



**Royal College of Art**

## **Financial Regulations**

**Regulations owner: Director of Finance**  
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Related guidelines and procedures: Public Interest Disclosure (Whistleblowing) Policy, Anti-bribery Policy, Anti-Money laundering Policy & Procedures, Counter-Fraud Policy and Fraud Response Plan, Conflict of Interest Policy. Travel, Entertainment & Expenses Policy, Travel Insurance Policy, Credit Card Guidance, Gift Policy guide, Investment Policy, Risk Management Policy, RKE Costing & Pricing Policy, Estates & Campus Operations Policies, Procedures & Standards.

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## **1. Introduction**

- 1.1 Every member of staff (including visiting lecturers, casual workers and temporary staff) are involved in some way with financial management and control, whether in the authorisation of expenditure, the collection of income or, more usually, in the use of human or physical resources. All our actions relate ultimately to the provision and use of financial resources and the purpose of these Financial Regulations are twofold:
  - To give the reader a better understanding of the College's approach to financial management and control
  - To provide a reference point for existing and new members of staff (including visiting lecturers, casual workers and temporary staff) with regard to those matters likely to be of interest on a day-to-day basis.
- 1.2 The Financial Regulations of the Royal College of Art (henceforth known as the "RCA") have been formulated to provide a framework for internal control that seeks to ensure financial probity whilst maintaining operational efficiency.
- 1.3 The Planning & Resources Committee is responsible for recommending the Financial Regulations to Council for approval.
- 1.4 The regulations are issued by the Director of Finance on the directions of the Vice-Chancellor and remain in force until amended or superseded.
- 1.5 The regulations and procedures shall be subject to full review at the termination of periods of no longer than three years, or such other shorter period as Council shall decide.

### **General Provision**

## **2. Background**

- 2.1 The RCA operates under the terms of a Royal Charter, which was granted in 1967.
- 2.2 Its structure of governance is laid down in the instruments of its incorporation, namely the Charter as interpreted by the Statutes and Ordinances of the RCA.
- 2.3 The Charter established the RCA's Council as the governing body, responsible for the management and administration of the College.
- 2.4 The Charter can only be amended by the Privy Council.

- 2.5 The Council of the RCA is empowered to make amendments to the Statutes and the Ordinances.
- 2.6 The Ordinances are the procedural rules, which set out, in detail, how the RCA should conduct its business.

### **3. Legislation**

- 3.1 The Royal College of Art is an exempt charity (Number RC000456) by virtue of the Charities Act 2006 (which replaced the Charities Act 1993).
- 3.2 From 1 June 2010, the exempt charity regulation provisions of the Charities Act 2006 came into effect for higher education institutions, which are now subject to the regulatory powers of the Charity Commission.
- 3.3 From January 2018, the Office for Students (OfS) became the principal regulator of higher education institutions that are exempt charities. All principal regulators have a duty to promote compliance with charity law by the exempt charities for which they are responsible. This will require regular monitoring, including liaison with the Charity Commission on any complex issues.

### **4. Terms and conditions of funding for higher education institutions with the Office for Students (OfS) and UK Research and Innovation (UKRI)**

- 4.1 The [Terms and conditions of funding for higher education institutions](#) between the Office for Students (OfS) and the RCA sets out the terms and conditions on which OfS funding grants are made.
- 4.2 [The terms and conditions of UK Research and Innovation \(UKRI\)](#) funding in relation to funds administered by Research England are laid out in separate terms and conditions.
- 4.3 Some OfS funding is earmarked as being provided for specific purposes and must be used only for those purposes. This applies to some recurrent grants, capital funding, funds awarded through competitions (such as Uni Connect and OfS Challenge Competitions), and other grants that support national facilities and regulatory initiatives. The RCA's Council is responsible for ensuring the conditions of grants are met.

## **5. Status of the Financial Regulations**

- 5.1 These Financial Regulations have been approved by the Council of the RCA on the recommendation of the Planning & Resources Committee. They apply to all activities of the RCA and its subsidiary undertakings, irrespective of the source of funding. The only exception to this is where requirements that are more stringent than the College's Financial Regulations are imposed by a third party, for example by a sponsor of a research grant or project. In this case the more stringent rules of the funder should apply.
- 5.2 These Financial Regulations are subordinate to the RCA's Charter and to any restrictions imposed by the OfS Terms and conditions of funding for higher education institutions and OfS Audit Code of Practice.
- 5.3 The purpose of these Financial Regulations is to provide control over the totality of the RCA's resources and to provide management with assurances that the resources are being properly applied with the aim of achieving the goals of the RCA's strategic plan.
- Financial sustainability
  - Achieving value for money (VfM)
  - Fulfilling its responsibility for the provision of effective controls
  - Providing public benefit
  - Ensuring that the College complies with relevant legislation
  - Safeguarding the assets of the RCA
- 5.4 Compliance with the Financial Regulations is compulsory for all staff (including visiting lecturers, casual workers and temporary staff), Council Members, contractors, consultants or agents working on behalf of the College. Failure to comply with the Financial Regulations will result in disciplinary action under the RCA's disciplinary procedures. Any such breach will be notified to Council through the RCA's Audit and Risk Committee.
- 5.5 A copy of the high-level organisational structure of the RCA can be found <https://intranet.rca.ac.uk/vc-organogram/>
- 5.6 Deans and Directors are responsible for ensuring that their staff (including visiting lecturers, casual workers and temporary staff) are made aware of the existence and content of the RCA's Financial Regulations.
- 5.7 The Financial Regulations are published on the RCA website.

## Corporate Governance

### 6. The Council

- 6.1 The Council is the governing body of the RCA and is responsible for the strategic oversight of the institution and in determining its educational character and mission. It sits at the pinnacle of the RCA's corporate governance framework. Council's specific responsibility includes approval of its financial strategy and the securing of its assets. The Council comprises a majority of independent members whose principal role is to bring independent expertise to the RCA from a range of sectors and professional spheres and to collectively hold the executive to account. It meets at least four times per year.
- 6.2 The Council has ultimate responsibility for the management and administration of the RCA, including:
- To ensure the solvency of the RCA
  - To safeguard the assets of the RCA
  - To ensure the effective and efficient use of resources
  - To ensure that funds provided by OfS are used in accordance with the terms and conditions specified in the Terms and conditions of funding for higher education institutions
  - To ensure that funds provided by other funders, including funds administered by Research England, are used in accordance with the terms and conditions specified in the conditions of the grant
  - To ensure that financial control systems are in place and working effectively
  - To ensure that the RCA complies with the OfS Audit Code of Practice
  - To approve the RCA's strategic and other plans
  - To approve the RCA's budget and annual financial statements
  - To approve the level of student tuition fees to be charged by the RCA
  - To approve changes to the RCA's corporate structure, including the establishment of subsidiaries, joint ventures, branches and associates
  - To appoint the RCA's internal and external auditors
- 6.3 The Council has ultimate responsibility for the RCA's financial management and administration. In order to undertake its duties effectively, Council delegates decision-making in designated areas of the RCA's activities to a suite of Committees.



## **7. Committee Structure**

- 7.1 There are two committees of Council that have financial responsibility. These are the Audit and Risk Committee and the Planning & Resources Committee. The Membership and Terms of Reference of these Committees are reviewed annually by the relevant Committees and approved by the Council.

## **8. Staff with Responsibility for Finance**

### **The Vice-Chancellor**

- 8.1 The Vice-Chancellor, as chief executive officer, is the head of the RCA. They have general responsibility to the Council for the organisation, direction and management of the College. Under the OfS Terms and conditions of funding for higher education, the Vice-Chancellor is the designated Accounting Officer of the RCA and in that capacity, can be summoned to appear before the Public Accounts Committee of the House of Commons.
- 8.2 As chief executive, the Vice-Chancellor exercises considerable influence upon the development of the RCA's strategy and the identification and planning of new developments. The Vice-Chancellor is assisted in this by the Deputy Vice-Chancellor, Executive Director Operations, Director of Finance, Director of HR, Chief Information Officer, and the Senior Management Team (SMT).

### **The College Executive Group**

- 8.3 The College Executive Group (CEG) comprises the Vice-Chancellor, Deputy Vice-Chancellor, Executive Director Operations, Director of Finance and Director of HR.

CEG normally meets bi-monthly and is responsible for collectively and individually advising the Vice-Chancellor on:

- ensuring the College operates within the relevant regulatory frameworks set by, among others, Government, Office for Students (OfS) and UK Research and Innovation (UKRI);
- overseeing and directing the development and review of the new College Strategy and all major strategic partnerships, for onward Council or sub-committee approval;

- monitoring and evaluating the performance and effectiveness of the College against plans and approved key performance indicators and to advise corrective action/resource when necessary;
- undertaking scenario-planning and horizon scanning on activities with a likely or known impact on the College and its ability to deliver the Strategy;
- considering and recommending the College budget and 5-year financial plan to Council;
- considering all major transactions, and capital, budgetary, forecasting and investment, borrowing or revenue-generating frameworks and initiatives and commitments for onward Council or sub-committee approval;
- evaluating, monitoring and managing the College's Risk Register;
- planing, preparing and approving business items for Council and its subcommittees;
- working collaboratively with the Senior Management Team ensuring that information is shared and discussed regularly;

### **Senior Management Team (SMT)**

8.4 The Senior Management Team (SMT) comprises the Vice-Chancellor, Deputy Vice-Chancellor, Executive Director Operations, Executive Director for Transformation and Delivery, Director of Finance, College Secretary, Registrar, Deans of Schools, Chief Information Officer, Research, Knowledge Exchange and Innovation (RKEI), Academic Development and the College's Professional Service areas.

The purpose of the Senior Management Team is to lead on all aspects of College business, synchronized with Council and College Executive Group (CEG), and with cyclical, priority and urgent business over the course of any Session and Financial Year. SMT functions on the principle of cabinet responsibility for decisions and actions.

SMT does this by:

- Working to standard agendas in concert with other internal meetings and with given statutory deadlines. For information and reference, SMT will receive approved minutes from management committees such as the Infrastructure Programme Board, Equality and Inclusion Committee, Health and Safety Committee, Technology Committee etc.
- Managing work efficiently and collegially in order to receive and progress business with prudent lead times.

