

# FINANCIAL REGULATIONS

## Version Control

<b>1. Full Document Number:</b>	FINRE001
<b>2. Version number:</b>	1.5
<b>3. Superseded version number:</b>	1.4
<b>4. Document owner job title:</b>	Senior Financial Accountant
<b>5. Department / function:</b>	FIN (Finance)
<b>6. Approved by:</b>	Finance & Investment Committee
<b>7. Date of approval:</b>	24.02.2022
<b>8. Next review date:</b>	February 2023
<b>9. Date of Equality Impact Assessment (assessment enclosed):</b>	January 2022
<b>10. Accessibility checked: Yes/no</b>	Yes
<b>11. Does this policy apply to LSTM Group (LSTM and subsidiaries?) Yes / no</b>	Yes
<b>12. All policies will be added to the LSTM website unless an exception is provided here</b>	-
<b>13. If this policy has been reviewed, has this resulted in a minor or major changes?</b>	Minor

## Modifications from previous version of document

Version	Date of issue	Details of modification
1.1	-	Layout and content re-design
1.2	01.11.2019	Amend threshold for quotes for Estates department
1.3	10.02.2020	Section 3 – new section safeguarding All sections - removal of IVCC Section 6.9 - delegated authority for Estates department amended in line with quote threshold. Section 6.14 - update to include SAO and link to tax strategy
1.4	03.03.2021	Section 5.1 – additional members added to SMG Section 6.9 – change to job titles Section 6.16 - rewording
1.5	24.03.2022	Update onto new policy template Section 6.7 – Procurement quote thresholds Section 6.9 – update for signing of contracts

## Contents

<b>1</b>	<b>Introduction and Context</b>	<b>4</b>
<b>2</b>	<b>Equality and Diversity</b>	<b>5</b>
<b>3</b>	<b>Safeguarding</b>	<b>5</b>
<b>4</b>	<b>Roles and Responsibilities</b>	<b>5</b>
<b>5</b>	<b>Corporate Governance</b>	<b>6</b>
5.1	Committee Structure	6
5.2	Audit	7
5.3	Treasury Management	8
5.4	The Acceptance of Gifts, Benefactions, Donations and Hospitality.	8
5.5	Conflicts of Interest	9
5.6	Retention of documents	9
5.7	Whistleblowing	9
5.8	Fraud, Bribery, Corruption, Money Laundering and Tax Evasion	10
5.9	Risk Management	10
5.10	Value for Money	11
<b>6</b>	<b>Financial Management and Control</b>	<b>12</b>
6.1	General	12
6.2	Budget Preparation and Control	13
6.3	Financial Procedures	14
6.4	Collection of Income	14
6.5	Collection of Debts	15
6.6	Pay Expenditure	16
6.7	Non-Pay Expenditure	16
6.8	Authority Levels	21
6.9	Authorisation Amounts	22
6.10	Cash Payments and Cash Floats	22
6.11	Control and Security of Assets	23
6.12	Banking Arrangements	23
6.13	Insurance Arrangements	24
6.14	Taxation	24
6.15	Land, Property and Assets	25
6.16	Research Grants	26
<b>7</b>	<b>Employee Expenses</b>	<b>26</b>
7.1	Travelling and Subsistence Allowance	26
	<b>Appendix</b>	<b>28</b>
	Equality Impact Assessment: Section 1 (to be completed for all Policies)	29

# 1 Introduction and Context

Liverpool School of Tropical Medicine (LSTM) is a company limited by guarantee. The Board of Trustees of LSTM have in accordance with the advice of the Audit Committee, adopted the Office for Students (OfS) Audit Code of Practice.

Under the Further & Higher Education Act 1992 the Board of Trustees of LSTM has the prime financial responsibility of ensuring the current and prospective well-being of the institution. In order to ensure that the affairs of LSTM are being efficiently and properly administered Financial Regulations and Financial Procedures need to be adopted, to cover all areas of LSTM.

The formulation of standard Financial Regulations is recognised good practice in any organisation and one which can prevent the subsequent development of avoidable problems and difficulties. The principles embodied in the regulations detailed in this document apply to all employees of LSTM and its subsidiaries (excluding IVCC which has its own Financial Regulations). Their existence is not designed to restrict the activities of LSTM but rather to establish a sound administrative framework within which those activities can take place.

If you feel you would like to raise matters concerning these regulations, please contact the Director of Strategic Operations.

The financial memorandum between OfS and LSTM sets out the terms and conditions on which a grant is made. LSTM's Board of Trustees is responsible for ensuring that conditions of grant are met. As part of this process, LSTM must adhere to the OfS Audit Code of Practice which requires it to have sound systems of financial and management control.

LSTM contracts with various funding "bodies" to expend resources in line with the approved budget for each particular project. LSTM's Board of Trustees is responsible for ensuring that the conditions of these grants are met.

LSTM holds endowed funds and receives voluntary funds for general and specific purposes. It is the responsibility of LSTM's Board of Trustees to ensure that funds are invested in accordance with the trust document and that expenditure from these funds is in accordance with the agreement and all transactions are in accordance with the Charities Act (2016).

