

CORPORATE GOVERNANCE AND FINANCIAL REGULATION

SUMMARY OF PRINCIPAL CHANGES

General changes	
<i>A number of tables have been reformatted to provide University and company approval/reporting requirements separately. Minor amendments have been made.</i>	
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30	Refer to text
40.2.4	Refer to text

(Amendments to version 11.0, UPR FR06, are shown in italics.)

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CORPORATE GOVERNANCE – Sections 1 – 16

In approving the policies and regulations set out in this document, the Board of Governors has defined the Corporation's governance framework and Financial Regulations to ensure the proper operation of the Corporation and its companies.

These policies and regulations have been drawn-up in compliance with HEFCE Regulation and Guidance and with Corporate and Charity Law.

Value limits and associated approval requirements represent a minimum framework for approval and reporting. It is implicit that, within this framework, Boards of Directors have latitude to determine supplementary approval and reporting arrangements to operate within their respective Companies.

1 UNIVERSITY OF HERTFORDSHIRE HIGHER EDUCATION CORPORATION

- 1.1 The University of Hertfordshire was created as an independent Higher Education Corporation in 1989 under the terms of the Education Reform Act (1989). The Corporation achieved University status in 1992 under the provisions of the Further and Higher Education Act (1992).
- 1.2 The Corporation operates in accordance with the terms of an Instrument of Government (UPR GV04¹, refers) and Articles of Government (UPR GV01², refers) approved by the Privy Council. These determine the overarching governance framework of the Corporation and set out the powers and responsibilities of the Board of Governors, the Academic Board, the Vice-Chancellor and certain other Appointees of the Board.
- 1.3 When convened and quorate, the Board of Governors (section A, refers) constitutes the University of Hertfordshire Higher Education Corporation.
- 1.4 The Board of Governors is required to conduct the affairs of the Corporation in accordance with all relevant legislation and any regulations made either by Government or by the Higher Education Funding Council for England (the latter as a condition of the funding which it gives to the Corporation).
- 1.5 Within the terms of HEFCE regulation and the framework provided by the 'Memorandum of Assurance and Accountability between HEFCE and Institutions' the Corporation may establish or acquire wholly-owned subsidiary Companies and may permit these Companies to establish or acquire wholly-owned subsidiary Companies. The Corporation may take an interest in a Company, for example, as a Shareholder or member or under the terms of some other arrangement and may permit a Parent Company (as defined in section 3.5) or a Company (as defined in section 3.6) to do so, provided that the prior written consent of the Board of Governors has been obtained.

2 ACRONYMS

The following acronyms are used in this document:

HEFCE	Higher Education Funding Council for England
SBU	Strategic Business Unit (section 3.10 refers)
UPRs	University Policies and Regulations

¹ UPR GV04 'Instrument of Government'

² UPR GV01 'Articles of Government'

3 DEFINITIONS

For the purposes of this document the following definitions will apply:

3.1 'Corporation':

the University of Hertfordshire Higher Education Corporation (section I, refers);

3.2 'Board':

the Board of Governors of the Corporation;

3.3 'Corporation':

the University of Hertfordshire;

3.4 'University of Hertfordshire Group':

the University, the Companies (as defined in section 3.6) and UH Trust (section 3.21, refers), whose Accounts are consolidated with those of the Corporation;

3.5 'Parent Company':

a Company wholly-owned by the Corporation, such as UH Holdings Limited, that has its own structure of wholly-owned subsidiary Companies; these regulations assign specific powers and responsibilities to Parent Companies;

3.6 'Company':

3.6.1 The generic term used in this document to describe:

- i a Company wholly-owned by the Corporation, such as UH Holdings Limited;
- ii a Company, such as Universitybus Limited, UH Ventures Limited or Exemplas Holdings Limited, which is wholly-owned by a Parent Company, for example, UH Holdings Limited, UH Trust or other subsidiary Company wholly-owned by the Corporation which forms part of the University of Hertfordshire Group;

3.7 'Financial Regulations':

the regulations set out in this document (UPR FR06);

3.8 'Director':

unless indicated otherwise in the text of these regulations, the Director of a Company as defined in section 3.6;

3.9 'Appointee of the Board':

the Vice-Chancellor, the Deputy Vice-Chancellors, the Secretary and Registrar, the Group Finance Director;

3.10 'SBU':

for the purposes of financial management and administration, the Corporation has an internal structure of Strategic Business Units composed of academic schools and professional resource centres;

3.11 **'Head of SBU':**

the senior officer appointed by the Vice-Chancellor to have responsibility for the financial management and administration of an SBU;

3.12 **'Managing Director':**

an individual appointed by a Company to manage the affairs of the Company on a day-to-day basis under the direction of its Board of Directors. Certain Companies do not have a Managing Director, in which case the Company's Board of Directors may designate one or more of the Company's officers to discharge the responsibilities assigned by these regulations to Managing Directors. Where a Board of Directors has not made such a designation then the responsibilities assigned in these regulations to Managing Directors will revert automatically to the Chairman of the Board of Directors;

3.13 **'Budget Holder (or Deputy)':**

a member of staff to whom a Head of SBU/Managing Director has delegated responsibility for the management and administration of a portion of the overall budget of the SBU/Company concerned;

3.14 **'Designated officer':**

an officer to whom these regulations delegate authority or assign a responsibility on an ex officio basis (a designated officer may be an Appointee of the Board, a Head of SBU or other senior officer, Managing Director (as defined in section 3.12) or a deputy designated for a specific purpose or a nominee such as a Budget Holder);

3.15 **'employee':**

an individual with whom the Corporation or a Company (as defined in section 3.6) has a contract of employment;

3.16 **'Prime Document':**

as determined by these regulations (UPR FR06) or, from time-to-time, by the Secretary and Registrar, documents relating to the regulation, conduct or decisions of the Corporation, the Companies or UH Trust (section 3.21, refers) or the authorisation of their activities including, but not necessarily limited to, Schemes of Delegation, University Policies and Regulations (the series of documents through which the Corporation publishes its institutional policies, procedures and regulations), financial records, legal agreements, personal information (including registration documents), machine readable data;

3.17 **'Internal Audit':**

an independent function for the review of the activities of the Corporation, the Companies, UH Trust (section 3.21, refers) and bodies in which the Corporation or a Company has an interest (for example, by Shareholder Agreement) the principal purpose of which is to reassure the Board of Governors, the Trustees of UH Trust and the Vice-Chancellor of the adequacy and effectiveness of the internal control system, risk management and governance processes;

3.18 **'External Auditor':**

the primary function of the External Auditor is to verify the financial statements of the Corporation, the Companies and UH Trust and to carry out such examinations of those statements and underlying records and control systems as is necessary to reach their opinion on the statements;

3.19 **'Academic Agreement':**

a legal agreement for the provision of education or research training which may or may not lead to an award of the University of Hertfordshire;

3.20 **'Commercial activities':**

activities that generate income for the Corporation or the Companies;

3.21 **'UH Trust':**

the Linked Charity administered by UH Trust, a wholly-owned subsidiary company of the Corporation;

3.22 **'Trustee':**

UH Trust which is the Trustee of the Linked Charity, UH Trust;

3.23 **'Students' Union':**

the University of Hertfordshire Students' Union.

4 **PURPOSE**

4.1 This document sets out:

- a the corporate governance arrangements of the University of Hertfordshire Higher Education Corporation and its Companies approved by the Board of Governors from time-to-time, to give effect to the Instrument of Government (UPR GV04¹, refers) and the Articles of Government (UPR GV01², refers) of the Corporation;
- b the Financial Regulations of the Corporation and its Companies as approved, from time-to-time by the Board of Governors. The Financial Regulations provide control over the totality of the Corporation's resources and afford assurance to the Board, the Trustees of UH Trust and the Vice-Chancellor that resources are being properly applied for the achievement of the Corporate Strategic Plan, the business objectives of the Corporation, its financial viability; value for money; that the Corporation is fulfilling its responsibility for the provision of effective financial controls over the use of public funds; for ensuring that the Corporation complies with all relevant legislation and that its assets are safeguarded.

5 **HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND**

5.1 **Higher Education Funding Council for England - 'Memorandum of Assurance and Accountability Between HEFCE and Institutions'**

The Corporation will conduct its affairs and operate in accordance with the terms of its Memorandum of Assurance and Accountability Between HEFCE and Institutions.

5.2 **Higher Education Funding Council for England - Funding**

5.2.1 The Board of Governors will use recurrent or capital funds received from HEFCE solely for the purposes for which those funds were granted by HEFCE.

5.2.2 In determining any annual grant of funds (recurrent funding) to the Corporation, HEFCE will distinguish between those funds which constitute its recurrent funding to the Corporation and those funds which are capital funds.

5.2.3 The Board of Governors has discretion to use recurrent funding received from HEFCE for capital purposes provided that this is consistent with any terms applied by HEFCE to the funding concerned.

5.2.4 The Board of Governors does not have discretion to use capital funding received from HEFCE to meet recurrent costs.

5.3 Higher Education Funding Council for England – Recurrent Funding

5.3.1 A deficit in the recurrent funding budget may be allowed only in pursuit of the Corporation's longer term objectives. Only where the following conditions are met may the Corporation's accrued recurrent expenditure exceed its accrued income in any Financial Year:

- a the deficit in income is covered by reserves which can be applied at the discretion of the Board of Governors;
- b where there are insufficient discretionary reserves to cover the deficit in income, a deficit will be incurred in no more than two (2) consecutive years.

6 GENERAL PRINCIPLES AND REQUIREMENTS

6.1.1 It is a requirement that these regulations and any supplementary policies, instructions and operating procedures implemented to give effect to them are consistent with:

- a the Memorandum of Assurance and Accountability Between HEFCE and Institutions;
- b as appropriate, the document 'Accountability and Audit: HEFCE Code of Practice' (or equivalent) issued, from time-to-time, by HEFCE;
- c relevant legislation;
- d the requirements of this document (UPR FR06),

and that, where required, any necessary prior approvals, such as those required for the disposal of land and buildings purchased with public funds, have been obtained from HEFCE.

6.1.2 In determining the authorisation process that will be required for a transaction, the total (gross) value of the transaction in sterling must be used (effective 21 October 99 (Minute 397, Board of Governors, 21 October 99, refers)).

6.1.3 The limits of authority contained in this document are expressed in sterling. Where an agreement requiring authorisation is expressed in a foreign currency, for the purposes of authorisation, the total value in sterling should be calculated using the exchange rate which applies on the day on which the authorisation is given.

6.1.4 No Governor, employee, Trustee or Director may authorise the payment of salary, expenses or allowance either to themselves or to a person with whom they have a family or close personal relationship. All such claims must be signed personally by the claimant and will be given to a designated Officer at a higher level for checking and approval before reimbursement is made.

6.1.5 Additional reporting requirements

The regulations (UPR FR06) make reference to 'Additional Reporting Requirements'. For the avoidance of doubt, these are reports additional to those made in the normal course of events, such as the management accounts or routine management reports, and relate to the specific matters referred to in this document (UPR FR06), such as a financial or other types of transaction.

6.1.6 **For the avoidance of doubt, the principles set out in this section (6) apply to all sections of these regulations (UPR FR06).**

6.2 Confidentiality

- 6.2.1 Employees, Governors, Trustees and Directors must ensure that any financial information or other confidential records which they hold, either manually or on computer, are kept securely and that where this information includes personal data, these data are held/processed and access to them is permitted only in accordance with the requirements of the Data Protection Act 1998; Corporation regulations (UPR IM08³, refers); any other relevant legislation and any other relevant regulations and procedures established by the Group Finance Director and/or the Secretary and Registrar (effective 21 October 99 (Minute 397, Board of Governors, 21 October 99, refers)).

(Note for guidance:

Officers responsible for the storage, transmission and processing of third party data will comply with relevant industry standards such as the Payment Card Industry Data Security Standards.)

- 6.2.2 Contracts of employment (Corporation and Company) and other legal agreements will include appropriate clauses to protect confidentiality and financial and other confidential records.
- 6.2.3 Unless disclosure is otherwise permitted under the terms of these regulations or by law:
- a corporate and company financial information and confidential records must not be disclosed to anyone who is not authorised to have access to them;
 - b access to corporate and company financial records will require the prior written approval of the Group Finance Director (or deputy designated for this purpose) and will be on a 'need to know' basis;
 - c access to other confidential corporate and company records will require the prior written approval of the Secretary and Registrar (or deputy designated for this purpose)/Company Secretary of the relevant Parent Company (or deputy designated for this purpose) and will be on a 'need to know' basis.

7 SUPPLEMENTARY INSTRUCTIONS AND OPERATING PROCEDURES

- 7.1 For the proper management of the Corporation, the Companies and UH Trust, instructions and operating procedures supplementary to the regulations contained in this document (UPR FR06), to effect the operation of the regulations in this document (UPR FR06), may be issued by, or on behalf of, the Group Finance Director or another Appointee of the Board acting within the limits of his or her authority or by another officer specifically authorised under the terms of these regulations for this purpose.

7.2 Group Finance Director

- 7.2.1 The Group Finance Director is required to establish appropriate accounting regulations, procedures and controls such that the requirements of the 'Memorandum of Assurance and Accountability Between HEFCE and Institutions', relevant legislation and these regulations are met in respect of all responsibilities assigned to the Group Finance Director.
- 7.2.2 In this regard, the Group Finance Director is accountable to the Vice-Chancellor and the Board.

7.3 Secretary and Registrar

- 7.3.1 The Secretary and Registrar is required to establish appropriate regulations, procedures and controls such that the requirements of the Memorandum of Assurance and Accountability Between HEFCE and Institutions, relevant legislation and these regulations are met in respect of all responsibilities assigned to the Secretary and Registrar.
- 7.3.2 In this regard, the Secretary and Registrar is accountable to the Vice-Chancellor and the Board.

³ UPR IM08 'Data Protection'

8 COMPLIANCE

8.1 The regulations set out in this document (UPR FR06) and any supplementary instructions and procedures to effect the operation of the regulations in this document (UPR FR06), issued by, or on behalf of, the Group Finance Director or another Appointee of the Board, are binding on all Governors, employees, Trustees and Directors and (in cases where they are given responsibility for assets of the Corporation or other financial matters) students.

8.2 **Any individual or body which may be subject to the regulations set out in this document (UPR FR06) is required to comply with them. It should be noted that failure to observe these regulations and attempts to circumvent them may result in disciplinary action being taken and, in certain circumstances, criminal proceedings.**

9 EXEMPT CHARITY STATUS

9.1 The Corporation is established as an exempt charity under the provisions of the Education Reform Act 1988.

9.2 A statement to the effect that the Corporation is an exempt charity shall be included:

- a on the Corporation's headed note paper and
- b in all official correspondence and
- c on the Corporation's web site.

10 LEGAL NAME AND ADDRESS

10.1 Corporation

10.1.1 For legal purposes, the full and correct name of the institution is the 'University of Hertfordshire Higher Education Corporation'. 'University of Hertfordshire' is the branding name used by the institution for marketing and communications purposes.

10.1.2 Although the Corporation has no registered office as such, the address for the delivery of legal documents is:

**University of Hertfordshire Higher Education Corporation
College Lane
Hatfield, Hertfordshire AL10 9AB**

10.1.3 Unless instructed otherwise, all documents should be marked for the attention of the Vice-Chancellor or the Secretary and Registrar.

10.2 Companies

University Alliance	Exemplas Holdings Limited	All other Companies
<p>The Registered Office of University Alliance is:</p> <p>49 Whitehall London SW1A 2BX</p>	<p>The Registered Office of Exemplas Holdings Limited is:</p> <p>Bio Park Broadwater Road Welwyn Garden City Hertfordshire AL7 3AX</p>	<p>The Registered Office of all other Companies is:</p> <p>College Lane Hatfield Hertfordshire AL10 9AB</p>

11 NAME AND ADDRESS OF THE CORPORATION AND COMPANIES – USE OF

- 11.1 Under no circumstances will the name of the Corporation or the name 'University of Hertfordshire' or the name of a Company be used in connection with private work.
- 11.2 The Secretary and Registrar will advise on all matters relating to the use of the name and address of the Corporation and the Companies.

12 STRATEGIC BUSINESS UNITS AND OTHER UNITS WITHIN THE CORPORATION - STATUS

- 12.1 SBUs and other units or areas within the Corporation:
- a are not recognised as having a status which is independent of the Corporation;
 - b are not permitted to enter into legal agreements or to trade in their own name;
 - c are not permitted to issue separate invoices.
- 12.2 Heads of SBUs/Managing Directors will ensure that the full legal name of the Corporation or, as appropriate, the relevant Company, appears on all correspondence and legal documents.

13 PRIVATE WORK

Policy and regulation relating to private work will be determined on the authority of the Board and will have the following principles and requirements as their basis:

- a before accepting any private work or before extending existing private work commitments for which approval has already been given (including consultancies, directorships or partnerships) employees must obtain the prior written consent of their Head of SBU/Managing Director;
- b where materials or resources which are the property of the Corporation, the Companies or UH Trust are used in the course of private work they must be paid for at the rate specified by the Group Finance Director.