- Leading the development and delivery of the College's Strategic and Operational Plans and Risk Registers.
- Identifying strategic risks, actively monitoring risks on a quarterly basis, and agreeing actions to manage risks and mitigate their impact.
- Ensuring the College's compliance with all legal and regulatory returns and requirements.
- To ensure that appropriate arrangements are in place to ensure the health and safety of College staff, students and visitors.
- Engaging as required with the RCA Student Union and Student Representatives, according to business as it arises.
- Ensuring efficient and clear distribution of information to all relevant parties in the College, supported by transparent document management and archiving.
- Receiving periodic updates from Project Sponsors and/or Project Managers on work commissioned in order to improve or enhance operational systems/processes within the College
- Acting as the forum for receiving members' insights from professional networks and memberships, to ensure that the whole of SMT is apprised of sector and industry developments and is undertaking its role in 'horizon scanning'.
- To review and approve College policies.

### **The Chair of Planning & Resources Committee**

- 8.5 The Chair of the Planning & Resources Committee is an independent member of Council. The Planning & Resources Committee is responsible to Council for maintaining an overview of RCA's financial policies and resources.

### **Director of Finance**

- 8.6 The Director of Finance is responsible for the RCA's finance function including:
- Preparing a financial strategy to support RCA's objectives
  - Maintaining an annual rolling five-year financial forecast and plan
  - Financial transaction processing: invoicing, accounts payable & receivable services, payroll, cash and accounting processes
  - Financial protocols and Procedural Advice to the Deans/Directors
  - Procurement policy, Procedures and Regulations
  - Providing professional advice on all matters relating to financial policies and procedures
  - Management and Financial Accounts

- Annual Budgeting and Forecasting
- Exercising supervision and accounting control arrangements and standards
- Procurement

8.7 The Director of Finance is business owner of the RCA's Financial Systems.

8.8 The Director of Finance is a member of the Council.

### **Deans/Directors**

8.9 Deans and Directors are responsible to the Vice-Chancellor either directly or through the Deputy-Vice Chancellor or Executive Director, Operations for the maintenance and promotion of standards, efficiency and the effective running of their areas of responsibility.

8.10 Their financial responsibilities include:

- Ensuring that their staff (including visiting lecturers, casual workers and temporary staff) comply with the RCA's financial regulations
- Preparation of School/Department financial, staff and space plans
- Ensuring that the resources, which are controlled by the School/Department, are used effectively and efficiently and are managed in accordance with RCA's Financial Regulations
- Establishing and maintaining clear lines of responsibility within their School/Department for all financial matters, including budgeting/forecasting and monitoring actual expenditure
- Ensuring that all expenditure is incurred within the course of approved RCA business and is authorised in accordance with the Financial Scheme of Delegation (see Appendix A)
- Ensuring commitments are not made unless an approved budget exists for the value of the expenditure and no financial commitment is made for a period of greater than one year without approval from the Director of Finance

8.11 The Director of Finance will supervise and approve financial systems and procedures in use within their Schools/Departments, including the form in which accounts and financial records are kept.

8.12 The Director of Finance will provide advice and training on the execution of their financial duties.

## **Staff and officers of the College**

8.13 At all times staff (including visiting lecturers, casual workers and temporary staff) of the College should seek to adhere to best practice in the carrying out of their duties and responsibilities and where appropriate should:

- Take all necessary advice
- Assess and manage risk
- Safeguard the assets of the College
- Use resources efficiently and effectively
- Seek best value

## **9. Risk Management**

- 9.1 It is the responsibility of the RCA's governing body to ensure that risks are being managed effectively and the RCA is meeting the accountability obligations set out in the OfS Terms and conditions of funding for higher education institutions and Audit Code of Practice. The Council is also responsible for appointing internal and external auditors.
- 9.2 As part of this process OfS carries out risk assessments. The RCA aims to always be assessed as 'not at higher risk'.
- 9.3 Under the Risk Management Policy, the Council is responsible for overseeing risk management; the Audit and Risk Committee is responsible for the oversight of the College's policies while the RCA's Senior Management Team (SMT) implements policy.
- 9.4 On behalf of Council, the Audit and Risk Committee is responsible for appointing the College's internal auditors. The internal auditors review the effectiveness of the College's systems of internal control, including risk management, and their findings are considered by management and reviewed by the Committee. The responsibilities of the external auditors are outlined under 18.6.
- 9.5 The Council receives an annual report from the Audit & Risk Committee on the work of the Audit & Risk Committee as well as regular updates.
- 9.6 Annual audit plans are based on the risk analysis.
- 9.7 At least annually the College's Internal Auditors provide the Audit and Risk Committee with a report on internal audit activity within the RCA, including independent opinion on the adequacy and effectiveness of the RCA's internal financial control.

## **10. Whistleblowing (Public Interest Disclosure) Policy**

- 10.1 The RCA has a duty to conduct its affairs in a responsible and transparent way.
- 10.2 Members of staff are often the first to know when things are going wrong in the College, whether this concerns financial malpractice, the abrogation of appropriate and agreed procedures, or departures from the statutory or other requirements of good governance.
- 10.3 The Whistleblowing (Public Interest Disclosure) policy offers guidance on the handling of allegations relating to the running of the RCA or the activities of colleagues within the institution, and can be found on the RCA website.
- 10.4 The policy is based on the Public Interest Disclosure Act 1998, which sets out in detail when 'disclosures' by staff are protected by the Act. Amendments to the 1988 Act were introduced by the Enterprise and Regulatory Reform Act 2013.

## **11. Safeguarding against Theft, Fraud and Irregularity**

- 11.1 The RCA's Financial Regulations and Financial Procedures are designed to reduce the possibility of illegal acts occurring.
- 11.2 The Counter Fraud Policy and Fraud Response Plan can be found on the website. The policy details the RCA's policy and response towards detected or suspected acts of fraud or corruption whether relating to employees, Council members, contractors or external bodies. The College will report all cases of suspected fraud or other criminal activities to the police.
- 11.3 Staff who suspect financial irregularity or fraud must report the matter immediately to the College Secretary in the first instance, unless the College Secretary is suspected, in which case it should be reported to the Director of Finance.
- 11.4 The Bribery Act 2010 came into force on 1 July 2011, and applies to all individuals working at all levels and grades for RCA, including consultants, agency staff, volunteers, agents, sponsors, or any other person associated with the RCA, wherever situated, and applies to both home and overseas. The RCA has a zero-tolerance policy towards bribery and corruption and is committed to the highest level of openness, integrity and

accountability, both in letter and spirit.

- 11.5 It is an offence under the Money Laundering Regulations 2007 to derive a pecuniary benefit, directly or indirectly in the exchange of criminally obtained money or other assets for 'clean' money or other assets. There are specific policies on Anti-Bribery and Anti-Money Laundering.
- 11.6 Staff will need to be aware that a breach of the provisions of these Acts renders them liable to prosecution.

## **12. Code of Conduct**

- 12.1 The College has a series of HR policies, which provide a clear framework within which all employees of the RCA are expected to conduct themselves with honesty, integrity and respect for fellow employees, students and customers/clients of the College.
- 12.2 All employees should abide by the policies, procedures, rules and regulations set by the College.
- 12.3 Additionally, members of Council, senior management or other persons having authority or influence over purchasing or other decisions which might involve a conflict between their personal interests and those of the College are required to disclose interests in the College's register of interests maintained by the College Secretary. Declaration of Interests shall be a standing item on all Council and Committee agendas.
- 12.4 An 'interest' is defined as any financial relationship (employee, shareholder, consultant, partner etc.) or any relationship which might be considered as influential to the employee or the College.
- 12.5 The College has a Conflict of Interests Policy which can be found on the website.
- 12.6 In particular no person shall:
- Be a signatory to a College contract where they also have an interest in the activities of the other party;
  - Authorise his/her own expenses;
  - Sign a cheque or otherwise authorise a bank payment where they are the payee.

### **13. Receiving gifts and hospitality**

- 13.1 Staff should ensure that gifts and offers of hospitality are treated with caution wherever any suggestion of improper influence could arise. Particular care is required when gifts and/or hospitality are offered by companies or individuals seeking business from the College. Any offers of substantial (£100 or more) gifts or inducements from such bodies must be reported to the Director of Finance within 72 hours.
- 13.2 Gifts or hospitality of a minor nature – promotional materials, diaries, calendars etc. – may be accepted. More substantial items should be reported to the Head of Programme/Department concerned, or to the Director of Finance, who will be able to advise on whether it should be accepted.
- 13.3 The receipt or offer (and whether accepted or declined) of gifts or hospitality valued at more than £100 must be reported to the Director of Finance and then should record them in the Register of Personal Gifts & Hospitality which can be found on the College's intranet.
- 13.4 Gifts and hospitality which are unacceptable in any circumstances are:
- Lavish or expensive gifts or hospitality
  - Holidays
  - Gifts received on a regular basis from the same source
  - Use of company accommodation or free hotel accommodation
  - Receiving payment or reward from an outside source for work done in an individual's capacity as an employee of the College
  - Gifts or hospitality which could be construed as influential in the award of a contract to an external organisation

This is not an exhaustive list of unacceptable gifts or hospitality – each case will need to be considered on its merits and in the circumstances of the situation. If a member of staff is in any doubt they should seek advice from their Dean, Head of Programme/Department or the Director of Finance.

- 13.5 The RCA's Gifts and Hospitality Policy applies to all Council members, staff and individuals representing the RCA in any way.

### **14. Acceptance of gifts and donations by the College**



- 14.1 The College accepts funding from a wide variety of sources, including individuals, companies, trusts and foundations.
- 14.2 The basis and process for accepting gifts plus the delegated limits of acceptance can be found in the Gift Acceptance Policy.

## **Financial Management and Control**

### **15. Financial Planning**

#### **RCA Strategy**

- 15.1 The Council will periodically approve and update an overarching strategy for the RCA.
- 15.2 The Director of Finance is responsible for preparing annually a rolling five-year financial forecast and plan for approval by Council, on the recommendation of the Planning & Resources Committee and College Executive Group, and for their submission to OfS as part of the obligations of the Terms and conditions of funding for higher education institutions.

#### **Annual Budgets**

##### **Recurrent Budget**

- 15.3 The Director of Finance is responsible for preparing each year an annual revenue budget and capital programme for consideration by CEG, SMT and the Planning & Resources Committee before submission to Council. The budget should include cash flow forecasts for the year and a projected year-end balance sheet. The Director of Finance must ensure that detailed budgets are communicated to the Deans/Directors as soon as possible following their approval by the Council.
- 15.4 During the year, the Director of Finance is responsible for submitting revised budgets (forecasts) to the Planning & Resources Committee.
- 15.5 The Finance Department is responsible for the annual budget process and in-year forecasts.
- 15.6 The control of income and expenditure within the agreed annual revenue budget is the responsibility of the designated budget holder, assisted by the management information and financial Management Accounts provided by the Finance Department.

