedule of cash transactions placed overnight and on fixed term deposit with details of interest accrued.

23. FRAUD, IRREGULARITIES AND CORRUPTION

23.1 The designated office holder (i.e. the Master) must inform the HEFCE Accounting Officer, the Chairman of Audit Committee and the Chairman of Governors of any serious weakness, significant fraud or major accounting breakdown.

23.2 A serious weakness is one that has resulted in an attempted, suspected or actual significant fraud or irregularity.

23.3 In cases of doubt, the College shall seek advice or clarification from the Funding Council's Chief Auditor.

23.4 If a matter requiring report is discovered by external or internal auditors in the normal course of their work and the designated office holder refuses to make a report, then the auditors must report directly to the HEFCE Accounting Officer, Chairman of the Audit Committee and the Chairman of Governors. This is to ensure that the College has taken appropriate action.

23.5 The College's senior management is responsible for the prevention, detection and investigation of irregularities, including fraud and corruption. To discharge this responsibility, management should ensure that an adequate system of internal control is operated.

23.6 It is not a primary function of internal audit to detect fraud. However, the work of the internal audit service, in reviewing the adequacy and effectiveness of the internal control system, should help management to prevent and detect fraud.

23.7 The internal audit service has the right to review, appraise and report on the extent to which

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assets and interests are safeguarded from fraud. When internal auditors suspect fraud, or are carrying out a fraud investigation, it is important to safeguard evidence. They should assess the extent of complicity to ensure that information is not provided to those involved, nor misleading information obtained from them.

- 23.8 The College should ensure that the internal auditors are informed, as soon as possible, of all attempted, suspected or actual fraud or irregularity. The internal auditors should consider any implications in relation to the internal control system, and make appropriate recommendations to management to strengthen the systems and controls.
- 23.9 Whenever any matter arises which appears to involve irregularity in financial or accounting transactions in any area of the College, the member of staff discovering the irregularity shall immediately report the matter to the Director of Finance or if the irregularity appears to involve the Director of Finance, to the College Secretary. Failure to do so will be regarded as a serious breach of terms of employment.
- 23.10 The Director of Finance shall, when an irregularity appears to involve a criminal act or a disciplinary offence, report the matter to the College Secretary. If the irregularity appears to involve the Director of Finance, the College Secretary will act without his/her assistance; if the irregularity appears to involve the College Secretary, the Director of Finance will report direct to the Master; if the irregularity appears to involve the Master, the College Secretary will report direct to the Chairman of the Audit Committee.
- 23.11 The Director of Finance and/or College Secretary will investigate and respond as appropriate, which may include any or all of the following (without this list being construed as exhaustive):
- a) initiate action to mitigate the potential loss to the College and to inform the College's insurers.
 - b) inform the Master, the Chairman of the Audit Committee and the Internal Auditors. The Chairman of Finance and General Purposes Committee, and the Chairman of Governors might also be contacted if appropriate.
 - c) agree with the Chairman of Audit Committee and the Master the form and extent of an investigation, which would normally be undertaken by the Internal Auditors.
 - d) inform the police where there is sufficient evidence. It is the College's policy always to prosecute where sufficient evidence of a fraud is established to elicit the support of the Crown Prosecution Service.
- 23.12 In the event of a request from the Director of Finance, College Secretary or Internal Auditors to undertake action to mitigate the potential loss, it is the duty of all staff to co-operate with speed and, in view of the fact that an allegation may prove to be unfounded, to observe confidentiality as far as possible.
- 23.13 It is the duty of the Director of Finance, the College Secretary and the Internal Auditors to conduct any investigation with due alacrity (while observing the principles of natural justice), and to preserve confidentiality wherever this can be reconciled with the best interest of the College.
- 23.14 In the event that an allegation is deemed to be substantiated, the action taken (proposed to

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be taken) by the Master as a consequence will be recorded in writing. Such action should be interpreted as assisting the investigation, and not as any assumption of guilt. It should be proportionate to the allegation but may include (after appropriate consultation with senior colleagues):

- a) temporary suspension from duty
- b) denying access to the College and its facilities
- c) summary dismissal or dismissal under notice
- d) notification to police
- e) notification to other parties likely to be affected
- f) restitution by the perpetrator
- g) other disciplinary procedures

(It is not intended that this list shall be construed as exhaustive).