14 GOOD GOVERNANCE OF THE CORPORATION, COMPANIES AND UH TRUST

The Board of Governors will establish and keep under review policies, regulations and procedures in relation to the following:

- a BRIBERY AND CORRUPTION (including, but not necessarily limited to, prevention, detection, investigation and the declaration and registration of benefits, gifts, private work and conflicts of interest) (UPR GV12⁴, refers);
- b PUBLIC INTEREST DISCLOSURE (WHISTLE-BLOWING) to enable Public Interest Disclosures to be made, considered and acted upon appropriately (Appendix I, UPR GV12⁴, refers);
- c FRAUD to enable the prevention, detection and investigation of fraud (UPR GV12⁴ and UPR FR08⁵, refer);
- d FREEDOM OF INFORMATION (UPR IM09⁶, refers).

15 VALUE FOR MONEY

The Board will assure itself that in the procurement and purchase of goods and services reasonable effort are made by the Corporation, the Companies and UH Trust to obtain value for money.

⁴ UPR GV12 'Bribery and Corruption'
⁵ UPR FR08 'Fraud and Corruption – Anti-Fraud and Anti-Corruption Policy'
⁶ UPR IM09 'Freedom of Information'

16 RISK

The Board and the Vice-Chancellor will:

- a take reasonable steps to understand the nature and magnitude of any risk involved before taking decisions to avoid circumstances that might seriously threaten academic standards, staff and student health, safety or security, the reputation of the Corporation or its financial viability and
- b determine policies and procedures for the assessment and management of risk which are consistent with the recommendations of HEFCE and other relevant codes of practice (UPR FR03⁷, refers.).

FINANCIAL MANAGEMENT AND CONTROL (FINANCIAL REGULATIONS) Sections 17 - 43

17 FINANCIAL YEAR

The Financial Year of the Corporation, the Companies and UH Trust is from 1 August to 31 July.

18 FINANCIAL REGULATIONS - APPROVAL AND AMENDMENT

The Financial Regulations are approved by the Board of Governors⁸ and may be amended only with the prior approval of the Board of Governors.

19 FINANCIAL REGULATIONS - PURPOSE AND SCOPE

These Financial Regulations:

- a assign and clarify responsibilities for the financial management and administration of the Corporation, the Companies and, subject to the exceptions referred to in section I, UH Trust;
- b form the basis of the regulatory framework within which the Corporation, the Companies and UH Trust conduct their business;
- c apply to all aspects for the financial management and administration of the Corporation, the Companies and, where applicable, UH Trust.

20 FINANCIAL REGULATIONS – REPORTING

The Group Finance Director is required by these Financial Regulations to determine and implement appropriate accounting practices and other controls to ensure that all transactions and the related prior and other approvals given in compliance with these Financial Regulations are properly recorded.

21 ANNUAL BUDGET/ANNUAL COMPANY BUSINESS PLANS

21.1 The Board will plan and conduct the affairs of the Corporation/University of Hertfordshire Group so that the total income is sufficient to meet the total expenditure.

21.2 Companies

21.2.1 Each Company will submit a proposed Annual Business Plan for consideration in accordance with processes established on the authority of the Chairman of the relevant Parent Company. These Company Business Plans will inform the preparation of the proposed corporate Annual Budget (section 21.4, refers).

⁷ UPR FR03 'Risk Assessment and Management'

⁸ **Board of Governors' Minutes** 397, 21 October 99; 435.2, 29 June 2000; 470.6, 29 March 2001, 496.1.2, 23 October 2001; 557.1.5, 9 December 2002; 629, 630.3, 630.4 and 637, 28 October 2003 ; 725.2, 9 December 2004, 301, 25 November 2009; 833, 9 July 2012; 343, 17 March 2015, refer. Also refer to minute references contained in the text of the document.

21.2.2 Parent Companies will consider the proposed Company Business Plans of their subsidiaries prior to these Business Plans being submitted for consideration as part of the preparation of the proposed Annual Budget (section 21.4, refers).

21.3 Variations identified as a result of the forecasting process conducted during the Financial Year

- a Managing Directors are expected to manage the financial affairs of their respective Companies within the limits of the Business Plan.
- b Any variations will require approval in accordance with the schedule given in section 21.4.
- c Authorisation may be given by an officer at a higher level provided that this is not inconsistent with the requirements set out elsewhere in this document (UPR FR06) or does not constitute a failure of control.

21.4 Corporation

21.4.1 Annual Budget – preparation

- i The Vice-Chancellor is responsible for presenting an Annual Budget for consideration and approval by the Board.
- ii The Annual Budget will set out estimates of income (revenue and capital) and will provide for capital and revenue expenditure during the year and set out the purposes for which that expenditure is to be made.
- iii The Group Finance Director will prepare the Annual Budget and will specify its format, timetable and price base, save and except that the revenue and capital budgets, which together form the Annual Budget, will include a contingency provision to cover, for example, the estimated costs of pay awards and other price increases during the year.
- iv The Annual Budget will, amongst other things, take account of the surpluses forecast by the Companies and the distributable profits that they might donate to the Corporation which is an Exempt Charity.

21.4.2 Annual Budget – SBUs - Business Plans

- i Each Head of SBU will submit a proposed annual Business Plan for consideration in accordance with processes established on the authority of the Vice-Chancellor.
- ii The Business Plans agreed as a result of this process will inform the preparation of the proposed Annual Budget to be presented for approval by the Board of Governors (section 21.4.1, refers).
- iii Consideration of a proposed SBU Business Plan as part of the process through which the Annual Budget is drawn up, or its agreement at the conclusion of the planning process does not constitute authority to incur the expenditure provided for in the proposed SBU Business Plan (sections 21.5 and 21.6, refers).

21.4.3 Annual Budget – approval

- i The Annual Budget :
 - a requires the prior approval of the Board of Governors which will be advised by the Finance Committee;
 - b will be approved prior to the commencement of the Financial Year to which it relates.

- ii Board of Governors' approval of the Annual Budget forms the authority to incur the expenditure provided for in the Annual Budget subject to the relevant limits of authority set out elsewhere in this document (UPR FR06).

(Note for guidance:

For the avoidance of doubt, items of expenditure that form part of the approved Annual Budget require final approval, on an individual basis, in accordance with the regulations set out in this document.)

- iii Expenditure should not deviate from the approved Annual Budget and Heads of SBUs will be expected to identify during the forecasting process any factors which might result in over expenditure (section 21.5, also refers).

21.4.4 Annual Budget – management

The Vice-Chancellor:

- a is the Accountable Officer under the terms of the Memorandum of Assurance and Accountability Between HEFCE and Institutions;
- b is responsible to HEFCE and to the Board of Governors for the management of resources, budgets and component budget within the approved Annual Budget;
- c will be advised on the management of the Annual Budget by the Group Finance Director and, as appropriate, other Appointees of the Board.

21.5 Annual Budget/Company Business Plans – variations identified as a result of the forecasting process conducted during the Financial Year

(Minute 343, 17 March 2015, refers.)

- a Heads of SBU are expected to manage the financial affairs of their respective SBUs within the limits of the Annual Budget.
- b Any variations to budget will required approval in accordance with the schedule given in section 21.5.1.
- c Authorisation may be given by an officer at a higher level provided that this is not inconsistent with the requirements set out elsewhere in this document (UPR FR06) or does not constitute a failure of control.

(Note for guidance

- o The value limits and associated approvals set out in the table to section 21.5 represent a minimum framework for approval and reporting.
- o It is implicit that, within this framework, Boards of Directors have latitude to determine supplementary approval and reporting arrangements to operate within their respective Companies.)

21.5.1

Annual Budget/Company Business Plans – variations identified as a result of the forecasting process conducted during the Financial Year				
Value	The following prior written approvals/authorisations must be obtained			
	Corporation	Company		
Up to £100,000	Head of SBU and Group Finance Director (or deputy designated for this purpose)	Managing Director or Board of Directors (where no delegation has been made) and Group Finance Director (or deputy designated for this purpose)		
£100,000 - £500,000	As above and Vice-Chancellor (or Deputy Vice-Chancellor)	As above and Board of Directors of Parent Company		
£500,000 - £1,000,000	As above and Finance Committee	As above and Finance Committee		
£1,000,000 or above	As above and Board of Governors	As above and Board of Governors		

22 TRANSFERS BETWEEN BUDGETS (VIREMENT)

22.1 Transfers between non-pay budgets

- a For the purposes of section 22, 'non-pay' budgets are defined as budgets for non-staff costs.
- b Heads of SBU/Managing Directors are permitted on their own authority to transfer funds between non-pay budgets up to a limit of **£500,000** on condition that:
 - 1 all of the targets assigned to the SBU/Company in the Annual Budget/Company Business Plan are met;
 - 2 budgeted expenditure is not exceeded (for the avoidance of doubt, that expenditure does not exceed the expenditure agreed in the Annual Budget to enable the achievement of the targets assigned to the SBU/the contribution anticipated in the Company Business Plan).
- c Proposed transfers of higher value must be referred for decision by the Group Finance Director (or deputy designated for this purpose).

22.2 Transfers - non-pay to pay budgets

- a For the purposes of section 22, 'pay budgets' are defined as budgets for staff costs.
- b Regardless of value, transfers from non-pay budgets to pay budgets are not permitted without the prior written consent of the Group Finance Director (or deputy designated for this purpose).

22.3 Transfers - pay to pay budgets

Such transfers would include alterations to the terms of an individual's employment relationship with the Corporation or Company, for example, from temporary to permanent employment. Such transfers are subject to compliance with the approval processes established by the Group Finance Director and the Director of Human Resources (or Company equivalent).

22.4 Transfers – revenue and capital

An SBU or Company may be permitted to fund capital expenditure by reducing its revenue budget by the same amount. Such arrangements will require approval in accordance with the provisions of these Financial Regulations.

23 MOVEMENT OF FUNDS BETWEEN THE CORPORATION AND THE COMPANIES

(Section 23 added with effect from 19 October 2010 (Minute 410.2, Board of Governors, 19 October 2010, refers).

For the prudent and optimal management of the funds of the University of Hertfordshire Group (section 3.4, refers), the Group Finance Director, on his or her own authority, may transfer funds, including funds in the form of cash, between the Corporation and the Corporation or between the Companies.

24 COMMERCIAL ACTIVITIES

24.1 New business

24.1.1 For the purposes of these regulations (UPR FR06), 'New Business' is defined as an activity additional to the core business of the Corporation in which neither the Corporation nor a Company already engage.

(Note for guidance – New Business

Where a New Business proposal is made by a Company and that proposal does not relate to the core business of the Corporation, the Company may require a Parental Guarantee prior to proceeding further with the proposal.)

24.1.2 To provide a framework for the development of New Business and to facilitate the development and approval process, the Group Finance Director will determine and publish instructions, operating procedures and protocols to effect the operation of the regulations in this document (UPR FR06), which will stipulate the information required in support of each proposal and the financial criteria to be met.

24.1.3 Revenue or capital investments in New Business require prior approval in accordance with these Financial Regulations (UPR FR06).

24.2 Contracts for the provision of goods and services - required prior approvals

(Note for guidance

- **Academic Agreements:**

The prior approvals required in relation to Academic Agreements are set out in section K.7.

- **Scope of section 24.2**

Section 24.2 deals specifically with the prior approval/authorisation of contracts for the provision of goods and services and the requirements for the signature of associated legal agreements. The authorisation referred to is the authorisation to transact

(negotiate), which is different from the approval to sign any associated legal agreement. The goods and services concerned:

- may either relate to an area of business in which the Corporation or a Company already in engage, such as the renewal of an existing contract or a new contract in an area of core business or
- may be 'New Business', which is defined in section 24.1.

In either case, where the related legal agreement contains a guarantee, indemnity, disclaimer or transfer of legal liability to be made either by a Company or its parent, or by the Corporation, then in addition to the requirements of this section 24.2, any relevant approval requirements set out in section K.2.5 will need to be met.

There is no reason why the two processes, namely any approvals required under the provisions of section K.2.5 and the 'authorisation to transact' process cannot be run concurrently, provided that all requirements are met. In both of these cases, 'written approval' may be in the form of a minute or an instrument signed by the relevant officer or by the Chairman of the relevant Board, in accordance with the protocol operated by that Board for giving approval by Chairman's Action.)

24.2.1 Where the terms and conditions of a contract include a proposed guarantee or indemnity or disclaimer or transfer of legal liability or a potential reputational risk has been identified, the prior approvals required under the terms of the regulations in section K also apply.

24.2.2 **Contracts for the provision of goods and services – general principles of approval**

- i No transaction may be broken down into smaller elements to circumvent or facilitate the evasion of these regulations (UPR FR06).
- ii Authorisation may be given by an officer at a higher level provided that this is not inconsistent with the requirements set out elsewhere in this document (UPR FR06) or does not constitute a failure of control.

24.2.3 **Contracts for the provision of goods and services – Companies**

Appointees of the Board have latitude to agree Schemes of Delegation for the authorisation of contracts for the provision of goods and services to meet the specific business needs of Companies. Such Schemes of Delegation will be consistent with the requirements of these regulations in section E (UPR FR06) and must be noted formally by the Boards of Directors of the relevant Company and Parent Company (section E, also refers).

(Note for guidance – contracts for the provision of goods and services:

- The value limits and associated approvals set out in the table to section 24 represent a minimum framework for approval and reporting.
- It is implicit that within this framework, Boards of Directors have latitude to determine supplementary approval and reporting arrangements to operate within their respective Companies.)

(Minute 343, 17 March 2015, refers.)

Corporation				
Contracts for the provision of goods and services by the Corporation – required prior approvals (section 24, refers)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
		Corporation	Deed	
Up to £50,000	Head of SBU (or nominee) (acting as the nominee of the Vice-Chancellor)	section K.5 applies	Head of SBU deputised for this purpose	None
£50,000 - £100,000	As above and Group Finance Director (or deputy designated for this purpose) acting as the nominee of the Vice-Chancellor	As above	Vice-Chancellor (or Deputy Vice-Chancellor) or Secretary and Registrar	None
£100,000 - £500,000	As above and Vice-Chancellor (or Deputy Vice-Chancellor)	As above	As above	None
£500,000 - £1,000,000	As above	As above	As above	As above and Finance Committee
£1,000,000 or above	As above	As above	As above	As above and Board of Governors

Company				
Contracts for the provision of goods and services by a Company – required prior approvals (section 24, refers)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
		Company	Deed	
Up to £50,000	Managing Director (acting as the nominee of the Chairman of the Board of Directors)	section K.6 applies	To be determined by the Board of Directors	None
£50,000 - £100,000	As above and Group Finance Director (or deputy designated for this purpose) acting as the nominee of the Chairman of the Parent Company	As above	As above	Board of relevant Company
£100,000 - £500,000	As above and Chairman of the Parent Company	As above	As above	As above
£500,000 - £1,000,000	As above	As above	As above	As above and Finance Committee
£1,000,000 or above	As above	As above	As above	As above and Board of Governors

25 INCOME

25.1 Income - receipt

25.1.1 The Group Finance Director will establish appropriate and transparent regulations and procedures to ensure:

- a that the Corporation and the Companies are able to receive and receive all income to which they are entitled;
- b the prompt collection, security and banking of all funds received by the Corporation, the Companies and UH Trust and will ensure that:
 - 1 all income is recorded fully either by a receipt or other appropriate method and
 - 2 all income received is paid over gross and that payments are not disbursed out of receipts and
 - 3 all income is banked intact to a bank account of the payee, as soon as possible;
 - 4 cash is not sent by internal or external mail and
 - 5 where cheques or paper instruments are sent by post (whether internal or external), a separate record of the details is retained to aid recovery in the event of loss in transit.

25.1.2 Payees of cheques must be listed individually on lodgement (paying-in) slips (or electronic equivalent).

25.1.3 All employees will ensure that corporate, Company and UH Trust funds are kept separately from other moneys which they may have in their control.

25.2 Income – tuition fees

The Corporation's tuition fees policy will:

- a require the prior approval of the Board of Governors;
- b be formulated in accordance with any supplementary instructions and operating procedures issued from time-to-time by the Group Finance Director or other relevant Appointee of the Board;
- c will form the framework within which a detailed scheme of tuition fees will be formulated on the authority of the Vice-Chancellor, subject to any reporting requirement imposed by the Board from time-to-time (Tuition Fees Policy⁹)

25.3 Tuition fees - discounts and waivers

Where the Vice-Chancellor judges that this is warranted by exceptional circumstances, he or she has discretion to offer a discount on tuition fees or to waive tuition fees, subject to a report being made to the Board of Governors at the earliest opportunity.

25.4 Student residential accommodation - fees

The charges to be made to students in respect of Corporation student residential accommodation will be:

- a formulated in accordance with any supplementary instructions and operating procedures issued from time-to-time by the Group Finance Director or by other relevant Appointees of the Board, for example, in relation to the costing of goods and services;
- b noted by the Finance Committee.

⁹ Tuition Fees Policy
The detailed scheme of tuition fees referred to in section 25.2, c, approved by the Vice-Chancellor, is published by the Academic Registrar in the document 'Tuition Fees Policy' (available on the Student Support area of StudyNet) and supplements these Financial Regulations (UPR FR06).

