



Financial Regulations

Date	Purpose of Issue/Description of Change	Equality Impact Assessment Completed
November 2019	Full Review	November 2019
26 June 2024	Updated to reflect: (i) Structural Changes and Committees (ii) Appendix A financial limits (iii) Appendix C – Treasury Management Policy	June 2024

Policy Officer	Senior Responsible Officer	Approved by	Date
Deputy Director Finance	Director of Finance	Finance Committee	22 November 2019
Deputy Chief Financial Officer	Chief Financial Officer	Finance Committee	26 July 2024

These regulations will be reviewed every year

Financial Regulations

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The Financial Regulations contain the key high-level principles contained within the more detailed procedure or guidance. The reader of the Financial Regulations should gain an understanding of the University's overall approach towards financial management and control. To support the financial regulations there are: <https://www.bangor.ac.uk/finance/pl/default.php.en>

- *Financial Procedures which contain more detailed information of each individual area to provide policy or procedural direction.*
- *Financial Guidance which contains guidance and provides best practice advice.*

1. Status of Financial Regulations

- 1.1** These Regulations provide a framework within which all aspects of the financial management of the University must be conducted. They apply to all Services in the University, to self-funding activities and subsidiary companies, irrespective of the source of funding.
- 1.2** These Regulations are determined by the Council and compliment the Financial Management Code between the University and Higher Education Funding Council for Wales (HEFCW). Nothing within these Regulation shall supersede any provision contained within the HEFCW Financial Management Code or the University's Charter and Statutes.
- 1.3** The purpose of these Financial Regulations is to provide control over the totality of the University's resources and provide management with assurances that the resources are being properly applied for the achievement of the University's strategic plan and business objectives:
- Financial viability.
 - Achieving value for money.
 - Fulfilling its responsibility for the provision of effective financial controls over the use of public funds.
 - Ensuring that the University complies with all relevant legislation.
 - Safeguarding the assets of the University.
- 1.4** Compliance with the Financial Regulations is compulsory for all staff of the University. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the University's disciplinary policy. Council will be notified of any such breach as appropriate through the Audit and Assurance Committee. It is the responsibility of each member of staff to be aware of the existence and content of the University's financial regulations, and to seek advice in case of any uncertainty as to how to act. Senior members of staff should seek clarification on the meaning and interpretation from the Chief Financial Officer.
- 1.5** Everyone involved in the financial management and administration of the University shall conduct themselves in accordance with the Nolan principles governing standards in public life (see paragraph 3.6).
- 1.6** In certain areas the Financial Regulations are supported by detailed policies, procedures or guidance notes which should be read in conjunction with the Financial Regulations, these are referred to in the subsequent section where applicable.
- 1.7** The Chief Financial Officer shall publish these Regulations on the University's intranet and will make available a paper copy to any member of staff upon request.
- 1.8** It is the responsibility of senior members of staff to make sure any contractors and/or consultants employed by the University are aware of the Financial Regulations and of the extent to which they apply to any work may be undertaken on behalf of the University.
- 1.9** The Chief People Officer shall draw the existence of these Regulations, and their availability online or in paper form, to the attention of each new employee of the University. Accordingly, ignorance of their content shall be no defence against disciplinary action for breach of the Regulations.

2. Corporate Governance

- 2.1** Bangor University is incorporated by a Royal Charter, first granted in 1885, and subsequently re-written and revised on several occasions. The Charter, and supporting Statutes and Ordinances, provide a broad framework for the legal structure and governance of the University. Certain elements within the documents are restricted by legislation, including the Higher Education Act 2015, and therefore any changes to Charter and Statutes require Privy Council approval.
- 2.2** The University has always been a charity, but the Charities Act 2006 changed the way exempt charities are regulated. As a result, the University registered with the Charity Commission in April 2011 and all members of the Council are trustees of the charity.
- 2.3** The University Charity Registration number is 1141565.

3. Responsibilities

3.1 *The Council*

The Council is the governing body of the University, responsible for the finance, property, investments, and general business of the University and for setting the general strategic direction of the institution.

The Council, like that of all chartered Universities, is constituted so that a majority of members are independent persons who are neither staff nor students of the University. Members of Council include independent members, members of Senate, members of academic and professional services staff, members from the Students' Union, and the Vice-Chancellor and Deputy Vice-Chancellor.

The main financial responsibilities of Council are:

- To ensure the solvency of the University.
- To safeguard the University's assets.
- To ensure the effective and efficient use of resources.
- To ensure that the funds provided by the funding body are used in accordance with the terms and conditions specified in the annual Terms and Conditions of Funding with the funding body.
- To ensure that financial control systems are in place and are working effectively.
- To approve the University's strategic plan.
- To approve the University's Financial Forecasts, Annual Budget and the annual Financial Statements.
- To appoint the University's internal and external auditors.

The Council has established several committees to assist in discharging its responsibilities as a governing body.

3.2 *The Court*

The Court is a large body including representatives of local authorities, members of parliament and representatives of the professions as well as members of the Council and representatives of the staff, students, and graduates of the University. It is thus a means whereby representatives of the wider community of North Wales can be associated with the work of the University. Furthermore, it provides a public forum where members of the Court can raise any matters of concern about the University. The Court generally meets once a year to consider the Annual Report and Accounts of the University and is chaired by the Chancellor.

3.3 *The Senate*

The Senate is the academic authority of the University and is the ruling body on matters which require academic judgement. The Senate also engages in discussion of strategic matters affecting the academic domain.

The Senate is chaired by the Vice-Chancellor and its membership is drawn entirely from amongst the academic staff of the University, in addition to student representatives.

3.4 *Finance Committee*

Within the scope of authority delegated by the Council, the purpose of the Finance Committee is focused on the short-, medium- and long-term financial sustainability of the University. This includes oversight of the University's financial strategy, monitoring of the University's financial position, Estates-related health and safety matters, oversight and, where required, recommendation of approval of Estates and capital programme matters. The Committee approves the Financial Statements for submission to the Council, authorises the creation of new enterprises or companies and decides on any request for borrowing consent to be made to HEFCW.

The committee makes recommendations on financial strategy and sustainability, investments, endowments and borrowing and intellectual property, subsidiary companies, joint ventures and satellite entities.

3.5 *Audit and Risk Committee*

The Audit and Risk Committee, which reports to the Council, is required to seek assurances that satisfactory financial and other internal control systems are in operation, that questions of financial irregularity or impropriety are investigated promptly and thoroughly, that accounting procedures are soundly based, that a proper system of internal audit is in operation and that the University is utilising its resources to best effect.

The Committee must follow the HEFCW Audit Code of Practice (part of the Financial Management Code), which specifies the responsibilities and requirements of the audit process.

The Committee appoints, and receives reports at every meeting, from both Internal and External Auditors. The Committee approves the annual plan for internal audit and reviews the Financial Statements after they have been cleared by the External Auditors.

The Committee reviews the adequacy and effectiveness of policies and procedures for risk management and the University's approach to risk management and, if appropriate, recommends changes or improvements to key elements of its processes, policies, and procedures. It is responsible for the oversight of the assessment of strategic risks that threaten achievement of the University's objectives, reviewing the University's Corporate Risk Register and providing an update to Council.

3.6 *The Executive Board*

The Executive Board is the University's senior management group and is responsible for the overall management and administration of the University.

The Vice-Chancellor chairs the Executive Board, and other members include the Deputy Vice-Chancellor, the Pro Vice-Chancellors, the Chief Financial Officer, Chief Operating Officer, Chief People Officer, Chief Strategy and Planning Officer, Chief Marketing Officer and University Secretary.

In addition, there are a number of University Committees which focus on key strategic areas which report to the Executive Board.

3.7 Responsible officers

The Vice-Chancellor

The Vice-Chancellor is the head of the institution and responsible for Executive Board of the University on a day-to-day basis. In other words, he/she should be responsible for implementing Council decisions, for consulting staff and students as appropriate and presenting proposals to the Council, and for acting formally as the University's 'Accountable Officer' in ensuring that the terms of HEFCW's Memorandum of Assurance and Accountability are met, and that public funds are used for the purposes for which they have been allocated.