The Financial Regulations and Procedures of LSTM form part of this overall system of accountability.

LSTM is an exempt charity within the meaning of the Charities Act 2016 and as such is a charity within the meaning of Section 478-488 of the Corporation Taxes Act 2010.

## Scope

This document sets out LSTM's Financial Regulations. It translates into practical guidance LSTM's broad policies relating to financial control. This document has been approved by the Board of Trustees. It applies to LSTM and any subsidiary undertaking, with the exception of IVCC who have their own Financial Regulation's.

Full document number: FINRE001

Document title: FINANCIAL REGULATIONS

Version number: 1.4     Date issued: 24.03.2022

Page 4 of 29

These Financial Regulations are subordinate to LSTM's Articles of Association and any restrictions contained within LSTM's Financial Memorandum with the Funding Council and the Funding Council's Audit Code of Practice.

Compliance with the Financial Regulations is compulsory for all employees of LSTM. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under LSTM's Disciplinary Policy. Any such breach will be notified to the Board of Trustees through the Audit Committee. All new staff will be made aware of the Financial Regulations. It is the responsibility of Line Managers to ensure that their existing staff are made aware of the existence and content of LSTM's Financial Regulations, either on the Intranet or, through copies available for reference within their department.

The Board of Trustees is responsible for maintaining a continuous annual review of the Financial Regulations through the Finance & Investment Committee and adopting any additions or changes as necessary.

LSTM's detailed Financial Procedures set out how these Regulations will be implemented and are contained in a separate manual, which can be found on the Finance intranet page.

## **2 Equality and Diversity**

LSTM is committed to promoting equality of opportunity, combatting unlawful discrimination and promoting good community relations. We will not tolerate any form of unlawful discrimination or behaviour that undermines this commitment and is contrary to our equality policy.

## **3 Safeguarding**

In line with our safeguarding policy and procedures, LSTM's processes reflect our organisational commitments to keeping children and vulnerable adults safe.

## **4 Roles and Responsibilities**

### The Director

The Director is LSTM's designated accounting officer and is responsible for the financial administration of LSTM's affairs. As the designated officer, the Director may be required to justify any of LSTM's financial matters.

The Director is responsible for presenting the audited accounts to the members of LSTM.

### The Director of Strategic Operations

Day to day financial administration is controlled by the Director of Finance, reporting to the Director of Strategic Operations. Areas of responsibility include:

- Preparing LSTM's annual accounts and other financial statements and accounts which LSTM is required to submit to other authorities, and arranging for their audit;
- Preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- Ensuring that LSTM maintains satisfactory financial systems;
- Preparing annual capital and revenue budgets and financial plans;
- Providing professional advice on all matters relating to financial policies and procedures.

## **5 Corporate Governance**

### **5.1 Committee Structure**

#### **The Board of Trustees**

The Board of Trustees has ultimate responsibility for LSTM's finances but delegates certain duties to the Committees detailed below. These Committees are accountable to the Board of Trustees.

- Finance and Investment Committee – Chaired by Treasurer.
- Nominations and Governance Committee – Chaired by a Trustee.
- Audit Committee – Chaired by a Trustee.
- Remuneration Committee – Chaired by a Trustee.

The Terms of reference for the Finance Committee and the Audit Committee can be found on the LSTM intranet.

Further sub-committee terms of reference are available on the LSTM intranet under the relevant Committee.

#### **Senior Management Group**

The Senior Management Group is comprised of all the Director, Deputy Director, Director of Strategic Operations, Director of Finance, the REF Coordinator, the Academic Deans and the Director of Human Resources. It meets fortnightly and takes the lead in dealing with most operational issues including staffing and budget monitoring.

#### **Management Committee**

The Management Committee is comprised of all the senior post holders within LSTM and meets regularly to deal with issues relating to the day to day running of LSTM.

The full terms of reference of the Management Committee can be found on the LSTM intranet.

## **LSTM Groups**

There are a number of working groups in LSTM who meet regularly and report to the Management Committee. A full list is on the LSTM intranet.

### **5.2 Audit**

#### Internal Auditors

The Internal Auditor is appointed by the Board of Trustees on the recommendation of the Audit Committee.

The main responsibility of internal audit is to provide the Board of Trustees, the Director and Senior Management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation, and has direct access to the Board of Trustees, the Director and the Chair of the Audit Committee.

#### External Auditors

The appointment of external auditors will take place annually and is the responsibility of the Board of Trustees on the advice of the Audit Committee.

The primary role of external audit is to report on LSTM's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the OfS Regulatory Advice on Accounts Direction and the Auditing Practices Board's auditing standards.

#### Other Auditors

LSTM may, from time to time, be subject to audit or investigation by external bodies such as OfS, National Audit Office, European Court of Auditors, HM Revenue and Customs and external grantors. These auditors have the same rights of access as external and internal auditors subject to General Data Protection Regulations.