25.5 Other charges - Corporation

25.5.1 Other charges, including but not necessarily limited to, other charges related to study, service charges and commercial residential accommodation charges and charges for the use of the services and facilities of the Corporation or provided via a Company will be determined and approved under arrangements established by the Vice-Chancellor/Chairman of the Parent Company.

25.5.2 Such charges will be:

- a approved by or on the authority of the Vice-Chancellor/Chairman of the Parent Company;
- b formulated in accordance with any supplementary instructions, operating procedures and guidelines issued from time-to-time by the Group Finance Director or other relevant Appointee of the Board, for example, in relation to the costing of goods and services.

25.6 Other charges – Companies

25.6.1 Where the charges relate to a contractual relationship between a Company and a client, the charges to be made will be approved in accordance with the arrangements determined from time-to-time by the Company's Board of Directors.

25.6.2 Such charges will be:

- a determined in accordance with HEFCE requirements (where applicable) and any other relevant statutory requirements;
- b formulated in accordance with any supplementary instructions, operating procedures and guidelines issued from time-to-time by the Group Finance Director or other relevant Appointee of the Board, for example, in relation to the costing of goods and services;
- c formulated by the Company.

26 RESEARCH

26.1 Research – policy and regulation

Employees, Governors and the Directors of Companies will comply with the Corporation's policies and regulations relating to Research (UPR RE03¹⁰, refers), including Research Misconduct (UPR RE02¹¹, refers) and with any supplementary instructions and operating procedures issued from time-to-time by or on the authority of the Vice-Chancellor.

(Note for guidance – research

To facilitate the management of research, supplementary instructions may be issued from time-to-time by an Appointee of the Board or the Pro Vice-Chancellor (Research and International).)

¹⁰ UPR RE03 'Research'

¹¹ UPR RE02 'Research Misconduct'

26.2 Research – grant applications and tenders for research funding

26.2.1 Manual (paper-based) grant applications and tenders for research funding

- i All manual (paper-based) research grant applications and tenders made or issued by the Corporation or a Company will be signed as follows:
 - a CORPORATION
by the Secretary and Registrar, acting on the authority of the Vice-Chancellor, or in the absence of the Secretary and Registrar, and where permitted by the terms that apply to the grant application/tender, by another Appointee of the Board acting on the authority of the Vice-Chancellor;
 - b COMPANY:
by the Company Secretary of the relevant Parent Company and, where permitted by the terms that apply to the grant application/tender, by a Director of the Parent Company who is also an Appointee of the Board.
- ii Where the terms that apply to the grant application/tender permit signature by a Head of SBU/Managing Director, in signing, the Head of SBU/Managing Director concerned acts as the nominee of the Secretary and Registrar/Company Secretary of the Parent Company and assumes personal responsibility for the approval given.

26.2.2 Research grant applications and tenders for research funding submitted electronically

- i Where the Corporation is required to make an electronic authorisation in respect of the submission of a research grant application or a tender for research funding, the Secretary and Registrar/Company Secretary of the Parent Company has delegated authority as follows:
 - a RESEARCH GRANT APPLICATIONS SUBMITTED ELECTRONICALLY ON BEHALF OF THE CORPORATION OR A COMPANY
to the Manager of the Research Grants team (or deputy designated for this purpose);
 - b TENDERS FOR RESEARCH FUNDING SUBMITTED ELECTRONICALLY ON BEHALF OF THE CORPORATION OR A COMPANY
to the Director of Business Development (or deputy designated for this purpose).

In exercising this authority, the officers referred to in section 26.2.2, a and b, assume personal responsibility for the approval given and will ensure that, prior to submission, they have obtained the prior written approval of the Director of Legal Services and Corporation Solicitor to the terms and conditions of the grant application.

26.3 Research – contracts

For the purposes of these regulations (UPR FR06), research grant contracts and contracts for the provision of research services are regarded as a 'Contract for the Provision of Goods and Services' (section 24.2, refers).

26.4 Research – sub-contracting research work to another party

For the purposes of these regulations, the sub-contracting of research work to another party is regarded as revenue expenditure (section 37 refers).

27 **CREDIT**

(Note: This section (27) should be read in conjunction with UPR CA01¹².)

27.1 **Credit – determination of credit terms**

27.1.1 All credit terms and arrangements for clients of the Corporation and the Companies will require the prior approval of the Group Finance Director (or deputy designated for this purpose). Approval will be given only after successful credit checks have been made.

27.1.2 The credit terms for the collection of moneys owed to the Corporation and the Companies for which an invoice has been raised are as follows:

a **Tuition fees**

1 **Student payment and fees liability**

SEMESTER A

Date from which liability is incurred by student	Proportion of tuition fee for which the student is liable
Second week following the commencement of the Autumn term:	25% of total tuition fee
First day of Spring term	50% of total tuition fee
First day of Summer term	100% of total tuition fee

SEMESTER B

Date from which liability is incurred by student	Proportion of tuition fee for which the student is liable
Second week following the commencement of the Spring term	25% of total tuition fee
First day of Summer term	50% of total tuition fee
Last day of Summer term	100% of total tuition fee

SEMESTER C

Date from which liability is incurred by student	Proportion of tuition fee for which the student is liable
Second week following the commencement of the Summer term	25% of total tuition fee
Last day of Summer term	50% of total tuition fee
First day of Autumn term	100% of total tuition fee

2 Employer: **30 days.**

¹²

UPR CA01 'Commercial Activities'

b Charges for student residential accommodation

1 UK and overseas students

Three (3) instalments (one per term) - due to be collected and banked within three (3) weeks of the commencement of each term or within three (3) weeks of invoice.

2 Recipients of health bursaries

Eight (8) instalments per annum.

c Other charges raised for services

30 days from the date of the invoice.

d Companies

(where applicable) in accordance with the Memorandum of Understanding between a Company and its Parent Company or a Parent Company and the Corporation. Where not specified in a Memorandum of Understanding, 27.1.2, c, will apply.

27.2 Debt – Corporation and Company

27.2.1 The Group Finance Director:

- a is responsible for the collection of moneys owed to the Corporation, the Companies and UH Trust;
- b is responsible for the establishment and operation of an efficient and effective debt control system;
- c will authorise the referral of uncontested civil debts to debt collecting agencies or the initiation of County Court proceedings up to a ceiling of £15,000 on a case-by-case basis;
- d may, at his or her absolute discretion, and where permitted by the Articles of Government (UPR GV01²), delegate certain of these responsibilities to other employees of appropriate standing.

27.2.2 Heads of SBU/Managing Directors:

will notify the Group Finance Director, in accordance with the instructions, timescales and deadlines determined from time-to-time by the Group Finance Director, of all moneys owed to the Corporation and the Companies.

27.3 Debt – approval of write-off

27.3.1 No transaction may be broken down into smaller elements to circumvent or facilitate the evasion of these regulations (UPR FR06).

27.3.2 Authorisation may be given by an officer at a higher level provided that this is not inconsistent with the requirements set out elsewhere in this document (UPR FR06) or does not constitute a failure of control.

(Note for guidance – debt – approval of write-off

- o The value limits and associated approvals set out in the table to section 27.3 represent a minimum framework for approval and reporting.
- o It is implicit that within this framework, Boards of Directors have latitude to determine supplementary approval and reporting arrangement to operate within their respective Companies.)

27.3.3 Debt – approval of write-off - commercial

Corporation				
Debt – commercial - approval of write-off (section 27.3)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
	Corporation	Deed	Other	
Up to £20,000 on a case-by-case basis	Group Finance Director (or deputy designated for this purpose)		Group Finance Director (or deputy designated for this purpose)	None
£20,000 - £100,000 on a case-by-case basis	As above and Vice-Chancellor (or Deputy Vice-Chancellor)		Vice-Chancellor (or Deputy Vice-Chancellor) or the Secretary and Registrar	None
Where the total value of commercial debt write-off in any one year is in the range: £100,000 - £250,000	As above		As above	Finance Committee
Where the total value of commercial debt write-off in any one year is in the range: £250,000 or above	As above		As above	As above and Board of Governors

Company				
Debt – commercial - approval of write-off (section 27.3)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
	Company	Deed	Other	
Up to £20,000 on a case-by-case basis	Group Finance Director (or deputy designated for this purpose)		To be determined by the Board of Directors	Board of Directors
£20,000 - £100,000 on a case-by-case basis	As above and Chairman of Parent Company		As above	As above and Board of the Parent Company
Where the total value of commercial debt write-off in any one year is in the range: £100,000 - £250,000	As above		As above	As above and Finance Committee
Where the total value of commercial debt write-off in any one year is in the range: £250,000 or above	As above		As above	As above and Board of Governors

27.3.4 Debt – approval of write-off - student

Corporation only				
Debt – student - approval of write off (section 27.3.4)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
	Corporation	Deed	Other	
Up to £20,000 on a case-by-case basis	Group Finance Director (or deputy designated for this purpose)		Group Finance Director (or deputy designated for this purpose)	None
£20,000 - £100,000 on a case-by-case basis	As above and Vice-Chancellor (or Deputy Vice-Chancellor)		Vice-Chancellor (or Deputy Vice-Chancellor)/ or the Secretary and Registrar	None
Where the total value of student debt write-off in any one year is in the range: £100,000 - £250,000	As above		As above	Finance Committee
Where the total value of student debt write-off in any one year is in the range: £250,000 or above	As above		As above	As above and Board of Governors

28 **AUTHORISATION OF MOVEMENTS FROM OR BETWEEN UNIVERSITY OF HERTFORDSHIRE GROUP BANK ACCOUNTS**

(Minute 343, Board of Governors, 17 March 2015, refers.)

(Note for guidance:

- This section (28) deals specifically with movements from or between Group bank accounts, a majority of which will be effected electronically.
- The regulations in this section are not intended to apply to the manual or electronic signature of legal agreements for which separate regulations are set out elsewhere in this document.

28.1 This section (28) sets out the principles and regulations to operate in relation to:

- i the authorisation of movements, effected electronically, from or between University of Hertfordshire Group bank accounts (section 28.3);
- ii the authorisation of cheques and negotiable instruments of the Corporation and the Companies (section 28.4, refers).

28.2 The Group Finance Director will establish appropriate and transparent regulations and procedures to ensure the proper management, verification and authorisation of all movements/transactions, whether made electronically or manually.

28.3 **Authorisation of movements from or between University of Hertfordshire Group bank accounts - effected electronically**

28.3.1 No movement will be effected unless it has been authorised in accordance with the requirements of these regulations (UPR FR06).

(Note for guidance:

UPR FR06 contains a series of tables that specify the prior approvals required in relation to different types of expenditure or other transaction. A payment or other type of movement cannot be made unless the relevant prior approval required under the terms of UPR FR06 has been obtained.)

28.3.2 Electronic movements will be effected personally by the officer or officers specified by these regulations (UPR FR06).

28.3.3 The following value limits and authorisation requirements apply to movements effected electronically from or between University of Hertfordshire Group bank accounts:

Movements effected electronically - value and type (section 28.3, refers)				
Cheques and negotiable instruments – signature (section 28.4, refers)				
Value of transaction	Type of transaction	Group		
		Group A	Group B	Group C
up to £15,000	All electronic domestic and international payments initiated by bank internet payment system All cheques and negotiable instruments	One (1) authorisation from any Group (section 28.3.4, refers)		
£15,000 - £500,000	All electronic domestic and international payments initiated by bank internet payment system All cheques and negotiable instruments	Two (2) authorisations from separate Groups (section 28.3.4, refers)		
£500,000 or above	All electronic domestic and international payments initiated by bank internet payment system All cheques and negotiable instruments	Two (2) authorisations, one (1) from Group A and one (1) from Group B (section 28.3.4, refers)		

28.3.4 The following officers are authorised, ex officio, to effect movements electronically from or between University of Hertfordshire Group bank accounts:

Officers authorised to effect movements electronically (section 28.3, refers)		
Group A (Appointees of the Board)	Group B	Group C
Vice-Chancellor Deputy Vice-Chancellors Group Finance Director Secretary and Registrar	Deputy Group Finance Director Group Financial Accountant	Assistant Finance Director Commercial Finance Director Group Treasurer Financial Accountant

28.4 **Cheques and negotiable instruments**

28.4.1 Neither the Corporation nor the companies will use pre-signed cheques.

28.4.2 No cheque or negotiable instrument will be issued unless it has been authorised in accordance with the requirements of these regulations (UPR FR06).

- 28.4.3 The following officers are authorised, ex officio, to sign cheques and negotiable instruments of the Corporation and the companies in accordance with the requirements of and value limits set out in the table to section 28.3.3:

Authorised Officers (section 28.4, refers)		
Signatory Group A (Appointees of the Board)	Signatory Group B	Signatory Group C (Other)
Vice-Chancellor Deputy Vice-Chancellors Group Finance Director Secretary and Registrar	Deputy Group Finance Director Group Financial Accountant	Assistant Finance Director Commercial Finance Director Group Treasurer Financial Accountant

- 28.4.4 In addition to the authorities officers referred to in section 28.4.3, the Board has confirmed that the following officers may sign cheques and negotiable instruments of the Corporation for the purposes of specific types of transaction approved from time-to-time by the Group Finance Director, up the following limits:

HEAD OF ADMISSIONS:

£500

HEAD OF FRONTLINE SERVICES AND RESIDENTIAL ALLOCATIONS:

£500

DEAN OF STUDENTS:

£1000

HEAD OF STUDENT CENTRE:

£1000.

29 IMPREST ACCOUNTS (petty cash)

- 29.1 Imprest accounts may be maintained at the discretion of the Group Finance Director (or deputy designated for this purpose) and in accordance with the regulations and procedures for their management and control determined from time-to-time by the Group Finance Director.

29.2 Personal cheques

Neither the Corporation nor the Companies will cash personal cheques.

30 BORROWING

30.1 Borrowing – authorisation of unsecured borrowing for periods of less than one (1) month (short-term) by the Corporation and by the Corporation on behalf of the Companies

- 30.1.1 The Group Finance Director will be responsible for securing short term borrowing (borrowing for periods of less than one (1) month) at competitive rates to cover day-to-day cash shortfalls on behalf of the Corporation and the Companies.

- 30.1.2 No transaction may be broken down into smaller elements to circumvent or facilitate the evasion of these regulations (UPR FR06).

(Note for guidance:

The arrangements that apply to the companies are set out in section 30.4.)

- 30.1.3 Authorisation may be given by an officer at a higher level provided that this is not inconsistent with the requirements set out elsewhere in these regulations and/or does not constitute a failure of control.

Corporation			
Borrowing – authorisation of unsecured borrowing for periods of less than one (1) month (short-term) (section 30.1, refers)			
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents	
		Deed	Contract
up to £750,000	Group Finance Director	Section K.5, refers	Group Finance Director or other Board Appointee
over £750,000:	As above and Vice-Chancellor (or Deputy Vice-Chancellor) and to be reported to the Finance Committee and the Board at the earliest opportunity	As above	Vice-Chancellor (or Deputy Vice-Chancellor)

30.2 **Borrowing – unsecured for periods in excess of (1) month**

The Corporation may enter into unsecured borrowing in order to fund capital or recurrent expenditure subject to the requirements of section 6.

Corporation			
Borrowing – unsecured for periods in excess of (1) month (section 30.2, refers)			
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents	
		Deed	Contract
Any value	Group Finance Director (or Deputy Group Finance Director) and Vice-Chancellor (or Deputy Group Finance Director) and Finance Committee and Board of Governors	Section K.5, refers	Vice-Chancellor (or Deputy Group Finance Director) or Secretary and Registrar

30.3 **Borrowing - secured**

The Corporation may enter into borrowing to be secured on publicly funded assets subject to the requirements of section 6 and on condition that the legal agreement is executed under seal.

Corporation			
Borrowing – secured (section 30.3, refers)			
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents	
		Deed	Contract
Any	Group Finance Director (or Deputy Group Finance Director) and Vice-Chancellor (or Deputy Vice-Chancellor) and Finance Committee and Board of Governors	Section K.5, refers	Vice-Chancellor (or Deputy Group Finance Director) or Secretary and Registrar

30.4 **Borrowing – companies**

(Minute 64, Audit Committee of the Board of Governors, 26 April 2016.)

Companies are not permitted to borrow independently of the Corporation. The Corporation will consider requests from companies seeking financial support on a case-by-case basis. Such requests must be supported by the company's Board of Directors. Where financial support is to be made available by the Corporation, the following value limits and authorisation requirements apply.

Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
		Contract	Deed	
Up to £100,000	Group Finance Director (or deputy designated for this purpose)	As above and Vice-Chancellor (or Deputy Vice-Chancellor) or Secretary and Registrar		None
£100,000-£500,000	As above and Vice-Chancellor (or Deputy Vice-Chancellor)	As above		None
£500,000 - £1,000,000	As above and Finance Committee	As above		Finance Committee and Board of Governors
£1,000,000 or above	As above and Board of Governors	As above		As above and Board of Governors

31 **INVESTMENTS**

Minute 61.2, Audit Committee, 6 June 2012, refers.

31.1 **UH Trust**

The Trustees are responsible for the investments of UH Trust.