The University Secretary

The University Secretary has strategic responsibility for all aspects of the governance of the University and the provision of legal services. They are also the Secretary to the Council and has a key role in ensuring that procedures are followed. They give independent advice to the Council and are expected to work closely with both the Chair and the Vice-Chancellor in ensuring the efficient management of the Council's business. They must alert the Council if there is a danger of the Council exceeding its powers, or acting in contravention of the Charter, Statutes or Ordinances.

It is essential that the University Secretary exercises a measure of independence, and they have a separate job description in respect of the 'Secretary to the Council' role, which provides a reporting line to the Chair of Council. They will also have other responsibilities as a senior manager.

According to the CUC Governance Code of Practice, it is incumbent upon the Council to safeguard the University Secretary's ability to carry out their responsibilities. The Chair, the University Secretary and the Vice-Chancellor meet regularly and work closely together within the legal framework provided by the Charter, Statutes and Ordinances.

The Chief Financial Officer

The Chief Financial Officer is responsible for:

- Advising the University on financial policy,
- The control and administration of the University's finances,
- Implementing satisfactory systems of financial control and management,
- Preparing annual statements of account for the University,
- Preparing estimates of income and expenditure

The accounts will be prepared in accordance with accounts directions issued by HEFCW and conform to the current Statement of Recommended Accounting Practices for UK Universities.

As soon as practicable after the end of the financial year on the 31 July, final accounts shall be submitted by the Chief Financial Officer to the External Auditors, the Audit and Risk Committee and the Finance Committee, in order that the Committees may make their recommendations and annual report to the Council before the end of November.

The Director of Estates and Campus Services

The Director of Estates and Campus Services is, in the context of these Regulations, responsible for maintaining a register of all land and buildings, and other properties, and provide the Chief Financial Officer with all relevant information to produce statutory accounts.

3.8 Scheme of Delegation and Decision-Making Power

To allow effective day-to-day operations within the University, responsibilities, and authority for making decisions and entering into commitments on behalf of Bangor University are permitted within the parameters set out in the above titled document. A link is provided below, within which the principles on which such delegations is made are clearly outlined.

<https://www.bangor.ac.uk/governance-and-compliance/governance.php.en>

3.9 Compliance and Risk Assurance

External Audit

The University's accounts, financial records, operations, and systems shall be audited in accordance with best audit practice and the requirements of the HEFCW Audit Code of Practice.

The provision of an external audit service shall be subject to review and competitive tender at reasonable intervals.

Council is responsible for the appointment of External Auditors on the recommendation of the Audit and Risk Committee in accordance with the provisions of the HEFCW Code of Audit Practice.

The External Auditors have the right of access to such documents, records, personnel, or other information kept by the University as are relevant to the completion of their enquiries.

Internal Audit

In line with HEFCW Audit Code of Practice (found within the Financial Management Code between HEFCW and the University) internal audit will provide independent assurance about the adequacy and effectiveness of risk management, control and governance, and value for money.

Internal audit shall cover the whole of the University's activities and systems of control including all operations, resources, staff, services, and responsibilities. It should cover all activities in which the University has a financial interest.

The provision of an internal audit service shall be subject to review and competitive tender at reasonable intervals. The Audit and Risk Committee are responsible for appointing an internal audit service and approving the working protocol between the University and the internal audit service.

The working protocol will stimulate the mechanisms, responsibilities and timeframe for the annual audit plan, fieldwork arrangements and reporting.

Other Auditors

The University is subject to audit or investigation by external bodies such as HEFCW, Wales Audit Office, EU Auditors, HM Revenue and Customs. They have the same rights of access as external and internal auditors.

Risk Assurance

The effective management of risk is a key component of good governance, and the university is required to demonstrate to HEFCW that it has in place effective procedures for managing risk at all levels. The Council is responsible for ensuring that the University has a robust approach to the management of opportunities and risks.

The mechanism in place for the Council, the Audit and Risk Committee and Executive Board to gain assurance regarding the ability to meet the University's objectives, is set out in the Risk Management Policy and Procedures.

3.10 Conflict of interests and personal conduct

Everyone involved in the financial management and administration shall conduct themselves in accordance with the Nolan Committee principles governing standards in public life.

- Selflessness – Office holders should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.
- Integrity – Office holders should not place themselves under any financial or other obligation to outside individuals or organisation that might influence them in the performance of their duties.
- Objectivity – In carrying business, including making appointments, awarding contracts or recommending individuals for rewards and benefits, office holders should make choices on merit.
- Accountability – Office holders are accountable for their decisions and actions and must submit themselves to whatever scrutiny is appropriate to their office.
- Openness – All decisions and actions should be as open as possible. Office holders should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- Honesty – Office holders have a duty to declare any private interests relating to their duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- Leadership – Office holders should promote and support these principles by leadership and example.

The University's Policy on Conflict of Interest (<https://www.bangor.ac.uk/governance-and-compliance/ConfIntApp1.php.en>) makes it the duty of all staff to disclose any actual, perceived or potential conflict of interest as defined by the policy.

The University Secretary shall maintain a register of staff (staff declarations will be held on a register within each School/Service) and council members' interests.

3.11 Related Statutory responsibilities

Information Security

Staff processing and managing data, electronic or otherwise, must comply with the University Information Security Policy:

<https://www.bangor.ac.uk/governance-and-compliance/policy-register/documents/information-security-policy.pdf>

provides the management framework for ensuring compliance with legislation and policies, including but not limited to the following:

- Data Protection Act 1998 and 2018
- Counter-terrorism and Security Act
- Copyright
- Records Management Policy <https://www.bangor.ac.uk/governance-and-compliance/documents/records-management-policy.pdf>
- Acceptable use of IT resources regulations (<https://www.bangor.ac.uk/itservices/policies/acceptable-regulations.pdf>)

Freedom of Information

The University is subject to the Freedom of Information Act 2000. Staff must comply with the University's Freedom of Information Policy.

<https://www.bangor.ac.uk/governance-and-compliance/datafreedom.php.en>

All Freedom of Information requests should be directed to the University Compliance Team.

Public Interest Disclosure (Whistleblowing)

The University is subject to the Public Interest disclosure Act and has a policy document to manage disclosures when staff have serious concerns of malpractice.

https://my.bangor.ac.uk/legal-and-compliance/documents/Public_Interest_Disclosure_Whistleblowing_V5.pdf

Anti-Money Laundering

The University is subject to the Proceeds of Crime Act 2002. Staff must comply with the University Proceeds of Crime (Anti-money laundering) Policy.

<https://www.bangor.ac.uk/finance/pl/pl224.php.en>

Fraud and Bribery

Staff must comply with the University's anti-bribery Policy and the policy for the acceptance of corporate hospitality.

<https://www.bangor.ac.uk/governance-and-compliance/documents/anti-bribery-policy-2022-v1.1.pdf>

<https://my.bangor.ac.uk/governance-and-compliance/documents/gifts-and-hospitality-policy-en.pdf>

Value for Money

It is a requirement of the Financial Management Code that the Council of the University is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from Welsh Government and Hefcw and other relevant bodies.

Value for money processes are incorporated within the planning and budgetary processes, procurement and general management resources. In addition, internal audits and/or specific external or internal studies may be conducted within specific areas.

Equality Act 2010 Public Sector Equality Duty

Bangor University aims to provide an environment which respects and values the positive contribution of all its members so enabling them to achieve their full potential and to gain benefit and enjoyment from their involvement in the life of the University.

To achieve this aim, the University acknowledges the following basic rights for all its members and prospective members:

- To be treated with dignity and respect
- To be treated fairly with regard to all procedures, assessments and choices
- To receive encouragement to reach their full potential.

These rights carry with them responsibilities and the University requires all its members to recognise these rights and to act in accordance with them in all their dealings with other members of the University community. Further information can be found on the HR website.

<https://www.bangor.ac.uk/humanresources/equalitydiversity/EqualityPolicyStatement.php.en>

4. Financial Management and Control

4.1 Financial Budgets and Planning

The Chief Financial Officer is responsible for preparing annually a five-year rolling financial plan that is approved by the University Council following recommendations from the Finance Committee. Following approval, resources are allocated to Academic and Professional Services by the Chief Financial Officer using appropriate resource allocation and budget setting methodologies. Service Directors and Heads of School are delegated to distribute the allocated resources within their resource responsibilities.