#### Audit Requirements

External auditors and internal auditors shall have authority to:

- Access LSTM premises at reasonable times.
- Access all assets, records, documents and correspondence relating to any financial and other transactions of LSTM.
- Require and receive such explanations as are necessary concerning any matter under examination.
- Require any employee of LSTM to account for cash, stores or any other LSTM item of property under their control.
- Access records belonging to third parties, such as contractors when required.

The Director of Finance is responsible for drawing up a timetable for final account purposes with the External Auditors and will advise staff accordingly.

The Director of Strategic Operations is responsible for bringing areas of potential risk to the attention of the Audit Committee, in order that the Internal Auditors may address them.

### **5.3 Treasury Management**

The Board of Trustees, under guidance from the Finance & Investment Committee, is responsible for:

- Approving financial institutions who are suitable to receive LSTM's investments.
- Approving financial limits with regards to any one institution.
- Setting out LSTM's investment and related policy.
- Reviewing investment arrangements periodically.

The Director of Finance is responsible for:

- Monitoring the funds available.
- Ensuring that the authorised investment policy and set limits are being followed.
- Ensuring an appropriate level of liquidity of LSTM's assets.
- Ensuring that the Board of Trustees is advised of the performance of the financial institutions on a regular basis.

### **5.4 The Acceptance of Gifts, Benefactions, Donations and Hospitality**

The Director of Fundraising is responsible for maintaining records in respect of benefactions and donations made to LSTM and initiating claims for recovery of tax where appropriate.

Gifts can be accepted on behalf of LSTM but, must be declared in writing if the value of the gift is judged to exceed a set limit. This limit is currently £50. The Director of Strategic Operations is responsible for maintaining a record of gifts received.

LSTM employees may accept invitations to represent LSTM at corporate hospitality events, or receive expenses from external bodies, subject to the following conditions:

All hospitality expenses received in connection with the placement of a contract for the supply of goods or services shall be declared to the Director of Strategic Operations before the contract placement. Consideration must be given in such cases to the propriety of the acceptance and any conflict of interest which may occur through acceptance.

- Where the invitation comes from a body with whom LSTM has an established relationship, either through professional or partnership association or through the existence of a supply contract, attendance at an event, or receipt of expenses, shall be declared, and details of the



expense received shall be recorded in a register held by the Director of Strategic Operations.

- An invitation to an event during normal working time may only be accepted after approval by the employee's Line Manager.
- The Hospitality Register should be made available for inspection by the Audit Committee at all times.

## **5.5 Conflicts of Interest**

All members of staff, Trustees and co-opted members are required to abide by the Conflict of Interest Policy.

Any member of staff, supplier or consultant who, during the course of their work, on behalf of LSTM, becomes involved in a situation where there is, or might reasonably be deemed by others to be, a conflict of interest, shall report the matter to their Head of Department.

LSTM Board Members, Committee Members and Senior Managers (defined as members of Management Committee or Head of a Research Group) are required to complete and sign a declaration each year to certify that they have not derived any personal profit or gain, directly or indirectly, by reason of his or her participation with LSTM Group of companies.

## **5.6 Retention of documents**

Documents relating to financial transactions must be retained in order to assist in administration, audit requirements and meet statutory requirements.

Heads of department must ensure that these records and supporting documentation are retained in the department in an adequate form and in a secure and accessible environment.

The LSTM schedule is set out in the document [Retention Schedule](#).

## **5.7 Whistleblowing**

Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistle-blower can blow the whistle about crime, civil offences (including negligence and breach of contract), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential, and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

Normally, any concern about a workplace matter at LSTM should be raised with the relevant member of staff's immediate line manager or Head of Department. However, LSTM recognises that the seriousness or sensitivity of some issues,

Full document number: FINRE001

Document title: FINANCIAL REGULATIONS

Version number: 1.4    Date issued: 24.03.2022

Page **9** of **29**

together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.

A member of staff, or student may therefore, record their concern through an anonymous intranet link which is directed to the relevant Head of Department, Director or Chair of the Board as appropriate.

The full procedure for whistleblowing is set out in the [Whistle Blowing Policy](#).

## **5.8 Fraud, Bribery, Corruption, Money Laundering and Tax Evasion**

It is the responsibility of the Board of Trustees and LSTM's Management Committee to ensure that LSTM has adequate systems and controls, which have been designed to prevent fraud, bribery, corruption, money laundering and the facilitation of tax evasion.

LSTM is committed to ensuring its employees have a safe and confidential way of reporting suspected wrongdoing. Employees are therefore encouraged to immediately report suspected incidents to their line manager, who is responsible for reporting these to the Director of Strategic Operations.

Should the matter concern their line manager, or if a member of staff does not feel comfortable approaching their line manager, then it should be reported by following the process documented under the whistleblowing policy.

Any instance of fraud discovered by internal or external audit as part of their normal duties will be immediately reported to the Director of Strategic Operations who will take such steps as are considered necessary to investigate and report on any such matters.