23.15 Under normal circumstances, all reports of fraud will be reported to the next scheduled meetings of the Audit Committee and the Governors. In instances of sufficient seriousness, the Director of Finance or the College Secretary, in liaison with the Chairman of Audit Committee, shall convene an extraordinary meeting of the Audit Committee to consider action already taken, and any further action to be taken. In such instances, the Master will normally attend.

24. VALUE FOR MONEY

24.1 Birkbeck recognises its responsibility to achieve value for money from all its activities, however they may be funded.

24.2 The College is committed to the pursuit of economy, efficiency and effectiveness as part of its corporate and academic strategy. The institution will seek to adopt good practice and incorporate VFM principles across the full range of its activities.

24.3 To achieve good VFM, Birkbeck has set itself these objectives:

- to integrate VFM principles within existing management, planning and review processes
- to adopt recognised good practice where this makes sense
- to undertake VFM studies on areas of activity identified as worthy of review
- to benchmark the institution's activities against other similar activities and organisations where this is considered useful
- to respond to opportunities to enhance the economy, efficiency and effectiveness of activities
- to promote a culture of continuous improvement
- to demonstrate actively to both internal and external observers that the achievement of VFM is sought in all activities undertaken
- to ensure that all staff recognise their continuing obligation to seek VFM for the institution as part of their routine activities.

24.4 The responsibility for VFM lies with all members of staff and is not restricted to those with resource or financial responsibilities.

24.5 Governors are required to satisfy themselves that VFM is being sought and achieved from the use of public funds and have extended this principle to the application of the College's

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funds as a whole.

- 24.6 The Audit Committee is required, under the HEFCE Audit Code of Practice, to satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The committee is required to relay its view on the arrangements to the governing body in its annual report.
- 24.7 The College's senior management has the executive responsibility to put in place arrangements that will ensure VFM is being sought and in conjunction with the Clerk to the Governors and Audit Committee has a responsibility to keep the governing body and Audit Committee advised of VFM issues, advice and good practice.
- 24.8 Managers have the executive responsibility to maintain an awareness of good practices in their own areas of operation and to ensure that these are followed appropriately. Moreover, they should work to foster an awareness of the importance of value for money principles and to create an environment in which all staff seek to achieve VFM in the activities they are engaged in, bringing management's attention any opportunities for improvement.

25. **GUIDANCE ON WHISTLEBLOWING**

- 25.1 The College is committed to the highest standards of openness, probity and accountability. It seeks to conduct its affairs in a responsible manner, taking into account the requirements of the funding bodies and the standards in public life set out in the reports of the Nolan Committee.
- 25.2 The Public Interest Disclosure Act, which will come into effect on 1 January 1999, gives legal protection to employees against being dismissed or penalised by their employers as a result of publicly disclosing certain serious concerns. To quote the Act, the legislation relates to "any disclosure of information which, in the reasonable belief of the worker making the disclosure, tends to show one or more of the following-
- a) that a criminal offence has been committed, is being committed or is likely to be committed,
 - b) that a person has failed, is failing or is likely to fail to with any legal obligation to which he is subject,
 - c) that a miscarriage of justice has occurred, is occurring or is likely to occur,
 - d) that the health or safety of any individual has been, is being or is likely to be endangered,
 - e) that the environment has been, is being or is likely to be damaged, or
 - f) that information tending to show any matter falling within anyone of the preceding paragraphs has been, is being or is likely to be deliberately concealed."
- 25.3 It is an implied condition of service that an employee will faithfully serve his or her employer and not disclose confidential information about the employer's affairs. However, where an individual discovers information which he or she believes shows malpractice/wrong doing within the organisation, then this information should be disclosed without fear of reprisal and

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the disclosure may be made independently of line management. In such circumstances the College will take every reasonable step to protect that individual from suffering any detriment.

