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Section 1 - Introduction

1. Introduction

1.1. The University is governed by the Council which comprises of 22 members, the majority of whom are lay members (external to the University and outside the day-to-day executive management). Council members are the University’s Charitable Trustees. The Council is the governing body of the University and is unambiguously and collectively accountable for all institutional activities. It agrees and monitors the University’s overall mission and strategy, oversees the governance of the institution and protects the institution’s long term sustainability and reputation. It meets a minimum of six times each year and has several committees, the key ones being Finance & Resources Committee, Nominations Committee, Remuneration Committee and Audit Committee.

1.2. The University’s Financial Regulations have been formulated to provide a framework for internal control that seeks to ensure financial probity whilst maintaining operational efficiency. They apply to all financial businesses of the University of Liverpool and associated legal entities, irrespective of the source of funding. The purpose of the Financial Regulations is to:

- Provide control over all of the University’s resources
- Provide management with assurances that the resources are being properly applied for the achievement of the University’s strategic plan and objectives on a sustainable basis
- Ensure the proper and transparent use of finances and resources in a manner which satisfies the requirements of internal control and fulfils any legal or financial obligations as laid down by:
  - Statutes and Ordinances
  - His Majesty’s Revenue and Customs (HMRC)
  - Office for Students (OfS)
  - Research England
  - Other relevant authorities.

The Regulations are approved by the Council of the University of Liverpool as recommended by the Finance & Resources Committee following endorsement by Audit Committee.

1.3. The OfS terms and conditions of funding and Research England terms and conditions of grant require that the University ensures it has a sound system of internal financial management and control. The University is therefore required to demonstrate that it has appropriate Financial Regulations, and that they are being complied with. Where such regulations are not in place funding may be withheld.

1.4. Compliance with these Financial Regulations is compulsory for all staff. Failure to comply will constitute a breach of these Regulations and may lead to action under the University’s disciplinary and grievance procedures. It is the responsibility of the University’s primary budget holders (see 4.2) to ensure that staff are aware of the existence and provisions of these Financial Regulations and that they are available for reference on the University’s staff intranet site.
To further the aim to have well documented, appropriate financial systems, these Financial Regulations provide all staff who have financial responsibilities with a useful reference document. It contains the financial rules and procedures to be followed within the University.

These Financial Regulations are complementary to the University’s Charter and Statutes, and to any restrictions contained within the OfS terms and conditions of funding and Research England terms and conditions of grant.

Every three years, or more frequently if appropriate, the Chief Financial Officer shall arrange for the Financial Regulations to be reviewed. Any proposed changes will be submitted to the Finance & Resources Committee following endorsement by Audit Committee for onward recommendation to the University Council. The Chief Financial Officer may at any time submit to the Audit and Finance & Resources Committees amendments or additions to the Financial Regulations as may be considered appropriate.

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Section 2 – Background

2. Background

The University of Liverpool is a corporate body established by Royal Charter dated 1903. Under the corporate objectives set out in the Charter, the University remains committed to the ‘advancement of learning and ennoblement of life’. Details of the Charter, Statutes, Ordinances and the general regulations of the University are available at https://www.liverpool.ac.uk/governance/

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 3 of the Charities Act 1993). It is considered to pass the tests set out in paragraph 1 of schedule 6 to the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purpose. The University is required to have in place sound systems of financial and management control. The Financial Regulations set out the principles of financial control to be applied.

Accordingly, the University, but not its subsidiary companies, is potentially exempt from taxation in respect of income or capitals gains received. This is to the extent that such income or gains are applied to exclusively charitable purposes.

The University group does not have full exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT relating to tangible fixed assets is included in their cost.
3. Corporate Governance

3.1. The roles of President and Vice-President of the Council are separated from the role of the University’s Chief Executive, the Vice-Chancellor. The matters specifically referred to the Council for decision are set out in the University’s governing documents (University Charter, Statutes, Ordinances and Scheme of Delegation).

3.2. Council is responsible for the management and administration of the whole revenue and property of the University and the conduct of all the affairs of the University. Its financial responsibilities are to:

- Govern, manage and regulate the finances, accounts, investments, property, business and all the affairs of the University so as to ensure solvency and sustainability
- Act as charity trustees
- Safeguard the University’s assets
- Ensure the effective and efficient use of resources
- Ensure the funds provided by OfS and Research England are used in accordance with the terms and conditions specified
- Under OfS ongoing condition or registration E3, ensure the University’s compliance with all its conditions of registration with the OfS accounts direction
- Ensure that financial control systems are in place and are working effectively
- Ensure that the institution complies with OfS’s terms and conditions of funding for regulatory matters
- Approve the University’s strategic plan
- Approve annual estimates of income and expenditure, capital expenditure and cash flow and the annual financial statements
- Appoint the University’s external and internal auditors.

3.3. The Council has ultimate responsibility for the University’s finances but delegates specific powers and processes to the Finance & Resources Committee, the Audit Committee and the Remuneration Committee. These Committees are accountable to Council.

3.4. The Finance & Resources Committee is responsible for the monitoring of the University’s financial position, and on behalf of Council, oversees the governance and management of the University’s affairs. The Finance & Resources Committee terms of reference are listed at https://www.liverpool.ac.uk/governance/university-committees/planning-and-resources-committee/#d.en.901501

The Audit Committee is responsible for the effectiveness of the University’s management and
control systems. These are in place to ensure:

- Value for Money
- Propriety
- Regularity
- Economy
- Efficiency
- Accountability

The Audit Committee is accountable to Council for reviewing the annual financial statements, risk and compliance and providing an annual report to Council which includes an annual opinion on the adequacy and effectiveness of the University’s arrangements for each of the following: risk management, control and governance, sustainability, economy, efficiency and effectiveness (value for money) and the quality of data submitted to regulatory bodies. In addition, the Audit Committee advises Council on the appointment of the University’s internal and external auditors and monitors their performance.

The Audit Committee terms of reference are listed at https://www.liverpool.ac.uk/governance/university-committees/audit-committee/

The Remuneration Committee, on behalf of Council, undertakes and determines the review of all professorial and senior administrative staff salaries and the approval of any proposal for voluntary severance or early retirement of senior staff. The Committee also oversees the University’s compliance with the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code. The Remuneration Committee terms of reference are listed at https://www.liverpool.ac.uk/governance/university-committees/remuneration-committee/

3.5. The Vice-Chancellor is the Chief Executive Officer of the University and is responsible to Council for the financial well-being of the University. They shall be the accountable officer for the University as defined in the terms and conditions of OfS funding and the terms and conditions of Research England grant.

3.6. The Vice-Chancellor is supported in their role by the Senior Leadership Team. They lead the financial management of the University which is organised into three academic Faculties and Professional Services.

3.7. The Financial Regulations cover the external requirements upon the University as provided by OfS’s terms and conditions of funding for higher education institutions and the terms and conditions of Research England grant, and internal constraints defined through a scheme of delegated authority and responsibility.