31.2 **Corporation**

(Board of Governors Minutes 331, 23 March 2010, 634, 18 October 2011, 58, 11 June 2013, refer.)

- a The Finance Committee is responsible to the Board for the investment of the funds of the Corporation and the Companies.
- b The Finance Committee will consider and approve annually an investment strategy and will determine any investment for a period in excess of one (1) year.
- c The investment strategy of the Corporation and the Companies will be determined on the basis of either the long-term credit rating or, where appropriate, the short-term credit rating assigned by any one (1) of the three (3) principal global rating agencies (which for the purposes of these regulations are defined as Fitch IBCA, Moody's and Standard & Poor's) to the financial institution or investment fund with which the proposed investment is to be made.
- d The credit rating of a financial institution or investment fund with which the Corporation or a Company wishes to invest will be verified by the Group Finance Director before each investment is made and. Thereafter. on a regular basis.
- e **INVESTMENT STRATEGY**
Unless an exception is granted by the Board:
 - 1 the Corporation's investment with Lloyds Banking Group will be limited to a maximum of £10m;

- 2 investments with other financial institutions will be subject to the following limits in relation to the verified credit rating of the financial institution or investment fund concerned:

AA or above (or equivalent):

Maximum deposit of £10m

Table of equivalence

Standard & Poor's	AAA	AA+	AA
Moody's	Aaa	Aa1	Aa2
Fitch IBCA	AAA	AA+	AA

AA- or A (or equivalent):

Maximum deposit of £3m

Table of equivalence

Standard & Poor's	AA-	A+	A
Moody's	Aa3	A1	A2
Fitch IBCA	AA-	A+	A

BB or above (or equivalent):

Maximum deposit of £1m.

Table of equivalence

Standard & Poor's	BBB+	BBB	BBB-	BB+	BB	BBB+
Moody's	Baa1	Baa2	Baa3	Ba1	Ba2	Baa1
Fitch IBCA	BBB+	BBB	BBB-	BB+	BB	BBB+

- 3 Unless such investment has the prior approval of the Finance Committee, no investments will be made with financial institutions or investment funds with a verified credit rating below those specified in section 31.2, e, without the approval of the Chairman of the Board, who will be advised by the Vice-Chancellor.

(Section 31.2, e, is amended with effect from 19 October 2010 (Minute 410.2, Board of Governors, 19 October 2010, refers).)

- 4 Investments are restricted to financial institutions and investment funds which meet the criteria set out in section 31.2, e, and are based in the following countries:

Australia,
UK,
Germany,
France,
Netherlands,
USA.

- 5 Moneys will be invested for a period of not more than one (1) year. Unless such an investment has the prior approval of the Finance Committee, where it is proposed by the Group Finance Director that an investment be made for a period in excess of one (1) year, the investment will require the approval of the Chairman of the Board, who will be advised by the Vice-Chancellor. Such approvals will be reported to the Finance Committee at the earliest opportunity.
- 6 For day-to-day operational reasons, the Corporation's principal clearing bank is not subject to the above restrictions in terms of cash held in its main account. However, accounts should not be over-funded for an extended period of time and efforts should be made to spread funds across all suitable and appropriate investment facilities.

31.3 Ethical Investment Policy

- 31.3.1 The Corporation may invest surplus funds with third party organisations and will do so in a manner consistent with the requirements of the Instrument of Government (UPR GV04¹) and Articles of Government (UPR GV01²). Furthermore, and wherever possible, the Corporation will make such investments in a manner which reflects the ethical values which it espouses in public life, in ways that are consistent with the Mission and Values of the Corporation and within the framework provided by the Strategic Plan.
- 31.3.2 The Corporation will not knowingly invest in companies whose activities include practices which directly pose a risk of serious harm to individuals or groups or whose activities are inconsistent with the Instrument of Government (UPR GV04¹) and Articles of Government (UPR GV01²) and the Mission and Values of the Corporation. Therefore, the Corporation will:
- a review on a regular basis whether any investment is inconsistent with the Corporation's value system;
 - b consider representations from employees and other members of the Corporation community that the Corporation should not invest or should withdraw its investments with certain organisations;
 - c issue guidance for fund managers responsible for the investments of the Corporation;
 - d annually, monitor the operation and effectiveness of this policy (section 31.3.3, refers).
- 31.3.3 The Finance Committee and the Audit Committee will review the Ethical Investment Policy regularly. The Finance Committee will be advised by an Investment Panel which it may establish, as necessary, on an ad hoc basis.

32 TAX

- 32.1 Any matter, including VAT, which may have tax implications for the Corporation, UH Trust or the Companies must be referred to the Group Finance Director.
- 32.2 The Group Finance Director will make proper arrangements for:
- a the prompt payment of any taxes which are due from the Corporation, UH Trust or the Companies;
 - b the submission of tax returns within the deadlines specified by HM Revenue and Customs;
 - c ensuring that the Corporation, UH Trust and the Companies do not incur penalties for the incorrect treatment of VAT or other taxes.

32.3 Status for tax purposes - Corporation

The Corporation is an exempt charity and is not liable for corporation or income tax on any of its activities which fall within the terms of its charitable status. It may be liable for taxation on activities which fall outside the charitable exemption. The Corporation is registered for VAT and is partially exempt.

32.4 Status for tax purposes – Companies

The Companies operate as commercial organisations and are liable to corporation tax and are registered for VAT. Any taxable profits are gift-aided to the Corporation by Companies in accordance with the terms of the relevant Memorandum of Understanding.

32.5 Status for tax purposes - UH Trust

As an exempt charity, UH Trust is exempt from VAT.

32.6 VAT exemption certificates – authorised signatories

(Note – VAT exemption)

Certain types of capital expenditure, for example, the construction of new student residential accommodation or the purchase of equipment used for medical research, may be exempt from VAT.)

VAT exemption certificates – authorised signatories (section 32.6, refers)				
Value	Required prior approvals	Signatories of related legal documents		Additional reporting requirements
		Deed	Other	
Up to £7,500	Group Finance Director (or deputy designated for this purpose) The Group Finance Director has delegated authority to authorise VAT certificates valued at up to £7,500 to Heads of SBU (or their nominees)		Group Finance Director (or deputy designated for this purpose) The Group Finance Director has delegated authority to sign VAT certificates valued at up to £7,500 to Heads of SBU (or their nominees)	
£7,500 or above	Group Finance Director (or deputy designated for this purpose)		Group Finance Director (or deputy designated for this purpose)	

33 AUDIT ARRANGEMENTS

33.1 External Audit and Internal Audit

33.1.1 The Board of Governors will appoint an External Auditor and will secure Internal Audit services for the Corporation, the Companies and UH Trust.

33.1.2 The provider of External Audit services to the Corporation, the Companies and UH Trust may be appointed for terms of up to five (5) years and the contract will be re-tendered at intervals of not more than five (5) years. The Board has discretion to extend the External Audit Services contract where it deems this appropriate.

33.1.3 The Corporation's arrangements for External Audit and Internal Audit and those of the Companies and UH Trust:

- a are determined by the Board of Governors which, in this regard, is advised by the Audit Committee;
- b are intended to provide necessary assurance to HEFCE and the Board of Governors that adequate and effective management controls are in place across the Corporation, the Companies and UH Trust.

33.2 External Audit and Internal Audit – right of access

33.2.1 All records, procedures and processes are subject to External Audit and Internal Audit.

33.2.2 External Auditors are authorised to visit all Corporation and Company premises and to have access to any assets, minutes, books, documents or any information kept by the Corporation, the Companies and UH Trust. Governors, the Vice-Chancellor, Trustees, Directors, Managing Directors, Chief Executive Officers, Heads of SBU and all employees will provide whatever information or explanations or access may be required by those engaged in audit functions.

33.3 Internal Audit

The Secretary and Registrar is:

- a the Appointee of the Board with management responsibility for the proper operation of the Internal Audit function in accordance with the arrangements determined from time-to-time by the Audit Committee and/or the Board of Governors;

- b responsible for ensuring that all reports required under the terms of the document 'Accountability and Audit: HEFCE Code of Practice' (or equivalent) issued from time-to-time by HEFCE, are prepared and submitted in accordance with relevant timescales, deadlines and any other requirements; and
- c in this regard, accountable to the Vice-Chancellor, the Audit Committee and the Board of Governors.

33.4 **Head of Internal Audit**

The Head of Internal Audit has the right, where he or she judges it to be appropriate, to report direct to the Vice-Chancellor and/or to the Audit Committee and/or to the Board of Governors.

33.5 **External Audit**

The External Auditor:

- a is appointed annually by the Board of Governors and approved by HEFCE;
- b will report annually, in a management letter, on any significant accounting and control issues arising from the audit;
- c is accountable to the Group Finance Director who is the Appointee of the Board with management responsibility for external audit services;
- d has the right, where he or she judges it to be appropriate, to report direct to the Vice-Chancellor and/or to the Audit Committee and/or to the Board of Governors;
- e will provide all reports required by the 'Accountability and Audit: HEFCE Code of Practice' (or equivalent) issued from time-to-time by HEFCE and the Memorandum of Assurance and Accountability Between HEFCE and Institutions.

33.6 **External Auditor - non-audit services**

Non-audit services may be commissioned from the External Auditor only with the prior consent of the Audit Committee (Minute 837.1, Board of Governors, 13 December 2005, refers).

33.7 **Audit - by other external bodies and agencies**

- 33.7.1 Some external bodies and agencies, including the HEFCE Internal Audit Service and the National Audit Office, have rights of access to records in connection with financial matters. Certain other agencies, such as those to which the Corporation or the Companies are contracted to provide services, may also have powers of inspection.
- 33.7.2 HM Revenue and Customs has powers of inspection in connection with the administration of VAT and the deduction of Income Tax. Other Government departments and agencies may also have inspection powers, for example, in relation to National Insurance.

34 **ANNUAL ACCOUNTS**

The Group Finance Director will:

- a as soon as is practicable after the end of the Financial Year (section 17, refers), provide audited Accounts for that year, management accounts, trading accounts and such other information relating to their financial affairs that may be required from time-to-time to the Corporation, the Companies and UH Trust;
- b be responsible for the completion of the final accounts, return of income and expenditure to HEFCE and for any other financial returns required either by HEFCE or by other bodies, and
- c make arrangements for related Prime Documents to be retained for a period of seven (7) years.

35 **PROCUREMENT, TENDERS, QUOTATIONS – RULES**

35.1 The Corporation and Companies will comply with the regulations and advice set out in UPR PU01¹³.

35.2 **Tenders and quotations**

For the avoidance of doubt, no transaction may be broken down into smaller elements to circumvent or facilitate the evasion of these regulations (UPR FR06).

Rules for obtaining competitive tenders/quotations (section 35, refers)	
Value	Rule for obtaining competitive tenders/quotations
£100 - £5,000	One (1) written quotation unless the purchase is to be made via Purchasing Card
£5,000 - £20,000	Not less than two (2) written competitive quotations
£20,000 - £50,000	Not less than three (3) written competitive quotations and the Head of SBU will seek advice from the Head of Procurement
Value	Rule for obtaining competitive tenders/quotations
£50,000 - £100,000	Not less than four (4) written competitive quotations and the Budget Holder will seek advice from the Head of Procurement
£100,000 or above	Public tenders must be sought by the Head of Procurement. The Head of Procurement must follow the requirements of the Rules and Methods of Purchasing unless, under exceptional circumstances, the Head of Procurement is instructed otherwise by the Vice-Chancellor (or Deputy)

35.3 **EU Directives on procurement**

a The Corporation and the Companies (where the latter fall within the scope of the EU Public Contracts Regulations 2006) will comply with the requirements of the EU Public Contracts Regulations 2006 which, from 1 January 2016, specify the following thresholds, net of VAT, in respect of the total value of the requirement for the supply of a product or service, which will exceed the following values:

Supply and Service Contracts (Central Government):
€135,000/£106,047

Supply and Services contracts (Sub Central Government):
€209,000 / £164,176

Works contracts (central and sub-central Government):
€5,225,000 / £4,104,394.

b Governors, employees, Trustees and Directors are required to comply with the Public Contracts Regulations 2006 and will refer to and comply with the detailed regulations and advice set out in UPR PU01¹².

c The EU Public Contracts Regulations and the thresholds which they specify also apply where the total value of a product or service contract exceeds the specified threshold, regardless of the duration of that contract.

d Contracts above the thresholds specified by the EU Public Contracts Regulations 2006 may be exempted from the EU Public Contracts Regulations 2006 only on grounds of secrecy, national security or because the contract concerned is subject to another international procedure.

¹³ UPR PU01 'Procurement'

- e It is not permissible to avoid the provisions of the EU Public Contracts Regulations 2006 by breaking down orders into smaller quantities/values or by letting contracts of shorter durations which would result in a commitment value below the relevant threshold level (section 35.2, a, refers).
- f Prior to any action being taken in relation to procurement, the contract concerned must be referred either to the Head of Procurement or the Group Finance Director or the Secretary and Registrar.

36 **BANKING**

36.1 **Banking arrangements**

- 36.1.1 Banking arrangements for the Corporation and the Companies will be determined from time-to-time by the Board of Governors/Trustees of UH Trust who will be advised, as appropriate, by the Finance Committee.
- 36.1.2 The provider of main clearing bank services to the Corporation, the Companies and UH Trust may be appointed for terms of up to five (5) years.
- 36.1.3 Arrangements for the opening and closing of corporate, Company or UH Trust bank accounts will be made only by the Group Finance Director.
- 36.1.4 Cheques or financial instruments:
 - a will be credited only to an account of the payee;
 - b in respect of payments to the Corporation, a Company or UH Trust, for whatever purpose, must be made payable to the appropriate corporate, Company or UH Trust bank account.

36.2 **Bank reconciliation**

The Group Finance Director is responsible for ensuring that a regular reconciliation is made between all bank account statements for all accounts of the Corporation, the Companies and UH Trust and the bank accounting records held by him or her.

37 **EXPENDITURE**

- 37.1 The Group Finance Director:
 - a is responsible for ensuring that proper procedures exist for the control and monitoring of expenditure against approved capital and revenue budgets;
 - b will make payment of all amounts due from the Corporation and the Companies, under arrangements which she or she approves and controls.

(Note for guidance:

The Capex Panel has been established to consider, amongst other things, proposed items of capital expenditure valued at **£20,000** and above and their revenue implications and to determine whether they should be permitted to progress to the approval stage in accordance with the requirement of these Regulations (UPR FR06).)

- 37.2 Any terms, conditions and prices agreed in respect of a Purchase Order or contract must be shown clearly within the Purchase Order or contract at the time of authorisation.
- 37.3 The authorisation arrangements for staff appointments, contracts, leasing and other agreements which will extend beyond the Financial Year in which they are entered into will take full account of the financial implications which the contract will have in subsequent Financial Years.
- 37.4 Arrangements to **lease** furniture and equipment require the prior approval of the Group Finance Director (or deputy designated for this purpose).

37.5 Purchase of goods and services - general regulations and procedures

All Corporation and Company purchases must be made in accordance with the requirements of UPR PU01¹² issued from time-to-time by the Group Finance Director

37.6 Purchasing cards

(Minute 183, Board of Governors, 25 March 2009, refers.)

- 37.6.1 The Group Finance Director (or deputy designated for this purpose) is responsible for the administration of the Purchasing Card Scheme (effective 21 October 1999 (Minute 397, Board of Governors, 21 October 1999, refers).
- 37.6.2 Purchasing cards may be used for low value, low risk and one-off purchases to a maximum value of **£2,000** per transaction in any one (1) Calendar month provided that transactions are not broken down into smaller elements to circumvent or facilitate the evasion of these regulations (UPR FR06).
- 37.6.3 The Group Finance Director (or deputy designated for this purpose) may, at his or her discretion, permit a card holder to purchase goods or services to a value not exceeding **£10,000** per Calendar month, provided that the total amount spent under this arrangement on one commodity or item, with the same supplier, in any one Financial Year, does not exceed **£20,000**.
- 37.6.4 Where the total value of the orders placed in respect of one commodity or item, with the same supplier, in a single Financial Year, exceeds **£20,000**, the authorisation requirements that will apply to expenditure in excess of **£20,000** will be as set out in section 37.8.
- 37.6.5 Purchasing cards must not be used as a means of circumventing other existing regulations and procedures relating to competitive quotations and tenders.

37.7 Purchase of goods and services - terms and conditions

(Note for guidance – nominee of the Group Finance Director

For the purposes of these regulations (37.7), the nominee of the Group Finance Director will normally be the Head of Procurement.)

- 37.7.1 All purchases by the Corporation, UH Trust and the Companies will be made in accordance with these regulations and any supplementary instructions, timescales and deadlines issued from time-to-time by the Group Finance Director (or nominee).
- 37.7.2 The financial terms and conditions which will apply to Corporate and Company Purchase Orders and to other contracts for the purchase of goods and services will be determined on the authority of the Group Finance Director (or deputy designated for this purpose).
- 37.7.3 The Group Finance Director (or nominee) will ensure that no financial term or condition is detrimental to the Corporation, UH Trust or the Companies or is unacceptable, as appropriate, to the Board, the Trustees or the relevant Board of Directors.
- 37.7.4 Unless the Group Finance Director (or nominee) has agreed otherwise in writing:
- a all purchases by the Corporation and the Companies, including contracts for the purchase of goods and services, will be made using a corporate Purchase Order, whether generated manually or electronically, which contains the terms and conditions of business of the Corporation;
 - b the terms and conditions that are to apply to any contract for the purchase of goods and services will be consistent with the terms and conditions set out in the corporate Purchase Order.