25.4 It should be emphasised that the policy is intended to assist individuals who believe they have discovered malpractice or impropriety. It is not designed to question strategic, academic or financial decisions taken by the College; nor may it be used to reconsider any matters which have already been the subject of a formal harassment, grievance or disciplinary procedure. This will not, however, preclude the admission of evidence which has previously been submitted under that procedure. While it is reasonable to expect that College members will use these procedures, nothing in the Policy shall limit the statutory or legal rights of a member of the College under the current legislation or to seek advice from a trade union.

25.5 Application of the Policy

25.5.1 The Policy applies to all members of the College, i.e. staff, students and governors, even though the latter two groups are not protected by the Act.

25.5.2 The Policy applies to situations where there are allegations of malpractice made about an individual or individuals in relation to their work for the College, whether they are made by or about a member of staff, a governor, a student or someone who provides or has provided goods and services to the College. The term 'malpractice' might include:

- financial malpractice or impropriety or fraud;
- failure to comply with a legal obligation or the College's Charter and statutes;
- dangers to health and safety or the environment;
- criminal activity;
- academic malpractice;
- improper conduct or unethical behaviour;
- attempts to conceal any of the above.

25.6 Confidentiality and good faith

25.6.1 The College will treat all such allegations in a confidential and sensitive manner, as far as practicable. The identity of the individual making the allegation will be kept confidential by the College except where it is no longer possible to do so because of procedural or legal reasons or where disclosure is agreed by the complainant. However the individual making the allegation may be required to provide a statement or act as a witness in any investigation.

25.6.2 If an individual makes an allegation in good faith, which is not confirmed by subsequent investigation, no action will be taken against that individual. If, however, in the opinion of the designated person (see Stage 2 of the Procedures below for the definition of a designated person) an individual makes malicious or vexatious allegations, and

particularly if he or she persists in making them, disciplinary action or other sanctions may be taken against the individual concerned.

25.6.3 This Policy encourages individuals to put their names to any allegations they make. Anonymous allegations are much less powerful and more difficult to investigate, but they will be considered at the discretion of the designated person.

In exercising this discretion, the factors that will be taken into account include:

- the seriousness of the issue(s) raised;
- the nature of the allegation;
- the likelihood of confirming the allegation from alternative credible sources or the nature of the supporting evidence.

25.7 Procedures

25.7.1 If someone believes that there is evidence of such behaviour he or she should raise the allegation first with the Secretary and Clerk to the Governors as soon as possible, perhaps if he or she wishes, via a College trade union representative. If the allegation concerns the College Secretary, the matter should instead be raised with the Master. If the allegation concerns the College Secretary and the Master, the individual should raise it with the Deputy Chairman of Governors or, in the case of possible financial malpractice, with the Chairman of the Audit Committee.

25.7.2 Having received the allegation the College Secretary, Master, Deputy Chairman of Governors or the Chairman of the Audit Committee (henceforth termed the designated person) will consider the information made available to him/her and decide if there is a prima facie case to answer. In doing so he or she will decide whether an investigation should be conducted and if so what form it should take. Depending on the nature of the matter raised it may be:

- * investigated internally in the College;
- * referred to the Police;
- * form the subject of an independent inquiry.

25.7.3 If the designated person decides that an internal investigation needs to be conducted to establish all the relevant facts, he or she will ask a senior officer of the College (or if necessary two senior officers) to conduct the investigation and to report back their findings. The investigation will be conducted as sensitively and speedily as possible.