- 15.7 A budget holder is a member of staff who has been assigned a budget for a particular activity or area. They are typically Academic Heads of Programme, Heads of Professional Service areas, Principal Investigators (for Research Grants) or other nominated staff with equivalent responsibilities.
- 15.8 Budget holders are responsible to their Dean or Director.
- 15.9 Variances from agreed budgetary targets outside a tolerance of £50,000 of a School/Departments agreed budget must be reported immediately to the Director of Finance, with an action plan for reversal of adverse variances.

### **Capital budget**

- 15.10 The Director of Finance is responsible for preparing regular statements concerning all capital expenditure to the Planning & Resources Committee.
- 15.11 Proposals for inclusion of projects within the RCA's capital programme are brought-forward as part of the RCA's annual budgeting process.
- 15.12 Projects may arise from College-wide developments, the RCA's long-term maintenance plan, unforeseen emergencies, School/Department initiatives, Research funding received or as a result of receiving OfS funds.
- 15.13 The Infrastructure Programme Board is responsible for the oversight and coordination of the College's physical and digital infrastructure capital programme. In particular, it focuses on capital projects defined as i) Project (requiring investment of £500k-£2m) ii) Major (requiring investment of £2m-£5m) or Strategic (requiring investment of greater than or equal to £5m)

The Infrastructure Programme Board comprises the Vice-Chancellor, Deputy Vice-Chancellor, Executive Director Operations, Executive Director for Transformation & Delivery and the Director of Finance. The quorum for decisions is three of the group. The Infrastructure Programme Board meets termly and is responsible for:

- 1. Making decisions regarding the prioritisation and sequencing of strategic and major projects;
- 2. Identification and management of key risks in relation to the capital programme;
- 3. Ensuring that good project management practice is being followed;
- 4. Reviewing reports from the project boards responsible for each strategic project, to assess the overall progress of each project;

5. Ensuring communication with stakeholders is appropriate and effective and that user interests are being taken into account by the project team.

15.14 The Technology Committee, which is a subcommittee of Senate, is responsible for monitoring, advising and reporting on the overall portfolio of significant technology-enabled projects through the project lifecycle to ensure an integrated strategic fit with existing and developing organisational needs.

The Committee meets monthly and is chaired by the Chief Information Officer with core, nominated and occasional attendees.

The Committee is responsible for:

1. Oversight of the long-range technology roadmap
2. Approving the prioritisation (and therefore funding) of projects annually which are typically identified on the roadmap
3. Oversight of 'live technology-enabled, IT, and Digital projects across RCA
4. Making recommendations to Infrastructure Programme Board about the viability, suitability, fit and readiness of projects and to make recommendations on investment priorities

## **Overseas Activity**

15.15 International activity will be developed within the RCA's normal planning and control framework, and set in the context of clear objectives expressed within its Strategic Plan.

## **16. Financial Control**

### **Budgetary Control**

- 16.1 The control of income and expenditure within an agreed budget is the responsibility of the designated Budget Holder, who must ensure that the day-to-day monitoring is undertaken effectively.
- 16.2 Budget holders are responsible to their Dean of School or Director for the income and expenditure appropriate to their budget. Material departures from agreed budgetary targets must be reported immediately, and if necessary, corrective action taken.
- 16.3 The Director of Finance is responsible for ensuring that:
  - Each budget is clearly attributable to a designated Budget Holder

- There is an up to date list of Budget Holders
- All Budget Holders are given provisional indications of their budget allocations for the financial year before the start of the financial year [N.B. Some elements of the RCA's budgets are determined by the number of students enrolling for the academic year]
- Adjustments to take account of the actual enrolments for the year will be notified to the budget holders in the Autumn Term

#### 16.4 Budget Holder responsibilities include:

- Ensuring that all transactions reported against their budget are valid, properly authorised, correctly coded and provide value for money for the College;
- Ensuring that expenditure does not exceed the budget without prior approval from the Director of Finance;
- Complying with the College's procedures on financial processes;
- Reporting to the Director of Finance any circumstances that would have a material (£50,000 or above) impact on the budgeted income or expenditure;
- Preparation of financial plans for their areas of responsibility as requested by the Director of Finance, as part of the College's planning, forecasting and budgetary process. Finance staff will assist with this work as required;
- In the event of a budget being used for purposes other than for which it was designated, being significantly over-spent or other breakdown in financial control, the Budget Holder is required to make a full report to the Director of Finance. Mismanagement of College budgets is a disciplinary offence and may lead to dismissal.

### **Financial Information**

16.5 The Budget Holders are assisted in their duties by management information provided by the Finance Department.

### **Increases to approved budgets**

16.6 Increases to individual School/Department approved budgets will be considered, based on overall affordability, by the Director of Finance.

## **Virements (transfers between budgets)**

- 16.7 The original approved budget cannot be amended. Virements can only be made against the revised forecast.
- 16.8 Virements are not permitted from Staff costs (except between salaries and visiting lecturers or casual/temporary staff) to other budget areas (or vice-versa) without approval from Deans/Directors and the Director of Finance.
- 16.9 Where a budget holder is responsible for more than one budget, Virements are permitted between these budgets with the approval of the Dean/Director.
- 16.10 Virements between budgets held by different budget holders is permitted with the approval of the transferring budget holder and the Director of Finance.
- 16.11 Virements for research projects are required to be approved by the funder unless otherwise stated in the funder's terms and conditions. Some funders don't allow Virements between certain headings without approval.

## **17. Accounting Arrangements**

### **Accounting Policies**

- 17.1 The Financial Statements are prepared for the year ended 31 July in accordance with both the Statement of Recommended Practice on Accounting for Further and Higher Education (SORP), and applicable Accounting Standards.
- 17.2 The Financial Statements consolidate the financial statements of the RCA and its subsidiary undertakings.

### **Financial Statements – Annual Financial Accounts**

- 17.3 The Finance Department is responsible for the production of the Financial Statements.
- 17.4 The Director of Finance is responsible for drawing up a timetable for final accounts purposes in conjunction with the External Auditors.
- 17.5 The Financial Statements are first presented to the Planning and Resources Committee, who are responsible for reviewing the annual

Financial Review and accompanying financial narrative, ensuring the results are consistent with the year-end forecast outturn. The Financial Statements are then reviewed by the Audit and Risk Committee, who are responsible for reviewing the audit aspects including the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the external auditors' management letter. Council is responsible for approving the accounts.

### **Monthly Management Accounts**

- 17.6 The Finance Department is responsible for the production of the monthly Management Accounts, analysis of variances against budget/forecast, and other such financial information sufficient to inform the management team, Planning and Resources Committee and Council of performance and progress against the agreed financial plan.
- 17.7 The Director of Finance presents a report of financial performance to CEG, SMT and the Planning and Resources Committee at least quarterly.

### **Other Financial Returns**

- 17.8 The Director of Finance is responsible for the production of all other financial returns that are required by OfS, the College's banks and other stakeholders.

### **Access to Accounting Systems**

- 17.9 The Director of Finance is responsible for maintaining accounting systems, and managing such procedures and controls, to ensure that the financial records of the College are complete, accurate and sufficient for the timely preparation of all necessary accounts and returns.
- 17.10 The Director of Finance is responsible for the contingency plan for the recovery of all critical accounting systems in the event of a disaster.
- 17.11 Staff accessing accounting systems must follow all relevant College policies; procedures and guidance intended to ensure system security. Staff issued with computer passwords are responsible for their safe custody and secrecy.

## **Retention of Accounting Records and Financial Statements**

- 17.12 The RCA's Accounting Records are held on the Unit 4 ERP(Agresso), in line with the obligation to keep accounting records under Section 386 of the Companies Act 2006.
- 17.13 The Director of Finance is responsible for ensuring the retention of financial records and financial statements.
- 17.14 It is a legal requirement for the RCA to retain financial records for six years. Records and accounts may be kept on computer.
- 17.15 It is a legal requirement for the RCA to retain payroll records for six years plus the current tax year.
- 17.16 It is a legal requirement for the RCA to retain pension records for six years.
- 17.17 The RCA has the following retention periods for financial and associated records:
- Six years for Contracts, Investment Instructions, Share Certificates, Insurance Policies, Claims and Reports, Intellectual Property Management;
  - Twelve years for Capital Asset Register items;
  - Under the Construction (Design and Management) Regulations 2007 management and legal aspects of property ownership and occupancy should be kept for the life of the building, to include:  
Title Deeds, Leases, Mortgage Deeds, Planning Applications, Building Plans and Drawings
- 17.18 The Income and Corporation Taxes Act 2010 requires Corporation Tax Returns to be retained for a minimum of two years. From 1 April 2011, these must now be submitted and retained electronically.
- 17.19 All retention arrangements must comply with the Freedom of Information Act 2000 and the Data Protection Act 2018 (General Data Protection Regulations).

## **Public Access**

- 17.20 The RCA's [financial statements](#) can be found on the RCA website.
- 17.21 Under the terms of the Freedom of Information Act 2000, any person may make a written request for financial information concerning the RCA's operations. The Act requires the RCA to respond to any such

request within 20 working days, although there are a number of exemptions (including cases where the information requested is already in the public domain).

## **Taxation**

- 17.22 The Director of Finance is responsible for advising Schools/Research Centres/Departments, in light of guidance issued by the appropriate bodies and relevant legislation, on all taxation issues as it applies to the RCA.
- 17.23 The Director of Finance is responsible for compliance with VAT, PAYE, National Insurance, Corporation Tax, import Duty legislation, international tax obligations, and for communications with the relevant authorities and for providing relevant advice to Schools, Research Centres and Departments.
- 17.24 The Director of Finance is responsible for maintaining the RCA's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
- 17.25 Day to day advice on VAT and Corporation Tax is provided by the Head of Financial Accounting or Deputy Director of Finance.
- 17.26 Day to day advice on Income Tax and National Insurance is provided by the Head of Financial Accounting.

## **18. Audit Requirements**

### **General**

- 18.1 The Council has responsibility for maintaining an effective system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which the Council is responsible, in accordance with the responsibilities assigned to the Council in the College's constitutional documents and the OfS Terms and conditions of funding for higher education institutions.
- 18.2 External auditors and internal auditors shall have the authority to:
- Access the RCA's premises at reasonable times;
  - Access all assets, records, documents and correspondence relating to any financial and other transactions of the RCA;



- Require and receive such explanations as are necessary concerning any matter under examination;
  - Require any employee of the College to account for cash, stores or any other RCA property under his or her control.
- 18.3 The Director of Finance is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.
- 18.4 The Financial Statements are first presented to the Planning and Resources Committee, and then reviewed by the Audit and Risk Committee prior to submission to Council for approval (see section 17.5 for further details).