The Vice-Chancellor, in their capacity as Chief Executive Officer:

- May be required to appear before the Public Accounts Committee on matters relating to grants paid to the University
• Must advise Council if, at any time, any action or policy under consideration by Council is incompatible with the terms and conditions of OfS funding and the terms and conditions of Research England grant
• Must inform OfS’s Chief Executive if Council takes any decision which is incompatible with the terms and conditions of funding.

3.8. Public Interest Disclosure (Whistleblowing)
Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

The University has a Public Interest Disclosure (Whistleblowing) Policy available to view at: https://www.liv.ac.uk/legal/policies/

3.9. Code of Conduct
Staff should never use their authority or office for personal gain and shall seek to uphold and enhance the standing of the University by:

• Maintaining an unimpeachable standard of integrity in all their business relationships both inside and outside the University
• Fostering the highest possible standards of professional competence amongst those for whom they are responsible
• Optimising the use of resources for which they are responsible to provide the maximum benefit to the University and their department.

3.10. Gifts and Hospitality

In order to address the implications of the Bribery Act 2010, the University has developed an Anti-corruption and Bribery Policy which details the principles that it will adhere to and includes guidance for staff concerning specific activities. Details of this policy can be found at https://www.liv.ac.uk/legal/policies/

The giving or receipt of gifts is not prohibited, if the following requirements are met:

• It is not made with the intention of influencing a third party to obtain or retain funding or a business advantage, or to reward the provision or retention of funding or a business advantage, or in explicit or implicit exchange for favours, benefits or funding
• It complies with local law
• It is given in the name of the University not in your name
• It does not include cash or a cash equivalent (such as gift certificates or vouchers)
• It is appropriate in the circumstances. For example, in the UK it is customary for small gifts to be given at Christmas time
• Taking into account the reason for the gift, it is of an appropriate type and value and given at an appropriate time
• It is given openly, not secretly
• Gifts should not be offered to, or accepted from, government officials or representatives, or politicians or political parties, without the prior approval of your line manager and the University Secretary and General Counsel.
The University appreciates that the practice of giving business gifts varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift or hospitality is reasonable and justifiable. The intention behind the gift should always be considered.

It is not acceptable for you (or someone on your behalf) to:

- Give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a commercial advantage will be received, or to reward a commercial advantage already given
- Give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to “facilitate” or expedite a routine procedure
- Accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a commercial advantage for them
- Accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a commercial advantage will be provided by the University in return
- Threaten or harass another worker who has refused to commit a bribery offence or who has raised concerns under this policy
- Engage in any activity that might lead to a breach of the policy.

3.11 Money Laundering
The University shall comply at all times with the Criminal Finances Act 2017, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations (2017) and all other regulations on suspected money laundering. If staff have cause to suspect that any transaction with the University may be a cover for such activity, they must inform the Chief Financial Officer without delay.

Money laundering is defined as any transaction which involves handling the proceeds of crime, and is a serious criminal offence. Money laundering means exchanging money or assets that were obtained criminally for money or other assets that are ‘clean’. The clean money or assets don’t have an obvious link with any criminal activity. Money laundering also includes money that is used to fund terrorism, however it is obtained.

It is also a serious crime to “tip-off” a suspected money launderer. The laws against money laundering are binding on individual staff as well as the University as an institution.

The Chief Financial Officer shall report all suspected incidents of money laundering to the competent authorities. Under the Proceeds of Crime Act, this requires a Suspicious Activity Report to be forwarded to the National Crime Agency (NCA).
Section 4 – Financial Control

4. Financial Control

4.1. Financial Responsibilities

The Vice-Chancellor is the University’s Designated Principal Officer and is responsible to Council for the financial administration of the University’s affairs.

Day to day financial administration is the Chief Financial Officer’s responsibility. They are responsible for effective planning, monitoring and control of University finances and providing professional advice on matters relating to financial policies and procedures. The Chief Financial Officer reports directly to the Vice-Chancellor.

The Executive Pro-Vice-Chancellors are responsible for financial management in their area of responsibility. They are advised by the Chief Financial Officer in executing their financial duties. The Chief Financial Officer will also supervise and approve the financial systems operating within Departments, including the form in which accounts and financial records are kept. Heads of Professional Services Departments and Faculty Directors of Operations are responsible for establishing and maintaining clear lines of responsibility and accountability in their areas, for all financial matters.

4.2. Budget Preparation and Control

The Chief Financial Officer is responsible to the Vice-Chancellor and has financial responsibilities to:

- Carry out and/or oversee the financial activities of the University including the collection of income, processing of invoices and all other payments and the preparation of annual accounts
- Ensure that financial budgets, plans and internal forecasts (i.e. updates to the annual budget) are in place demonstrating the long term financial sustainability and viability of the University, and to identify and resolve any future financial threats or concerns
- Monitor financial performance against such budgets, plans and internal forecasts as may be appropriate
- Provide sound, complete and fair financial advice and information to the University’s senior management, Council and its Committees and to budget holders
- Review the financial systems, including those relating to financial reporting and, with the advice of the internal and external auditors, to make necessary recommendations for amendment
- Ensure that all financial documents and the Financial Regulations and Financial Procedures are in place and up to date, comply with statutory requirements and best practice and protect the University’s revenue, finances and assets
- Report matters of serious concern to the Finance & Resources Committee and the Audit Committee as appropriate
- Liaise as required on financial matters with the internal and external auditors, OfS, Research England and other external bodies.

The Chief Financial Officer is responsible for supplying budgetary reports on all aspects of the University’s financial position, including the funding of capital expenditure, to Finance & Resources Committee on a basis determined by that Committee.
The University’s primary budget holders are members of the Senior Leadership Team and include Executive Pro-Vice-Chancellors for Health and Life Sciences, Humanities and Social Sciences and Science and Engineering, Director of People and Services, Chief Financial Officer, University Secretary and General Counsel, Pro-Vice-Chancellors for Education and Research and Impact. They are responsible as regards budgetary and financial matters to the Vice-Chancellor and Council for:

- The overall financial management of their budget, delegating where appropriate, authority and responsibility to individuals nominated for such purposes
- The preparation of estimates, forecasts, budgets, plans and other information for their area of responsibility as required by Finance & Resources Committee or Council
- The production of annual academic, operating and financial plans, in the form prescribed
- Ensuring and monitoring compliance with the Financial Regulations and the underlying financial procedures.

The Chief Financial Officer will provide such timely management information as is necessary to enable the primary budget holders to fulfil their financial responsibilities.

4.3. Accounting Arrangements

The University’s financial year runs from 1 August until 31 July of the following year.

*Basis of Accounting* – The financial statements are prepared under the historical cost convention (modified by the revaluation of certain financial assets and liabilities at fair value).

*Basis of Preparation of the Financial Statements* – the financial statements are prepared in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition).