Academic Services

The PVC of College is responsible for distribution of the allocated resource from the Chief Financial Officer to each academic school.

Each College will be expected to generate its budgeted level of income from its activities and contain its expenditure within the allocated budget.

The budgeted level of income will be that which is appropriate to the activities of the Schools within the College and will be set in relation to the overall University Forecasts.

Professional Services

The Director of Service is responsible for distribution of the allocated resource from the Chief Financial Officer to maintain, support and improve the institutional priorities.

Each service will be expected to generate its budgeted level of income from its activities and contain its expenditure within the allocated budget.

The budgeted level of income will be that which is appropriate to the activities of the service and will be set in relation to the overall University Forecasts.

Commercial Activities (CA)

The Heads of commercial activities are responsible for the preparation of their annual financial plan that demonstrates a level of return that is acceptable by the University.

The level of return should reflect the investment made by the University in terms of Capital invested (this can be in the form of cash, infrastructure, equipment or human).

The financial plan will be scrutinised by Finance Services.

It is the responsibility of the Chief Financial Officer to recommend the financial plan to Finance Committee.

Subsidiary Companies (SubCo)

The Operational Director is responsible for the preparation of their annual financial plan that demonstrates a level of return that is acceptable by the University.

The level of return should reflect the investment made by the University in terms of Capital invested (this can be in the form of cash, infrastructure, equipment or human).

The financial plan must be approved by the Board of Directors and submitted to Finance Services.

It is the responsibility of the Chief Financial Officer to recommend the financial plan to Finance Committee.

4.2 Management and Monitoring

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder for each Academic and Professional Service. This is normally the PVC of College or Director of the Professional Service, but there are exceptions for this to be designated to other senior staff within the Academic Schools and Professional Services.

All delegated authorities should be recorded by each Academic and Professional Services and logged with Finance Services. Any changes within Academic and Professional Services should be communicated on a regular basis. The designated budget holder must ensure that day-to-day monitoring is undertaken effectively and is responsible for:

- Ensuring the economic, effective, and efficient use of resources allocated to them.
- Expending the funds for the purposes for which they were given.
- Ensure that the expenditure remains within the authorised budget.
- Ensure that where control is delegated by the PVC of College or Director of the Professional Services to members of staff, such delegation and limits are recorded and communicated to Finance Services.
- Significant departures from the agreed budget must be reported immediately to the Chief Financial Officer by the PVC of College or Service Directors of the Professional Service.

Academic Services and Professional Services

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively.

The allocation or setting up of a budget is not an authority in itself to spend monies but is merely an appropriation of funds or anticipation of income to a maximum level for any category.

All expenditure should only be incurred if it is necessary to meet the agreed targets of the budget holder and should be in accordance with the procurement regulations and expenditure approvals level in force at any time.

<https://www.bangor.ac.uk/finance/pu/pu005.php.en>

All expenditure is expected to deliver Value for Money.

Budget holders will be assisted in their duties by financial management information provided by the Chief Financial Officer.

Academic and Professional Services will assist the Finance Service, on a quarterly basis, to produce a revised forecast outturn for the year, including a commentary on significant variances.

The Chief Financial Officer is responsible for supplying quarterly reports to the Finance Committee and University Council.

Changes to the approved budget must be approved by Finance Committee who will ensure that any approval is within the affordability of the financial envelope set for each financial year.

This will include the impact on future budgets and commitments.

The PVC of Colleges and Service Directors shall be responsible to the Chief Financial Officer for the financial management and control of the resources that the University makes available to them. They may delegate their responsibility in respect of particular areas, activities or functions to nominated individuals, but remain ultimately responsible for the financial affairs of the service.

The PVC of College and Service Directors are required to take all reasonable measures to safeguard University funds and assets under their control against misuse or misappropriation.

Commercial Activities and Subsidiary Companies

The control of income and expenditure within an agreed budget is the responsibility of the Head of Commercial Activities and the Operational Director of the Subsidiary Company.

They must ensure that the business operates to the agreed contribution or profit level that was submitted and approved by the University.

The day-to-day running and use of resources to effectively manage the business within the approved parameters is within the discretion of the Head of the SFU and Operational Director of the Company.

Expenditure should only be incurred if it is necessary to meet the agreed targets of the CA/SubCo and should be in accordance with the procurement regulations and expenditure approvals level in force at any time. All expenditure is expected to deliver Value for Money.

<https://www.bangor.ac.uk/finance/pu/pu005.php.en>

The Head of the CA and Operational Director will be assisted in their duties by financial management information provided by the Chief Financial Officer. The Head of the SFU and Operational Director will assist Finance Services, on a quarterly basis, to produce a revised forecast outturn for the year, including a commentary on significant variances.

The Chief Financial Officer is responsible for supplying quarterly reports to the Finance Committee and University Council.

The Head of the CA and Operational Director is responsible to the Chief Financial Officer for the financial management and control of the resources that the University makes available to them.

They may delegate their responsibility in respect of particular areas, activities or functions to nominated individuals, but remain ultimately responsible for the financial affairs.

The Head of the CA and Operational Director is required to take all reasonable measures to safeguard the funds and assets under their control against misuse or misappropriation.

Virement

For these purposes virement is defined as the movement of funds from one project code to another within the same financial year.

Budget holders are permitted to vire expenditure from one project code to another provided they do not exceed their total net expenditure forecast in the year in question.

Virement is not allowed between pay expenditure and non-pay expenditure, unless prior approval is communicated at the point budgets are issued or is obtained from the Chief Financial Officer.

No virement is allowed that places any additional financial commitment on the University in any subsequent years unless funding for that additional commitment can be demonstrated.

Virement affecting grants or contracts awarded by external bodies shall be subject to the conditions laid down by the sponsor/donor.

Internal Trading

Internal trading is the term used for the multitude of internal transactions, which take place throughout the University. Essentially, one area, whether it is an Academic School or in Professional Services, charges another area for services performed, goods supplied, or work carried out. This can range from major repairs and maintenance to individual cups of coffee charged by Estate and Campus Services.

Internal transactions have no impact on the overall financial position of the University and therefore a coding structure specific to internal transactions has been set up and must be complied with to ensure all internal transactions are eliminated from the financial accounts. The principles of applying an internal transfer are to ensure:

- Effective where a service is available internally or a service area acts as an intermediary to an external supplier.
- Requires minimal administration.
- Open and trusting environment.
- Professional approach.

4.3 Financial Records and Document Management

Documents and records which facilitate the business carried out by the university and which thereafter are retained for a set period to provide evidence of its transactions and activities. These records may be created, received, or maintained in hard copy or electronically.

All financial records should be created, retained, and destroyed in line with the University Records Management policy.

<https://www.bangor.ac.uk/governance-and-compliance/documents/records-management-policy.pdf>

5. Income

5.1 Income and Debtors

The Finance Committee is responsible for approving all procedures for receiving and banking income.

The Chief Financial Officer is responsible for ensuring that appropriate procedures are in operation to enable the University to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Chief Financial Officer. Cash and cheques should only be taken in exceptional circumstances where there is no viable alternative for other methods of payment. Where cash is taken services should refer to the cash handling procedures or contact Finance Services for further advice.

Services Directors and Heads of School are responsible for ensuring compliance with the Income and Debtors Procedures of the University.

5.2 Tuition fees

Determination of the amounts due in respect of tuition fees from students, SLC, Local Education Authorities or other sponsors shall be the responsibility of the University Executive Board.

The Chief Financial Officer shall make arrangements for the invoicing and collection of amounts due in respect of tuition fees as advised to him from time to time based on Student Records held by Student Administration.

The Tuition Fee policy provides a framework for the setting, payment and collection of University tuition fees and other tuition-related fees.

<https://www.bangor.ac.uk/student-administration/fees/index.php.en>

5.3 Sales Invoice and Debt Collection

Only the official sales invoices can be issued via the Financial System.

Schools and Services can only request official sales invoices through the Finance System Sales Order process and approval workflow.

The Finance Service is responsible for creating Debtor accounts and monitoring the overall outstanding debt position of the University.