### **External Audit**

- 18.5 The appointment of the External Auditors is the responsibility of Council, on the recommendation of the Audit and Risk Committee.
- 18.6 The primary role of external audit is to report on the RCA's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the OfS Audit Code of Practice and the Auditing Practice's Board's statements of auditing standards.
- 18.7 The External Auditors report to the Audit and Risk Committee.

### **Internal Audit**

- 18.8 The appointment of the Internal Auditors is the responsibility of Council, on the recommendation of the Audit and Risk Committee. The Executive Director, Operations is the primary liaison in the RCA for internal audit matters and coordinates arrangements between the outsourced internal audit function and College staff.
- 18.9 OfS's Audit Code of Practice require the RCA to have an Internal Audit Function.
- 18.10 The Internal Audit function is independent in its operation and has the right of direct access to Council, the Chair of the Audit and Risk Committee and the Vice-Chancellor.

- 18.11 The prime responsibility is to provide Council, the Vice-Chancellor and the Senior Management Team with assurances on the adequacy of the Risk Management Policy and Internal Control System.
- 18.12 Annual internal audit plans are based on an analysis of the strategic risks to which the RCA is exposed.
- 18.13 At least annually the Internal Audit Manager provides the Audit and Risk Committee with a report on internal audit activity within the RCA, including an independent opinion on the adequacy and effectiveness of the RCA's internal financial controls and the governance context.

## **19. Scheme of Delegation of Financial Authority**

- 19.1 Council has ultimate authority and responsibility for the activities of the College, but in practice they delegate significant day-to-day management authority to the Vice-Chancellor, who in turn delegates authority to other members of the RCA's Senior Management Team.
- 19.2 Delegated Authority is conditional upon the acceptance of Financial Regulations by all budget holders (see 15.7 for definition of a budget holder).
- 19.3 A Scheme of Delegation of Financial Authority has been drawn up by the Director of Finance to support the RCA's Financial Regulations.
- 19.4 In exercising this delegated authority, budget holders are required to observe the RCA's financial, procurement (see section 26) and tendering (see section 27) procedures.
- 19.5 The monetary values in the Scheme of Delegation of Financial Authority are reviewed by the Planning and Resources Committee annually and any changes recommended to Council.

## **20. Treasury Management**

- 20.1 The Planning and Resources Committee determines the RCA's treasury rules which are in the Investment Policy.
- 20.2 The Finance Department administers the policy on behalf of the Planning and Resources Committee, including ensuring the cash policy is adhered to.

- 20.3 The College's minimum cash balance is set at 40 days' liquidity over the course of the year or £5m, whichever is greater.
- 20.4 Council is responsible for appointing the RCA's Bankers and other professional financial advisers (such as Investment Managers) on the recommendation of the Planning and Resources Committee.
- 20.5 All Bank Accounts shall be in the name of the RCA or one of its associated subsidiary companies. Only the Director of Finance shall open or close a Bank Account.
- 20.6 The Director of Finance is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.
- 20.7 The Director of Finance is also responsible for:
- Making recommendations regarding the structure of the Bank Mandate;
  - Advising the bank of the conditions under which each account shall be operated;
  - Advising the bank of any alteration in the conditions of operation of the accounts;
  - Advising the bank of those authorised to withdraw money from and draw cheques on each bank account of the College;
  - Shall notify the bank of cancellation of any authority;
  - Shall ensure that the balance on non-interest earning accounts holding College funds shall be maintained at the lowest practicable level.
- 20.8 Amendments to the structure of the Bank Mandate require approval of the Planning and Resources Committee, as witnessed by a signed copy in the minutes. Details of the current matrix of responsibilities can be found under Appendix D.

## **21. Borrowing/Loans**

- 21.1 Council must authorise any loans from Third Parties, including Subsidiary Companies.
- 21.2 The RCA should ensure compliance with the OfS Terms and conditions of funding for higher education institutions.

21.3 The RCA must obtain written approval from OfS to increase the College's financial commitment threshold, before the RCA agrees to any new financial commitment meeting either of the following criteria:

- I. Where the RCA is assessed by OfS as being at 'higher risk' or
- II. Where the OfS has informed the RCA that it wishes to engage with it on the basis of 'focused dialogue'.

21.4 The Planning and Resources Committee is responsible for:

- Monitoring the use of the College's Revolving Credit Facility (RCF) and other loans
- Monitoring performance against the HSBC loan Covenants
  - i. Interest Cover < 5:1
  - ii. Net Debt to Total Income no more than 50%

21.5 Projected loan drawdowns should be agreed as part of the annual budget process with a half yearly review if the total drawdown is less than £10m. If the total drawdown nears £20m reviews to take place more frequently.

## **22. Investments**

22.1 The investment of endowment funds will be carried out by firms of investment managers appointed by the Council, on the recommendation of the Planning and Resources Committee.

22.2 The powers and restrictions governing the actions of the firm of investment managers are agreed by the Investment Committee, a sub-committee of the Planning and Resources Committee.

22.3 Transactions with the College's investment managers must be authorised by two of the following: The Deputy Vice-Chancellor, Executive Director Operations , Director of Finance and College Secretary.

22.4 Investments in respect of InnovationRCA student start-ups (acquisitions and disposals) are subject to the Delegation of Financial Authority as laid out in Appendix B4.

22.5 The RCA's Investment Policy can be found on the website.

## **23. Income**

- 23.1 The Director of Finance is responsible for:
- Ensuring that appropriate procedures are in place to enable the RCA to receive all the income to which it is reasonably entitled;
  - Prompt collection, security and banking of all income received;
  - Ensuring that all grants notified by OfS and other bodies are received and appropriately recorded in the RCA's accounts;
  - Ensuring that all claims for funds, including tuition fees, research grants and contracts, are made in a timely manner;
  - Approving all receipt forms and other official documents in use and electronic collection systems.
  - Approving any proposals for matched income for donations, scholarships, research and any other income.
  - Under no circumstances can a School/ Department set up a collection system without the permission of the Director of Finance.
- 23.2 The Finance Department is responsible for the day-to-day management and processing of all income.
- 23.3 All monies must be paid promptly, and in accordance with the financial procedures. The custody and transit of all monies received must comply with the requirements of the RCA's insurers.
- 23.4 All sums received must be accounted in full, and must not be used to meet miscellaneous expenses or be paid into a petty cash float. Personal or other cheques must not be cashed out of money received on behalf of the RCA.
- 23.5 Cash is not accepted for the payment of donations or student fees including deposits.
- 23.6 It is the responsibility of all staff to ensure that revenue to the RCA is maximised by the efficient application of agreed procedures for the identification, collection and banking of income.

### **Student Fees**

- 23.7 The Director of Finance is responsible for recommending the level of tuition fees to be charged to students. The Senate, the RCA's academic governing body, and the Planning and Resources Committee recommend the level of fees to Council for approval.

- 23.8 The procedures for collecting tuition fees must be approved by the Director of Finance. This includes agreeing a framework for payment plans, and other methods of payment.
- 23.9 Detailed information regarding the amount, collection and dealing with outstanding Tuition Fees can be found in the Policy on Student Debtors found [here](#).
- 23.10 Any required refund of fees to a student (e.g. because the student has withdrawn or the student has had their enrolment cancelled or the student withdraws after taking a leave of absence) in excess of £5,000 must be authorised by the Director of Finance or the Deputy Director of Finance.

### **Scholarships / Bursaries**

- 23.11 The Finance Department is responsible for deducting agreed scholarship / bursary awards from student fee records, upon receipt of information from Student Support (Student Advice and Funding Manager) or the Research, Knowledge Exchange and Innovation Office (General Manager, Research and Innovation).
- 23.12 When payments also cover a maintenance grant, the Finance Department is responsible for transferring payment amounts to the student.

### **Funding Council & HM Treasury Grants**

- 23.13 Office for Student (OfS) grants are categorised into the following:
- Recurrent grants
  - Specific Grants
  - Deferred Capital Grants Released in the year
- 23.14 The OfS Terms and conditions of funding for higher education institutions sets out the terms and conditions on which OfS funding grants are made. The terms and conditions of UK Research and Innovation (UKRI) funding in relation to funds administered by Research England are laid out in separate terms and conditions. See Section 4 for further details.
- 23.15 The Director of Finance is responsible for ensuring that all grants notified by the funding body, HM Treasury and other bodies are received and appropriately recorded in the College's accounts.
- 23.16 The RCA's Council is responsible for ensuring the conditions of the grants are met.

## **Sponsored Research Grants and Contracts**

- 23.17 Income is recognised based on direct expenditure incurred during the year for government grants. For non government grants income is based on performance related conditions. Unspent balances are carried forward. Recoverable overheads are recognised during the project.

## **Investment Income**

- 23.18 Interest earned from the deposit or investment of surplus funds on the main account should be credited to the College.
- 23.19 Interest earned on investments managed by the College's investment managers will be credited as appropriate to the specific funds managed. Any funds deposited with the College by outside bodies will not normally be credited with interest.

## **Income from specific Endowments and Donations**

- 23.20 The Director of Finance is responsible for receiving and ensuring income from endowments and donations is appropriately recorded in the College's accounts.
- 23.21 Donations and endowments with donor-imposed restrictions are recognised in income when the College is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.
- 23.22 Donations with no restrictions are recognised in income when the College is entitled to the funds.
- 23.23 Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restriction applied to the individual endowment fund.

## **Other Operating Income**

- 23.24 Other operating includes:
- Income received from Catering and events
  - Income received from the College Shop

23.25 The Director of Estates and Campus Operations is responsible for managing the College's Catering services contract and events.

23.26 The Chief Information Officer is responsible for managing and receiving income from the College Shop.

## **24. Research, Knowledge Exchange, Executive Education and Consultancy**

24.1 Research can be defined as original investigation, undertaken by an academic member of staff of post-doctoral standing, to gain new knowledge and understanding, which may be directed towards a specific aim or objective.

24.2 The term Research Grant typically denotes funds awarded for research projects awarded by a public research funder such as UKRI and the European Commission (including its individual Research Councils, Research England and InnovateUK), as well as some charities and foundations (e.g. the Wellcome Trust, the Leverhulme Trust) and other government organisations.

24.3 Research projects undertaken in collaboration with and funded by private sector business or industry partners, and some third sector organisations (e.g. NGOs), with the exception of donations/bequests, are forms of Knowledge Exchange (e.g. industry-funded research, collaborative research, contract research), and are classified for financial purposes as Research Contracts. They should be costed in accordance with the College's RKE Costing and Pricing Policy.

24.4 Executive Education and consultancy projects are projects delivered using the research and teaching expertise of staff, charged at commercial rates. They do not involve generating new research knowledge, and are often commissioned and delivered in response to a commercial client's brief. They should be costed in accordance with the College's RKE Costing and Pricing Policy .