*Basis of Consolidation* – The consolidated financial statements consolidate the financial statements of the University and all its subsidiary undertakings, as defined by the Accounting Standards Board or the Internal Accounting Standards Board as the case may be for the financial year.

*Accounting Returns* – The Chief Financial Officer is responsible for consolidating and dispatching financial returns and other periodic financial reports to OfS, Research England and other relevant agencies.

*Accounting Records* – All those with financial responsibility are responsible for the safe retention of financial documents. They must be kept in a form and for the required time period which is acceptable to the relevant authorities.

The University must retain prime documents in line with legal and contractual requirements in current force. These include:

- Purchase orders
- Purchase invoices
• Sales invoices
• Bank statements
• Copies of receipts
• Expenses claims and supporting documents
• Research grant and contract records
• VAT certificates
• Import and Export documentation.

All the above documents must be stored safely for at least six years* after the financial year in which they were produced. In addition, for auditing and other purposes, other financial documents must be retained for three years.

*HMRC require that invoices, expense claims and other prime documents are retained for at least six years, whilst various grant issuing bodies (including the European Union) have their own requirements. In some cases, these may exceed six years. In every case, the longest requirements must be complied with. Further details are available at https://www.liverpool.ac.uk/csd/records-management/

4.4. Authorised Signatories
Delegated authority is expressed via the identification of authorised signatories. This is embedded in workflow in manual processes and in University electronic systems. It is the responsibility of the primary budget holders, and those to whom they have delegated authority, to ensure full compliance with the Financial Regulations and Financial Procedures. All authorised signatories must be members of the University. This will allow the following to undertake the role of authorised signatory:

• Paid members of staff
• Non-paid members of staff, other individuals who are determined as members of the University.

Authorised signatories in the first and second category must hold letters of appointment. Heads of Department must conduct a regular review of the signatories that are required to facilitate effective financial management in their school. A review must be undertaken at least once a year to ensure that only current members of the University are included.

It is of particular importance that an authorised signatory must never sign:

• Both a requisition (or purchase order) and the resulting invoice
• Their own claim form for fees and expenses
• An invoice, fees or expenses claim form, a University purchasing card or travel and entertainment (T&E) card log, or any similar document where there is any conflict of interest. This may, for example, be a claim form from a spouse, partner or other close relative, or an invoice from a company in which the signatory has an interest. It may also include instances where a University purchasing card has been used for travel expenses in the absence of a T&E card.
Failure to comply with the above requirements may result in the removal of status as an authorised signatory and/or appropriate disciplinary action.

Expenses claims and other documents listed above must always be manually or electronically signed as evidence of authorisation by a person of higher grade or professional rank to the claimant, or by an appropriate nominee of the Head of Department. The Financial Procedures require that consent be obtained in advance of expenditure being incurred.

The Chief Financial Officer may limit the number of authorised signatories. They may also reject any individual nominated as an authorised signatory.

The use in these Financial Regulations of the term “authorised signatory” shall encompass electronic as well as written signatures.

4.5. Visa Cards
The University has two types of visa card, the purchase card and the travel and entertainment (T&E) card.

The purchase card is used as an alternative method of paying for high volume relatively low value goods. They are issued to staff who are responsible for purchasing and, in the course of their duties, would normally place purchase orders with suppliers. Higher value goods can be purchased by requesting an increase in limit from Procurement at pcard@liverpool.ac.uk.

The T&E card is issued, on request, to University staff who, in the course of their work, travel on University business. The T&E card is a charge card that can be used to pay for travel costs which cannot be paid for in advance using a departmental purchase card.

Further information on both cards is available at [https://www.liv.ac.uk/intranet/finance/financial_accounting/purchasing_cards_travel_entertainment_cards/](https://www.liv.ac.uk/intranet/finance/financial_accounting/purchasing_cards_travel_entertainment_cards/)

4.6. Travelling with Cash
Wherever possible, staff should be discouraged from travelling with cash. Further information is available at [https://www.liverpool.ac.uk/intranet/media/intranet/finance-intranet/docs/CashHandlingGuidelinesRevisedMarch17.pdf](https://www.liverpool.ac.uk/intranet/media/intranet/finance-intranet/docs/CashHandlingGuidelinesRevisedMarch17.pdf)
Section 5 - Tax

5. Tax

The Chief Financial Officer is responsible for advising Heads of Department on all taxation issues affecting the University and for issuing instructions to Departments on compliance with statutory requirements including VAT import duties, corporation tax, gift aid and overseas travel.

Detailed guidance on VAT is available at https://www.liv.ac.uk/intranet/finance/financial_accounting/tax/

Enquiries regarding the above should be directed to the Tax Manager.

The Director of Human Resources is responsible for maintaining the University's Pay As You Earn (PAYE) records and ensuring that all tax payments and filing requirements are submitted by their relevant due date.

Section 6 – Capital Investment Planning

6. Capital Investment Planning

6.1. Responsibility and Guidelines

In relation to capital investment and planning the Director of Facilities, Residential and Commercial Services is responsible for:

- Planning
- Policy development
- Control frameworks
- Management of the capital investment plan
- Delivery of timely and regular cash flow and outturn projections to the Chief Financial Officer for use in the assessment of the University’s overall financial position.

6.2. Overarching Principles

In securing financial sustainability, the University will invest its capital to support strategic ambition, adopting a considered approach to both immediate and future value of capital investments. In prioritising investments, the University will consider best value, taking account of the lifecycle costs and opportunities to share and maximise the use of our capital assets. In order to achieve this strategic alignment, the capital investment planning is fully integrated with the University's planning and performance cycle.

6.3. Scope

The regulations in this section cover all capital expenditure from all funding sources. The
rationale for this is that capital assets bring with them lifecycle costs that the University will need to bear in the long term. Even if the initial purchase is grant funded or donated, the ongoing costs may be significant.

6.4. **Definition of Capital**

A capital item is usually an item which has physical substance and meets both the following criteria:

- It will be used on an ongoing basis and will provide use to the University for more than one year and
- Its initial cost is greater than the capitalisation limit of £25,000 per item.

For land and buildings (L&B) in particular, for capitalisation the expenditure incurred should result in:

- An enhancement or prolonging of the life of a building and will need to be more than just maintaining the current asset
- A significant increase in asset value
- A change of use
- Increased capacity.

Capital is identified under three headings:

- Land and buildings
- Infrastructure
- Equipment including computing and networking.

6.5. **Capital Investment Planning Process**

The capital investment planning process provides a strategic framework for developing the capital investment plan.

All capital investment proposals will be managed through the University’s planning and performance cycle to provide transparency and allow a balanced consideration of priorities in the context of strategic direction, risk and return. In addition, this ensures that overall affordability has been tested and will be managed. In exceptional circumstances, a capital investment may be arranged outside the planning and performance cycle. This will require the use of the same framework of appraisal and prioritisation to ensure value and affordability.