25.7.4 Having considered the report based on the investigation and having taken the advice of the investigating officer(s) into account, the designated person will decide if there is a case to answer and what procedures to follow. The internal procedures which may be followed include disciplinary action or might form the basis of a special investigation.

In some instances it may be necessary to refer the matter to an external authority or organisation for further investigation.

25.7.5 The designated person will inform the individual making the allegation what action, if any, is to be taken. If no action is to be taken the individual concerned will be informed of the reason for this or if the individual making the allegation believes the action taken is inadequate he or she will be allowed the opportunity to remake the allegation to another appropriate person, if he or she wishes. For example, if the initial allegation was made to the College Secretary, the matter could be referred to the Master. If the initial allegation was made to the Master, the matter could be referred to the Deputy Chairman of Governors or the Chairman of the Audit Committee. If the initial allegation was made to the Chairman of the Audit Committee, the matter could be referred to the Deputy Chairman of Governors and vice versa. In all these circumstances, the latter person will decide on an appropriate course of action based on the information available to him or her.

Where an allegation is made the person or persons against whom the allegation is made will be told of it, the evidence supporting it and will be allowed to respond before any investigation, or further action, is concluded.

25.7.6 A report of all allegations and of any subsequent actions taken will be made by the designated person who will retain such reports for a period of three years, as a formal record and for reference purposes.

26. **VAT GUIDANCE NOTES**

Purchase of Medical/Scientific Goods and Services

26.1 This VAT guidance note is based on the LUPC's (London Universities Purchasing Consortium) VAT guidelines for the purchase of medical and scientific good and services.

26.2 VAT advice within the College is available from the Financial Accountant on ext 3143.

26.3 In order to apply VAT zero-rating to purchases, 4 conditions must be met. These are, eligibility, source of funding, usage and the nature of the purchase.

26.4 Eligibility

26.4.1 VAT relief is available to hospitals and research institutions whose activities are not carried on for profit and who purchase goods and services with charitable funds. Higher Education Institutions where postgraduates carry out research projects are accepted as "research institutions" within the meaning of that term.

26.5 Source of Funding

26.5.1 The source of funding must be charitable or voluntary subscribed funds for donation to a research institution. Birkbeck's funds, from whatever source, can generally be regarded as charitable funds.

26.5.2 It should be noted that if personal cheques or personal credit cards are used to purchase goods or services the purchase cannot be zero-rated under any circumstances.

26.6 Usage Conditions

26.6.1 To qualify for VAT zero-rating the purchase must be mainly used for medical research, training (teaching), diagnosis or treatment.

26.6.2 Hence, it follows that where a purchase is made mainly for administrative purposes no zero-rating claim may be made.

26.7 Nature of Purchase

26.7.1 Only specific categories of goods and services are eligible for VAT relief. These can be split into 2 main categories:

- a) Medical products and substances (meaning any natural or artificial substance, whether in solid or liquid form, or in the form of a vapour or gas). (VATA 1994, 8 Sch Group 15, Items 9 and 10).
- b) Equipment (VATA 1994, 8 Sch Group 15, Items 4-7):
 - (i). Medical, scientific and laboratory equipment - which includes:
 - Aprons - lead lined for x-ray protection
 - Bandages and dressings
 - Bunsen burners
 - Clinical thermometers
 - Centrifuges
 - Drip Poles
 - Electron and other microscopes
 - Examination couches, adjustable
 - First aid boxes and medical kits (containing both eligible and ineligible items provided they are only supplied as single prepacked units)
 - Forceps
 - Fume cupboards
 - Glassware Gloves, surgical
 - Graduated medicine measures
 - Hypodermic needles
 - Ice making machines