24.5 Studio projects are an integral part of many RCA taught MA programmes, and are projects delivered by students, under the supervision of a member of RCA teaching staff, in response to a client's brief, with the primary aim of providing 'real-world' project experience for the students. They should be costed in accordance with the College's RKE Costing and Pricing Policy.

24.6 Most grant-awarding bodies and contracting organisations stipulate conditions under which their funding is to be awarded, spent and



accounted for. There are normally procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. HEIs that do not comply with these conditions in a timely way risk incurring significant financial penalties and even being barred from holding future grants.

- 24.7 It is the responsibility of the named award holder (typically the Principal Investigator) to manage their award effectively and to ensure that all conditions of the funding and reporting are met in an accurate and timely way. Any loss to the RCA resulting from the failure to meet conditions of funding is the responsibility of the budget holder and could result in disciplinary action.
- 24.8 Research grants and other projects may only be undertaken if they are formally approved by the Director of Research, Knowledge Exchange and Innovation (RKEI) and by the relevant Dean or Research Centre Director. RKE Office staff must be kept aware of all research grant and research contract proposals under preparation, typically via the RKE Pipeline.
- 24.9 The College's RKE Costing and Pricing Policy must form the basis of costing and pricing decisions for all research and knowledge exchange projects funded by business, industry and third sector organisations. This includes guidance on costing in overheads and surplus. Advice must be sought from the RKE Office, and the RKE Office process for agreeing and signing contracts must be followed.
- 24.10 For most publicly funded research grants there is a set overhead rate to be costed into the grant (e.g. using the Transparent Approach to Costing 'TRAC' rates and/or a percentage specified by the funder). This is available the 1st February every year.
- 24.11 Overheads typically include estates and indirect costs (see RCUK/ UKRI website for full definition).
- 24.12 If at the conclusion of a project the reconciliation shows a deficit, this will be charged to the budget of the relevant School or Research Centre, at the discretion of the Director of Finance.
- 24.13 If at the conclusion of a project the reconciliation shows a surplus, there is a process by which the relevant Dean or Research Centre Director may request that a proportion of any surplus is allocated back to them for reinvestment in research, knowledge exchange activities and capacity-building. Full details are set out in the RKE Surplus Reinvestment Process document.

24.14 Details of pre-award and post-award processes and support, including governance and ethics, can be found on the RCA intranet.

## **25. Expenditure**

25.1 The Director of Finance is responsible for making payments to suppliers of goods and services to the RCA.

25.2 Credit terms of 30 days apply to all suppliers unless otherwise agreed by the Director of Finance. Payments for goods or services should not be made in advance. If payment in advance is necessary, approval will need to be sought from the Director of Finance or Deputy Director of Finance.

25.3 The Director of Finance, with support from the RCA's shared service procurement team (Ensemble Purchasing), is responsible for developing the Procurement (purchasing) policy and procedures to determine how non-pay expenditure will be managed to:

- Protect the commercial interests of the RCA
- Provide contracts that give best value for money
- Ensure compliance with all relevant legislation

25.4 The shared service procurement team report to the Director of Finance.

25.5 Deans/Directors are responsible for ensuring that their area's expenditure does not exceed the budget or funds available. A scheme of delegated financial authority can be found in Appendix B. The document RCA schedule of delegated authority should accompany the financial regulations delegated authority.

25.6 Deans/Directors are responsible for ensuring that all expenditure is incurred within the course of approved RCA business and is authorised in accordance with the scheme of delegation.

25.7 Deans/Directors are responsible for nominating appropriate persons to act as authorised signatories of their budgets and ensuring that those persons do not exceed their authority.

25.8 Deans/Directors are responsible for ensuring that they and their staff adhere to the [Procurement Guidance](#) when purchasing goods, services and works.

25.9 No financial transaction will be processed without proper authorisation. It is the responsibility of all staff to ensure that commitments entered into

are legal, reasonable and provide value for money.

- 25.10 Full details of procedures for the procurement of non-pay expenditure, can be found on the intranet.
- 25.11 The Unit 4 ERP (Agresso) Training documents, which can be found on the College intranet, contains detailed procedures for raising and authorising requisitions, receipting goods and authorising purchase orders.
- 25.12 All goods and services should be goods receipted once satisfied with the goods/services at the right quality and specification. A delivery note where applicable should be signed or supporting documentation should be included with the goods receipt on Unit 4 ERP (Agresso).

## **Salaries**

- 25.13 The Director of Finance is responsible for payment of salaries.
- 25.14 The Finance Department is responsible for processing salary payments to Staff, including Visiting Lecturers, which are paid monthly by transfer directly to staff UK banks. Guest Lecturers can be paid via a foreign bank account if necessary, however an administration fee may be charged.
- 25.15 All remuneration is subject to deductions in respect of income tax, national insurance, superannuation, court orders and any other statutory deductions that may arise. In the absence of instructions from HMRC to the contrary, all payments will be taxable at source.
- 25.16 Underpayments and overpayments of salaries will be adjusted. In the case of an overpayment, the Director of Finance or the Deputy Director of Finance can authorise the adjustment being spread over more than one pay period if required. Such repayment period is to be determined according to the circumstances of each case.
- 25.17 The Director of Finance or the Deputy Director of Finance can authorise the payment of a salary advance in exceptional circumstances.
- 25.18 The Finance Department is responsible for the payment of PAYE and National Insurance to HM Revenue and Customs (HMRC).

## **Visiting Lecturers**

- 25.19 Deans/Directors have authority to agree to the engagement of visiting lecturers (VL), provided their VL budget is not exceeded.
- 25.20 If the Visiting Lecturer is engaged for a maximum of 5 sessions per term or 10 sessions per academic year, then it can be processed through accounts payable with thirty day payment terms
- 25.21 HR will issue a VL contract to support VL engagements that do not agree with 25.20
- 25.22 Procedures for the use of visiting lecturers as issued by the HR/Finance teams. These must be complied with. A scheme of delegation of financial authority relating to visiting lecturer/other casual worker payments can be found under Appendix A3.
- 25.23 Claims should be submitted promptly. The College expects that any timesheets will be submitted within three months of the time being accrued. Any delay could result in your payment being forfeited.

## **Payments made to an intermediary organisation/Personal Service Company**

- 25.24 A worker is involved in off-payroll working when they work for the RCA through their own intermediary, often Personal Service Company (PSC), but would be an employee if they were providing their services directly. Guidance can be found here:  
[https://intranet-media.rca.ac.uk/documents/IR35\\_Guidance.pdf](https://intranet-media.rca.ac.uk/documents/IR35_Guidance.pdf)
- 25.25 As off-payroll workers are paid through their own intermediary, they pay Income Tax and National Insurance contributions (NICs) in a different way to an employee.
- 25.26 The off-payroll working rules are in place to make sure that where an individual would have been an employee if they were providing their services directly, they pay broadly the same tax and NICs as an employee.
- 25.27 Where off-payroll rules apply to a contract or engagement, payments are taxed through payroll.

## **Expenses and Other payments**

- 25.28 The RCA's policy regarding the payment of Expenses is detailed in the Travel, Entertainment and Expenses Policy issued by the Director of

Finance. This can be found on the RCA's intranet.

- 25.29 A scheme of delegation of financial authority relating to expenses can be found under Appendix A2.
- 25.30 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 RCA and form part of an approved budget. The claimant must not authorise his/her own expenses.
- 25.31 Claims for reimbursement of expenses must be supported by receipts or other valid documentation, they must provide clear and accurate description of the purpose of the payment and be properly authorised.
- 25.32 Claims should be submitted promptly. **Claims in excess of three months old will not be paid.**
- 25.33 Expense claims should not be used as a means to avoid using the College's purchase order system.
- 25.34 Financial Procedures for the order of goods or services should always be followed.

### **Loans to staff**

- 25.35 The College makes available interest free loans to staff for the purchase of season tickets.
- 25.36 Season ticket loans will only be paid in accordance with the College's Financial Procedures
- 25.37 In circumstances where a member of staff regularly travels and incurs expenses on College business the Director of Finance or the Deputy Director of Finance may authorise a cash advance.

### **Temporary or Agency Staff**

- 25.38 If it is necessary to engage temporary or agency staff, approval must be obtained in advance via the RCA's online recruitment approval process. HR should issue a casual worker contract and maintain a record of agency staff employed to ensure that the College meets its legal obligations in respect of such staff. All engagements of such staff must be made in

accordance with Financial Regulations.

- 25.39 Where appointments are to be made to research projects or to other activities funded by outside sources, no post shall be filled unless the Director of Finance 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.

### **Consultants**

- 25.40 Consultants are defined as a person or company that provides professional or expert advice.
- 25.41 All proposals to engage consultants, including the proposed terms and remuneration, are required to be approved by the Director of Finance or Executive Director, Operations. On approval, procedures issued by the Director of Finance must be adhered to.

### **Subcontracting**

### **Credit Cards**

- 25.42 Some staff may be issued with corporate credit cards, which can be used to make small purchases or settle expenses incurred in the exercise of their duties.
- 25.43 The issue of corporate cards is at the discretion of the Director of Finance, Deputy Director of Finance or Executive Director Operations, who may withdraw cards from users who do not abide by the conditions of use.
- 25.44 Staff are responsible for the security of their cards and using them in accordance with the College's financial procedures, Travel, Entertainment & Expense Policy and Credit Card guidance. Per the guidance, receipts for credit card expenditure must be returned within one month of the credit card statement being received.
- 25.45 Expenditure incurred other than in compliance with those procedures will be the personal liability of the cardholder. It is a condition that all cardholders agree that any such unauthorised sums are deducted from their salary.

## **26. Procurement**

### **General**

- 26.1 The RCA is a member of Ensemble Purchasing, a shared service cost sharing group. Through this arrangement, the College has access to professional procurement staff that are responsible for providing procurement support and advice to RCA staff. A procurement guide can be found on the intranet.

### **Purchase Orders**

- 26.2 Purchase Orders should be placed for the purchase of all goods and services in advance of a commitment being made to a supplier.
- 26.3 Purchase orders should be raised for the entire cost of the goods or services and not broken down into smaller amounts to avoid the threshold limit.
- 26.4 The purchase order should include the nature and quantity of goods or services required and agreed prices.
- 26.5 A scheme of delegation of financial authority relating to procurement (invoices, purchase orders and goods receipting) can be found under Appendix B1.
- 26.6 Information on tendering can be found under section 27. Tender limits can be found under Appendix C.
- 26.7 Above £50,000 a competitive tender process is required for goods and services. This should be coordinated by the procurement team (Ensemble purchasing). The tender limit for Estate & Campus Operations works is £250,000.
- 26.8 Purchase Orders in excess of £50,000 require further authorisation by the Finance Team.