6.5.1 **Option Evaluation and Business Case**

The completion of an outline business case (OBC) is recommended for all investment proposals, and is required for land and building proposals over £500k and equipment investments over £100k inclusive of VAT. This provides a case for the investment and documents the circumstances and options at the time of planning. The Sponsor is responsible for developing the rationale and need, and specialist Departments will guide in relation to the option creation and appraisal: Facilities, Residential and Commercial Services (FRCS) (for L&B) or the Procurement Department (for equipment) or IT Services (for computing and
networking). The business case is submitted as part of the planning process or appropriate project timelines.

6.5.2 The Consolidated Capital Investment Plan

The Capital Investment Planning Group is responsible for review and prioritisation of capital proposals submitted by planning units during the planning cycle.

Responsibility for the capital plan ultimately rests with the University Council who will approve in principle the capital plan alongside the recurrent income and expenditure plan based on the recommendation of the Finance & Resources Committee.

6.6 Procurement and Construction of Capital Assets

6.6.1 Governance and Release of Funds

The items forming the capital plan as approved in principle require a more detailed appraisal prior to committing the University to expenditure. This ensures that the conditions in existence at the time of planning continue to render the investment a highest priority and best value, and confirm the affordability at the time. A full business case at the appropriate project stage should be presented for approval with the level of expenditure as follows:

- Up to £2m: Capital Investment Planning Group
- £2m-£5m: Senior Leadership Team
- £5m-£15m: Finance & Resources Committee
- Over £15m: University Council

Any projects that could be considered sensitive or contentious should still be reported to Finance and Resources Committee (and beyond) for approval, even if these projects are lower in value.

The approved full business case shall signify the right to commit the University to expenditure in accordance with the University procurement policy and in accordance with the objectives as identified in the business case.

6.6.2 Procurement

Procurement of capital assets shall be conducted in accordance with the University’s procurement procedures at https://www.liv.ac.uk/procurement/intranet/procurement_procedures/procedures/

6.7 Ongoing Management of Capital Assets

6.7.1 Recognition of Capital Assets

All capital assets shall be recorded on the University’s recognised asset register at the point when they are first brought into operational use.

6.7.2 Management of Capital Assets

It is the responsibility of the Head of Department to ensure that capital equipment assets are appropriately managed to deliver optimal value.
It is the responsibility of the Director of Facilities, Residential and Commercial Services to ensure the existence of appropriate frameworks to manage and maintain the land and buildings of the University estate in functional condition and in compliance with legislative requirements.

6.7.3 *Depreciation of Capital Assets*
Capital assets shall be depreciated in accordance with the University’s depreciation policy.

6.7.4 *Valuation of Capital Assets*
Assets purchased or constructed shall be recorded in the University’s asset register at full cost unless the asset represents an investment property in which case it shall be recorded at market value. Properties shall be reviewed for possible impairment and written down if there is evidence that its current value is less than its holding value in the register.

6.7.5 *Disposal of Capital Assets*
Advice and guidance on the disposal of assets can be obtained from the Head of Procurement and at [https://www.liv.ac.uk/procurement/](https://www.liv.ac.uk/procurement/)

Heads of Department are responsible for notifying the Chief Financial Officer of any disposal of capital assets. To ensure the disposal is accounted for correctly, an authorised asset disposal form should be completed and sent to the Finance Department. The procedures to be followed can be found at [https://www.liverpool.ac.uk/intranet/finance/resources/finance_policiesprocedures/](https://www.liverpool.ac.uk/intranet/finance/resources/finance_policiesprocedures/)

and disposal forms are available at [https://www.liverpool.ac.uk/intranet/finance/resources/finance_department_forms/](https://www.liverpool.ac.uk/intranet/finance/resources/finance_department_forms/)

In the case of equipment funded on a research grant or contract, the selling Department must first satisfy themselves that the University is entitled to sell the equipment under the terms of the grant or contract.

6.7.6 *Disposal of Land and Buildings*
The disposal of land and building assets shall be progressed in line with the University’s Property Disposals Policy and approval sought through the relevant committee(s). Any such disposal should also be recognised on the ‘Disposal of Land and Buildings Schedule’ as part of the capital investment plan in the planning and performance cycle.

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Section 7 – Treasury Management

7. Treasury Management

7.1. Key Principles
    The University of Liverpool adopts the key recommendations of the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Treasury Management in the Public Services Code of Practice.

    The University of Liverpool, in compliance with the CIPFA Code of Practice, defines its treasury management activities as:

    • The management of the University’s cash flows, its banking, money market and capital market transactions, the effective control of the risk associated with those activities, and the pursuit of optimum performance consistent with those risks
    • The University of Liverpool regards the balance of risk and return to be the prime criteria in the management of its treasury activities. Accordingly, it will seek to achieve optimum returns on its investments whilst ensuring the security of the principal sums invested.

    The University of Liverpool acknowledges that effective treasury management will provide support towards the achievement of its business objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

7.2. Treasury Management Policy
    The University has a Treasury Management Policy which can be found at Treasury Management Policy and Procedures (liverpool.ac.uk) outlining the University treasury policy and procedures. The Treasury Management Policy is formally updated at least every three years. In the first instance the Treasury Management Policy is reviewed by the Investments Sub-Committee and any amendments are then submitted to the Finance & Resources Committee for approval.

    The Policy applies to the University and its subsidiary companies. It does not apply to the University of Liverpool Pension Fund (ULPF) or any other pension schemes which have their own regulations and policies.

7.3. Treasury Responsibilities
    The Chief Financial Officer has overall responsibility for the design, implementation and monitoring of all arrangements for the identification, management and control of treasury management risk. The Chief Financial Officer is also responsible for ensuring the University of Liverpool maintains full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions. This is for the purposes of learning from the past and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at that time.

    Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the University of Liverpool will be under the control of the Chief Financial officer and will be aggregated for cash flow and investment management purposes.
Cash flow projections will be prepared on a regular and timely basis and the Chief Financial Officer will ensure that the University maintains cash balances in excess of £60m.

7.4. Banking Arrangements
The Chief Financial Officer is the only person who may open or close a bank account in the name of the University or one of its subsidiary companies, for dealing with the funds of the University or subsidiary company. Such accounts may only be opened if they relate to activity that is to be accounted for in the University’s consolidated financial statements.

All bank accounts shall be in the name of the University or one of its subsidiary companies. All cheques and finance instruments made payable to the University or one of its subsidiary companies must be paid into an account that has been opened by the Chief Financial Officer in the name of the University or the subsidiary company.

All automated transfers on behalf of the University must be authorised in accordance with the applicable banking mandate. Details of authorised persons and limits are recorded in the University's bank mandate.

The Chief Financial Officer is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

7.5. Cash Investment Deposits
The over-riding principle when investing surplus funds is to ensure the security of the principal sums invested whilst achieving a satisfactory return.