Service Directors and Heads of School will be responsible for the collection of their department's outstanding debts as advised via periodic issue of overdue debt reports.

5.4 Collection of debts and write-off

The Chief Financial Officer should ensure that:

- Debtors invoices are raised promptly on official invoices, in respect of all income due to the University;
- Invoices are prepared with care, recorded in the finance system, show the correct amount due and are coded to the appropriate project code;
- Any credits granted are valid, properly authorised and completely recorded;
- VAT is correctly charged where appropriate, and accounted for;
- Monies received are posted against the correct debtors account;
- Swift and effective action is undertaken in collecting overdue debts;
- Outstanding debts are monitored and reports prepared for management.

Only the Chief Financial Officer can implement credit arrangements and indicate the periods in which different types of invoices must be paid and the arrangement of payment plans.

The Chief Financial Officer has the authority to write off any debt incurred in the ordinary course of business, except for those having a material impact on the University's position. All material debts will be referred to the University Debt Collection Agents once all internally chasing has been completed. Only after this avenue has been exhausted will debts be approved in line with Appendix B.

5.5 Research Grants and Contracts

Research can be defined as original investigation, undertaken to gain new knowledge, and understanding, which may be directed towards a specific aim or objective. It can use existing knowledge in experimental development to produce new or substantially improved materials, devices, products, and processes including design and construction. It excludes routine testing and analyses of materials, components, and processes.

The terms 'research grant' is restricted to research projects funded by the UK research councils, charities, medical and healthcare sponsors, higher education funding bodies and European grants.

All other externally financed research projects are classified as 'research contracts'.

Where approaches are made to outside bodies for support for research projects or where contracts are to be undertaken on behalf of such bodies, it is the responsibility of the College PVC to ensure that the financial implications have been appraised by the Integrated Research and Impact Support Services (IRIS) ultimately on behalf of the Chief Financial Officer. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring and compliance.

IRIS is responsible for examining all formal research grant and contract applications and shall ensure that adequate provision of resource is identified to meet all commitments. IRIS, acting ultimately on behalf of the Chief Financial Officer shall ensure that the full cost of research activity is established. Any associated contractual agreement must be in line with the University Policy with regard to indirect costs and other expenses and taking account of different procedures for the pricing of research projects depending on the nature of the funding body. Such contractual agreements will also ensure that any and all legal obligations incurred by the University, sponsors and partners are identified.

Research grants and contracts shall be accepted on behalf of the University by the Chief Financial Officer and the formally listed nominees.

The Chief Financial Officer will be responsible for ensuring that the IRIS maintains all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.

Each grant or contract will have a named Principal Investigator (PI) or grant holder who is formally responsible for the project budget. Financial administration of the grant or contract will be undertaken centrally by IRIS but it is the PI or grant holder who will be ultimately responsible to their Head of School/Unit and ultimately their College PVC or Service Director for successful budget management.

Control of pay and non-pay expenditure will be contained within the budget centre. The head of the budget centre may delegate day-to-day control of the account to a Principal Investigator or grant holder, but any overspend or under-recovery of overheads is to be the clear responsibility of the budget centre with any loss being a charge on the College funds. Monitoring reports will be provided periodically to the PI, at least on a quarterly basis.

The costing and pricing of all research proposals must follow the established national methodology - Full Economic Costing (FEC) before any contractual arrangements have been agreed. Central overheads calculated on a FEC basis will be charged to research grant and contract activity whether or not the funding arrangements permit 100% overhead recovery.

Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions could mean that the University suffers significant financial penalties. It is the responsibility of the named Principal Investigator or grant holder to ensure that conditions of funding are met.

Any loss to the University resulting from a failure to meet conditions of funding is the responsibility of the budget holder and will be charged against the College funds.

See Appendix A for list of delegated authority and limits.

5.6 Intellectual Property Rights and Patents

Certain activities undertaken within the University including research and consultancy may give rise to ideas, designs and inventions, which may be patentable. These are collectively known as intellectual property.

The Executive Board is responsible for establishing procedures to deal with any patents accruing to the University from inventions and discoveries made by staff in the course of their research.

In the event of the University deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures as set out in the University Intellectual Property Policy.

6. Taxation

6.1 The Chief Financial Officer is responsible for the management of the tax affairs of the University.

All other staff must seek and comply with the advice provided by the Chief Financial Officer for any activities which potentially or actually result in the University being exposed to matters of taxation. This applies to all activities but particularly anything in the UK or Overseas that includes working with International Partners or Funders.

Any liability arising from the failure of a member of staff to comply with the provisions of this section will be set against the department concerned.

6.2 Value Added Tax (VAT)

VAT is a tax levied on Goods and Services. It applies to both Sales and Purchases and the percentage of tax applicable is subject to detailed rules.

The Chief Financial Officer is responsible for correctly registering the University for VAT with the Revenue & Customs (HMRC)

The Chief Financial Officer is responsible for keeping the necessary VAT records, compliance with VAT legislation and making all payments and reclaiming all credits from the HMRC.

The Chief Financial Officer is responsible for setting procedures and a system of management for day-to-day compliance and recording of VAT transactions and making quarterly returns or other declarations to HMRC.

6.3 Corporation Tax

Corporation tax is a tax levied on the profits made by companies in the UK. The University is an exempt charity and is generally exempt from corporation tax on those activities that are exclusively charitable purposes. Where the University carries out commercial activities other than for its primary purpose of education, potential tax liabilities may arise.

The Chief Financial Officer is responsible for identifying any liabilities and accurately reporting them on a timely basis to HMRC.

7 Expenditure

7.1 The Finance Committee is responsible for approving all procedures for incurring expenditure. The Chief Financial Officer is responsible for the control of all payments made by or on behalf of the University.

All purchasing decisions must comply with current legislation including and relevant EU directives and the policies, procedures and systems of management of the University.

<https://www.bangor.ac.uk/finance/pu/default.php.en>

All procurement and purchasing actions must follow the prescribed procedures as set out in the University's Procurement Procedures.

All Services Directors and Heads of School are reminded of the need to ensure that there must be an appropriate segregation of duties when making financial commitments. Specifically, there must be a segregation of duties between the staff responsible for raising purchase orders and the staff responsible for approving those purchase orders.

7.2 Keep it on Campus

The University has adopted a Policy to preferentially procure whenever possible goods and services that can be supplied from within its own trading activities including subsidiary companies e.g. The Management Centre, Menai Science Park. This includes the provision of catering, accommodation and printing that should be sourced internally at all times, unless it can be evidenced that value for money or other considerations (e.g. grant conditions, warranty terms, QA requirements etc) may necessitate it being procured externally.

7.3 Business Travel and Associated Expenses

All business travel and associated expenses must follow the financial procedure which the University is prepared to reimburse to members of staff, and to detail the methods by which those expenses should be claimed. All business travel should be necessary for the service and approved by the Head of School/Service Director or their senior line manager, beforehand. All policy and procedures for the reimbursement of business expenses to staff must comply with Tax law and HM Revenue and Customs (HMRC) regulation.

The Finance Committee is responsible for approving University policy on the reimbursement of business travel and associated expenses.

<https://www.bangor.ac.uk/finance/pl/index.php.en>

The Chief Financial Officer is responsible for setting a procedure and system of management for the reimbursement of business travel and associated expenses.

7.4 Procurement

The University requires all budget holders, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible lifecycle cost consistent with quality (the required specification), delivery requirements and sustainability, and in accordance with sound business practice and ethics and legal and regulatory restraints. Factors to consider in determining best value are noted in the Purchasing policy.

<https://www.bangor.ac.uk/finance/pl/index.php.en>

7.5 Building and other capital contracts

All contracts relating to building works or the maintenance and servicing of buildings must be procured by the Director of Estates and Campus Services (or their nominee) and will follow the University's standard procurement procedures.

7.6 IT Purchases

Software purchases should be discussed with Digital Services in the first instance, to adhere with BU policies, various legislation such as the Welsh language act, GDPR, etc and to confirm the purchase is aligned with the digital strategy/roadmap; this will result in a consistent approach to software purchase. Digital Services will advise on where there is already a licence in place and approved framework suppliers. Any software which will process personal data must have Digital Services approval.