The Audit Committee will instruct internal audit to take such steps as are considered necessary to investigate and report on the matter.

Where LSTM auditors discover fraud that could involve LSTM's Management Committee then they will report directly to the Chair of the Audit Committee. In cases where LSTM's auditors have evidence that the Board of Trustees is involved in the fraud then they will immediately inform the Chair.

The Director of Strategic Operations will report annually to the Audit Committee of instances of fraud discovered during the previous twelve months and the action taken including that to minimise future risk to LSTM.

For full details please see [Fraud, Bribery and Corruption Policy](#).

## **5.9 Risk Management**

LSTM is committed to effective risk management of all its activities, at all sites. This is demonstrated by embedding risk analysis in management processes, especially strategic planning, and through an integrated risk management framework involving risk identification, assessment, mitigation and assurance.

Full document number: FINRE001

Document title: FINANCIAL REGULATIONS

Version number: 1.4 Date issued: 24.03.2022

Page **10** of **29**

The Head of Corporate Performance, Planning and Contracts is responsible for implementing LSTM's Risk Management framework, which includes the Corporate Strategic Risk Register, the Risk Management Policy, Risk Level KPI's, Department/Faculty Level Risk Registers. LSTM's Risk Register contains risks to all activities at a global, enterprise-level.

The Board of Trustees and the Senior Management Team have ultimate responsibility for the system of risk management as an internal control. The Corporate Risk Register is one of the principle means by which LSTM provides the Board of Trustees, through Audit Committee, with assurance that it is managing risk effectively.

All staff at all levels have a responsibility to identify and where appropriate, manage, and monitor risks as they impact upon their day to day duties.

The [Risk Management Policy](#) sets out the key principles underlying LSTM's approach.

### **5.10 Value for Money**

The responsibility for pursuing value for money is shared by all staff and the Board of Trustees. In the formal sense of responsibility, the Board of Trustees is required by the Financial Memorandum between the institution and the Office for Students to:

- Deliver value for money from public funds
- Review the arrangements for managing the resources under its control

The Audit Committee is required to fulfil its obligations under the Office for Student's audit code of practice (Accountability and Audit: Office for Students Code of Practice) by receiving assurance that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The Committee receives report updates at least once a year from the VfM group together with the outputs achieved.

The Senior Management Team has the executive responsibility to put in place arrangements that will ensure VFM is being sought. The Senior Management Team have a responsibility to keep the Audit Committee advised of VFM issues (for example, the publication of relevant advice or reports). To help discharge this responsibility, the school has established and maintains a 'VFM Group' that will be responsible for providing advice to the Senior Management Team on VFM matters.

The VFM group has the operational responsibility for developing the performance improvement action plan and VFM arrangements and identifying resource requirements, co-ordinating and delivering work against this plan. Managers have an executive responsibility to maintain an awareness of good practices in their own area of operation and to ensure that these are followed appropriately. All staff should endeavour to seek and achieve VFM in all activities and to bring to management's attention any opportunities for improvement.

## 6 Financial Management and Control

### 6.1 General

The institution shall be audited in accordance with the provisions of memorandum of the OfS.

The activities undertaken by the institution shall be conducted in accordance with the provisions of the Charities Act 2016.

#### Responsibilities of the Board of Trustees and Director

The Board of Trustees is governed by the Memorandum and Articles of Association and responsible for:

- The determination of the mission of the institution and for the overview of its activities.
- Approving LSTM's Strategic Plan.
- Ensuring that funds provided by the OfS and Research England are used in accordance with their terms and conditions.
- Ensuring the effective and efficient use of resources, the solvency of the institution and for safeguarding their assets.
- Approving annual estimates of income and expenditure.
- Ensuring that financial controls and systems are in place and working effectively.
- Ensuring that LSTM complies with the OfS and Research England.
- Appointing LSTM's internal and external auditors.
- The appointment, grading suspension, dismissal and determination of the pay and conditions of service of the Director and Director of Strategic Operations and other senior post holders.
- Setting a framework for the pay and conditions of service of all other staff.

Subject to the responsibilities of the Board of Trustees, the Director shall be the Chief Executive of the institution, and shall be responsible for:

- Making proposals to the Board of Trustees about the educational character and mission of the institution, and for implementing the decisions of the Board of Trustees.
- The organisation, direction and management of the institution and leadership of the staff.
- The appointment, assignment, grading, appraisal, suspension, dismissal, and determination, within the framework set by the Board of Trustees of the pay and conditions of service, of staff other than the Director and Director of Strategic Operations and other senior post holders.
- The determination of its academic strategy, after consultation of the institution's academic activities, and for the determination of its other activities.
- Preparing annual estimates of income and expenditure, for consideration and approval by Board of Trustees and for the management of budget and resources, within the estimates approved by the Board of Trustees.