### **Supplier/Credit checks**

- 26.9 New suppliers of goods or services with proposed spend between £10,000 and £100,000 (over a three-year period) will have a financial evaluation completed by the Finance Team. If the evaluation is unsuccessful, the Budget Holder will be informed.

- 26.10 New suppliers of goods or services with proposed spend in excess of £100,000 (over a three-year period) require further authorisation from the Director of Finance or a member of the Vice-Chancellor's Office (VC, DVC or EDO), unless the contract is placed through a pre-tendered London University Purchasing Consortium (LUPC) or Government Framework agreement (in which case the College will rely on the due diligence completed by LUPC/the Government agency).
- 26.11 New suppliers of goods or services with proposed spend in excess of £500,000 (over a three-year period) require further authorisation from the Planning and Resources Committee unless the contract is placed through a pre-tendered LUPC or Government Framework agreement, in which case the College will rely on the due diligence completed by LUPC/the Government agency.
- 26.12 If the proposed level of expenditure with an existing supplier is in excess of 20% of their annual turnover then a financial risk assessment must be completed by the procurement team before proceeding with issuing a requisition.
- 26.13 The procurement team will use the Credit Safe Risk Tracker facility to monitor key RCA suppliers that are not on LUPC or government frameworks, and therefore being tracked by LUPC.

## **Invoices**

- 26.14 Invoices that are received which are not linked to a valid purchase order will be returned to the supplier.
- 26.15 Invoices received that are more than three months older than the received date will be returned to the supplier to revise.
- 26.16 Invoices, which do not match an authorised order, will be sent to the Budget Holder for approval.
- 26.17 Invoices over £100,000 are subject to a further approval by a member of the Vice-Chancellor's Office (VC, DVC, EDO) before payment will be made.

## **Contracts and Leases**

- 26.18 All contracts which involve recurrent commitments (e.g. leases of equipment, equipment maintenance contracts – even if the equipment is provided for free) must be subject to the prior approval of the Director of Finance or Executive Director, Operations or the College Secretary.



- 26.19 Contracts and Leases over £500,000 must be approved by the Planning and Resources Committee. Contracts and Leases over £2m must be approved by Council (for Leasing of Property see Section 30).
- 26.20 On approval the contract register should be updated and agreements must be retained for a minimum of two years after expiry.
- 26.21 Leases and major contracts are with the VCO.
- 26.22 Contracts exceeding £50,000 are subject to competitive tendering (see Section 27).
- 26.23 Hiring agreements for the letting of the College Galleries are subject to separate arrangements and agreements for this may be signed by the Customer Services Manager, working within the Estates and Campus Operations team.

### **Sponsorship agreements**

- 26.24 Sponsorship agreements which involve any staff of the College and or students in carrying out work for, or providing a service to, the sponsor must be subject to the prior approval of CEG and must be signed, on behalf of the College, by the Executive Director, Operations or the Director of Finance or the College Secretary.

## **27. Tendering**

### **General**

- 27.1 For all contracts with estimated values (over a three-year period) exceeding £50,000 (or £4,000 per month for recurring expenditure) competitive tenders shall be sought. For Capital Projects refer to appendix (**Tenders C1**)
- 27.2 In the event that only one supplier can provide the goods/services required, this will need to be evidenced by the budget holder. A single source justification form will need to be presented to, and approved as per appendix C (Approvals for Single Source procurement).
- 27.3 Suppliers should be used who hold pre tendered agreements through consortium bodies such as the London University Purchasing Consortium (LUPC), UK Government (Crown Commercial Service) or other such framework agreements unless it can be clearly shown by means of comparative quotations or tenders that it is not in the College's best interests to do so.

- 27.4 The list of tenderers to be invited to bid must consist of companies that are potentially suitable to be awarded the contract. Tenderers on such a list should be selected to ensure there is competition and that they are bona fide, supported by credit checks.

### **Tender Requirements**

- 27.5 A detailed specification of goods, materials, services or work required, must be prepared by the appropriate Budget Holder and supplied to tenderers.
- 27.6 The latest date, time and place for the receipt of tenders shall be specified in the invitation to tender usually allowing four weeks to prepare and submit the bid.
- 27.7 Except where special arrangements apply, such as in major capital building projects (see **Section 29**) the following practice will be followed;
- Tenders will be issued and managed electronically by the procurement team (Ensemble purchasing) via the Bravo, e-tendering portal.
  - Tenders shall normally be invited on a fixed price basis. For service contracts where the contract period exceeds one year or works contracts where material or labour costs cannot be fixed at the tender stage, tender invitations may permit tenderers to provide for annual increases to take account of inflation.
  - The College is not bound to accept the lowest tender but if the lowest tender is not accepted, approval is required from CEG. If the tender is for a value over £500,000, a report is required to the Planning and Resources Committee.
  - If a contract exceeds £250k, an external consultant must be engaged during the selection process.
  - The contract or any part should not be transferred or assigned by the contractors without the written consent of the College and subletting, other than that, which may be customary in the trade concerned, shall be prohibited.
  - Invitations to tender should include a statement that the College's duties under Equalities Act 2010 does not discriminate and that it will not enter into a contract with any firm that is known to practice or permit such discrimination.

- Details of the tender procedure should be issued to every firm invited to tender or who requests tender documents.
- If the contract is for the supply of goods or works of a specialist nature, tenders may be invited from companies known to carry out such work without advertisement.
- All firms invited to tender will be informed in writing of any amendments to tender documentation or extension of the return date.
- Where public advertisements are placed, inviting tenders (to comply with E.U. regulations for example) shall be issued by the Executive Director, Operations or a member of the procurement team (Ensemble purchasing).

### **Acceptance of Tenders**

- 27.8 Following completion of the contractor financial evaluation by the Senior Procurement Manager and technical/professional evaluation of the tenders by relevant staff and or appropriate outside consultants. The relevant Director may, providing the amount is within the sum authorised by the Vice-Chancellor on the advice of CEG members;
- Accept the lowest tender for the execution of the works or supply of goods if the tender and evaluations are acceptable.
  - If the lowest tender is unacceptable, accept the lowest acceptable tender (subject to satisfactory evaluations) with the approval of the Vice-Chancellor on the advice of CEG members. If the tender is for a value over £500,000 a report is required to the Planning and Resources Committee.
- 27.9 If the lowest acceptable tender exceeds the approved pre-tender estimate, a report is required to be sent to CEG (for pre-tender estimates not exceeding £500,000) or to the Planning and Resources Committee (or to its Chair acting on behalf of the Committee) before the tender is accepted. Direct post tender negotiation with the lowest tenderer and one or more others may be authorised by the Vice-Chancellor on the advice of CEG members or the Planning and Resources Committee (or its Chair).
- 27.10 In any such post tender negotiation, no tenderer may be informed of the identity of any other tenderers or of the detail of any other tenders, which are still under consideration. All such negotiations should be conducted in the presence of at least two staff of the College. The Executive Director,

Operations or Director of Finance must approve the final selection.

- 27.11 Documentary evidence of tender exercises over the value of £50,000 should be retained by the department running the tender and made available as required to Internal Audit and the Director of Finance.

## **Execution of Contracts**

- 27.12 Every contract should be made in writing
- 27.13 A contract for a sum not exceeding £50,000 may be executed on behalf of the College by the Director of Finance or the Executive Director, Operations or the College Secretary.
- 27.14 All contracts above this sum will be executed by at least two of the four senior officers of VC, DVC, Director, EDO, Director of Finance or Company Secretary, following financial evaluation and appropriate legal advice.
- 27.15 The Executive Director, Operations is responsible for maintaining a register of all contracts, including information on where the final signed contract is stored.

## **28. Capital Projects - Digital Infrastructure**

- 28.1 Proposals for inclusion of projects within the RCA's capital programme are brought forward as part of the RCA's annual budgeting process
- 28.2 Where the total expected lifetime cost of the project is between £50,000-£250,000, the Infrastructure Programme Board requires a summary justification to be approved as part of the annual budgeting process. For projects costing £250,000-£500,000 a summary business case, including an options and financial appraisal, is required
- 28.3 Projects costing in excess of £500,000 require a full appraisal to be submitted to the Planning and Resources Committee. Projects costing in excess of £2m require a full appraisal to be submitted to the Council.

## **29. Capital Building Projects**

Capital Building Projects must follow the Estate & Campus Operations - Capital Works Governance Policies, Procedures & Standards

### **General**

- 29.1 The members of any Strategic & Major Project Boards, as part of the Estate & Campus Operations - Capital Works Governance Policy, are to be agreed by the Infrastructure Programme Board.
- 29.2 For projects costing in excess of £100,000, the Director of Estates and Campus Operations must ensure that there is a qualified and experienced manager and professional team in place.
- 29.3 All Capital building projects should include a contingency sum to be agreed by the Projects & Minor Works Board (<£2m) or Infrastructure Programme Board (>£2m).
- 29.4 If at any time during the Stage Management process (Gateway 1-5) the project exceeds or is forecast to exceed the expenditure limit, a report should be made to that Projects Board with a view to agreeing modifications in the design or cost plan in accordance with the Delegation of Authority (see Appendix A.1a).
- 29.5 The Director of Estates and Campus Operations will ensure that each project complies with the Capital Works Governance Policies, Procedures & Standards and that for each project;
  - There is consultation with relevant stakeholders;
  - Approvals are obtained, including planning consent and where appropriate the approval of OFS;
  - A senior member of staff or an appropriately qualified consultant is designated, as the College's representative, to coordinate requirements and to liaise with outside consultants;
  - The College procedure is followed for the selection and appointment of consultants;
  - Regular statements of expenditure are presented to the Project Board and where relevant the Infrastructure Programme Board and Planning and Resources Committee. These should include progress against plans, costs against budget and the value of any variations.

## **Tender**

- 29.6 Tender limits for Capital Building Projects (Works) can be found in appendix C.
- 29.7 The tendering procedures as set out in section 27 of these regulations should be followed.
- 29.8 The Director of Estates and Campus Operations or the Deputy Director of Capital Works shall ensure that the detailed breakdown of the lowest tender is reconciled to the cost plan. In cases where, in the view of the College's representative and the supervising officer, other tenders are sufficiently close to the lowest tender to warrant it, they should ensure that, in these cases also, the breakdown is reconciled to the cost plan.