Mobile phone and associated contracts are managed by Digital Services. They can advise on handset and tariff costs with requests submitted via their helpdesk.

All staff computers however funded, are normally supplied via Digital Services. Requests should be submitted via their helpdesk.

Large volume printing requirements should be discussed with the Printing & Binding Manager. The Unit will assess whether the work can be done within the unit or require outsourcing. In the latter case the unit has access to pricing from the relevant public sector frameworks and will obtain the best possible value.

7.7 Purchase Order

Official Purchase Orders must be used for all purchases of goods and services unless an alternative method is allowable within the University Purchasing procedures.

The Deputy Director (Procurement & Payments) is responsible for the Purchasing policy and procedures and systems of management of the University. Purchase Order workflow approval limits can be found in Appendix A.

Service Directors and Heads of School are responsible for ensuring the University policies, procedures and system of management are used for all departmental purchases of goods and services.

7.8 Purchasing Card

The Procurement Director is responsible for the procedures and system of management of Purchasing by Purchasing Card.

<https://www.bangor.ac.uk/finance/pu/pu011.php.en>

Service Directors and Heads of School are responsible for ensuring nominated cardholders comply with the University Purchasing Card procedures. Purchasing Cards limits can be found in Appendix A.

Nominated Cardholders must sign an employee agreement laying out the terms and conditions of the use of the purchasing card and meet the respective obligations for the timely submission of statements.

7.9 Petty Cash

A cash float held by a nominated member of staff to pay for small items of expenditure and replenished from time to time.

The Chief Financial Officer is responsible for maintaining a procedure and system of management for petty cash. Petty Cash limits can be found in Appendix A.

The Chief Financial Officer is responsible for setting the cash limits for petty cash purchases and the account limit for an individual petty cash holding.

The nominated petty cash account holder is responsible for the safe keeping of all monies and adhering to the issued procedures and system of management.

A certificate of reconciliation for each petty cash card account as at 31st July and verified by an independent senior member of staff must be submitted to the Chief Financial Officer each year.

7.10 Employment

7.10.1 Payroll - Employment of staff and remuneration.

The Council is responsible for the institution's employment policies – including ensuring pay and conditions are properly applied and determining the terms and conditions of the Vice-Chancellor and certain other posts. It also has a duty to ensure compliance with relevant legislation.

Detailed work on this matter is carried out by the Human Resources Department, in negotiation and consultation with relevant stakeholders and approved via the Compliance Committee. This formally reports to the Executive Board, and it is the Executive Board's responsibility to bring relevant matters to the attention of the Council. The Council should formally approve the Strategies, and specific employment policies.

All appointments and contracts of employment are made on the authority of the Council, but in practice these duties are delegated to senior managers, and to professional HR officers led by the Chief People Officer.

The Council delegates its responsibility for setting the pay, terms and conditions of senior staff to the Remuneration Committee. This particularly applies to officers whose appointments are governed by Ordinances e.g., the Vice-Chancellor, Deputy Vice-Chancellor and Pro-Vice-Chancellors.

Salary negotiations are undertaken at a UK level on behalf of all Universities by the Universities and Colleges Employers Association (UCEA).

7.10.2 Payments and Deductions

The Chief Financial Officer will be responsible for setting the procedures and systems of management necessary to ensure that the payroll accurately reflects authorised payments to all staff and pensioners including the correct deduction and accountability for national insurance, income tax and pensions and completion of all statutory returns and provision of relevant information necessary under legislation for pensions, income tax, national insurance and other relevant returns.

Time records or other pay documents shall be in a form agreed by the Chief Financial Officer and shall be certified by such officers of the University as authorised by the Chief Financial Officer.

College PVC's, Service Directors and Heads of Schools shall notify the Chief Financial Officer in writing of the names of those persons in their Centres who are authorised to certify salaries and wages documents.

Members of staff are responsible for providing timely information to ensure payment is correct.

7.10.3 Pensions

The Chief Financial Officer is responsible for setting the procedures and systems of management necessary to ensure all statutory, pension regulation and scheme rules are adhered to and maintaining contact with the pension schemes to protect the pension interests of current and former university staff.

7.11 Other employment related payments

7.11.1 Research Subject Payments

A small cash payment made to a volunteer participating in tests, trials, consultations or interviews for a specific research project.

Subject payments are paid without deduction of tax or National Insurance according to very specific principles agreed with the HMRC and can only be made via the specified procedures and system of management up to the maximum daily amounts.

The Chief Financial Officer is responsible for setting a procedure and system of management for Research Subject Payments.

A nominated member of staff will be responsible for the safe keeping of all monies and adhering to the procedures and system of management either through a normal Petty cash account or a specific Research Subject Payments float.

7.11.2 Ex-gratia payments, legal settlement and tribunals

Ex-gratia payments must be approved by Council and reported to the Remuneration Committee in a manner determined by the Committee.

7.11.3 Severance

The Chief People Officer is responsible for setting policy on redeployment and severance.

The Chief People Officer is responsible for setting the level of compensation and complying with statutory obligations.

The Chief People Officer must notify the responsible officer, the Payroll Manager, of any severance payments.

The Payroll Manager is responsible for making severance payments, with or without deduction of Tax and National Insurance, as the prevailing HMRC legislation requires either via Payroll or Accounts Payable.

7.11.4 Other Employment benefits

The Chief People Officer is responsible for setting policy on all other employment benefits.

The Chief People Officer is responsible for setting procedures and systems of management for all non-salary reward and benefits and ensuring they comply with the prevailing legislation.

8. Banking, Treasury, Investment and Insurance

8.1 Treasury Management

The Finance Committee is responsible for approving the mandate governing the operation of the University's bank accounts. The provision of banking services to the University shall be subject to review and competitive tender at reasonable intervals.

The Finance Committee is responsible for approving a Treasury Management Policy statement setting out a strategy and policies for cash management, long-term investments and borrowings. The Finance Committee has a responsibility to ensure implementation, monitoring and review of such policies. The Policy should be considered as part of the Financial Regulations and included as Appendix C.

The Chief Financial Officer is responsible for all arrangements with the University's Bankers concerning the opening, operation and closing of all University bank accounts. All such bank accounts shall be in the name of the University or one of its subsidiaries.

The Chief Financial Officer is responsible for setting procedures and systems of management to ensure that all bank accounts are subject to regular reconciliation.

Under no circumstances will any department or individual of the University open or maintain separate bank accounts for University transactions.

8.2 Card and Online Payments

The Chief Financial Officer is responsible for the approval of any payment intermediaries including Card Merchants/Acquirers, Payment Gateway Processors, Online Shops/payment portals and other payment systems who process payments on behalf of the University and the proceeds are ultimately paid into to the University bank account.

8.3 Investments

All investments of surplus cash balances are subject to the Treasury Management Policy, Appendix C.

The Chief Financial Officer is responsible for setting the procedures and system of management for the day-to-day investment of funds in line with the Treasury Management Policy

The Chief Financial Officer shall submit regular reports to the Finance Committee on the performance of these investments.

8.4 Endowment Funds

The Investment Committee is responsible for setting the Strategy and Policy for the investment of endowments funds.

The Chief Financial Officer is responsible for setting the procedures and system of management for the investment of endowment funds in line with the Endowment Investment Policy, Appendix C Annex 1.

The Chief Financial Officer shall submit regular reports to the Investment Committee on the performance of these investments.

8.5 Borrowing

Long-term borrowing agreements (terms in excess of twelve months) require the authorisation of Council on the recommendation of the Finance Committee.

The Chief Financial Officer shall authorise short-term borrowing agreements (for temporary revenue purposes) within the limits determined by the Financial Management Code.

8.6 Cash Floats

A float of notes and coins held to provide an opening till float or change.

Cash floats are subject to the same procedures and system of management as Petty Cash.

A certificate of reconciliation for each cash float account as at 31st July and verified by an independent senior member of staff must be submitted to the Chief Financial Officer each year.

8.7 Insurance

The Executive Board is responsible for establishing risk management strategy. The Chief Financial Officer shall affect all insurance cover, in line with the insurance strategy and ensure that value for money is obtained. The Chief Financial Officer shall keep a register of all insurances effected by the University and the property and risks covered thereby.