- The maintenance of student discipline and within the rules and procedures provided for within the Articles, for the suspension or expulsion of students on disciplinary grounds and for implementing decisions to expel students for academic reasons when the student is undertaking an LSTM course.
- The reporting and advising of disciplinary problems with recommendations for the suspension or expulsion of students on disciplinary grounds to the University of Liverpool when the student is undertaking a University of Liverpool course.

## **6.2 Budget Preparation and Control**

The Board of Trustees is responsible for:

- Approving an annual income and expenditure budget which will determine the operations of LSTM. This approval may not be delegated.
- Monitoring LSTM's management accounts for the progress of the budget plan.
- Approving an annual Business Plan for any LSTM subsidiary company.
- Approving and monitoring the activities of any LSTM subsidiary company with a level of control equivalent to that exercised for LSTM.

The Director of Strategic Operations in conjunction with the Director of Finance, is responsible for:

- Presenting to the Board of Trustees for approval an annual income and expenditure budget for LSTM.
- Presenting to the Board of Trustees regular management accounts to show the progress of the budget plan both for LSTM and for any subsidiary companies.
- Managing the budget preparation process.
- Allocating resources to operational areas of LSTM.
- Managing any capital programme.
- Producing the annual budget plan.
- Establishing a Financial Procedures Manual.
- Directing all day to day financial operations with budgetary control;
- Operating any approved virement policy.
- Requesting any variances to the authorised budget which are in excess of the level approved by the Board.
- Recommending all aspects of financial planning.
- Recommend the write off of items.
- Producing the Financial Regulations.

Budget Holders are responsible for:

- Complying with all systems of financial control laid down by the Director of Finance in relation to the control of budgets and the keeping of records.
- Making available any relevant records or information to the Director of Finance or an authorised representative.
- Having a general responsibility for the security of LSTM's property, for avoiding loss and for ensuring Value for Money in the use of resources.

Full document number: FINRE001

Document title: FINANCIAL REGULATIONS

Version number: 1.4 Date issued: 24.03.2022

Page **13** of **29**

### **6.3 Financial Procedures**

The Director will ensure that appropriate financial systems and procedures are adopted by LSTM and its subsidiaries. These procedures are detailed in [Financial Procedures Manual](#).

Record keeping, either paper, or electronic shall conform to the General Data Protection Regulation 2018 details of which can be found in the [Data Protection Policy](#).

The Board of Trustees shall periodically review these Regulations and amend the financial limits contained therein, where appropriate, to take account of inflation and other changes in circumstances.

The Director as designated Accounting Officer, shall be responsible for monitoring and evaluating the performance of LSTM, thereby ensuring the effective use of public funds.

### **6.4 Collection of Income**

The Director of Finance is responsible for:

- Ensuring that appropriate procedures are in operation to enable LSTM to receive all income to which it is entitled.
- All receipt forms, invoices, or other official documents in use and electronic collection systems must have the prior approval of the Director of Finance.
- The prompt collection, security and banking of all income received.
- Ensuring that all grants notified by the funding body and other bodies are received and appropriately recorded in LSTM's accounts
- Ensuring that all claims for funds, including research grants and contracts, are made by the due date.
- Ensuring an efficient system is in place for the collection of fees from students, as determined by the policies approved by Management Committee.

The Dean of Education is responsible for:

- Advising the Board of Trustees on any Government regulations concerning the charging of fees to students.
- Ensuring the implementation of the policies approved by Management Committee. regarding the fees to students, in a consistent and through manner.

#### Maximisation of income

It is the responsibility of all staff to ensure that revenue to LSTM is maximised by the efficient application of agreed procedures for the identification, collection and banking of income.

In particular, this requires the prompt notification to the Director of Finance of sums due so that collection can be initiated.

#### Receipt of cash, cheques and other negotiable instruments

All monies received within LSTM from whatever source must be recorded by on a daily basis together with the form in which they were received.

All monies received must be banked or paid to the Finance function promptly. The custody and transit of all monies received must comply with the requirements of the LSTM insurers.

All sums received must be paid in and accounted for in full and must not be used to meet miscellaneous departmental expenses or be paid into the departmental petty cash float.

LSTM may only receive payments by debit or credit card using procedures approved by the Director of Finance.

### **6.5 Collection of Debts**

The Director of Finance is responsible for: -

- Ensuring bad debts over £10,000 written off are reported to the Board of Trustees on an annual basis.
- Approving the credit limit to be available to LSTM customers.
- Controlling the collection of all monies due to LSTM.
- Ensuring all debts are pursued in a timely manner.
- Ensuring all credit notes issued have been correctly authorised.
- Ensuring that systems in place for the collection of debts are being followed.
- Ensuring that any debts to be written off have had the appropriate approval.

Below is a list of approved authorisers for writing off income or expenditure subject to their respective limits.

Write off Value (inc VAT where applicable)	Approver
Up to £5,000	Head of Management Accounts
Up to £10,000	Director of Finance
Up to £25,000	Director of Strategic Operations
Up to £50,000	Director
Up to £100,000	Finance & Investment Committee
Over £100,000	Board of Trustees

## **6.6 Pay Expenditure**

The Director of Human Resources is responsible for:

- Ensuring all payments of salaries and wages to all staff including payments for overtime or services rendered.
- The timely forwarding of any monies deducted from staff to the appropriate external agency.
- Ensuring that A2A's and all such documents are only certified by persons authorised by the Management Committee and maintaining a list of those persons and any subsequent changes.