## **Cashflow**

- 29.9 The final cost plan should be completed at the end of Gateway 4. Before proceeding, assurances should be obtained by the Project Board that the scheme can be completed without any foreseeable delay or additional costs to those budgeted. Where abnormal costs have proved to be unavoidable; the viability of the project should be reconsidered by the Project Boards.
- 29.10 The Project Director shall provide the Project Board 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.

## **Payments**

- 29.11 The Deputy Director - Capital Works is responsible for the examination of all Interim Certificates for payment of all building works. Invoice payments are subject to the approvals as laid out in the Scheme of Delegated Financial Authority (see appendix B1b)
- 29.12 The Deputy Director –Capital Works will ensure that the value of each variation to the contract is assessed by the Professional Team (where appointed or other appropriate officer) and shall ensure that such additional expenditure is appropriately approved before the variation is issued by the Project Director/Manager.

- 29.13 The Deputy Director - Capital Works shall ensure that expenditure on provisional sums is approved before the commencement of the work involved is authorised within the College's delegated authority
- 29.14 In the event of there being any variations or additional expenditure, approvals shall be given as set out in appendix A1b.
- 29.15 The Chair of the Planning and Resources Committee may, under Chair's action, approve payments in urgent cases; all such payments must be reported to the full Committee at the earliest opportunity
- 29.16 The Deputy Director - Capital Works should ensure that interim certificates of payments due include, as early as possible, all agreed variations in the value of work unless they are subject to further discussion or dispute
- 29.17 Upon the issue of a Final Certificate, the Deputy Director - Capital Works shall invite the Director of Estates & Campus Operations and Director of Finance to examine the final account together with such other relevant documents as may be considered necessary.
- 29.18 For Strategic Projects (i.e. those with spend >£5m), the Infrastructure Programme Board should ensure that a post-completion assessment is made, including project reappraisal, performance reviews of contractors and consultants and spend about budget. This information should be documented within a project closure report.

### **30. Leasing of Property**

- 30.1 The leasing of property requires approval from the Vice-Chancellor on advice of CEG members and additional professional advice where appropriate. Final approval on **any** leasing of property is required by the Planning and Resources Committee. Leases over £2m must be approved by Council.
- 30.2 On each proposal to lease property the Planning and Resources Committee shall receive a report which sets out:
- The purposes for which the property is required;
  - An appraisal showing how the proposal fits within the College's approved Estates Strategy;
  - An assessment of the efficiency of use of the existing accommodation, showing the consequence of meeting the 'need' from the existing premises;

- An appraisal of alternative options such as purchasing accommodation outright, building new or altering existing accommodation or leasing other premises;
- A report on the structural, mechanical, electrical, etc. condition of the building with estimates of the cost of any work required to put the premises in 'working order';
- Fully costed proposals for any alterations required to the property to make it fit for its intended purpose;
- Details of the terms of the lease including the period and rental;
- An estimate of the future annual running cost of the property and proposals on how this cost shall be met.

### **Leasing of Property to be constructed**

- 30.3 All steps in the section of these regulations Major Capital Building Projects must be followed if the College proposes to fund the construction of a property through a lease.
- 30.4 The Director of Finance must include in the appraisal the impact of the finance lease on existing loan facilities.

## **31. Assets and liabilities**

- 31.1 Assets owned or leased by the RCA shall not be subject to personal use without authorisation.

### **Stocks**

- 31.2 The Shop Manager and Assistant to Head of Technical Services are responsible for the custody and control of stocks and stores within their area, including regular inspection and stock checks. Stocks and stores of a hazardous nature should be subject to appropriate security checks.
- 31.3 A stock take must be performed at least annually within the last week of the financial year with adherence to the [Stock Policy](#) and procedures. It is permissible to hold a maximum of £100,000 of stock on college premises.
- 31.4 Stocks are stated on the Balance Sheet at the lower of cost and net realisable value. Where necessary provision is made for slow moving or defective stock and is authorised by the Director of Finance.



- 31.5 Any stock Provisions or requests to write off stocks must be submitted in writing to the Finance Department.

### **Current Asset Investments**

- 31.6 Current Asset Investments are held at market value.

### **Debtors**

- 31.7 The Finance Department is responsible for the day to day management of Debtors, including:

- Raising Debtor Invoices Promptly
- Updating the fees on SIS
- Processing Cash Received
- Taking swift and effective action to collect overdue accounts
- Monitoring outstanding debts and preparing progress reports for the Director of Finance

- 31.8 The Finance Department is responsible for the maintenance and reconciliation of all receipts.

### **Bad Debts (Student/Commercial)**

- 31.9 Sums due to the College can only be written off after the normal debt collection procedures have been followed.
- 31.10 Individual sums not exceeding £30,000 can be authorised for write off by the Director of Finance. Individual sums between £30,000 and £100,000 require additional authorisation by the Vice-Chancellor on the advice of CEG members. Above £100,000 authorisation is required from the Planning & Resources Committee.
- 31.11 Debts for tuition fees owed by students will be discussed at the Academic Board for Concessions and Discipline. The Board can propose to forgive any fee debt to the Director of Finance. The Director of Finance decides how to chase the debt and makes the decision if the debt can be written off.

### **Cash and Petty Cash**

- 31.12 The Finance Department is responsible for the control of Cash.

- 31.13 The Director of Finance is responsible for ensuring that a petty cash account is maintained for emergency disbursements.
- 31.14 No single payment for petty cash should exceed £50 except by prior approval by the Director of Finance or Deputy Director of Finance.

## **Creditors**

- 31.15 The Finance Department is responsible for the day-to-day management of Creditors, including:
- Managing the relationship with the managed service, Proactis, that processes RCA's purchase invoices
  - Processing payments according to contract payment terms
  - Processing overseas payment requests
  - Taking swift and effective action to receive credit notes
  - Monitoring aged creditors and preparing progress reports for the Director of Finance
- 31.16 Invoices should be received with a valid purchase order number.
- 31.17 Invoices should be sent directly to [invoices@rca.ac.uk](mailto:invoices@rca.ac.uk) as RCA has a managed service that now processes purchase invoices.
- 31.18 The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. In view of the penalties in this Act, the RCA requires that invoices must be paid in accordance with agreed credit terms.

## **Capital Expenditure**

- 31.19 Capital Expenditure is defined as any expenditure over a value £10,000 on an item or group of related items which has a life of more than one year.
- 31.20 Expenditure, which enhances the value of an asset to the extent that they increase the expected future benefits to the RCA beyond what was originally intended, replaces part or all of an existing asset or relates to a major inspection or overhaul of an asset is classified as Capital Expenditure.
- 31.21 Repairs and maintenance expenditure designed to maintain the standard or performance of an asset is classed as Revenue and not Capital

Expenditure.

- 31.22 The Finance Department is responsible for maintaining the RCA's Fixed Asset Register.
- 31.23 The Chief Information Officer and the Director of Estates and Campus Operations are responsible for supplying the Finance Department with details of their fixed plant, machinery and equipment and what has been added, removed or is redundant.
- 31.24 No item of equipment will be removed from the College premises for purposes other than official College work. Items that are removed for these purposes should be with budget holder approval, have recorded the purpose and intended date of return. Any item with a value over £50,000 should be notified by the appropriate budget holder to the Director of Finance.
- 31.25 The delegation of financial authority for the disposal of assets can be found under **Appendix B7**.

## **Land and Buildings**

- 31.26 The cost of land and buildings, development costs and the capital element of expenditure in respect of estate improvement is capitalised.
- 31.27 No provision for depreciation is made against the value of land.
- 31.28 Assets in the course of construction are stated at cost and are not depreciated. They are transferred to and treated as completed buildings when ready to use. Any impairment value is provided for accordingly.
- 31.29 Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related deferred capital grants are released over the life of the asset.

## **Heritage Assets**

- 31.30 The College Collection consists mainly of works of art acquired free of charge from former students and artists associated with the College. Most items in the collection had nil or little value at the date of acquisition, as the artists were not well known.

- 31.31 An internal valuation of the Collection was carried out in 2019, which provided an estimate of the collection, and was used to bring the collection on to the balance sheet.
- 31.32 Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.
- 31.33 The Archives and Collections Manager is responsible for safeguarding the College Collection.

## **Leases**

- 31.34 Fixed Assets held under Finance Leases and the related lease obligations are accounted for in accordance with FRS102 and the HE SORP.
- 31.35 Rental costs under Operating Leases are charged to expenditure in equal annual amounts over the period of the lease. When the RCA has negotiated a 'rent free' period, this is recognised on the balance sheet as an asset and amortised over the minimum lease term.

## **Fixed Asset Investments and Endowment Asset Investments**

- 31.36 Fixed Assets Investments and Endowment Asset Investments are held in the Balance Sheet at Fair Value.

## **32. Other**

### **Insurance**

- 32.1 The Director of Finance is responsible for the College's insurance, securing cover against any risk falling within the categories of insurance.
- 32.2 The Director of Finance shall maintain a register of insurances and ensure that any losses are recovered promptly. Any decision to cease to cover any area of risk must be agreed by the Planning and Resources Committee. Insurance reviews should be carried out not less than once every five years.
- 32.3 Members of staff should not sign any disclaimer or indemnity documents relating to activities involving outside bodies but should refer these to the Director of Finance.

32.4 Budget holders should;

- Notify the Director of Finance of all new insurable risks falling within their area of responsibility;
- Review and update annually the schedule of equipment held in their area and notify of any disposals or acquisitions;
- Notify the Director of Finance of any loss, damage or injury which might give rise to an insurance claim.

32.5 The Estates & Campus Operations team 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 Estates & Campus Operations team shall be responsible for ensuring that the action required in the inspection reports is carried out promptly.

32.6 The College does not accept responsibility for the loss of personal possessions and it is the duty of all staff and students to ensure they have adequate personal insurance cover.

32.7 The College provides insurance cover to members of staff, visiting lecturers and students for travel risks outside the UK who are travelling on College business. The policy only covers the period, which is in respect of travel for College business.

For insurance to apply travelers must fully complete and submit the Travel Request in Unit 4 ERP at least five days before the date of travel.

Details of the College's travel insurance policy (trav will be sent on approval of the Travel Request within Unit 4 ERP but can be found on the intranet which is the [Travel Cover Summary](#)).

32.8 Works of art and artifacts produced by students, whether on display within the degree shows or interim shows or located elsewhere within the College, are not insured under the College's policies and students are responsible for making their own insurance arrangements for these.

## **The Common Seal**

The Council shall provide for the safe custody of the Seal which shall only be used pursuant to a resolution of the Council or a Committee of the Council authorised to use the Seal in connection with the execution of documents and instruments by the College which are required to be executed by deed.