Only the Chief Financial Officer or his nominee shall deal with Insurance Brokers, Insurance Companies, Loss Adjusters and Solicitors, in respect of all insurance matters.

Services Directors and Heads of School shall give prompt notification to the Chief Financial Officer of the extent and nature of all new risks to be insured, and of any alterations affecting existing insured risks in their Services. Services Directors and Heads of School shall immediately notify the Chief Financial Officer in writing, of any loss, liability or damage which may result in an insurance claim.

The Chief Financial Officer shall report periodically to the Finance Committee on the insurances of the University.

For staff and student travelling abroad the guidance for traveling procedure should be followed to ensure travel insurance is obtained.

<https://www.bangor.ac.uk/finance/pl/index.php.en>

9. Capital Expenditure, Assets and Stocks

9.1 Capital, Infrastructure and Major Projects

The capital programme includes all expenditure on land, buildings, equipment and their associated costs, whether funded from capital grants, external loans and financing, or funded from University's own resources.

The medium term and long-term plans for the University should include details of capital schemes being considered and evaluated.

All capital, infrastructure (including long-term maintenance programmes) and major projects should be submitted and approved by the Estates and Digital Delivery Committee.

It is the responsibility of the Estates and Digital Delivery Committee to evaluate each proposal and determine if the investments are aligned to the University strategic priorities and that the envelope of funding is affordable within the period identified. Further detail can be found on the above link to the Project Management Framework.

All projects must be evaluated to determine the classification between expenditure that can be capitalised and expenditure that is deemed revenue.

The Estates and Digital Delivery Committee must approve any capital expenditure over £250k.

All proposals presented for approval should be presented as a Strategic Business Case and include:

- An outline of the project and an explanation demonstrating the consistency with the strategic plans of the University.
- A full costing and budget for the project that includes professional fees and VAT.
- An outline of the funding source, grants, loans or own funds.
- Internal resources required to complete the project.
- A financial evaluation of the plans including the impact on revenues and cost, investment appraisal, cash flow forecast (including VAT).

All capital schemes are subject to the normal University processes for procurement e.g., tendering.

All significant changes to the capital programme must be approved by the Estates and Digital Delivery Committee

Actual expenditure on capital schemes is monitored by the Estates and Digital Delivery Committee.

In respect of equipment purchases for research or consultancy contracts, these procedures do not need to be followed where the purchase of the equipment is wholly funded by an external research grant.

The exception to this rule is where the purchase of equipment requires significant new build, refurbishment of a facility or IT infrastructure development.

The total gross value of the equipment and the associated additional works will determine the project value and therefore the authorisation limit.

All research equipment purchases funded from internal sources, in full or in part, are required to follow these capital procedures.

9.2 Assets

9.2.1 Fixed Asset Register

The Director of Estates and Campus Services shall be responsible for maintaining a register of land and buildings, and other properties, for asset security purposes and to assist in the control of accounting for statutory account purposes.

The Director of Estates and Campus Services shall ensure that all title deeds are held securely and that assets are revalued as required for statutory accounting purposes.

Finance Services shall maintain the associated Fixed Asset Register's accounting records.

9.2.2 Inventories (including Stocks and Stores)

The PVC/Directors of relevant Colleges and Services are responsible for ensuring that appropriate inventory records are kept by the University.

All Services must maintain a Portable and Attractive Asset Register detailing what it owns and where they are located, so that the assets can be managed properly, and the correct valuation can be recorded for insurance purposes. Services are responsible for identifying departmental assets which should be entered on the inventory and for ensuring that departmental inventory records are maintained and reconciled periodically by physical checks.

Further details can be found in the Portable & Attractive Asset Register Policy.

<https://www.bangor.ac.uk/finance/pl/index.php.en>

9.2.4 Asset Recycling and Disposing

The University is committed to ensuring that all its physical assets are used in the most cost effective and efficient manner. The recycling and disposal of surplus or scrap items should be considered as part of this process. When such resources become surplus to requirements, the University must ensure that the disposal process achieves best value for money and is conducted in an environmentally responsible and effective manner. The process also needs to be transparent and adequately documented and approved.

All assets that are deemed surplus to requirement should follow the Policy and Procedure for Asset Recycling and Disposal.

<https://www.bangor.ac.uk/sites/default/files/2024-03/FINP-007.pdf>

APPENDIX A – Financial limits and rates

This appendix has been suspended for 2024/25 financial year. Please refer to your School or Professional Service accountant for more information and guidance.

APPENDIX B

Writing Off of Bad Debts

Final Authority to write off debts resides with the Executive Board. Significant write-offs should be noted to Finance Committee in the quarterly Financial Performance Report. Finance Committee have delegated authority to the Chief Financial Officer and to the Deputy Chief Financial Officer as noted below:

- Individual debts up to £5,000 Deputy Chief Financial Officer
- Individual debts up to £100,000 Chief Financial Officer
- Over £100,000 Chief Financial Officer with the approval from the Executive Board.

Debts can only be considered for write-off when all possibilities to collect the debt have been exhausted.

APPENDIX C

TREASURY MANAGEMENT POLICY

1. Introduction

1.1 This policy sets out the University's approach to treasury management, which is defined as:

The management of the University's cash flows; banking; investment and borrowing transactions; effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

1.2 The policy applies to the University, and its subsidiary companies.

2. Treasury management objectives

2.1 The policy recognises that there are risks in treasury management which should be addressed by the University as follows:

(a) **Liquidity risk:** to ensure there are adequate cash resources, borrowing arrangements, overdraft or standby facilities to enable the University at all times to have the level of funds available which are necessary for the achievement of its business objectives.

(b) **Interest rate, exchange rate and inflation risk:** to ensure adequate protection against the risk of fluctuations in these monetary factors creating unexpected or unbudgeted burdens on the University's finances.

(c) **Credit and counter-party risk:** to ensure sufficient protection from the risk of failure by a third party to meet its contractual obligations to the University under an investment or borrowing arrangement, particularly because of the third party's diminished creditworthiness.

(d) **Market risk:** to ensure the University will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and accordingly to protect it from the effects of such fluctuations.

(e) **Legal and regulatory risk:** to ensure that all of the University's treasury management activities comply demonstrably with its statutory powers and regulatory requirements and that the risk of these impacting adversely on the University is minimised.

(f) **Fraud, error, corruption, and contingency:** to ensure that circumstances are identified and addressed which may expose the University to risk of loss through fraud, error, corruption, or other eventualities in its treasury management dealings. Particular attention is to be given to the provisions of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Criminal Finances Act (CFA) 2017.

2.2 The policy adopts the general approaches listed in 2.1, and then sets certain more detailed objectives as follows:

(a) For cash, and temporary investments, to achieve the following objectives in priority order:

(i) To minimise the risk of loss or non-repayment.

(ii) To ensure that the periods for which monies are invested are consistent with the cash flow requirements of the University, so funds are available when needed.

(iii) To achieve a reasonable rate of return having regard to the first two objectives.

(b) The University is committed to investing its endowment funds on a responsible basis. This policy seeks to allow the University to optimise its investment returns whilst recognising its

ethical and social responsibilities. For funds held in endowments or for other long-term purposes to achieve the following objectives in priority order:

- (i) To minimise the risk of loss or non-repayment.
- (ii) To ensure the monies are invested in accordance with the requirements of the endowment or long-term purpose, in regard to the nature of the investments (where specified) and the availability of funds for the activity.
- (iii) To ensure the selection of investments reflect the ethical values of the University, as outlined in section 6 of the Endowments Investment Policy (Annex 1).
- (iv) To achieve a reasonable rate of return having regard to the first three objectives.

(c) For working capital procedures, to maximise through proper control of debtors and creditors the amount of cash available to the University, consistent with the requirements of customers and suppliers' terms of business, and good practice.

(d) For borrowings, to achieve the following objectives in priority order:

- (i) To raise finance in a timely and efficient fashion for approved projects.
- (ii) To pay the lowest reasonable cost of funds.
- (iii) To control tax risks.
- (iv) To agree with lenders such security arrangements and other constraints over the University as to leave it with the maximum freedom over its future finances.

(e) For foreign exchange, to keep as simple as reasonably possible its transactions involving foreign currency, consistent with keeping administration and transaction costs low.