The University invests surplus cash in line with the approved counterparty criteria set out in the Treasury Management Policy.

Surplus cash balances may be invested as follows:

- Deposits with approved banks
- Deposits with approved AAA Money Market Funds
- Deposits with approved building societies
- Certificates of deposit issued by approved banks
- Investment grade corporate bonds (may be purchased by external fund managers only).

The Chief Financial Officer is responsible for monitoring closely the credit rating of counterparties with whom the University’s surplus cash is placed on deposit.
Section 8 – Income and Banking

8. Income and Banking

The Chief Financial Officer is responsible for:

- Ensuring that appropriate procedures are in operation to enable the University to receive all income to which it is entitled
- The prompt collection, security and banking of all income received
- Ensuring that all grants notified by OfS, UKRI and other bodies are received and appropriately recorded in the University’s accounts
- Ensuring that all claims for funds, including research grants and contracts, are made by the due date.

8.1. Banking Arrangements

Council shall approve the appointment of the University’s bankers on the recommendation of the Finance & Resources Committee, who shall consider tendering competitively for the service every five years. The Chief Financial Officer is responsible for opening and closing all bank accounts in the name of the University and liaising with the University’s bankers in relation to all bank accounts and entering into all other financial arrangements.

All bank accounts will be subject to reconciliation no less than monthly and any large or unusual items will be investigated promptly as appropriate.

8.2. Invoicing

Departments are responsible for raising and dispatching sales invoices and credit notes to customers in accordance with approved procedures available at Credit, Control, Policy, V1.pdf (liverpool.ac.uk)

All invoices and credit notes should be processed through the Agresso financial system or other systems that have been approved by the Chief Financial Officer.

In order that income can be collected on a prompt basis and to ensure that the level of bad debt is minimised, Departments must issue sales invoices to their customers on a timely basis and in compliance with the terms and conditions of contracts.

Departments are responsible for maintaining adequate financial records to support the invoice including, where relevant, VAT information.

8.3. Collection of Debts

Appropriate checks must be undertaken to ensure the credit worthiness of new customers in line with the approved procedures at Credit, Control, Policy, V1.pdf (liverpool.ac.uk)

Prompt and effective action must be taken to collect all overdue debts. The debt position of the University will be reported to the Finance & Resources Committee on a quarterly basis.

The Chief Financial Officer is responsible for implementing credit arrangements and indicating
the periods within which different types of invoices must be paid.

All requests to write off debts must be referred to the Finance Department for consideration and approval. The Financial Accountant, Deputy Director of Finance and the Chief Financial Officer have authority to approve write offs up to £1,000, £20,000 and £50,000 respectively. Write offs over £50,000 require the approval of the Finance & Resources Committee.

8.4. Cash Receipts
All monies received by whatever means (e.g. credit, debit and charge cards, standing orders, direct debits and Bankers Automated Clearing Services (BACS)) must be recorded on a daily basis.

For the purpose of this regulation, money is defined as cash, cheques, bankers’ drafts and money orders.

Money must be paid promptly into the Finance Cash Office for banking. The exception to this will be for specified outlets where money is directly paid into the University bank account by delivery to the branch by the approved cash collection provider.

All cash holdings must comply with the requirements of the University’s insurers.

No deductions may be made from any cash collected on behalf of the University prior to payment into the University Cash Office.

The Chief Financial Officer is responsible for instituting controls to prevent and detect money laundering through the University accounts, and ensuring the University complies with the Criminal Finances Act 2017 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and all other relevant legislation.

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Section 9 – Expenditure and Payments

9. Expenditure and Payments

The Chief Financial Officer is responsible for ensuring timely payment for the supply of goods and services to the University. Invoices approved and due for payment will be paid on a weekly BACS run. International payments are processed via the payment platform on a weekly basis. To mitigate exchange rate risk Euros and United States Dollar (USD) invoices are paid in the invoiced currency. All other currency payments are made from the University’s main sterling current account. Same day payments can only be processed by Finance with appropriate approval and supporting evidence.

Budget holders are responsible for ordering and authorising payment for purchases of goods and services. The Chief Financial Officer, acting through the Head of Procurement, is responsible for examining every contract for purchase of goods and services above the
threshold shown in the procurement procedures at
https://www.liv.ac.uk/procurement/intranet/procurement_procedures/procedures/

Budget holders must not commit the University to expenditure without ensuring that sufficient budget funds are available or that any additional amounts have been authorised in accordance with any delegated authority. Only bona fide expenditure as outlined in the University's Financial Procedures may be authorised from University funds. This applies to all forms of expenditure, including salaries and wages, fees and expenses, petty cash, payments to suppliers, and payments made with T&E and purchasing cards. All BACS, same day and international payments will be approved in line with the bank mandate of the University. Individual signatories can process amounts up to £25,000. Over this amount two authorised signatories are required to process the payment. Direct debits and standing orders may be used when authorised in line with the University bank mandate. The opening of accounts with PayPal and other payment systems that require details of the University bank account is specifically forbidden without the written authority of the Chief Financial Officer. In the rare circumstances where payment is required to be made by PayPal this should be made by purchasing card and payment should only be made following approval from Procurement.
Section 10 - Endowments

10. Endowments and Gifts

10.1 Gifts, Benefactors, Endowed Funds and Funds held on Trust

The Chief Financial Officer is responsible for maintaining financial records in respect of gifts, benefactions, endowed funds and funds held on trust made to the University and initiating claims for recovery of tax where appropriate.

It is University policy for all endowments to be invested in a portfolio of long-term investments. These portfolios are managed by Investments Sub-Committee.

Expenditure charged to endowments must be in line with the terms and conditions of the specific endowment.

New endowments will only be created if there is evidence that it is the donor’s wish that the gift is invested or treated as an endowment and the size of the donation meets the criteria set out in the Policy for Acceptance/Refusal of Donations, Endowments and Legacies.

10.2 Investments Sub-Committee

While formal responsibility for investments lies with Council, the monitoring of investment policy, transactions and performance is undertaken by the Investments Sub-Committee which reports into the Finance & Resources Committee.

On behalf of the Council, the Investments Sub-Committee undertakes the following duties:

- To advise the University on all issues relating to its monies, including any unapplied income in such stocks, funds, shares or securities as the Council shall from time to time think fit, where authorised by the general law for the investment of trust monies or not and whether within the United Kingdom of Great Britain and Northern Ireland or not, or in the purchase of freehold or leasehold land in the United Kingdom, including rents
- In pursuance of the powers set out in above, to advise the University in relation to buying, selling, exchanging, leasing and accepting leases of real and personal property on behalf of the University
- To advise the Council, through the Finance & Resources Committee, on the appropriateness of the investment strategy for the management of monies belonging to the University
- To advise the Council, through the Finance & Resources Committee, on the appointment of fund managers
- Where portfolios are managed by external fund managers, to oversee the management of the portfolios, to set policy parameters, to monitor investment performance and to review investment management periodically
- To monitor adherence to the Ethical Investment Policy in terms of the principles and exemptions agreed by the University as part of its commitment to invest funds on a socially responsible basis
- To advise the Council, through the Finance & Resources Committee, on the appropriateness of the Ethical Investment Policy.
Section 11 - Procurement

11. Procurement

11.1. Authority to Purchase

The deployment of the University’s resources is the responsibility of Council exercised through the Finance & Resources Committee.