37.7.5 Where a Purchase Order or contract concerns the sub-contracting by the Corporation or a Company of research and/or other work required of the Corporation or a Company under the terms of a separate contract or agreement between the Corporation or a Company and another party ('the main contract'), the Group Finance Director (or nominee) will ensure that the financial terms and conditions that apply to the Purchase Order or contract are consistent with those of the main contract.

37.8 Revenue expenditure – authorisation

37.8.1 No transaction may be broken down into smaller elements to circumvent or facilitate the evasion of these regulations (UPR FR06).

37.8.2 Authorisation may be given by an officer at a higher level provided that this is not inconsistent with the requirements set out elsewhere in these regulations (UPR FR06) or does not constitute a failure of control.

(Note for guidance – revenue expenditure - Company)

- The value limits and associated approvals set out in the tables to section 37 represent a minimum framework for approval and reporting.
- It is implicit that within this framework, Boards of Directors have latitude to determine supplementary approval and reporting arrangements to operate within their respective Companies.)

Corporation				
Revenue expenditure – authorisation by the Corporation (section 37.8, refers)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
	Corporation	Contract	Deed	
up to £5,000	Head of SBU (or nominee)	Budget Holder or Head of SBU		None
£5,000 - £20,000	As above and Head of Procurement (The role of the Head of Procurement is to provide assurance that all legal and regulatory requirements have been met and procurement 'best practice' followed, He or she does not have authority to approve expenditure)	Head of SBU		None
£20,000 - £100,000	As above and Group Finance Director (or deputy designated for this purpose)	As above and Vice-Chancellor (or Deputy Vice-Chancellor) or Secretary and Registrar		None
£100,000- £500,000	As above and Vice-Chancellor (or Deputy Vice-Chancellor)	As above		None
£500,000 - £1,000,000	As above and Finance Committee	As above		None
£1,000,000 or above	As above and Board of Governors	As above		None

Company				
Revenue expenditure – authorisation by a Company (section 37.8, refers)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
	Company	Contract	Deed	
up to £5,000	Managing Director (or nominee)	To be determined by the Board of Directors		None
£5,000 - £20,000	As above and Head of Procurement (The role of the Head of Procurement is to provide assurance that all legal and regulatory requirements have been met and procurement 'best practice' followed, He or she does not have authority to approve expenditure)	As above		None
£20,000 - £100,000	As above and the relevant Board of Directors and Group Finance Director (or deputy designated for this purpose) ¹⁴	As above		None
£100,000- £500,000	As above and Chairman of the Parent Company	As above		None
£500,000 - £1,000,000	As above and Finance Committee	As above		None
£1,000,000 or above	As above and Board of Governors	As above		None

37.9 Purchase of goods and services - verification of receipt of goods and services

Heads of SBUs/Managing Directors will:

- a ensure that goods are delivered to an establishment of the Corporation or a Company and that services are provided in accordance with the terms of the relevant Purchase Order or contract;
- b on receipt of goods and services, check and ensure that all deliveries conform to the specification set out in the Purchase Order or contract;
- c notify the supplier immediately by FAX, e-mail or other appropriate written medium, of any discrepancy within **24** hours of delivery;
- d notify the Head of Procurement of any discrepancy within **24** hours of delivery;
- e take all deliveries of goods into stock, record them in the inventory as required and hold them securely for the benefit of the Corporation or Company;
- f where they have delegated any or all of these responsibilities, ensure that all of the requirements set out in this section (37.9), are met.

37.10 Certification of payments

- 37.10.1 All employees have a specific duty under the terms of these regulations to take steps to ensure that all payments made by the Corporation or the Companies or UH Trust are a legal obligation.

¹⁴ In giving approvals/authorisations, the Group Finance Director (or deputy designated for this purpose) will satisfy him or herself that any necessary approval/authorisation has been given by the relevant Board of Directors.

37.10.2 The Group Finance Director will establish appropriate and transparent regulations and procedures to ensure:

- a that where payment is being sought from the Corporation, a Company or UH Trust, the goods and services to which the invoice relates have been received, verified and satisfy the terms and conditions of the relevant Purchase Order or contract;
- b the proper management, verification and authorisation of all payments (whether made electronically or manually).

38 STAFF APPOINTMENTS, SALARIES, WAGES AND SUPERANNUATION

38.1 Appointments

- a The Corporation and its Companies will appoint an employee only where financial provision has been made within the approved budget.
- b Letters of appointment and terms and conditions of service (and variations to them) are issued under the authority of the Vice-Chancellor/Chairman of the relevant Company.
- c An employee's eligibility to join an appropriate superannuation scheme will be set out in his or her letter of appointment.
- d All academic appointments made by the Corporation must be authorised by the appropriate Deputy Vice-Chancellor.
- e All professional staff appointments made by the Corporation must be authorised by the Secretary and Registrar.

38.2 Salaries, wages and fees

- a The Group Finance Director is responsible for the establishment and monitoring of corporate and company payroll procedures.
- b Unless otherwise authorised, in writing, by the Director of Human Resources (or Company equivalent), all salaries, wages, fees and other remunerations due either to employees or to other persons, will be paid through the Payroll section of the corporate Human Resources Department.
- c The Director of Human Resources will notify the Payroll Manager of any changes in staffing or in salaries (other than normal increments) or benefits in kind to be paid to employees of the Corporation or any other information which may be required.
- d All time records and other pay documents will be certified on behalf of the Vice-Chancellor/Chairman of the Parent Company or, in the case of Exemplar Holdings Limited, on behalf of the Company's Board of Directors, by the Head of SBU/Managing Director (or deputy designated for this purpose).
- e **LOANS TO EMPLOYEES**
Neither the Corporation nor any of its Companies will make loans to employees.
- f **PAYMENTS IN ADVANCE OF SALARY**
The Corporation and its Companies may, in exceptional circumstances, make payments to employees in advance of their salaries. All such payments will require the prior written consent of the Group Finance Director (or deputy designated for this purpose). Where the Group Finance Director (or deputy designated for this purpose) authorises such a payment it will be conditional on:
 - 1 the amount requested being equal to or less than the following month's salary;
 - 2 the amount of the advance being recovered in full from the following month's salary.

38.3 Salary grading and other pay matters

38.3.1 Corporation

Within the Corporation, matters relating to salary grading and other payments to employees will be resolved as follows:

- a **FOR THE VICE-CHANCELLOR AND OTHER APPOINTEES OF THE BOARD:**
by the Employment, Remuneration, Governance and Nominations Committee of the Board of Governors;

- b SENIOR MANAGERS:
(as defined by the Board of Governors from time-to-time in the terms of reference of the Employment, Remuneration, Governance and Nominations Committee of the Board of Governors)
by the Vice-Chancellor in consultation with the Employment, Remuneration, Governance and Nominations Committee of the Board of Governors;
- c FOR ALL OTHER EMPLOYEES:
by the Vice-Chancellor (or nominee) in accordance with the terms of the Articles of Government:
 - 1 FOR THE GRADING OF PROFESSIONAL STAFF UP TO AND INCLUDING GRADE UH9:
by the Secretary and Registrar on advice from the Director of Human Resources and in line with agreements for the job evaluation of Corporation staff;
 - 2 FOR THE GRADING OF ACADEMIC AND RESEARCH STAFF:
by the Vice-Chancellor (or nominee) on advice from the Director of Human Resources and in line with agreements for the job evaluation of Corporation staff;
- d FOR THE INITIAL GRADING OF PROFESSIONAL STAFF POSTS BETWEEN AND INCLUDING AM1 AND AM5:
by the Secretary and Registrar on advice from the Director of Human Resources and in line with agreements for the job evaluation of Corporation staff;
- e MOVEMENTS BETWEEN AM GRADES:
by the Vice-Chancellor, following a process of annual review, who will be informed, as appropriate, by the arrangements for the job evaluation of Corporation posts.

38.3.2 Companies

Within the Companies, matters relating to salary grading and other payments to employees will be determined by the relevant Board of Directors.

38.4 Expenses and allowances

- a The Group Finance Director is solely responsible for establishing procedures and regulations relating to the payment of bona fide expenses and allowances.
- b Expenses incurred by employees or other persons whilst they are engaged on official business will be paid only where the claim is made in accordance with the requirements of UPR FR05¹⁵.
- c No Governor, employee, Trustee or Director may authorise the payment of an expense claim or an allowance to be made either to themselves or to a person with whom they have a family or close personal relationship. All such claims must be signed personally by the claimant and will be given to a designated Officer at a higher level for checking and approval before reimbursement is made.
- d The Chairman of the Board of Governors will note, at six-monthly intervals, the expenses paid to Appointees of the Board.

39 ASSETS – MANAGEMENT AND CONTROL

- 39.1 The Vice-Chancellor is responsible to the Board of Governors for maintaining proper security of all land, buildings, furniture, equipment, plant, stores and other assets of the Corporation, UH Trust and the Companies.
- 39.2 As far as is practicable, all moveable property valued at **£500** or more will be marked as belonging to the Corporation or, where appropriate, the relevant Company.
- 39.3 Items valued at **£500** or above may be deleted from the inventory only with the prior approval of the Group Finance Director (Minute 343, Board of Governors, 17 March 2015, refers).

¹⁵ UPR FR05 'Travel, Expenses and Allowances'

- 39.4 The Group Finance Director, on behalf of the Vice-Chancellor, will:
- a ensure the physical security of all buildings/premises owned or leased to the Corporation or a Company;
 - b determine the scope (to include the minimum value of the items to be recorded) and format of the inventory (section 39.8, refers);
 - c confirm that the basis on which any valuation of the inventory is to be based is the lower of the cost or market value of the items held (section 39.8, refers);

39.5 The Director of Estates, Hospitality and Contract Services will maintain up-to-date plans of all buildings owned or leased by the Corporation and, unless alternative arrangements have been provided for in the relevant Memorandum of Understanding, its Companies and will provide advice to the Group Finance Director on the current replacement value of all buildings for which insurance is required.

39.6 Alternative arrangements within Memoranda of Understanding will be permitted only where they do not constitute a failure of control.

39.7 **Land and buildings – transfer or disposal**

The Board of Governors will:

- a keep the Corporation's and the Companies' holdings of land and buildings under review;
- b receive a report, at least annually, on the Corporation's and the Companies' holdings of land and buildings.

39.8 **Inventories**

Heads of SBUs/Managing Directors:

- a are responsible for the safe keeping of any equipment, plant, cash and other assets of the Corporation which are under their control;
- b must ensure that, subject to the instructions issued from time-to-time by the Group Finance Director (section 39.4, refers), such property is recorded in an inventory;
- c will ensure that the inventory does not exceed reasonable requirements;
- d will review the inventory periodically in accordance with instructions, timescales and deadlines published from time-to-time by the Group Finance Director with a view to reducing the size of the inventory where that is appropriate;
- e must check the inventory regularly to ensure accuracy;
- f for insurance purposes, must ensure that the Group Finance Director is informed of the current replacement value of such assets;
- g must ensure that records are properly maintained at all times and must show all receipts and issues, the type and quantity of the items of stock held and, where appropriate, the serial numbers;
- h will report to the Group Finance Director immediately any irregularities which may occur in the inventory, including items which are missing;
- i will make a report in accordance with the instructions, timescales and deadlines specified by the Group Finance Director concerning obsolete or surplus items in the inventory;
- j will inform the Group Finance Director, at the end of each Financial Year, of the type, quantity and value of the inventory.

39.9 **Motor vehicles**

39.9.1 **Vehicle registration**

Motor vehicles owned by the Corporation or a Company must be registered in the name of the owner.

39.9.2 Vehicles - loan or hire

Vehicles owned by the Corporation and administered by Universitybus Limited or its subsidiaries may be hired or loaned to other Companies or to SBUs or may be used for commercial purposes subject to terms and conditions determined under the provisions of these regulations and approved from time to-time by, or on the authority of, the Board of Directors of Universitybus Limited.

39.9.3 Vehicles – management and control

The Group Finance Director (or nominee) will establish processes and procedures to ensure compliance with the following requirements in relation to motors vehicles owned and/or leased and/or administered by the Corporation or a Company:

- a records of vehicle registrations, road tax, MOT inspections and insurance are maintained;
- b motor vehicles are roadworthy at all times and that, at all times, statutory requirements, including those concerning the carriage of goods and passengers, are complied with;
- c that such vehicles are driven only by employees who hold a valid driving licence and who meet the requirements of the Corporation's insurers.

39.10 Equipment and materials

(Note for guidance:

- o For the purposes of this section, 'equipment and materials' **excludes** uniforms and work-wear.
- o The relevant Head of SBU/Managing Director will determine the local regulations/practices to apply to the removal of uniforms and work-wear from the premises of the Corporation or the Company and, in doing so, will take account of the requirement in section 39.10.6.)

39.10.1 Subject to the following conditions and regulations, employees may be permitted to remove equipment or materials that are the property of the Corporation or a Company from the premises of the Corporation or the Company:

- a the equipment or materials are to used solely for bona fide corporate or Company business unless the regulations concerning the personal use of the Corporation's telephony and communications services are being applied (UPR IM17¹⁶, refers)

(Note for guidance:

UPR IM17¹⁶ sets out the policies and regulations that apply to use of telephony and communications services that are corporate or Company property. Personal use of these services may be permitted in limited circumstances and employees are expected to familiarise themselves and to comply with UPR IM17¹⁶);

and that

- b where this is relevant, the equipment or materials are to be used by the employee to whom they have been assigned in the inventory;

and that

¹⁶ UPR IM17 ' Telephony and Communications Services'

- c where this is relevant, the employee has obtained the necessary prior consents in accordance with the table set out in section 39.10.6 unless 39.10.5 applies.

(Note for guidance:

For the avoidance of doubt, section 39.10.1 means that consent to remove equipment or materials is given on condition that they are to be used only by the employee to whom they have been assigned.)

39.10.2 Heads of SBU/Managing Directors/Group Finance Director

- i In giving approval for the removal of equipment and materials from corporate or Company premises, the Head of SBU/Managing Director/Group Finance Director will ensure compliance with any requirements determined by officers with responsibility for specific elements of the corporate inventory, such as the Director of Estates, Hospitality and Contract Services, the Chief Information Officer or the Head of Procurement.

(Note for guidance:

The Chief Information Officer holds the corporate inventory for items such as laptops and iPads and a record of the employees to whom they have been issued. The Head of Procurement maintains a list, by assigned user, of mobile telephones obtained via the corporate contract.

- ii Heads of SBU/Managing Directors will determine the local regulations/practices to apply to the removal from corporate or Company premises of equipment and materials for which they are responsible.

(Note for guidance:

Heads of SBU/Managing Directors may take the view that, in providing a member of staff with equipment such as a laptop or an iPads for business use, consent is implied to such items being used on and off corporate or Company premises, provided that such use is solely for bona fide corporate or Company business.)

39.10.3 No transaction may be broken down into smaller elements to circumvent or facilitate the evasion of these regulations (UPR FR06).

39.10.4 Authorisation may be given by an officer at a higher level provided that this is not inconsistent with the requirements set out elsewhere in these regulations or does not constitute a failure of control.

39.10.5 Where equipment or materials valued at **£5,000** or above are being removed from the premises of the Corporation or a Company for the purposes bona fide corporate or Company activities, such as Awards Ceremonies, the removal may be authorised by the Head of SBU/Managing Director and need not be referred for approval by the Group Finance Director.

39.10.6 Equipment and materials – loans

(Note for guidance – equipment and materials – loans - Company

- o The value limits and associated approvals set out in the table to section 39.10.6 represent a minimum framework for approval and reporting.
 - o It is implicit that within this framework, Boards of Directors have latitude to determine supplementary approval and reporting arrangements to operate within their respective Companies.)
- i Neither the Corporation nor the Companies will loan equipment or materials for personal use.