The Director is the only member of staff empowered to employ staff.

All LSTM staff will be appointed to the salary scales approved by the organisation and in accordance with appropriate conditions of service.

All letters of appointment must be issued by the Human Resources Department and signed by the Director of Human Resources (or designated HR Manager).

The Director of Human Resources will be responsible for keeping the Director and Senior Management Group informed of all matters relating to personnel for payroll purposes.

In particular, these include:

- Appointments, resignations, dismissals, supervisions, secondments and transfers.
- Changes in remuneration other than normal increments and pay awards.

All time sheets and other pay documents will be in a form prescribed or approved by the Director of Human Resources.

Payments to self-employed persons will be made only on production of a valid invoice and these may require support from a tax office letter prior to allowing gross payments.

To ensure compliance with IR35 regulations a tax check will be carried out on all consultants and Personal Service Companies.

The Director of Human Resources shall be responsible for keeping all personnel records relating to staff.

All such personnel and payroll records will be stored in accordance with the retention schedule.

## **6.7 Non-Pay Expenditure**

The Director of Finance is responsible for: -

- Paying suppliers of goods and services to LSTM in with procedures approved by the Director of Finance.

Full document number: FINRE001

Document title: FINANCIAL REGULATIONS

Version number: 1.4 Date issued: 24.03.2022

Page **16** of **29**



- Ensuring that the expenditure being incurred can be met from within LSTM's budget.
- Ensuring that the procurement regulations have been complied with
- Approving exceptions where an official order for supplies is not required, e.g. gas, water, electricity, rent and rates etc;
- Ensuring that orders are only signed by persons authorised and a delegated authority database maintained of those persons; ensuring that all purchases are aimed at securing maximum value for money.
- Ensuring that LSTM complies with its legal obligations concerning UK procurement legislation.

LSTM's procurement team shall arrange for the keeping of a central register for each contract used by LSTM under which payments are made.

### Procurement

Procurement regulations require all delegated persons to obtain best value for supplies, equipment and services consistent with quality, delivery requirements, sound business practice and sustainable practises.

The Head of Procurement is responsible for providing guidance, advice and assistance to the Director of Finance on all procurement matters, including LSTM legal obligations concerning the Public Contracts Regulations 2015. The Head of Procurement is responsible for the submission of OfS annual details of expenditure as required.

Approved methods of payment include Purchase Orders and Procurement cards as detailed in the Financial Procedures document.

Where possible LSTM's contracted suppliers should be used, or a supplier as identified through the North West Universities Purchasing consortia frameworks as detailed in the Financial Procedures.

For instances where a contracted or consortia supplier is not available the following thresholds will apply (excluding Estates department):

Purchase Value	Minimum Requirements
Below £10,000	The buyer shall have the discretion to decide whether or not to obtain quotations, although Value for Money must always be secured.
Between £10,000 and £50,000	Three written quotations must be obtained. Supporting documentation including reasons for the choice must be retained in line with retention schedule.

Over £50,000	An appropriate tender exercise must be undertaken with the Procurement team in accordance with LSTM Tendering procedures and the Public Contract Regulations 2015.
--------------	--

Estates department only:

Purchase Value	Minimum Requirements
Below £10,000	The buyer shall have the discretion to decide whether or not to obtain quotations, although Value for Money must always be secured.
Between £10,000 and £50,000	Two written quotations must be obtained. Supporting documentation including reasons for the choice must be retained in line with retention schedule.
Over £50,000	An appropriate tender exercise must be undertaken with the Procurement team in accordance with LSTM Tendering procedures and the Public Contract Regulations 2015.

The purchase value is determined by aggregating the forecast contract expenditure over a two-year period (or the length of the contract if this is a shorter period). Procedures stipulated in the Public Contract regulations will take precedence over these Financial regulations.

LSTM is required to comply with the Public Contract Regulations and, as such, contracts over a certain value must be advertised in the Official Journal of the European Union.

In all cases, once the supplier has been identified, purchase requisitions must be raised in accordance with the Financial procedures to enable to procurement team to check for compliance with these regulations.

Potential conflicts of interest in the supply chain should be reported to the Head of Procurement as per the LSTM Conflict of Interest Policy.

Normally the most economically advantageous quotation will be accepted, unless there is sound reason in LSTM's interest for doing otherwise, in which case, the person raising the purchase requisition shall provide a comment specifying the reasons, which will be available in the eprocurement system.

No instructions to proceed should be given to a supplier in advance of the issue of an official LSTM purchase order except in respect of items identified above.

For items where it is not possible to obtain quotations, the written consent of the Director of Finance should be obtained through the eprocurement system.

Supporting information and documentation must be kept in line with the LSTM Retention Schedule.