3. Responsibility and authorisation

- 3.1 Responsibility for the treasury management policy is ultimately that of the Vice-Chancellor as Accountable Officer of the University. The Chief Financial Officer exercises this responsibility on behalf of the Vice-Chancellor.
- 3.2 The Chief Financial Officer may delegate, under a scheme of delegation, the duty of temporary investment, but not the responsibility, to such staff within Finance Services as they see fit. It is current practice for this duty to be undertaken by the Treasury Accountant without any restriction on limits, but subject to agreed authorisation and monitoring procedures. The Treasury Accountant is responsible for ensuring that investment procedures and relevant bank mandate records are clearly documented, reviewed annually, and updated as necessary.
- 3.3 Finance Committee is responsible to Council for advising on investment policy and monitoring investment transactions undertaken by authorised officers. This function is exercised by the approval of policy guidelines within which University employees must act, through regular consideration of the University's financial performance and receiving updates from Investments Committee (see 5.3).

4. Procedures for cash and temporary investments

- 4.1 The amount and period of any temporary investment shall be determined with reference to the University's short-term cash flow requirements. For this purpose, the Treasury Accountant is responsible for maintaining a detailed forecast of cash movements covering at least three months ahead.
- 4.2 Occasional use of the University's bank overdraft facility (if in place), is permissible (see 7.1).

- 4.3 To assist with obtaining the best interest rates, the University will seek to consolidate as far as possible all surplus cash for investment, from its subsidiary companies, and endowments (excluding cases where legal restrictions or the provisions of the endowment require otherwise).
- 4.4 Where the University invests funds itself, the arrangements are that the only approved investment, except for accounts with the University bank, is the simple money market deposit – either for a fixed period or on notice (e.g. 7 days). Specifically prohibited are:
- Commercial paper.
 - Sterling certificates of deposit.
 - Any transaction involving the use of the futures market.
 - Any transaction requiring the use of interest rate swaps.
- 4.5 Within the total temporary investments, any proportion (including the whole) may be invested at variable rates (i.e. on notice).
- 4.6 Institutions to which money may be lent are required to be approved by Finance Committee and must meet minimum long term credit ratings (with reference to more than one credit rating agency), as determined by the Committee. The list of institutions is restricted to the following:
- Substantial UK clearing banks.
 - Specified non-UK clearing banks.
 - Major UK building societies.
 - Specified foreign owned banks.
 - Specified AAA Money Market Funds.

The amounts which may be lent to individual borrowers or banking groups shall be determined by Finance Committee and may be varied from time to time.

To manage short-term working capital requirements, the counterparty limit for the University's main bank may be extended by an agreed amount, as determined by the Chief Financial Officer, for limited periods of up to one month.

- 4.7 The current list of approved institutions and counterparty limits is available from the Treasury Accountant. The Chief Financial Officer is responsible for amending the list based on changes to credit ratings.
- 4.8 Any interest-bearing account facilities offered by the University's bankers may be used as an alternative to temporary investment at the discretion of the Chief Financial Officer. In determining the use of such facilities, regard shall be paid to the rate of interest received and, on any restrictions, placed by the bank on the use of such accounts.
- 4.9 Where it is likely to be beneficial, temporary investment may be arranged through an authorised and regulated London money broker, to obtain as wide as possible a range of potential borrowers. The University is responsible for ensuring that any transactions placed through brokers conform to this policy.

- 4.10 The University may also deal directly with any institution on the approved list of borrowers who may, from time to time, offer terms of deposit which are substantially better than general money market rates.
- 4.11 The University may also choose to hold cash balances and temporary investments on deposit with stockbrokers and fund managers. These decisions will be made by Finance Committee, who will take such advice as they think appropriate from the money broker described in 4.9. The funds invested in this way will be fully subject to this policy, in other regard than their management.
- 4.12 Interest earned from investments will be credited to the appropriate accounts as required to meet reporting timetables in the University.

5. Procedures for endowment funds and other funds held for long-term purposes

- 5.1 Endowment funds and other University funds held for long-term purposes are covered by this policy, subject to meeting the requirements of any donors, where relevant. The Endowments Investment Policy can be seen at Annex 1.
- 5.2 The funds will be invested in a broad range of financial instruments, as outlined in Section 3.2 of Annex 1, where the rate of return is consistent with the objectives of the activity and where the size of the funds justifies the extra costs and risks involved.
- 5.3 The University will use investment managers where investments of gilts and equities are involved on a significant scale. The investment managers will be expected to perform in accordance with agreed parameters and their performance will be regularly monitored by the Investments Committee, acting on delegated authority from Finance Committee.

6. Procedures for working capital

- 6.1 These procedures concern debtors and creditors management. The Chief Financial Officer will make arrangements for debts to be collected promptly, and creditors to be paid in a timely fashion so as to maximise operating cash flow. Discounts for early payment will be accepted where their size exceeds the loss of interest on cash used and interest may be charged on payments later than 30 days from the invoice date.

7. Procedures for borrowings

- 7.1 An overdraft facility, revolving credit facility or similar may be arranged for short-term operational purposes, but their use will be minimised to keep costs down. Any such arrangements entered will require Finance Committee approval.
- 7.2 Any proposals for long-term borrowing for funding of projects will be evaluated carefully by the Chief Financial Officer in line with the University's financial forecasts and the objectives of this policy. It will normally be expected that several sources of funds will be evaluated in each case. Proposals for new long-term borrowings require a resolution of Council, following a recommendation by Finance Committee.

- 7.3 Appropriate interest rate hedging, through fixed rates, caps, and other non-aggressive instruments, will be undertaken to protect the University from sharp increases in interest rates on borrowings. The balance between protection and loss of flexibility will be evaluated by the Chief Financial Officer with such external advice as they consider appropriate. Decisions will be taken by Finance Committee, but the Committee may delegate to the Chief Financial Officer the timing of implementation of a proposal so as to allow favourable market conditions to be exploited.
- 7.4 Any subsequent refinancing of a borrowing arrangement will be considered if the terms are competitive and as favourable as can reasonably be achieved in the light of market conditions prevailing at the time and will require approval by Council.

8. Procedures for foreign exchange

- 8.1 Generally the University will seek to keep simple its transactions involving foreign currency. To this end it will:
- (a) Seek where possible to have transactions conducted in sterling rather than foreign currency
 - (b) Avoid speculating on the future value of foreign currencies against the pound (GBP)
 - (c) Seek wherever possible to keep the administration of foreign currency transactions and holdings simple and low cost in administrative terms
- 8.2 **Euros:** Funds received in Euros, generally for EU-funded projects, will be credited to the foreign exchange bank accounts in that currency which will be maintained at an optimal level in relation to anticipated expenditure. Funds that are not planned for immediate currency conversion, payment to research partner institutions, or payment to University suppliers may be invested either in linked deposit accounts or money market funds, where the University has freedom to do so, or will be retained in other accounts if required by the funding agency.
- 8.3 **US dollars:** The University will invoice tuition fees in US dollars, where there is a significant market advantage to do so. Funds received in US dollars, which may also include research project funds, will be credited to a foreign exchange bank account. The University will not hold dollar balances except in anticipation of dollar expenditure to reduce transaction costs and exchange rate risk.
- 8.4 **Chinese renminbi:** The University will maintain a foreign exchange bank account for the purpose of receiving payments from partner organisations. The University will not hold renminbi balances except in anticipation of renminbi expenditure to reduce transaction costs and exchange rate risk.
- 8.5 **Other currencies:** The University will not hold foreign currency except in the anticipation of related expenditure or onward payment to partner organisations. For currencies where there are both extensive purchases and sales, the University will keep under review whether to open foreign currency bank accounts with its bank in the UK to reduce transaction costs.
- 8.6 **Overseas bank accounts:** Where a large number of foreign currency transactions is expected to occur in a single overseas location (such as may arise from a large research project, or the activities of an overseas agent), a foreign currency bank account may be opened overseas. In

these cases, the University will take advice from its own banker, and the Chief Financial Officer will satisfy themselves that the funds will be secure and well managed. Where the banking arrangements in foreign countries do not appear to be secure, the University will take advice from its bank, and its auditors if appropriate, on how the maximum security of University funds may be achieved. A regular internal audit of such overseas accounts will also be arranged.