- ii Unless 39.10.5 applies, removals of equipment and materials from Corporation or Company premises must be authorised in accordance with the following schedule:

Corporation				
Equipment and materials – loans by the Corporation (section 39.10, refers)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
		Deed	Other	
Up to £5,000	Head of SBU/Managing Director		Head of SBU	None
£5,000 or above	As above and the matter must be referred to the Group Finance Director for further consideration		To be determined by the Board of Directors	In accordance with the reporting requirements determined by the value limits set out in these regulations (UPR FR06)

Company				
Equipment and materials – loans by a Company (section 39.10, refers)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
		Deed	Other	
Up to £5,000	Managing Director		To be determined by the Board of Directors	None
£5,000 or above	As above and the matter must be referred to the Group Finance Director for further consideration		To be determined by the Board of Directors	Board of relevant Company

40 ASSETS – SALE OR DISPOSAL

40.1 Equipment, furniture and materials – sale or disposal

The Group Finance Director will establish procedures and regulations for the disposal or sale of obsolete or surplus equipment, furniture or materials owned by the Corporation or the Companies, such that the following requirements are met:

- a disposals are approved in accordance with the schedule given in section 40.2;
- b Heads of SBUs/Managing Directors notify the Head of Procurement of any surplus equipment, furniture or materials;
- c the Head of Procurement will periodically circulate information to all SBUs and Companies concerning the items which have been notified as surplus;
- d prior to disposal, the surplus item has been offered by the Head of Procurement to all SBUs and Companies;
- e the proper recording of transfers of surplus items between SBUs/Companies and that the value of any item so transferred reflects the market price;
- f where a surplus item is not required by another SBU/Company, that the Head of Procurement advertises the item to employees and to external organisations by way of public announcement;
- g where a surplus item is of high value and is not required by another SBU/Company, that its disposal is the subject of a tender process conducted by the Head of Procurement and the item sold to the highest bidder.

40.2 Equipment, furniture and materials – authorisation of sale or disposal

40.2.1 The values given in this section relate to the net book value of the equipment, furniture of materials concerned.

40.2.2 Authorisations for the sale or disposal of equipment, furniture of materials will be given in accordance with the following schedule.

40.2.3 No sale or disposal may be made without the required prior approvals.

40.2.4 *The Secretary and Registrar (nominee) will ensure that all software, data and information that is the property of the Corporation or is the subject of a licence held by the Corporation is removed from equipment prior to disposal.*

(Note for guidance:

Where Information and Communications Technology (ICT) equipment is to be disposed of, for the purposes of section 40.2.4, the nominee of the Secretary and Registrar is the Chief Information Officer.)

40.2.5 No transaction may be broken down into smaller elements to circumvent or facilitate the evasion of these regulations (UPR FR06).

40.2.6 Authorisation may be given by an officer at a higher level provided that this is not inconsistent with the requirements set out elsewhere in these regulations or does not constitute a failure of control.

(Note for guidance – equipment, furniture and materials – authorisation of sale or disposal

- The value limits and associated approvals set out in the table to section 40.2.10 represent a minimum framework for approval and reporting.
- It is implicit that within this framework, Boards of Directors have latitude to determine supplementary approval and reporting arrangements to operate within their respective Companies.)

Corporation				
Equipment, furniture and materials – authorisation of sale or disposal by the Corporation (section 40.2, refers)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
		Contract	Deed	
up to £20,000	Head of SBU/Managing Director and Head of Procurement	Head of SBU (or designated deputy)	section K.5 applies	None
£20,000 - £100,000	As above and Group Finance Director (or designated deputy)	Vice-Chancellor (or Deputy Vice-Chancellor) or Secretary and Registrar	As above	None
£100,000 - £500,000	As above and Vice-Chancellor (or Deputy Vice-Chancellor)	As above	As above	None
£500,000 - £1,000,000	As above and Finance Committee	As above	As above	Board of Governors
£1,000,000 or above	As above and Board of Governors	As above	As above	Board of Governors

Company				
Equipment, furniture and materials – authorisation of sale or disposal by a Company (section 40.2, refers)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
		Contract	Deed	
up to £20,000	Head of SBU/Managing Director and Head of Procurement	To be determined by the Board of Directors	section K.6 applies	Company None
£20,000 - £100,000	As above and Group Finance Director (or designated deputy)	As above	As above	None
£100,000 - £500,000	As above and Chairman of the Parent Company	As above	As above	None
£500,000 - £1,000,000	As above and Finance Committee	As above	As above	None
£1,000,000 or above	As above and Board of Governors	As above	As above	Company None

40.3 Land and buildings – transfer or disposal

40.3.1 The Board of Governors, as it deems appropriate, will rationalise the portfolio of land and buildings owned by the Corporation and the Companies and dispose of land and buildings which are no longer required.

40.3.2 The following transactions require the prior approval of the Board of Governors:

- a regardless of value, any disposal of land or buildings by the Corporation to another party, including a Company, as defined in section 3.6;
- b regardless of value, any transfer of land or buildings by a Company to another party.

41 INTELLECTUAL PROPERTY

Minute 892.6, Board of Governors, 27 November 2012, refers.

41.1 Intellectual property - policies, procedures and regulations

- a Employees and students must comply with the Corporation's policies, procedures and regulations relating to intellectual property (UPR CA04¹⁷, refers).
- b The Corporation's policies relating to intellectual property and the regulations governing the exploitation of that intellectual property are determined by the Board. Operating procedures and regulations will be determined by the Group Finance Director and the Secretary and Registrar (UPR CA04¹⁷, refers).

41.2 Intellectual property - ownership

- a Where an invention is made by a member of staff employed on a University of Hertfordshire contract, in the course of his or her normal employment, the intellectual property will vest in the Hertfordshire Higher Education Corporation which will, in every case, retain the full patent rights. The Corporation may assign the ownership of its intellectual property to another party. The Corporation will ensure that these rights are

¹⁷ UPR CA04 'Intellectual Property'

only disposed of for value or, exceptionally, for social need. The requirement that rights are only disposed of for value may be waived in circumstances where rights are being assigned to a Company in which the Corporation is a shareholder or from which the Corporation will obtain a benefit.

- b Where the income to be derived from the disposal of intellectual property rights is expected to be less than **£500,000**, the proposed arrangements must be approved in writing by the Vice-Chancellor (or nominee).

(Note for guidance – nominee of the Group Finance Director

For the purposes of 41.2, the nominee of the Vice-Chancellor will normally be the Secretary and Registrar who will be advised by the relevant Officers.)

- c Where the sum involved is likely to exceed **£500,000**, the prior written approval of the Vice-Chancellor will be required and the Vice-Chancellor will notify the Finance Committee at the next meeting.

41.3 Intellectual property - exploitation and use

- a The Corporation may assign the right to use and/or to exploit its intellectual property to another party. The Corporation will ensure that these rights are only disposed of for value. This requirement may be waived in circumstances where rights are being assigned to a Company in which the Corporation is a shareholder or from which the Corporation will obtain a benefit.
- b Where the income to be derived from the exploitation or use of the intellectual property is expected to be less than **£500,000**, the proposed arrangements must be approved. in writing. by the Vice-Chancellor (or nominee).

(Note for guidance – nominee of the Group Finance Director

For the purposes of 41.3, the nominee of the Vice-Chancellor will normally be the Secretary and Registrar who will be advised by the relevant Officers.)

- c Where the sum involved is likely to exceed **£500,000**, the prior written approval of the Vice-Chancellor will be required and the Vice-Chancellor will notify the Finance Committee at the next meeting.

41.4 Intellectual property – income derived from intellectual property

- a **TECHNOLOGY TRANSFER TO A COMPANY IN WHICH THE CORPORATION AND THE INVENTOR(S) ARE SHAREHOLDERS**
The equity in the Company that is to be assigned to the inventor(s) will be determined by the Vice-Chancellor who will be advised by the relevant Officers. These arrangements will be reported to the Finance Committee at its next meeting. All income paid to the Corporation by virtue of its being a shareholder in such a Company will be retained by the Corporation.
- b **INCOME DERIVED FROM PATENTS OR COMMERCIAL EXPLOITATION OTHER THAN 41.4, a**
Where the Corporation derives income from its intellectual property in the form of royalties arising from a patent and/or as a result of the commercial exploitation of an invention, this income will be dealt with in accordance with the schedule given in section 41.5. Where a student has assigned his or her rights to an invention to the Corporation, royalties and/or income derived by the Corporation from the commercial exploitation of that invention will be dealt with in accordance with the schedule given in section 41.5.

41.5 Intellectual property - income and royalties

- a The Corporation will recoup all related expenditure, including the costs of obtaining the grant of the patent and/or the commercial exploitation of the invention and any employer's on-costs relating to the inventor.

- b The above costs (a) having been recovered, net royalties/income will accrue as follows:

Corporation:	25%
SBU (academic)	20%
Inventor(s):	50%
Research Committee of the Academic Board:	5%

The royalties/income which accrue to the Research Committee of the Academic Board will be used to support research activity.

- c Where the total net income exceeds £500,000, its allocation will be subject to further consideration by the Vice-Chancellor in consultation with the relevant Officers and the inventor(s). Their recommendation will require the formal approval of the Finance Committee.

41.6 Copyright vested in the Corporation

- a Where the ownership of copyright is not assigned elsewhere by means of a pre-existing agreement, such as a contract of employment, a consultancy contract or other agreement, it should be assumed that the copyright of documentation, software, photographs and dramatic works produced by employees during the course of their duties for the Corporation is vested in the Corporation.
- b All such documentation, software, photographs and dramatic works must make it clear in the format '© University of Hertfordshire Higher Education Corporation (and year of creation of the copyright work)' that they have originated from the Corporation.
- c Where the copyright of an original work produced by an employee in the course of his or her duties for the Corporation is vested in the Corporation, the work must be marked in this way.
- d The terms and conditions which will apply to any agreement whereby material whose copyright is vested in the University of Hertfordshire may be used by or transferred to another party will be determined by the Secretary and Registrar. The Secretary and Registrar will keep a record of all such agreements.
- e Where the Corporation derives income from its copyright material, that income will be dealt with as follows:
- 1 The Corporation will recoup all related expenditure.
 - 2 The above costs (a) having been recovered net income will accrue as follows:

Corporation:	25%
SBU (academic)	25%
Author(s):	50%
 - 3 Where the total net income exceeds £500,000, its allocation will be subject to further consideration by the Vice-Chancellor in consultation with the Group Finance Director, the Secretary and Registrar and the author(s). Their recommendation will require the formal approval of the Finance Committee.
- f Where the Corporation owns the copyright of a paper which is to be submitted for publication in a journal or conference proceedings, the Corporation will, if requested to do so, relinquish the copyright of the paper to the publisher.
- g Authors may, in these circumstances, give this permission on behalf of the Corporation without reference to the Secretary and Registrar.
- h On behalf of the Corporation, the Secretary and Registrar will deal with all instances of breach of copyright on the basis of the circumstances of the individual case.

42 INSURANCE

42.1 The Group Finance Director will:

- a effect such insurances as are necessary to cover any risks to which the Corporation, UH Trust or the Companies might be exposed;
- b negotiate and recover claims;
- c review insurance strategy and all insurances annually;

- d make a report to the Finance Committee annually:
 - 1 confirming that adequate cover has been obtained;
 - 2 provide information concerning any risks that the Corporation, UH Trust or the companies will bear themselves.

42.2 Heads of SBU will notify the Group Finance Director immediately of:

- a any circumstances which may materially affect the overall exposure or risk to the Corporation, UH Trust or the Companies and
- b information concerning property, vehicles, plant or other assets which may materially affect the overall exposure or risk to the Corporation, UH Trust or the Companies (effective 21 October 99) (Minute 397, Board of Governors, 21 October 99, refers) and
- c additions, disposals and alterations to property, vehicles or other assets of the Corporation, the Companies or UH Trust which might affect existing insurances;
- d any potential loss, liability, damage or any event likely to give rise to a claim against the Corporation, UH Trust or the Companies;

42.3 The Head of SBU will implement processes and procedures within their respective SBUs to ensure that these requirements are met.

42.4 **Insurance claims - settlement**

Claims made under the terms of the insurance referred to in section 42.1, a, will normally be settled direct by the insurance broker.

43 **PROPERTY**

43.1 **Property - theft**

43.1.1 Heads of the SBU/Managing Directors will implement processes and procedures within their areas of responsibility for the safekeeping and security of moneys and items which are the property of the Corporation, UH Trust or a Company.

43.1.2 Where it is suspected that money or items which are the property of the Corporation, UH Trust or a Company have been stolen, the Head of the SBU/Managing Director concerned must report the matter to the Secretary and Registrar and to the Group Finance Director.

43.2 **Property - personal**

Personal property is brought onto premises owned or occupied by the Corporation or a Company entirely at the owner's own risk. In the absence of any negligence by the Corporation or a Company which causes death or personal injury, neither the Corporation nor its Companies accept liability for any loss or damage to personal property.

44 **EXPENDITURE – CAPITAL**

44.1 **Land and buildings**

44.1.1 SBUs and Companies may not alter or add to the buildings of the Corporation or the Companies without the prior approval of the Group Finance Director and the Vice-Chancellor and any other prior approvals required under the terms of these Financial Regulations.

44.1.2 Land and buildings which are to be maintained with the aid of HEFCE funding may be acquired by the Corporation only if HEFCE has given its prior consent and in accordance with the relevant Regulations (UPR FR06).

44.1.3 Land and buildings which are maintained with the aid of HEFCE funding may be disposed of by the Corporation only if HEFCE has given its prior consent and in accordance with the relevant Regulations (UPR FR06).

44.1.4 Any terms, conditions and prices agreed in respect of a purchase order or contract must be shown clearly within the Purchase Order at the time of authorisation.

44.1.5 The Group Finance Director will undertake a full appraisal of the revenue implications of capital expenditure and report to the Finance Committee on any revenue item with a resource cost in excess of **£500,000**.

44.1.6 **Capital - expenditure**

- a For the avoidance of doubt, the Corporation is required to use capital funds granted to it by HEFCE for the purpose that the grant was made. The Corporation's capital expenditure and funding is subject to any further conditions imposed by HEFCE specifically in relation to a capital grant and/or in the rules specified by the Memorandum of Assurance and Accountability Between HEFCE and Institutions.
- b In cases where proposed capital expenditure will exceed the limits set by HEFCE in the 'Memorandum of Assurance and Accountability Between HEFCE and Institutions', the Corporation is required to consult HEFCE.
- c The Group Finance Director will advise the Finance Committee and, as necessary, the Board, at the earliest possible opportunity, in cases where proposed capital expenditure will require the approval of HEFCE and whether or not the Corporation might bid for capital funding from HEFCE or any other source, for example, in support of a proposed capital project.
- d Regardless of the source of funding, capital expenditure by the Corporation and its Companies on land, buildings, furniture, equipment and associated costs may only be incurred as part of specifically approved votes or special allocations made either by the Finance Committee or the Board of Governors.
- e All applications to the Finance Committee and the Board of Governors for capital expenditure/the approval of a capital project will include, where relevant, the information specified in section 44.2.2.
- f Where precise information concerning the costs associated with a proposed capital project is not available at the time at which application is made to the Finance Committee or the Board, the application will include an estimate of such costs (Minute 860.3.1, Board of Governors, 14 March 2006, refers).
(Costs might include those for land, construction/refurbishment, landscaping, professional fees, equipment, including that required for communications and data, fixtures and fittings, VAT and any other associated costs.)

44.1.7 **Capital - programme**

The Group Finance Director, in consultation with the senior officers of the Corporation and, as appropriate, the Companies, will draw up, annually, a proposed capital programme for the approval of the Board of Governors. The proposed capital programme will:

- a identify known and likely projects for the next year;
- b be consistent with the corporate Strategic Plan and its Estates Strategy;
- c having been considered and endorsed by the relevant Parent Company, be presented to the Finance Committee for consideration, agreement and recommendation to the Board for approval, normally at the meeting of the Board which sets the Annual Budget for the year to which the proposed capital programme relates.

(Note for guidance:

The proposed capital programme normally forms part of the Annual Budget presented for approval by the Board of Governors (section 21, refers).)

44.1.8 Capital expenditure – monitoring

The Group Finance Director will:

- a provide progress reports to the Finance Committee at each meeting on all capital expenditure/capital projects for which approval has been given by the Finance Committee and/or the Board;
- b monitor all capital expenditure;
- c at monthly intervals, report to the Vice-Chancellor on all capital expenditure/capital projects approved by the Vice-Chancellor and/or the Finance Committee and/or the Board;
- d in the preparation of the revenue budget, take account of the implications of capital expenditure (for example, any new or increased maintenance and running costs resulting from a capital project).

44.1.9 Capital expenditure - controls

- a No Governor, employee or Director may make a commitment on behalf of the Corporation or a Company which would cause the Annual Budget approved by the Board to become overspent.
- b The Group Finance Director:
 - 1 is responsible for ensuring that proper procedures exist for the control and monitoring of expenditure against approved capital budgets;
 - 2 will make payment of all amounts due from the Corporation or a Company, under arrangements which he or she approves and controls.

44.2 Capital projects

44.2.1 Capital projects - approval

- a Although a proposed capital project may have been included in the capital programme approved by the Board or in the approved Estates Strategy, this does not constitute Finance Committee or Board approval.
- b Each proposed capital project will require the approval of the Board of Governors in accordance with the regulations and procedures given in this section (44). Unless the Board of Governors has delegated this responsibility, for example, to the Finance Committee, the Board of Governors will consider proposed capital projects on the basis of advice provided to it by the Finance Committee.
- c In cases where a project which has received approval has not commenced, approval will lapse automatically after twelve (12) months. Where approval has lapsed a new application for approval must be made in the event that the decision is taken to revive the project.

44.2.2 Capital projects – format of proposals for approval

(Minute 272, Board of Governors, 20 October 2009, refers.)