### Receipt of Goods

All goods received should be checked for quantity and/or weight and inspected for quality and specification. If the goods are deemed to be unsatisfactory, the supplier should be immediately notified so that they can be collected for return as soon as possible. Where goods are short on delivery, the supplier should be immediately notified.

The buyer is required to acknowledge the receipt of goods by entering a Goods Received Note (GRN) into the eProcurement System.

### Tendering

The contract specification shall be prepared by the relevant Budget Holder in full consultation with the Procurement team to ensure that tender notices are of a standard which will elicit compliant tenders.

The Procurement team will advise on the most appropriate tendering procedure for the goods or services required and ensure the documentation contains all relevant information.

The notice of invitation to tender shall: -

- Specify details of the contract into which LSTM wishes to enter.
- Specify a time limit, being not less than 10 days, within which such tenders are to be submitted to LSTM.
- Specify the criteria against which tenders will be evaluated

The Procurement team will ensure that tender opportunities and award notices are publicised in accordance with the Public Contract Regulations 2015.

Tender exercises will be conducted electronically, with all document exchanges taking place on the LSTM eTendering portal, and wherever possible communications will also be made through the portal.

Questions received from prospective suppliers will be recorded by the Procurement team and the answers to the questions will be shared with all prospective tenderers.

Tenders received through the eTendering portal will be locked until the designated time for opening, set by the Head of Procurement, is reached. The system will time stamp the opening of the tenders. The Procurement team shall keep on file record of all tenders received in line with the retention schedule.

A tender evaluation panel will convene to conduct an evaluation of tenders received which may include presentations from suppliers, before deciding which tender to accept.

Tenders will be assessed against criteria as set out in the Invitation to Tender, and the tender representing best value to LSTM will be selected. If there are sound reasons for proposing the acceptance of another tender, then the approval of the Director or Director of Strategic Operations will be obtained.

Post-tender negotiations (i.e. after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms can be entered into, provided it would not put other tenderers at a disadvantage, and it would not affect their confidence and trust in LSTM's tendering process.

Following the evaluation exercise, the Procurement team will produce a Tender report documenting the process. The report shall be approved by the appropriate signatory, in line with the Financial Regulations, prior to the conclusion of a contract.

Challenges to the tender process will be forwarded to the Director of Strategic Operations.

### Invoicing

The Director of Finance should:

- Ensure that payments are made to suppliers in a format approved by LSTM.
- Ensure that payments made to suppliers are authorised by an appropriate officer of LSTM as approved by the Finance & Investment Committee and maintain a list of those persons.
- Ensuring that all extra variations to an approved contract are authorised in writing by an approved officer of LSTM.
- Ensuring that claims made by supplier in respect of items not clearly within the terms of the relevant contract are referred to LSTM's legal adviser for consideration of LSTM's legal liability, and that any such matters are reported to the Board of Trustees as soon as possible.

The Director of Finance is responsible for ensuring that procedures are in place.

- For which bills are certified for payment.
- For approving those persons authorised to certify bills for payment.
- For establishing LSTM bank accounts for the payment of expenditure and issuing the instructions under which they will be operated.

The Director of Finance is responsible for: -

- Ensuring that all bills submitted for payment have been checked and certified in accordance with the instructions issued by the Board of Trustees.
- Ensuring that the expenditure has been incurred in accordance with approved budgets, these regulations and under delegated or statutory authority.
- Ensuring that bills are submitted for payment without delay.
- Ensuring that bills submitted for payment are only certified as payable by persons authorised to do so by the Board of Trustees and maintaining a list of those persons and notifying the Board of Trustees of those persons and any subsequent changes.
- Providing the Board of Trustees with such information and explanation as may be requested regarding any bill that has been submitted for payment including making available all associated books and documents.

### Procurement Cards

The Director of Finance may operate a scheme whereby goods and services may be purchased using credit/debit cards, subject to the following regulations:

- These regulations cover all forms of payment card, both credit and debit, as issued by banks, credit card companies, stores and other organisations.
- Such cards can only be issued to and held by LSTM employees.
- The issue of cards must be authorised by the Director of Finance of LSTM, or other authorised individual, and their issue/withdrawal will be recorded and administered by the Finance Department.
- The maximum credit limit on any one card will be £5,000.
- A cardholder must personally ensure the safety and proper use of any card issued, and in particular, must not allow the use of the card by any other person.
- Cards must be used only where the normal purchasing procedure is not appropriate.
- When a cardholder's employment by LSTM terminates, they must hand in their card to the Finance Department in person on, or before, the last working day of employment by LSTM. The Finance Department will immediately destroy a returned card and will arrange for the account to be closed.

## **6.8 Authority Levels**

Budget Holders have authority to purchase goods and services only within the budget allocated and within any rules related to funds concerned; e.g. OfS notes on procedures, terms of Research Grants.

Although authority to sign orders may be delegated to other named staff by the budget holder (such named staff must be on the delegation authority database

maintained by the Finance Team), overall responsibility still rests with the budget holder.