- 8.7 **Currency conversion costs:** Costs arising from conversions from foreign exchange will be absorbed by the relevant budgets for the activity. Changes in the sterling value of approved EU-funded projects will be borne by or credited to the projects, subject to EU rules.
- 8.8 **Hedging:** The University will not normally arrange hedging for its foreign exchange transactions. Exceptionally, where certainty of costs is required and it is important that losses are avoided, then the Chief Financial Officer may approve hedging arrangements on a case by case basis, subject to the appropriate ISDA arrangements being put in place.

9. Forecasting, monitoring and reporting

- 9.1 The Chief Financial Officer will oversee the preparation of cash flow forecasts for the coming year, based on the University's approved financial forecasts. These will be prepared at the start of each financial year for Finance Committee. The forecasts will be reviewed at least monthly during the year to track actual cash flows against planned movements and adjusted for latest forecast outturn. This will enable the forecasts to be rolled forward as necessary, A short-term cash flow will also be maintained as detailed in 4.1.
- 9.2 The Chief Financial Officer will oversee the preparation of monthly reconciliations of all the University's bank accounts, foreign exchange bank accounts and money market investment accounts.
- 9.3 Commentary on other aspects of activity, including endowment funds and borrowings, will be made as appropriate.

10. Other matters

- 10.1 **Banking arrangements:** the University will bank with a substantial clearing bank. The contract will normally be for three years, with an option to extend for further specified periods of one year, and the University will re-tender its banking services contract from time to time, normally after two or three contract periods.
- 10.2 **Training:** The Finance Services staff involved in treasury management will be expected to attend seminars and short courses on relevant topics, with reference to legal and regulatory changes. Other staff involved in receipt of income from non-standard sources will be made aware of the risks of money laundering and required to follow appropriate procedures.
- 10.3 **Audit:** The treasury management function will be subject to internal and external audit in the normal way.

11. Review:

11.1 This policy is subject to review by Finance Committee on an annual basis.

ANNEX 1 to the TREASURY MANAGEMENT POLICY

ENDOWMENTS INVESTMENT POLICY

1. Introduction:

- 1.1 The University's endowment funds are held in a single investment portfolio.
- 1.2 Endowment funds are categorised as one of the following:
 - Unrestricted permanent endowment – annual income is not tied to specific purposes and may be used for the general benefit of the University. The capital investment is to be retained in perpetuity and cannot be drawn upon to support expenditure.
 - Restricted permanent endowment – annual income must be used strictly in accordance with the terms of the fund. The capital investment is to be retained in perpetuity and cannot be drawn upon to support expenditure.
 - Restricted expendable endowment -annual income must be used strictly in accordance with the terms of the fund, but the capital balance may also be used.
- 1.3 Endowment funds are held for long-term purposes and are invested in capital market and private equity investments.
- 1.4 Responsibility for decision making on investment matters has been delegated to the University's Investments Committee, acting on behalf of Finance Committee, in accordance with the University's Treasury Management Policy. The Committee is responsible for the selection of external investment managers to manage the long-term investments and for monitoring investment performance against agreed benchmarks.
- 1.5 The University is governed by the Trustee Act 2000, which sets out the general power of investment.

2. Investment objectives:

- 2.1 Endowment funds are invested to produce the best financial return within an established level of risk.
- 2.2 The University has adopted a total return approach to investment. The purpose of this is to enable the endowment funds to benefit from an investment strategy focused on providing long-term capital growth rather than focusing on investment income as the principal means of funding annual expenditure.
- 2.3 The primary objective, therefore, is to achieve a target level of total return commensurate with the level of investment risk the Investments Committee believes to be appropriate.
- 2.4 The value of the permanent endowment funds (the Investment Fund) will be maintained each year by the addition of CPI inflation: this will be deducted from the total return, with the balance being held as 'unapplied total return' until either allocation to endowment fund income or return to the Investment Fund.
- 2.5 The total return attributable to the expendable funds will be recorded as capital profits until allocated as endowment fund income.

- 2.6 In order to comply with Charity Commission requirements, the Investments Committee is required to ensure that funds are invested in such a way that provide sufficient return for both current and future beneficiaries, and for establishing the level of total return to be drawn down each year for endowment fund expenditure.

3. Risk

- 3.1 Attitude to risk:** The endowment funds rely on investment income to fund current and future activities. The Committee can tolerate volatility of the capital value of its investments, provided the total return achieved over the long term is sufficient to meet the expenditure requirements of its endowment funds.

The key risk to the long term sustainability of the funds is inflation or deflation and the assets should be invested to mitigate this over the long term.

- 3.2 Assets:** The endowment assets can be invested widely according to the general power of investment and should be diversified by asset class and by security. Asset classes may include cash, bonds, equities, property, hedge funds, private equity, commodities, and any other asset that is deemed by the Committee to be suitable.

The investments manager appointed by the Committee is responsible for the implementation of the investment strategy and the choice between internal investment solutions and external third-party managers must be based wholly on merit.

The Committee may agree to invest in individual or fund-based equity and fixed interest holdings, composite charity funds, or any combination of the aforementioned to achieve the overall long term University objective of balancing capital and income returns.

Within the agreed asset allocation there may be temporary variations, due to market movements.

The Committee may agree to vary the allocation on a permanent basis and should consider seeking professional advice to inform this decision.

- 3.3 Currency:** The base currency of the investment portfolio is Sterling.

The Investments Committee is responsible for deciding whether to hedge foreign currency stocks, and the level of hedging that should be applied.

- 3.4 Credit:** Bond exposure should be primarily focused on investment grade issuers. However, the inclusion of high yield bonds is permissible to the extent that the Investment Advisor believes the incremental credit risk is warranted by a supportive outlook for the market returns for high yield bonds.

4. Liquidity requirements

- 4.1 The University aims to balance the needs of current and future beneficiaries and as such aims to set a sustainable total target return above inflation.

4.2 The University may draw down capital in respect of expendable endowments, and therefore there may be a requirement for some short-term capital liquidity within the investment portfolio.

5. Time horizon

5.1 The investment portfolios are expected to exist in perpetuity and investments should be managed to meet the investment objectives and ensure this sustainability.

6. Ethical investment policy

6.1 The University is committed to investing its endowment funds on a responsible basis, taking into account concerns identified in its Social Impact Strategy. Therefore, investment managers are expected to ensure that the selection of investments reflect the ethical values of the University.

6.2 The University will not invest directly in those organisations where the primary part of their business is:

- the manufacture and sale of armaments to military regimes
- the manufacture and sale of tobacco products
- the production and sale of fossil fuels

6.3 Consistent with the focus on sustainability, the University also seeks to address a variety of environmental and social issues within its investment strategy. In assessing investments and selecting underlying fund managers the University seeks to avoid businesses that demonstrate the following characteristics:

(i) explicit environmental damage

(ii) institutional violations of human rights, including the exploitation of the work force

(iii) discrimination against the individual

6.4 The University adheres to the United Nations Principles of Responsible Investment and where possible adopts a broad Environmental, Social and Governance (ESG) approach throughout the endowment funds.

6.5 Addition, the University has allocated a proportion of the endowments portfolio to Impact Investments across the themes of resource efficiency, clean energy, financial services, healthcare and education. The portfolio of impact investments will be built gradually over the next five years. The rationale for this is risk management, as it enables the University to achieve greater diversification across investment managers, strategies, and sustainability themes.

7. Management, reporting and monitoring

7.1 The Investments Committee is responsible for the selection of investment managers and vehicles to implement the agreed asset allocation strategy.

7.2 At least three times a year the Investments Committee should undertake a full review of the University's long-term investments, which should include the following:

- An analysis of return, risk, and asset allocation
- A monitoring of performance against agreed market indices, and the University's overall investment objectives of income generation and capital growth
- A report on investment manager charges incurred, compared to agreed rates.
- A monitoring of compliance with the University's Ethical Investments Policy (see 6 above)

8. Review

8.1 This policy is subject to review by the Investments Committee, acting on behalf of the Finance Committee on an annual basis to ensure that it continues to be appropriate for management of the University's endowments.