Applications for approval will be made by the Group Finance Director and will include the following information:

- a a description of the proposed project;
- b advice from the Corporation's professional advisers, for example, Solicitors or Valuers;
- c whether the Corporation requires further professional advice about the proposed project;
- d where relevant, full information concerning the proposed terms and conditions of the contract;
- e the relevant extracts from the corporate Strategic Plan and/or its Estates Strategy and confirmation that the proposed project conforms to these;

- f full estimates of all capital and other costs (including fees, VAT and any other associated costs);
- g a full investment appraisal;
- h the revenue impact of the proposed project on the current and future years' budgets, a financial appraisal and information relating to cash flow;
- i full information concerning how the proposed project is to be funded and the sources of that funding, including borrowing/financing arrangements;
- j information concerning any approval which may be required for the proposed project, for example, building consent or approval from HEFCE or the Charity Commission and advice on any approvals that have been obtained;
- k the extent to which the proposed project falls within EU tendering requirements;
- l a timetable for further progress and the completion of the proposed project.

44.2.3 Capital projects – monitoring

(Minute 272, Board of Governors, 20 October 2009, refers.)

- a The Group Finance Director will report progress to the Finance Committee and to the Board in accordance with the requirements of section 44.1.8.
- b At the conclusion of every capital project approved by the Finance Committee and/or the Board, the Group Finance Director will submit to the Finance Committee a report giving full information concerning the final costs of the project. The report will compare projected costs with actual costs and will identify variations between the two. Where a capital project has been approved wholly or partly on the basis of revenue enhancement or expenditure reduction, following the conclusion of the project, a report will be made to the Finance Committee and/or the Board concerning the consequential cost benefits accrued by the Corporation.

44.2.4 Capital contracts associated with the building trade - retention of moneys

The relevant terms and conditions will be determined in accordance with Joint Contracts Tribunal standard forms of building contract (or equivalent).

44.3 Capital expenditure, capital projects, property leases, minor works – authorisation

- a No transaction may be broken down into smaller elements to circumvent or facilitate the evasion of these regulations (UPR FR06).
- b Authorisation may be given by an officer at a higher level provided that this is not inconsistent with the requirements set out elsewhere in these regulations or does not constitute a failure of control.
- c Where the authorisation is for a property lease, the authorisation requirements for the lease will be based on the total aggregate value of the contract.
- d **PROPERTY LEASES/LICENCES**
Where a Company or third-party is to be permitted to occupy part of the Corporation's estate, a formal lease or licence should be agreed which will include termination clauses, periods of notice and the rent to be charged. The lease or licence shall be negotiated on the authority of the Group Finance Director and the Secretary and Registrar, by the Director of Estates, Hospitality and Contract Services or an appropriately authorised member of staff within Estates, Hospitality and Contract Services.

44.3.1 Capital expenditure, capital projects, property leases – authorisation

(Note for guidance:

- o **Capex Panel**
The Capex Panel has been established to consider, amongst other things, proposed items of capital expenditure valued at **£20,000** and above and their revenue implications and to determine whether they should be permitted to progress to the approval stage in accordance with the requirement of these Financial Regulations.

○ **Companies**

The value limits and associated approvals set out in the table to section 44.3.1 represent a minimum framework for approval and reporting.

It is implicit that within this framework, Boards of Directors have latitude to determine supplementary approval and reporting arrangements to operate within their respective Companies.)

Corporation				
Capital expenditure, capital projects, property leases– authorisation – Corporation (section 44.3.1, refers)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
		Contract	Deed	
up to £5,000	expenditure below £5,000 is normally considered to be revenue expenditure		section K.5 applies	None
£5,000 - £20,000	Head of Procurement and Group Finance Director (or deputy designated for this purpose) (The role of the Head of Procurement is to provide assurance that all legal and regulatory requirements have been met and procurement 'best practice' followed, He or she does not have authority to approve expenditure)	Secretary and Registrar or Vice-Chancellor (or Deputy Vice-Chancellor)	As above	None
£20,000 - £100,000	Group Finance Director (or deputy designated for this purpose)	As above	As above	None
£100,000 - £500,000	As above and Vice-Chancellor (or Deputy Vice-Chancellor)	As above	As above	None
£500,000 - £1,000,000	As above and Finance Committee	As above	As above	Board of Governors
£1,000,000 or above	As above and Board of Governors	As above	As above	Board of Governors

Companies

Capital expenditure, capital projects, property leases– authorisation - Company (section 44.3.1, refers)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
		Contract	Deed	
up to £5,000	expenditure below £5,000 is normally considered to be revenue expenditure		section K.6 applies	None
£5,000 - £20,000	Head of Procurement and Group Finance Director (or deputy designated for this purpose) (The role of the Head of Procurement is to provide assurance that all legal and regulatory requirements have been met and procurement 'best practice' followed, He or she does not have authority to approve expenditure)	To be determined by the Board of Directors	As above	To be determined by the Board of Directors
£20,000 - £100,000	Group Finance Director (or deputy designated for this purpose)	To be determined by the Board of Directors	As above	As above
£100,000 - £500,000	As above and Vice-Chancellor (or Deputy Vice-Chancellor)	As above	As above	<i>As above and Board of Parent Company</i>
£500,000 - £1,000,000	As above and Finance Committee	As above	As above	<i>Finance Committee</i>
£1,000,000 or above	As above and Board of Governors	As above	As above	<i>As above and Board of Governors</i>

44.3.2 Other projects (minor works) – authorisation

Corporation				
Other projects (minor works) – authorisation – Corporation (section 44.3, refers)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
		Contract	Deed	
up to £75,000	Director of Estates, Hospitality and Contract Services	Secretary and Registrar or Vice-Chancellor (or Deputy Vice-Chancellor)	section K.5 applies	
£75,000 - £100,000	As above and Group Finance Director	As above	As above	
£100,000 or above	The requirements of section 43.3.1 apply	Refer to section 43.3.1	As above	

Company				
Other projects (minor works) – authorisation - Company (section 44.3, refers)				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
		Contract	Deed	
up to £75,000	Director of Estates, Hospitality and Contract Services	To be determined by the Board of Directors	section K.6 applies	
£75,000 - £100,000	As above and Group Finance Director	To be determined by the Board of Directors	As above	
£100,000 or above	The requirements of section 43.3.1 apply	Refer to section 43.3.1	As above	

CORPORATE GOVERNANCE – PART II – SECTIONS A – K - STRUCTURES, POWERS, RESPONSIBILITIES AND DELEGATION

A BOARD OF GOVERNORS - POWERS AND RESPONSIBILITIES

- A.1 The responsibilities of the Board are set out in the Corporation’s Instrument of Government (UPR GV04¹, refers) and Articles of Government, UPR GV01², refers).
- A.2 The Board of Governors:
- a is responsible for ensuring that funds from HEFCE are used in accordance with the Education Reform Act 1988, the Memorandum of Assurance and Accountability Between HEFCE and Institutions, relevant legislation and any other conditions which HEFCE may from time-to-time prescribe;
 - b is responsible also for ensuring that financial, planning and other management controls (including controls against fraud and theft) applied by the Corporation and the Companies are appropriate and sufficient to safeguard public funds;
 - c is responsible for securing the efficient economical and effective management of all the Corporation’s resources and expenditure, including funds other than those provided by HEFCE, capital assets and equipment and staff resources, so that the investment of public funds in the Corporation by HEFCE is not put at risk;
 - d will ensure that financial considerations are taken into account at all stages in reaching decisions and in their execution;
 - e is responsible for controlling the Corporation’s financial affairs and, through the Vice-Chancellor, will ensure that these regulations (UPR FR06) are applied, the day-to-day management of these affairs being, through the Vice-Chancellor, the responsibility of the Group Finance Director;
 - f may, with certain exceptions, delegate a power or duty to a committee or to the Vice-Chancellor of the Corporation, although in either case responsibility remains with the Board;
 - g has the power to establish Companies (sections 1.5 and H, refer);
 - h may create financial reserves and make provisions as it deems appropriate.

B BOARD OF GOVERNORS - DELEGATIONS OF AUTHORITY

- B.1 The authority of the Board of Governors may be delegated only by the Board itself and then only to the extent permitted by the Instrument of Government (UPR GV04¹), Articles of Government (UPR GV01²), the ‘Memorandum of Assurance and Accountability Between HEFCE and Institutions’ and relevant legislation.

- B.2 Where authority has been delegated to a designated officer under the terms of these regulations (UPR FR06) and that designated officer is not available to give his or her approval, the authorisation may be given by a deputy designated for this purpose or a nominee where this is provided for specifically in these regulations or, where no such provision is made, only by an officer at a higher level.
- B.3 Where, under the terms of these regulations, a delegation of authority is made to officers on an ex officio basis, the intention of the Board of Governors is that the delegation will apply in all circumstances which fall within the parameters of the delegation and only within the area, such as an SBU, for which the officer concerned has been given responsibility.
- B.4 In making a delegation of authority, the Board will specify the purpose for which that authority may be exercised and the limits within which that authority may be used.
- B.5 Officers or committees to whom the Board of Governors has made a delegation of authority:
- a will exercise that authority strictly in accordance with any terms and conditions determined by the Board of Governors;
 - b will ensure that proper records are created and all necessary reports are made concerning the exercise and use of that authority;
 - c may not delegate this authority further without the prior consent of the Board of Governors unless these regulations (UPR FR06) permit a further delegation of authority by the officer or committee concerned, for example, to a deputy designated for this purpose or to a nominee.

C COMMITTEES OF THE BOARD - POWERS AND RESPONSIBILITIES

C.1 Finance Committee

(Minute 343, 17 March 2015, refers.)

To enable it to meet its responsibilities in relation to the financial management of the Corporation and the Companies, the Board has established a Finance Committee. The terms of reference of the Finance Committee, approved from time-to-time by the Board, may be viewed at the following location:

<http://sitem.herts.ac.uk/secreg/FinanceEmployment.htm>

(Minute 287.2.6, Board of Governors, 13 November 2014, refers.)

C.2 Audit Committee

(Minute 343, 17 March 2015, refers.)

In compliance with Article 5 (c) of the Articles of Government (UPR GV01²) and to enable it to meet its responsibilities in relation to the establishment and monitoring of appropriate and efficient mechanisms and procedures for internal and external control and also any requirements which HEFCE might have in this regard, the Board has established an Audit Committee. The terms of reference of the Audit Committee, approved from time-to-time by the Board, may be viewed at the following location:

<http://sitem.herts.ac.uk/secreg/Audit%20Committee.htm>

D APPOINTEES OF THE BOARD - POWERS AND RESPONSIBILITIES

D.1 Vice-Chancellor

- a The responsibilities of the Vice-Chancellor are set out in the Corporation's Articles of Government (UPR GV01²). They include, but are not limited to, the inter-relationship of the Board of Governors and the Academic Board, the internal structures and

organisation of the Corporation and the University of Hertfordshire Group, student and staff discipline and appeals and the interface between the Corporation and external bodies and agencies.

- b The Vice-Chancellor is the Chief Executive and the Officer accountable and responsible for the University's performance. He or she is an ex officio member of the Board of Governors, is its principal adviser and executive and is accountable to it (the Board) for any actions which he or she may take on its behalf.
- c Within this framework the Board of Governors requires the Vice-Chancellor to take personal responsibility, which may not be delegated, for the proper and effective operation of the controls which it has put in place and for giving effect to the Board's policies for securing the efficient, economical and effective management of all the Corporation's resources and expenditure.
- d The Vice-Chancellor will be responsible with the Board for ensuring that any payments from HEFCE are used only for the purposes for which they are given and in accordance with the provisions of Memorandum of Assurance and Accountability Between HEFCE and Institutions or any other terms and conditions which may apply.
- e The Vice-Chancellor will be responsible for advising the Board if, at any time, any action or policy under consideration by the Board is incompatible with the terms of the Memorandum of Assurance and Accountability Between HEFCE and Institutions.

D.2 Deputy Vice-Chancellors

Information relating to the current roles and responsibilities of individual Deputy Vice-Chancellors is set out in Appendix I, UPR FR06¹⁸.

D.3 Group Finance Director

Information relating to the current role and responsibilities of the Group Finance Director is set out in Appendix I, UPR FR06¹⁸.

D.4 Secretary and Registrar

D.4.1 Information relating to the current role and responsibilities of the Secretary and Registrar is set out in Appendix I, UPR FR06¹⁸.

D.4.2 Registration of students

The registration of students is the responsibility of the Secretary and Registrar or any person authorised by the Secretary and Registrar to act on his or her behalf. The Secretary and Registrar will maintain a record of all persons registered as students of the Corporation.

E DESIGNATED OFFICERS - DELEGATIONS OF AUTHORITY

E.1 Where these regulations permit a designated officer, such as a Head of SBU/Managing Director, to delegate authority or responsibility to a deputy designated for this purpose or to a nominee but do not specify the officer who is to be deputised or act as nominee, the designated officer will ensure that:

- a the deputy designated for this purpose or nominee is of appropriate seniority;
- b proper records are created and maintained and all necessary reports are made concerning the exercise and use of that authority;
- c a written record ('Scheme of Delegation') setting out the names of the individuals designated as deputies or designated as nominees and the limits of the authority delegated to them or to be exercised by them, is made and retained for seven (7) years.

E.2 Schemes of Delegation will be regarded as Prime Documents.

¹⁸ Appendix I, UPR FR06 'Office of the Vice-Chancellor – Summary of Responsibilities of Appointees of the Board'

F HEADS OF SBUs/MANAGING DIRECTORS - DELEGATIONS OF AUTHORITY TO BUDGET HOLDERS

- F.1 As designated officers under the terms of these regulations, Heads of SBUs/Managing Directors have discretion to appoint Budget Holders and Deputy Budget Holders and,
- i CORPORATION
in the case of the Corporation, to assign to them responsibilities in connection with a portion of the funds allocated to the SBU from the approved Annual Budget and/or income derived from other sources such as commercial activities or research grants;
 - ii COMPANY
in the case of a Company, to assign to them responsibilities in connection with a portion of the Company's funds.
- F.2 Within the limits of their own authority under the terms of these regulations, in designating a Budget Holder or Deputy Budget Holder, the Head of SBU/Managing Director will:
- a ensure that the Budget Holder or Deputy Budget Holder is of appropriate seniority;
 - b will determine the limits of the delegation of authority to the Budget Holder or Deputy Budget Holder;
 - c will ensure that a written record ('Scheme of Delegation') setting out the names of the individuals designated as Budget Holders and Deputy Budget Holders and the limits of the authority delegated to them or to be exercised by them, is made and retained for seven (7) years.
- F.3 Schemes of Delegation will be regarded as Prime Documents.
- F.4 The Group Finance Director will maintain, either electronically or in a structured manual file:
- a a list of Budget Holders and Deputy Budget Holders and
 - b a record of their signatures.
- F.5 The Head of SBU/Managing Director will discharge the responsibilities assigned to Budget Holders where he or she has not delegated responsibility to a Budget Holder.

G BUDGET HOLDERS – RESPONSIBILITIES AND LIMITS OF AUTHORITY

Corporate or Company Budget Holders and Deputy Budget Holders:

- a will at all times comply with the requirements of these regulations and with any supplementary instructions and procedures to effect the operation of the regulations in this document (UPR FR06), issued from time-to-time by the Group Finance Director or other Appointees of the Board;
- b will not exceed the limits of the authority delegated to them.

H COMPANIES

- H.1.1 The affairs of the Companies within the University of Hertfordshire Group are regulated by their respective Memoranda and Articles of Association, their respective Memoranda of Understanding and by instructions issued from time-to-time by their respective Boards of Directors.
- H.1.2 The Board of Governors will determine appropriate regulations and controls for the creation and proper operation of the Companies as defined in section 3.6.

H.2 Companies wholly-owned by the Corporation - delegation of powers by the Board to the Finance Committee

(Note for guidance:

Companies wholly-owned by the Corporation would, for example, include UH Holdings Limited.)

H.2.1 Subject to the conditions set out in section H.2.2, the Board of Governors has delegated the following powers to the Finance Committee:

- a the creation of subsidiary Companies wholly-owned by the Corporation (Minute 397, Board of Governors, 21 October 99, refers);
- b the appointment of Directors of companies wholly-owned by the Corporation (Minute 397, Board of Governors, 21 October 99, refers).

H.2.2 The delegation of powers set out in section H.2.1 is subject to the following conditions.

- a The Group Finance Director is appointed as a Director of the Company at the time of its establishment.
- b At its first meeting, the Board of Directors of the Company:
 - 1 adopts these regulations (UPR FR06) unless an exception is approved by the Board of Governors, in which case the Board will be advised by the Group Finance Director and, where appropriate, other professional advisers;
 - 2 appoints as the Company's Solicitor, External Auditor and Internal Auditor, the Solicitor, External Auditor and Internal Auditor of the Corporation;
 - 3 adopts the policies, regulations and procedures set out in UPR GV12⁴ and any amendments approved from time-to-time by the Board and makes a report to the Finance Committee confirming that it has done so (Minutes. 435.2, Board of Governors, 29 June 2000, and 487.2, Board of Governors, 22 March 2011, refer).
- c A Memorandum of Understanding is established between the Company and the Corporation at the earliest opportunity.