The University operates a devolved procurement procedure whereby authority to commit funds is delegated to Heads of Department and designated budget holders (authorised persons) supported by central monitoring and specialist accounting and procurement advice. In exercising this delegated authority, authorised persons are required to observe the University’s relevant policies and procedures. Such persons may authorise orders for their Head of Department, committing departmental funds, or authorise payment of invoices for goods or services rendered, subject to adequate segregation of duties within the relevant Department. (See section 4.4 of these regulations for further information.)

No one is authorised to commit the University without first ensuring there are sufficient funds to meet the purchase cost. This practice applies to all purchases regardless of the source of funding.

Heads of Department are ultimately responsible for compliance with the University’s purchasing policy and procedures in respect of all purchases, however funded, within their Department. In the case of research grants and contracts, the Head of Department may delegate this responsibility to the grant holder.

The Head of Department must ensure that all staff who have delegated authority are fully aware of the University’s procurement procedures which are available at https://www.liverpool.ac.uk/intranet/procurement/documents_policies/

Authorised persons must not enter into any form of contractual commitment for the procurement of goods or services that includes any terms and conditions that vary from the University’s standard terms for purchase. In particular, contractual documents must not be signed. In this context a contractual document is any document that has or may have the effect of binding the University to procure and pay for goods and services. All such documents must be forwarded to the Procurement Department for vetting before signature by an authorised officer of the University.

Reporting to the Chief Financial Officer, the Head of Procurement is responsible for:

- Ensuring that the University’s procurement policy and procedures are published, promoted and easily accessible to all who are involved in purchasing for the University
- Advising on matters of University purchasing policy and practice
• Advising and assisting Departments where required on specific departmental purchases
• Establishing appropriate supply arrangements on behalf of University Departments and budget centres to assist them in meeting their value for money obligations
• Vetting high value orders prior to them being placed with the supplier
• The drafting and negotiation of all large scale purchase contracts undertaken by the University, in collaboration with the responsible Department
• Ensuring that the University’s procurement activities comply with legislative and regulatory requirements.

11.2 General Principles
The University requires all authorised persons, irrespective of the source of funds, to obtain supplies, equipment and services at the lowest possible cost consistent with quality and delivery requirements and in accordance with sound business practice, taking due account of relevant ethical and environmental standards. The determination of lowest cost should take into account the ‘whole life’ of the products or services being supplied including, where appropriate, the following factors:

• Purchase costs (including VAT if applicable)
• Firmness of price (e.g. fixed or otherwise)
• Foreign exchange risks and costs
• Terms of payment
• Commercial and legal risks
• Length of warranty or period of free maintenance
• Running costs (e.g. spares, consumable items, fuel, water, electricity)
• The cost of any required building or services alterations – after consultation with the Facilities, Residential and Commercial Services
• The likely sale or scrap value
• The cost of safe decommissioning and end-of-life disposal
• Any relevant environmental, sustainability and social responsibility considerations
• The cost of the procurement process itself, which should not be disproportionately high in relation to the value or importance of the subject matter.

With regard to the terms of payment, the University will not normally pay for goods in advance. The main exceptions to this are:

• Maintenance contracts which are normally paid annually in advance
• Small value purchases such as journal subscriptions and goods or services that may be paid for in advance by purchasing card
• Large value contracts with stage payments tied to milestones of achievement and/or protected by a bank guarantee. In such contractual situations, Departments must contact the Head of Procurement who will
undertake negotiations with the supplier on behalf of the University.

Special cases, not falling within one of these exceptions, should first be discussed with the Head of Procurement.

11.3 Supplier, Selection, Quotations and Tenders
The University sets value thresholds to determine when quotations or tenders must be obtained. The current thresholds and procedures pertaining to quotations and tenders, which are mandatory and apply to all purchases regardless of the source of funds, are available at https://www.liv.ac.uk/procurement/intranet/procurement_procedures/procedures/. Quotations and tenders must be kept on file for reference and audit purposes.

Making a Purchase
Before creating an order, all staff must comply with the procedures on quotations and tenders referred to in 11.3 above.

The University does not accept liability for the payment of any invoice unless the goods have been supplied in response to an official University purchase order authorised and processed in accordance with these procurement procedures. In situations where a liability has been improperly accrued to the University, it reserves the right to recover the cost from the individual responsible for incurring the liability with the supplier.

There are two mechanisms for purchasing goods and services:

- Purchase orders. Detailed procedures are available at University of Liverpool/Sharepoint
- University purchasing card (within the relevant card limit). Purchasing card holders have delegated authority to purchase goods or services for and on behalf of their Department using the purchasing card. The regulations concerning the use of purchasing cards are contained in the document entitled Purchasing Card User Guide, which is available at https://www.liv.ac.uk/procurement/intranet/purchase_cards/

Section 12 – Research Grants and Contracts

12. Research Grants and Contracts

This section sets out the procedures regarding research grants and contracts. Further information is available at https://www.liv.ac.uk/intranet/research-support-office/ and http://www.liv.ac.uk/legal/

12.1 Research
All universities must classify research according to the Second Chapter of the
OECD 1993 Frascati Manual:

‘Creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society and the use of this stock of knowledge to devise new applications..... Basic research is experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundation of phenomena and observable facts, without any particular application or use in view...

Applied research is also original investigation undertaken to acquire new knowledge. It is, however, directed primarily towards a specific practical aim or objective....... Experimental development is systematic work, drawing on existing knowledge gained from research and/or practical experience that is directed to producing new materials, products or devices, to installing new processes, systems and services, or to improving substantially those already produced or installed’.

12.1.1 Research Grants and Contracts

The term ‘research grant’ applies to research projects that are funded under non-negotiable terms and conditions. Awards are made for a set period to allow for a specific research project to be undertaken.

The term ‘research contract’ applies to externally funded research with negotiable terms and conditions. A contract will be agreed between the University and the funder to define the rights and responsibilities of the parties, and detailing the terms and conditions under which the research will be carried out. The Contracts Team within Legal and Governance provides advice and guidance for the negotiation and agreement of any contractual documentation with negotiable terms.

12.2 Costing Research Grants and Contracts

12.2.1 Overarching Principles

The University applies the Full Economic Costing (FEC) methodology to all of its research, thereby complying with the Government’s Transparent Approach to Costing (TRAC). The FEC methodology provides a cost based price, which, if recovered across an organisation’s full programme, would recover the total cost (direct, directly allocated and indirect, including an adequate investment in the organisation’s infrastructure). The cost of the University’s research is the same, irrespective of funder.