- Laboratory benches
 - Laboratory Coats (ref. HM C & E VAT Div G, Branch 2 letter dated 19 Mar 1991).
 - Laboratory glassware and plasticware
 - Microscopes
 - Plasticware and other material (disposable and reusable) for heating, measuring, cutting, weighing, injecting, pouring, filtering, mixing and storing.
 - Regulators for gas flow
 - Scalpels
 - Scientific equipment
 - Stethoscopes
 - Surgical gloves
 - Surgical Instruments
 - Test and measurement equipment
 - X-ray equipment
 - X-ray films
- (ii) Computer equipment which includes:
- CD-Rom
 - DAT recorders and tapes
 - Disk drives
 - Disks
 - Keyboards
 - Printers
 - Scanners
 - Tapes
 - VDU's
 - Specially designed computer desks
 - Computers and peripheral units
 - Normalised Software
 - Custom made software programs and licences only if solely for medical research, diagnosis or treatment (this is because it is a service rather than equipment - it is in this computer section for ease of reference).
- (iii) Video equipment which includes:
- Video cassette recorders
 - Equipment
 - Blank tapes
 - Pre-recorded tapes containing material for medical research, training (teaching), diagnosis and treatment
 - Video equipment (including video cameras and tapes)
- (iv) Sterilising equipment which includes:
- Autoclaves
- (v) Refrigeration equipment which includes:
- Domestic and industrial types for freezing and cooling purposes
 - Ice making machines

26.8 Non-Eligible Items

26.8.1 Many items are not eligible for zero-rating in any circumstances - some examples follow:

- Air Conditioners
- Alarms, security or smoke
- Batteries
- Blankets and towels
- Camera equipment and films (other than video)
- Carriage (even for qualifying goods)
- Catering equipment
- Cleaning chemicals
- Computer peripheral consumables (printer ribbons, toners and ink jet cartridges, paper)
- Couriers (within UK and EC - from outside EC relief applies)
- Disposal of Chemicals
- Disposal of Radioactive Waste
- Energy (electricity, gas)
- Film (unless custom made for specific scientific equipment (eg film for electron microscope which will not fit any other camera and x-ray film)).
- Furniture
- Laboratory items which are primarily for domestic use eg kettles and microwaves ovens
- Paper (copier etc)
- Photocopiers
- Printing (by external printers)
- Stationery
- Sterilising chemicals
- Tapes and disks (not specially designed for computer use)
- Telephones/Telephone charges
- Tools
- Tape recorders
- Vending machines
- Waste disposal bags
- Waste disposal machinery

26.9 Installation of Equipment

26.9.1 If the normal selling price of eligible goods includes an amount for fixing or connection to a mains service and/or testing the equipment on site, the whole supply may be included in the relief. Where building works, such as removal of walls or reinforcing floors, are necessary in order to install large items of equipment, these will be standard-rated even when carried out by the supplier of the equipment.

26.10 Repair and Maintenance

26.10.1 The services of repair and maintenance, whether under maintenance contracts or individual one-off repairs, of goods eligible to be purchased under the relief and owned by the eligible body are eligible to be zero-rated.

26.11 Parts and Accessories

26.11.1 Parts and accessories to qualifying equipment are eligible for relief. In this context accessories are defined as optional extras which can be used to improve the operation of the equipment or enable it to be used, or to be used to better effect, in particular circumstances.

26.12 Laboratory Building and Refurbishment

26.12.1 VAT relief is allowed on specific items within a building or refurbishment contract even though they are fixtures and fittings. Currently HM Customs and Excise allow relief on the following:

- Specialist laboratory benching.
- Laboratory inset sinks, tundishes and laboratory taps.
- Vulcathene wastes, traps and copper hot and cold supplies
- Stainless steel wash-up and isotope sinks, base cupboards including associated plumbing.
- Fume cupboards

Note: If the same contractor supplies and fits these items both the supply and fitting can be zero-rated. However, if the goods are purchased from one supplier and fitted by another only the supply can be zero-rated.

26.13 Leasing

25.13.1 Leasing charges for qualifying equipment is eligible for relief.

26.14 Further Information

26.14.1 If you need further clarification on any of the above, please contact the Financial Accountant on ext 3143.