H.3 Companies wholly-owned by subsidiaries of the Corporation - delegation of powers by the Board to the Finance Committee

(Note for guidance: Examples of Companies wholly-owned by subsidiary of the Corporation would include Universitybus Limited, UH Ventures Limited and Exemplas Holdings Limited.)

H.3.1 The Board of Governors has delegated the following powers, through the Finance Committee, to Companies wholly-owned by the Corporation, subject to the conditions set out in section H.3.2:

- a the creation of wholly-owned Companies to function as their subsidiaries (Minute 397, Board of Governors, 21 October 99, refers);
- b the appointment of Directors (Minute 397, Board of Governors, 21 October 99, refers).

H.3.2 The delegation of powers set out in section H.3.1 is subject to the following conditions.

- a The Group Finance Director is appointed as a Director of the Company at the time of its establishment.
- b The Company adopts these regulations (UPR FR06) unless an exception is approved in which case the Finance Committee will take advice from the Group Finance Director and, where appropriate, other professional advisers.
- c At its first meeting, the Board of Directors of the Company:
 - 1 appoints as the Company's Solicitor, External Auditor and Internal Auditor, the Solicitor, External Auditor and Internal Auditor of the Corporation;

2 adopts the policies, regulations and procedures set out in UPR GV12⁴ and any amendments approved from time-to-time by the Board and makes a report to the Finance Committee confirming that it has done so (Minutes. 435.2, Board of Governors, 29 June 2000, and 487.2, Board of Governors, 22 March 2011, refer).

d A Memorandum of Understanding is established between the Company and the Parent Company at the earliest opportunity.

H.4 **Managing Directors**

Managing Directors, as defined in section 3.12, are required to comply with the responsibilities and requirements that these regulations assign to:

- a Managing Directors and
- b (unless the Group Finance Director has agreed that it is inappropriate) to Heads of SBU.

H.5 **Companies/bodies - in which the Corporation or a Company has an interest**

The Board of Governors:

- a will establish appropriate procedures to ensure the proper management and administration of its relationships with Companies or organisations in which the Corporation or a Company is a Shareholder or member or in which the Corporation or a Company otherwise has an interest;
- b requires that relationships between, and the responsibilities of, the Shareholders (or equivalent) are defined in an appropriate legal agreement such as a Shareholder Agreement approved in accordance with the requirements of these Financial Regulations.

I **UH TRUST**

UH Trust, is administered by UH Trust (a charitable Company limited by guarantee wholly-owned by the Corporation). UH Trust will comply, as far as possible, with these regulations (UPR FR06), although decisions concerning the disbursement of the Trust's funds and the Trust's investments are subject to the approval of the Trustee.

J **STUDENTS' UNION**

J.1 The Students' Union is:

- a a registered charity, separate from the Corporation, which conducts and manages its own affairs and funds in accordance with the requirements of the Education Act 1994, its Articles of Governance, Constitution, Trust Deed and Memorandum and Articles of Association or equivalent governance documents, as approved by the Board of Governors from time-to-time, and the terms and conditions of any contract or other legal agreement between the Corporation and the Students' Union;
- b not subject to these regulations (UPR FR06), save and except that the Financial Regulations (or equivalent) of the Students' Union and any amendments to them require the prior approval of the Board of Governors which will be advised by its Audit Committee;
- c required to present its audited Annual Accounts to the Audit Committee of the Board of Governors.

K **CORPORATE GOVERNANCE - LEGAL SERVICES AND DOCUMENTS**

K.1 **Legal services**

The engagement of the professional services of solicitors, barristers, legal counsel etc, on behalf of the Corporation or the companies within the University of Hertfordshire Group, will be authorised by the Secretary and Registrar (or nominee). Any legal documents which must be signed to initiate proceedings in Courts or Tribunals will be authorised by the Secretary and Registrar (or nominee) unless this represents a conflict of interests, in which case approval will be given by another appropriate Officer, normally at a higher level.

K.2 Terms and conditions of business

K.2.1 Governors, employees, Trustees and Directors dealing with prospective clients must ensure that they do not establish a legal relationship with another party on terms and conditions other than those which have been approved in accordance with these regulations (UPR FR06).

K.2.2 Negotiations and the creation of legal relations

Governors, employees, Trustees and Directors conducting negotiations on behalf of the Corporation, a Company or UH Trust:

- a may do so only within the limits of the authority assigned to them under these regulations (UPR FR06);
- b will ensure that such negotiations, written or verbal, do not create a contractual relationship between the Corporation/Company/UH Trust and another party in advance of any necessary prior approval required by these regulations (UPR FR06) and the issue by the Corporation or Company or UH Trust of an official Purchase Order or the formulation and signature of a contract or other legal agreement.

K.2.3 Terms and conditions of business – financial

The financial terms and conditions of business of the Corporation, UH Trust and the Companies:

- a are determined by, or on the authority of, the Group Finance Director under the terms of a delegation of authority by the Vice-Chancellor to the Group Finance Director;
- b require the prior, written approval of the Group Finance Director (or deputy designated for this purpose).

K.2.4 Terms and conditions of business - non-financial

The non-financial terms and conditions of business of the Corporation, UH Trust and the Companies:

- a are determined by the Secretary and Registrar (or on the authority of the Secretary and Registrar) on his or her authority as Secretary of the Corporation or Company Secretary or the relevant Parent Company;
- b require the prior, written approval of the Secretary and Registrar (or nominee).

K.2.5 Terms and conditions of business - guarantees, indemnities, disclaimers and transfers of legal liability

(Note for guidance:

A majority of proposed contracts or other legal agreements, including grant applications, contain clauses that include a guarantee and/or indemnity and/or disclaimer and/or a transfer of legal liability to the Corporation, UH Trust or a Company.)

- i Because clauses relating to guarantees and/or indemnities and/or disclaimers and/or transfers of legal liability to the Corporation, UH Trust or a Company are embedded within proposed contracts or other legal agreements (including grant applications), these regulations (UPR FR06) assume that, before signing, the authorised signatories of related legal documents will have satisfied themselves that the requirements of this section (K.2.5), have been met.

ii GENERAL

a When negotiating contracts or other legal agreements or considering grant applications, Heads of SBU/Managing Directors will:

- 1 ensure that they do not exceed their authority under the terms of these regulations (UPR FR06);
- 2 ensure that an appropriate risk assessment is made to identify any potential financial and/or any reputational risk;
- 3 as appropriate, obtain advice from the Director of Legal Services and Corporation Solicitor.

iii NON-FINANCIAL (REPUTATIONAL) RISK

Where the potential risk is reputational rather than financial and is of a substantive nature, Heads of SBU/Managing Directors will refer the matter to the Secretary and Registrar/Company Secretary of the Parent Company who will ensure that the matter is considered and any approval is given at the appropriate level.

Where UH Trust or a Company is concerned, the matter will also be reported to the Trustee/Board of Directors.

iv FINANCIAL RISK

Where the potential risk is financial rather than reputational, Heads of SBU/Managing Directors will refer the matter to the Group Finance Director who will ensure that the matter is considered and any approval is given at the appropriate level.

Where UH Trust or a Company is concerned, the matter will also be reported to the Trustee Board of Directors.

v AUTHORISATION OF CONTRACTS, GRANT APPLICATIONS, OTHER LEGAL AGREEMENTS

- a The level of authorisation required for a proposed contract, grant application or other legal agreement will be determined by its value and the potential financial loss represented by the proposed guarantee, indemnity, disclaimer or transfer of liability, whichever is the greater.
- b No employee may sign any disclaimer, form of indemnity or guarantee or other document which transfers legal liability onto the Corporation or a Company of UH Trust unless the requirements for prior approval have been met.

vi FINANCIAL GUARANTEES AND INDEMNITIES

The Group Finance Director will maintain a record of all financial guarantees and indemnities valued at **£500,000** or above, given by the Corporation, UH Trust and the Companies

vii NON-FINANCIAL GUARANTEES, INDEMNITIES, DISCLAIMERS AND TRANSFERS OF LEGAL LIABILITY

The Secretary and Registrar will maintain a record of all non-financial guarantees, indemnities, disclaimers and transfers of legal liability given by the Corporation, the Companies or UH Trust which, in his or her professional judgement, could be construed as posing a substantive reputational risk.

viii No transaction may be broken down into smaller elements to circumvent or facilitate the evasion of these regulations (UPR FR06).

ix Authorisation may be given by an officer at a higher level provided that this is not inconsistent with the requirements set out elsewhere in these regulations or does not constitute a failure of control.

(Note for guidance - terms and conditions of business - guarantees, indemnities, disclaimers and transfers of legal liability)

The value limits and associated approvals set out in the table to section K.2.5 represent a minimum framework for approval and reporting.

It is implicit that within this framework, Boards of Directors have latitude to determine supplementary approval and reporting arrangements to operate within their respective Companies.)

Corporation				
Terms and conditions of business- Financial guarantees and indemnities – required prior approvals – Corporation				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
		Deed	Other	
Up to £100,000	Group Finance Director (acting either as the nominee of the Vice-Chancellor) and the Secretary and Registrar	section K.5 applies	Group Finance Director (or deputy designated for this purpose) or the Secretary and Registrar	None
£100,000 - £500,000	As above and Vice-Chancellor (or Deputy Vice-Chancellor)	As above	Vice-Chancellor (or Deputy Vice-Chancellor) or Secretary and Registrar	None
£500,000 - £1,000,000	As above and the Finance Committee	As above	As above	Board of Governors
£1,000,000 or above	As above and Board of Governors	As above	As above	As above

Company				
Terms and conditions of business- Financial guarantees and indemnities – required prior approvals - Company				
Value	The following prior written approvals/authorisations must be obtained	Signatories of related legal documents		Minimum additional reporting requirements
		Deed	Other	
Up to £100,000	Group Finance Director (acting as nominee of the Chairman of the Parent Company) and the Company Secretary of the Parent Company	section K.6 applies	To be determined by the Board of Directors	Board of relevant Company and Board of the Parent Company
£100,000 - £500,000	As above and Chairman of the Parent Company	As above	To be determined by the Board of Directors	As above
£500,000 - £1,000,000	As above and the Finance Committee	As above	As above	As above
£1,000,000 or above	As above and Board of Governors	As above	As above	As above

K.2.6 Academic Agreements – collaborative partnerships

Proposed Academic Agreements which will create a legal relationship, such as a collaborative partnership, between the Corporation and another party, require the prior, written approval of the Vice-Chancellor (or nominee). This is the authorisation to negotiate and to commit resources to due diligence.

K.2.7 Terms and conditions of business - Academic Agreements

The approval of the terms and conditions of business to apply to Academic Agreements is subject to the requirements of these regulations (UPR FR06), save and except that all Academic Agreements shall specify (normally in a schedule appended to the agreement) those University Policies and Regulations with which the students who are the subject of the Agreement will be required to comply.

(Notes for guidance:

Academic Agreements

Services and premises contracts (previously termed 'Fly-in-Faculty arrangements') are regarded as contracts for the provision of goods and services (section 24, refers).

Research grant applications:

Section 26.2, refers.)

K.3 Prime documents – Corporation, Companies and UH Trust - retention and archiving

K.3.1 The Secretary and Registrar is responsible to the Vice-Chancellor and to the Board of Governors for:

- a the retention, archiving and safe-keeping of Prime Documents;
- b ensuring that students' registration documents/records are held securely at all times and that they are not left unattended;
- c determining and publishing policies, instructions and procedures from time-to-time to ensure the retention, archiving and safe-keeping of Prime Documents and compliance with all current statutory requirements.

K.3.2 Where these regulations (UPR FR06) do not specify an officer, it should be assumed that the responsibility rests with the Secretary and Registrar.

K.3.3 Appointees of the Board and Heads of SBU/Managing Directors:

- a are required to comply with the policies, instructions and procedures published from time-to-time by the Secretary and Registrar concerning the retention, archiving and safe-keeping of Prime Documents;
- b are responsible overall for the safe custody of any Prime Documents, correspondence or documentation under their control;
- c will report the loss of any Prime Document or confidential document to the Secretary and Registrar immediately;
- d will, where a lost Prime Document or confidential document contains financial or commercially sensitive information, report the loss immediately to the Group Finance Director.

K.4 Deeds, contracts and other legal agreements

K.4.1 These regulations (UPR FR06) set out:

- a the prior approvals required in respect of transactions made by the Corporation and the Companies and, where relevant, UH Trust;

- b the arrangements for the execution of Deeds of the Corporation or the Companies (under seal and under hand);
- c the Appointees of the Board or other officers who are permitted to sign legal documents;
- d the limits of the authority delegated to Appointees of the Board and (ex officio) to other officers of the Corporation and of the Companies.

K.5 Deeds – execution by seal or under hand (Corporation)

K.5.1 The application of the seal of the Corporation shall be authenticated by the signature of:

- a the Chairman of the Board of Governors (or of another Governor authorised either generally or specifically by the Board of Governors to act for that purpose) and
- b subject to the restriction referred to in section K.5.2, the signature of another member of the Board of Governors, acting as Witness.

K.5.2 The Board has generally authorised its members, including the Vice-Chancellor (ex officio) but excluding other staff or student members, to authenticate the application of the seal of the Corporation, for the purposes of K.5.1, in accordance with the following order of priority:

- 1 Chairman of the Board of Governors (ex officio)/Vice-Chairman of the Board (ex officio)
- 2 Chairman of the Finance Committee (ex officio)
- 3 Chairman of the Audit Committee (ex officio)
- 4 Any other member of the Board including the Vice-Chancellor (ex officio) but excluding any other staff or student members.

Any two (2) members of the Board, including the Vice-Chancellor but excluding other staff or student members, are empowered to authenticate the application of the seal should a member with higher priority be unavailable¹⁹.

K.5.3 The Secretary and Registrar will be responsible for:

- a making appropriate arrangements for the safe keeping of the seal;
- b maintaining a record of the Deeds executed under seal;
- c reporting to the Finance Committee the Deeds executed under seal.

K.6 Deeds – execution under seal or under hand (Companies)

Company Deeds executed under seal or under hand shall be authenticated by the signature of:

- a a Director and the Company Secretary or
- b two (2) Directors.

K.7 Academic Agreements – required prior approvals

K.7.1 No transaction may be broken down into smaller elements to circumvent or facilitate the evasion of these regulations (UPR FR06).

K.7.2 Authorisation may be given by an officer or committee at a higher level provided that this is not inconsistent with the requirements set out elsewhere in these Regulations (UPR FR06) or does not constitute a failure of control.

¹⁹ Minute 629, Board of Governors, 28 October 2003, refers.

K.7.3 Academic Agreements will be approved in accordance with the requirements of the following schedule.

Academic Agreements – required prior approvals (section K.7, refers)			
Memoranda of Agreement			
Value	Required prior approvals	Signatories of related legal documents	Additional reporting requirements
All values	Head of SBU and Academic Development Committee	Vice-Chancellor (or Deputy Vice-Chancellor)	Academic Board
External Accreditation Partnership Agreements, Academic Support Agreements, Articulation Agreements			
Value	Required prior approvals	Signatories of related legal documents	Additional reporting requirements
All values	Head of SBU and Academic Development Committee	Vice-Chancellor (or Deputy Vice-Chancellor)	Academic Board
Recognition Agreements, Academic Memoranda of Understanding, Progression Agreements			
Value	Required prior approvals	Signatories of related legal documents	Additional reporting requirements
All values	Head of SBU	Vice-Chancellor (or Deputy Vice-Chancellor) or Secretary and Registrar	Academic Board

K.8 **Official stationery and logos**

K.8.1 **Corporation**

The Corporation's official stationery (headed notepaper) and logo:

- a will be used solely for the conduct of the legitimate business of the Corporation;
- b may not be used by staff for any other purpose;
- c may not be used by students.

(Note for guidance)

o **Supervisors of Research Degree Candidates**

A Supervisor may, on behalf of a research degree candidate for whom he or she is responsible, sign a letter or other form of communication on behalf of that research degree candidate, using the University's headed note paper or logo, seeking human participants to take part in a study to be undertaken by that research degree candidate, provided that the study has been approved by or on the authority of the Ethics Committee for Studies Involving the Use of Human Participants (Ethics Committee) of the Academic Board.

This arrangement does not set aside K.8.1, c.

Supervisors and research degree candidate will at all times comply with any other instructions issued from time-to-time concerning access to, and the use of, the University's official stationery and logo.

- **Supervisors of undergraduate and taught postgraduate students**

A member of staff responsible for the supervision of an undergraduate or taught postgraduate student may, on behalf of that student, sign a letter or other form of communication, using the University's headed note paper or logo, seeking human participants to take part in a study to be undertaken by the student, provided that the study has been approved by or on the authority of the Ethics Committee for Studies Involving the Use of Human Participants (Ethics Committee) of the Academic Board.

This arrangement does not set aside K.8.1, c.

Supervisors and students will at all times comply with any other instructions issued from time-to-time concerning access to, and the use of, the University's official stationery and logo.)

K.8.2 **Companies**

A Company's official stationery (headed notepaper) and logo will be used solely for the conduct of the Company's legitimate business and will not be used by Directors or employees for any other purpose.

Mrs S C Grant
Secretary and Registrar
Signed: **7 July 2016**