12.2.2 Costing, Submission and Acceptance Processes

The costing, submission and acceptance of research applications is administered by the Research Support Office (RSO).

Each Department is supported by a dedicated team of Research Support Officers https://www.liverpool.ac.uk/intranet/research-support-office/staff/

Academics wishing to apply for external research funding should contact the departmental Research and Finance Team in the first instance, who will then
liaise with RSO to provide the relevant support, advice and guidance.

The RSO uses the University’s Integrated Research Information System (IRIS) to record, cost and approve the submission and acceptance of research applications to external funders. IRIS is located within the University of Liverpool Information Portal (TULIP). Within IRIS Research Support Officers cost research applications and complete the IRIS research record on behalf of academics submitting applications to external funders. Academics can view, edit, add to and approve their applications and awards records, departmental administrators can view, edit and add to records and run management information reports. Heads of Department can view, edit, add to and approve submissions and acceptances.

Costing Methodology – the full economic cost (FEC) of a research proposal will be made up of budgeted costs that are categorised as directly incurred, directly allocated or indirect. Following confirmation of the award, the lead Department can incur expenditure against the directly incurred element, provided it is within the agreed dates of the project. The directly allocated and indirect elements of the award are accounted for by RSO as contribution towards institutional overheads.

Directly Incurred (DI) Costs – These are costs that are directly incurred on research, include both staff and non-staff costs and relate specifically to the individual award. The University’s directly incurred costs include:

- Staff costs
- Travel and subsistence
- Equipment (capital costs plus maintenance and related costs that are not included as part of the estates)
- Consumables.

Directly Allocated (DA) Costs – These are costs that are shared between several awards or activities and are charged to individual awards on the basis of estimates rather than actual costs on a rate per Full Time Equivalent (FTE) basis.

The University’s directly allocated costs include:

- Investigators’ costs (unless DI or non-chargeable)
- Costs of pooled staff effort
- Estates costs (building and premises costs, basic services and utilities)
- Lease/rent/rates, insurance, cleaning/portering/security/safety, staff facilities, any clerical staff and equipment maintenance not included as DI or DA)
- Charge out rates of major research facilities and shared equipment.

Indirect Costs – These are costs that cannot be directly identified to any one award or activity, but are part of the costs of undertaking an activity (e.g. Finance, Human Resources). These are charged to individual awards on a rate per FTE
basis.

The University’s indirect costs include, for example, central and departmental services.

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**Directly Allocated, Indirect and Facility Charge Rates per FTE** – These are calculated once a year, and apply from 1 February until 31 January of the following year. They are calculated by the FEC Team and charged to awards per academic and research FTE (they are not applied to technical and support FTE).

The charge rates are commercially sensitive and should not be shared in detail outside the University. They are available on request from either the RSO or the FEC Team.

**Research Studentships** – Depending on the funding source, there are a variety of costing, submission and acceptance processes for research studentship applications. For those funded as part of research grants and contracts the costing, submission and acceptance processes described above should apply.

The costing of postgraduate studentships, as part of a larger research project, is conducted on the IRIS system and comprises the following:

- Maintenance/stipend award payable to the student
- Tuition fees
- The direct cost of the work, such as equipment, consumables and fieldwork.

12.3 **Pricing of Research**

The price charged for research will depend on both the funder and the activity. The University operates in regulated and unregulated markets, and this also has an influence on ‘price’ as opposed to ‘cost’.

In a regulated market, such as funding from the Research Councils, Charities and the European Commission Framework Programme, the price is based on some or all of the cost. The pricing policies of regulated funders change periodically and programme-specific guidance should therefore be referred to – at application and award stage – to ensure compliance with current rules and regulations. The Research Support Office obtains this information from the funders directly, most of which publish up to date guidance on the internet.

For unregulated markets, such as interactions with commercial organisations and some Government Departments, the price should be based on the cost but will also reflect what the market will bear. There is an expectation that industrial funders will cover at least the FEC of the research.

Policies can be found at [https://www.liverpool.ac.uk/intranet/research-](https://www.liverpool.ac.uk/intranet/research-).
Expert advice on the pricing of research for industrial funders can be obtained from the Research Support Office at https://www.liverpool.ac.uk/intranet/research-support-office/ and Consultancy and Innovation at https://www.liverpool.ac.uk/intranet/consultancy/ including specific guidance on pricing for industry, guidance for which is at https://www.liverpool.ac.uk/intranet/research-support-office/pre-award/costing-pricing/pricing/.

12.4 Residual Balances on Research
The regular review and reconciliation processes carried out by RSO in liaison with Departments aim to reduce the incidence of surplus and deficit residual balances by identifying and rectifying issues as early as possible.

12.4.1 Unplanned Surpluses - Where there is a surplus residual balance due to unanticipated delays or other external factors, this is either returned to the funder under the terms and conditions of the award or, if the funder allows, retained by the University. Retained unplanned surplus residual balances are accounted for as a positive contribution to the relevant Department (i.e. the departmental contribution to institutional overheads will be increased).

12.4.2 Planned Surpluses - Where a planned cost of FEC plus profit has been negotiated with the funder this will also be accounted for as a positive contribution to the relevant Department (i.e. the departmental contribution to institutional overheads will be increased). These planned surplus residual balances should be included in the research planning process within the appropriate Department.

12.4.3 Deficits – Where there is a deficit residual balance this will be accounted for as a negative contribution to the relevant Department (i.e. the departmental contribution to institutional overheads will be reduced).

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Section 13 – Consultancy and Business Services

13. Consultancy and Business Services

Information relating to University policy and processes for Consultancy and Business Services can be found at https://www.liv.ac.uk/intranet/consultancy/

Section 14 – Staff Salaries, Wages and Other Reimbursements

14. Staff Salaries, Wages and Other Reimbursements

14.1. Payments to Staff and Non-Staff
The Director of Human Resources is responsible for payment of salaries and wages to all staff including any relevant allowances. They must approve the format of all timesheets and other pay documents.

14.2. Salary Scale and Contracts
All staff must be appointed to the salary scales approved by Council and in accordance with appropriate terms and conditions of employment. All letters of appointment and employment contracts must be issued by the Director of Human Resources or their nominee.

14.3. Payroll Records
The Director of Human Resources is responsible for keeping all records relating to payroll including those of a statutory nature. All payments must be in accordance with the University’s payroll procedures and comply with all HMRC regulations and other statutory regulations that may be in force.

14.4. Pensions
Council is responsible for undertaking the role as employer in relation to appropriate pension arrangements for employees. The Director of Human Resources is responsible for the administration of pension matters including the administration of the University's pension fund and communicating with the various pension funds.