32.9 The Council may from time to time make such regulations as it shall think fit determining the persons and the number of such persons in whose presence the Seal shall be affixed and unless otherwise so determined (as to which no person dealing with the College shall be concerned to see or enquire) the Seal shall be affixed in the presence of:

32.10 Two members of the Council of whom one shall be an independent member of the Council and the Vice-Chancellor or Deputy Vice-Chancellor; and

32.11 The Executive Director, Operations, the College Secretary or the Director of Finance with such individuals signing every instrument to which the Seal shall be affixed.

32.12 Notwithstanding the above sealing requirements, all documents and instruments which are to be executed under the Seal shall be approved by Council or within the terms of its delegated authority.

32.13 Certain documents will need to be executed by deed and the Seal affixed as a result of specific statutory requirement or because it is regarded as affording more enforceability as to the terms of the agreement. A deed will be required in the following circumstances:-

32.13.1 conveyances of land, or of any interest in land and certain mortgages;

32.13.2 leases of land for terms over 3 years;

32.13.3 assents, legal charges of land and transferring title to property; and

32.13.4 the grant of powers of attorney.

32.14 In addition, in order to afford the College greater rights of enforceability it may be preferable for a deed to be executed where:

32.14.1 there is doubt about whether there is adequate consideration (i.e. the price paid by one party in exchange for a benefit from the other for example where a guarantee is given by a third party);

32.14.2 the parties to a contract wish to take advantage of an extended period to bring an action for breach of contract (12 years under a deed as opposed to 6 years under a normal contract); and

32.14.3 A contract is subsequently varied or otherwise amended and it is not clear that all the parties are providing fresh consideration.

32.15 It is conventional to use a deed where:

32.15.1 an indemnity is given against certain tax liabilities;

32.15.2 there is an assignment of intellectual property;

32.15.3 there is a release of a security; and

32.15.4 a guarantee is given to a bank for amounts previously advanced.

32.15.5 In all other circumstances, a contract signed by one authorised signatory will be used as the basis for all other agreements

### **33. Student Union**

33.1 The College does not exert control or dominant influence over policy decisions of the Students' Union.

33.2 The College pays the Students' Union and annual subvention payment. This payment is approved as part of the College's annual budget.

33.3 The Students' Union are responsible for maintaining their own bank accounts, financial records and preparing their annual financial statements, which will be audited by appropriately qualified auditors and will be presented to the Audit & Risk Committee for information.

## Appendices

### A. Scheme of Delegation of Financial Authority

#### A.1a Purchasing (Invoices/Purchase orders/Goods receipt excluding Estates & Campus Operations)

All purchases must be conducted in line with the purchasing policy and procedures.

<b>Cost of purchase (Excl. VAT)</b>	<b>Authoriser</b>	<b>Concurrence required from</b>
Up to £10,000	Staff member nominated by the relevant Budget holder	Not required
£10,001 to £50,000	Budget Holders (eg Head of Programme/Service, Principal Investigators)	Not required
£50,001 to £100,000	Deans/Directors	Finance Team members responsible for budget management
£100,001 to £500,000	V-C, Deputy V-C, EDO, Executive Director for Transformation & Delivery	Director of Finance or Deputy Director of Finance
£500,001 to £2,000,000	V-C, Deputy V-C or EDO, Director for Transformation & Delivery, following prior approval of the contract by the Planning & Resources Committee.	Director of Finance or Deputy Director of Finance
£2,000,001 +	V-C, Deputy V-C or EDO, Director for Transformation & Delivery following prior approval of the contract by Council.	Director of Finance or Deputy Director of Finance

*\*HMRC & SAUL pension costs to be authorised by the Director of Finance or Deputy Director of Finance as part of the monthly approval of payroll.*

The above authorisation levels refer to expenditure that is within the total approved annual budget or forecast. Any increase must be agreed, in advance by the Director of Finance.



*A goods receipt is needed for all goods/services. For items over £50,000 a secondary approval is required in line with the approval table above.*

**A. 1a Building and Estates Purchasing (Invoices/Purchase orders/Goods Receipt, including variations on Capital Building Projects)**

<b>Cost of purchase (Excl. VAT)</b>	<b>Authoriser</b>	<b>Concurrence required from</b>
Up to £10,000	Relevant E&CO Operations Manager (1 of 4), Project Managers (1 of 2), Head of Spaceplanning or E&CO General Manager	Not required
£10,001-£50,000	Deputy Director - Capital Works or relevant Deputy Director - Campus Operations (1 of 3)	Not required
£50,001 to £100,000	Deputy Director - Capital Works or relevant Deputy Director - Campus Operations (1 of 3)	Finance Team members responsible for budget management
£100,001 to £500,000	Director of Estates & Campus Operations, Executive Director, Operations	Director of Finance or Deputy Director of Finance
£500,001 to £1,000,000	VC, DVC, EDO following prior approval of the contract by the Infrastructure Programme Board.	Director of Finance or Deputy Director of Finance
£1,000,001 to £3,000,000	VC, DVC, EDO or Executive Director of Transformation & Delivery, following prior approval of the contract by the Planning & Resources Committee.	Director of Finance or Deputy Director of Finance
£3,000,001 +	VC, DVC, EDO following prior approval of the contract by the Council.	Director of Finance or Deputy Director of Finance

## A2. Staff expenses\*

Value	Authoriser	Concurrence required from
Up to £1,000	Line Manager	Sample finance checks
Over £1,000	Deans/Directors/V-C or Deputy V-C or EDO	Finance Team

*\* The claimant must not authorise his/her own expenses.*

## A3. Visiting Lecturer/other casual staff timesheets (paid via payroll)

Value	Authoriser
All	Heads of Programme/Research Centres/Service*

*\* Deans / Director of RKEI and Directors of Service are responsible for approving commitments to spend, and the appointment of Visiting and Casual staff. The Finance team will sample check all payments.*

## A4. Contracts and Leases (excluding property\*)

Value (over a 3 year period) (Excl. VAT)	Authoriser
Up to £50,000	Director of Finance or Executive Director Operations or Executive Director for Transformation & Delivery or College Secretary
£50,001 to £500,000	Two signatories from V-C, DV-C, EDO, Director of Finance or Company Secretary (Competitive tenders required)

£500,001 to £2,000,000	Two signatories from V-C, DV-C, EDO, Director of Finance or Company Secretary (Competitive tenders required) following prior approval by the Planning & Resources Committee
Over £2,000,000	Two signatories from V-C, DV-C, EDO, Director of Finance or Company Secretary (Competitive tenders required) following prior approval by Council

*\* Property leases must be approved by the Planning & Resources Committee (leases over £2m must be approved by Council).*

#### **A5. Bad debts (Student/Commercial)**

<b>Value (Excl. VAT, where applicable)</b>	<b>Authoriser</b>
Writing-off individual bad debts up to £50,000	Director of Finance
Writing - off individual bad debts up to £50,001 to £100,000	Vice-Chancellor
Writing - off individual bad debts over £100,000	Planning & Resources Committee*

*\*through Chair's action.*

#### **A6. Projects**

A **project** is a series of linked transactions leading to a single specified outcome.

##### **A. General (excluding Estates & Campus Operations)**

Where the total expected lifetime cost of the project is between £100,000-£250,000, TBC requires a summary justification to be submitted as part of the annual budget process. For projects costing £250,000-£500,000 a summary business case, including an options and financial appraisal, is required.

Projects costing in excess of £500,000 require a full appraisal to be submitted to the Planning & Resources Committee. Projects costing in excess of £2m require a full appraisal to be submitted to Council.

<b>Value (Excl. VAT)</b>	<b>Authoriser</b>
£100,000-£250,000	Deputy Vice-Chancellor, Executive Director Operations or Director of Finance (summary justification)
Between £250,001 - £500,000	Vice-Chancellor (summary business case)
Between £500,001 - £2,000,000	Planning & Resources Committee (full business case)
Over £2,000,000	Council (full business case)

#### **B. Estates & Campus Operations Minor Works & Projects**

These need to follow the rules as defined in the Estates & Campus Operations Capital Works Policies, Procedures & Standards

<b>Value (Excl. VAT)</b>	<b>Authoriser</b>
£10,000-£500,000 (Minor works)	Projects & Minor Works Board
Between £500,001 - £1,000,000	Infrastructure Programme Board
Between £1,000,001 - £3,000,000	Planning & Resources Committee
Over £3,000,000	Council

## A7. Disposal (Sale) of fixed assets

Net book value	Authoriser
Up to £5,000	Budget Holder
£5,001 to £250,000	Director of Finance/DVC/EDO
£250,000 to £500,000	VC
£500,001 to £2,000,000	Planning & Resources Committee
Over £2,000,000	Council

The disposal of computer equipment whose present value is greater than £2,000 requires approval from the Head of ICT who will agree the sale price.

## B. Tender Limits

Tenders over £50,000 (£250,000 for works) will be issued electronically

### A) Limits for all goods/services

Level (excl. VAT)	Quotes/Tender
Below £10,000*	1 quote
£10,001-£50,000*	At least 2 quotes
£50,001- £189,330*	Competitive tender through or through LUPC or other framework agreement
£189,330 and above	Find a Tender Service or other framework agreement

*\*The above thresholds do not apply if goods/services are being purchased through an LUPC or other framework agreement.*

### B) Limits for Works

Level (excl. VAT)	Quotes/Tender
Up to -£50,000	1 quote
£50,001-£100,000	At least 2 quotes
£100,001-£250,000	At least 3 quotes
£250,001-£4,733,252	Competitive tender or through the LUPC or other framework agreement
£4,733,252 and above	Find a Tender Service (FTS) or other framework agreement

*#The above thresholds do not apply if Works are being procured through an LUPC or other framework agreement.*

### **C. Approvals for Single Source procurement**

There may be instances when only one supplier can provide the type of goods or services that are required i.e. as only one manufacturer produces the equipment being purchased, or there is only one specialist service provider. It therefore may not be possible or advantageous to seek multiple quotes, or go out to tender. In these instances, a single source justification should be completed and approved prior to supplier engagement.

Approval limits:

<b>Level (excl. VAT)</b>	<b>Approver</b>
Up to £100,000	Senior Procurement Manager plus Director of Finance, Deputy Director of Finance, Executive Director of Operations or Deputy Vice-Chancellor
Over £100,000	As above plus Vice-Chancellor

The single source justification form can be found on the intranet [here](#).

### **D. Bank Mandate Signatories**

<b>Level</b>	<b>Signatories</b>
Less than £5,000	Any one from the approved signatories
More than £5,000	Any two from the approved signatories

**Reviewed by: Planning & Resources Committee**

**Approved by: Council**

**Next Review: July 2024 (or sooner if required)**