14.5. Reimbursement of Expenses
University purchasing and payments procedures are in place to enable the majority of non-pay supplies to be procured without staff having to incur any personal expense. However, on occasions staff will incur expenses, most often in relation to travel, and are entitled to reimbursement. Reimbursement of expenses operates in accordance with legislation imposed by HMRC. Staff claiming reimbursement should ensure that appropriate authorisation is given.
before expenditure is incurred and that expenditure is incurred in accordance with the expense policy manual which is available at
https://www.liverpool.ac.uk/intranet/hr/my-hr/information/policies/pay/expenses/

Where expenses are incurred which are not compliant with HMRC requirements, reimbursement of these expenses will be subject to tax and national insurance contribution deductions.

Expense claims must be authorised by the appropriate budget holder or an authorised signatory from the budget unit in which the expenditure has been incurred. This authorisation confirms that the costs were authorised, all expenses were properly and necessarily incurred in compliance with the expense policy manual, and that all claimed expenses may be charged to the University. Expense claims should be made via Payroll using the relevant Director of Human Resources approved form which is available at
https://www.liverpool.ac.uk/intranet/hr/my-hr/information/policies/pay/expenses/

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Section 15 – Audit Requirements

15. Audit Requirements

The Audit Committee’s remit is to oversee the arrangements for the external and internal audit of the University’s financial and management systems and of activities and processes related to these systems.

Internal and External Auditors have authority to:

- Access University premises at reasonable times
- Inspect all assets, records, documents and correspondence relating to any financial and other transactions of the University
- Require and receive such explanations as are necessary concerning any matter under audit
- Require any University employee to account for cash, stores or other University property under their control
- Whenever a matter arises which involves, or is thought to involve, irregularity or fraud, the Head of Department must notify the Chief Financial Officer who shall take such steps as considered necessary by way of investigation and involvement of Internal Audit
- Finance & Resources Committee and Audit Committee review the University’s financial statements. The Audit Committee focus is on
matters highlighted in the External Auditors’ management letter. Once approved by Finance & Resources Committee and Audit Committee, the financial statements are submitted to Council for approval.

15.1 **External Audit**

The appointment of External Auditors is laid down under Statute 7 and is the responsibility of Council as advised by the Audit Committee.

The primary role of the External Audit service is to report on the University’s financial statements and to carry out such examination of the statements and underlying records and control systems as is necessary to reach an opinion on the statements and to report on the appropriate use of funds.

The External Auditors’ duties will be in accordance with advice set out in the terms and conditions of OfS funding, the terms and conditions of Research England grant with the University, United Kingdom Accounting Standards and the Auditing Practices Board’s Statements of Auditing Standards.

15.2 **Internal Audit**

Council appoints the Internal Auditor on the recommendation of the Audit Committee.

The primary role of the Internal Audit service is to provide Audit Committee and Council with assurances on the adequacy of the University’s internal control system.

The Internal Auditor’s duties will be in accordance with advice set out in the terms and conditions of OfS funding and the terms and conditions of Research England grant and they will also comply with the Auditing Practices Board’s Statements of Auditing Standards.

Internal Audit is independent in its planning and operation and has direct access to the Council, the Vice-Chancellor and the Chair of Audit Committee.

15.3 **Other Auditors**

The University may be subject to audit or investigation from time to time by external bodies such as OfS, Research England, the European Court of Auditors, HMRC.
Section 16 – Other Matters

16. Other Matters

16.1 Risk Management
Risk is the possibility that events, outcomes or actions, both foreseen and unforeseen, affect the University’s ability to achieve its strategic objectives; it arises as much from the possibility that opportunities will not be realised as from the possibility that threats will materialise.

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

The governing body, the Council, has ultimate responsibility for risk management, through the development, implementation and embedding of a formal, structured risk management process and also ensuring that there is a Risk Management Policy.

Within this policy, the following are included:
- Risk management strategy
- Risk tolerance and appetite
- Roles and responsibilities
- The risk management framework/standard operating procedures.

Further information on the University’s risk management policy, framework and operating procedures can be requested from Strategic Planning.

16.2 Use of the University’s Seal
Where a deed or document requires the University seal it must be sealed by Legal and Governance and then signed by two members of the Senior Leadership Team. All documents are reviewed by Legal and Governance prior to signing and sealing and if necessary further information regarding the document may be sought.

The University Secretary and General Counsel is responsible for ensuring that Council members have access to information regarding the use of the University’s seal.

16.3 Insurance
Although the University maintains a wide range of insurance policies it is necessary to stress that there is a responsibility upon all staff to adequately control risks so that acceptable premium levels can be maintained.

Heads of Department and budget holders should promptly notify the insurance section of all new activities that might also present new insurance risks.

Heads of Department must ensure that any contracts or agreements negotiated between their Departments and external bodies do not expose the University to any enhanced liabilities. Advice should be sought from the insurance section to
ensure that the terms of any contract or agreement fall within the University’s insurances and do not give rise to any uninsured liabilities.

Further information on the University’s insurance policy and procedures is available at https://www.liv.ac.uk/intranet/legal/insurance/

16.4 Charitable Donations
The University only makes charitable donations that are legal and ethical under local laws. No donation must be offered or made without prior approval of the University Secretary and General Counsel.
### Section 17 – Glossary

**Glossary**

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<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>BACS</td>
<td>Bankers’ Automated Clearing Services</td>
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<td>CIPFA</td>
<td>Chartered Institute of Public Finance &amp; Accountancy</td>
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<td>DA</td>
<td>Directly Allocated</td>
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<td>DI</td>
<td>Directly Incurred</td>
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<td>FEC</td>
<td>Full Economic Costing</td>
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<td>FTE</td>
<td>Full Time Equivalent</td>
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<td>HMRC</td>
<td>HM Revenue &amp; Customs</td>
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<td>IRIS</td>
<td>Integrated Research Information System</td>
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<td>L&amp;B</td>
<td>Land &amp; Buildings</td>
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<td>OBC</td>
<td>Outline Business Case</td>
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<tr>
<td>OECD</td>
<td>The Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OfS</td>
<td>Office for Students</td>
</tr>
<tr>
<td>PAYE</td>
<td>Pay As You Earn</td>
</tr>
<tr>
<td>RSO</td>
<td>Research Support Office</td>
</tr>
<tr>
<td>SOCA</td>
<td>Serious Organised Crime Agency</td>
</tr>
<tr>
<td>T&amp;E</td>
<td>Travel &amp; Entertainment</td>
</tr>
<tr>
<td>TRAC</td>
<td>Transparent Approach to Costing</td>
</tr>
<tr>
<td>TULIP</td>
<td>The University of Liverpool Information Portal</td>
</tr>
<tr>
<td>UKRI</td>
<td>UK Research and Innovation</td>
</tr>
<tr>
<td>ULPF</td>
<td>University of Liverpool Pension Fund</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar</td>
</tr>
<tr>
<td>VAT</td>
<td>Value Added Tax</td>
</tr>
</tbody>
</table>

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