Delegation is to be formally given and must include details of any limitations.

The duties of authorising orders, certifying invoices, and receiving goods must be vested in different people unless departmental circumstances make it unavoidable. The Finance department must be informed of such circumstances.

Contract terms and conditions can be only be approved by the Director, Director of Strategic Operations, or the Director of Finance, according to the levels identified in section 5.9.

## 6.9 Authorisation Amounts

Delegate authority levels for LSTM Group (excluding Estates department and IVCC):

up to £5,000	Budget Holder
up to £20,000	Head of Management Accounts / Finance Operations
up to £50,000	Director of Finance
over £50,000	Director or Director of Strategic Operations

Estates department only:

up to £10,000	Budget Holder
up to £20,000	Head of Management Accounts / Finance Operations
up to £50,000	Director of Finance
over £50,000	Director or Director of Strategic Operations

Delegated authority to sign contracts for purchase of goods or services:

up to £50,000	Director of Finance
over £50,000	Director or Director of Strategic Operations

## 6.10 Cash Payments and Cash Floats

The Board of Trustees is responsible for: -

- Ensuring that systems of control are in place.

The Director is responsible for: -

Full document number: FINRE001

Document title: FINANCIAL REGULATIONS

Version number: 1.4 Date issued: 24.03.2022

Page **22** of **29**

- Ensuring that the approved systems are being followed.

The Director of Finance is responsible for: -

- Ensuring that petty cash system procedures are established and that their operation is controlled and monitored.
- Ensuring that cash advance system procedures are established and that their operation is controlled and monitored.
- Levels of cash held.
- Security of cash held.

### **6.11 Control and Security of Assets**

The Director of Strategic Operations is responsible for: -

- Agreeing, with the Director of Finance, maximum limits for cash holdings at LSTM.
- Approving the arrangements for disposing of surplus or obsolete items to ensure that, where appropriate, the best price is obtained.

The Director of Strategic Operations is responsible for: -

- Maintaining proper security at all times for all buildings, stock, stores, furniture, equipment and cash under their control.
- Consulting with the Board of Trustees where security is thought to be defective or special arrangements needed.
- Maintaining an up-to-date inventory of the types of assets.
- Carrying out an annual check of all items included on the inventory.
- Disposing of any surplus or obsolete items in accordance with arrangements approved by the Board of Trustees or ensuring that, where appropriate, the best price is obtained.
- Ensuring that LSTM's property is only used for approved purposes.
- is not removed from LSTM except in the course of an LSTM activity and, in accordance with specific directions issued and agreed by the Board of Trustees.
- Maintaining a record, in the form stipulated, of all property that is removed from LSTM.
- Making arrangements for the safe custody of keys to safes.
- Maintaining a system of backup for LSTM data held electronically, to ensure minimum loss in the event of a disaster incident.

### **6.12 Banking Arrangements**

The Board of Trustees is responsible for:

- Appointing LSTM bankers.

Full document number: FINRE001

Document title: FINANCIAL REGULATIONS

Version number: 1.4 Date issued: 24.03.2022

Page **23** of **29**

- Reviewing banking arrangements periodically in line with good procurement practice.

The Director of Finance is responsible for:

- Ensuring that all regulations and requirements stipulated by LSTM bankers are complied with.
- Making all arrangements, with the approval of the Board of Trustees relating to LSTM's official bank accounts.
- Approving arrangements for the opening of LSTM's official bank account and any charges to be made for these.
- Ensuring that no accounts are opened in the name of an individual.
- Ensuring that all cheques drawn on LSTM accounts are signed by persons named in the arrangements approved by the Board of Trustees.
- Ensuring the safe custody of cheque stationery.
- The proper and efficient management of cash flow through LSTM's banking arrangements.

Further details can be found in the [Treasury Policy](#).

### **6.13 Insurance Arrangements**

The Board of Trustees is responsible for:

- Appointing LSTM's Insurance Brokers.
- Reviewing insurance arrangements periodically in line with good procurement practice.

The Director of Strategic Operations is responsible for:

- Ensuring there is adequate insurance cover.
- Advising the Board of Trustees on the risks against which insurance cover should be provided, the negotiation of all terms with insurance company and the negotiation of all claims arising under policies of insurance in consultation with the appropriate persons where necessary.
- Arranging cover for all those risks specified above.
- Obtaining the prior approval of the Board of Trustees to the terms of indemnity which LSTM is requested to give.
- Promptly notifying the Board of Trustees of any fire, loss, liability, damage or any event likely to lead to an insurance claim.

### **6.14 Taxation**

The Director of Strategic Operations is the Senior Accountable Officer to HMRC.

The Director of Finance is responsible for:

Full document number: FINRE001

Document title: FINANCIAL REGULATIONS

Version number: 1.4 Date issued: 24.03.2022

Page **24** of **29**



- Updating the Tax strategy annually which can be found [here](#).
- Maintaining all records in relation to taxation, making all payments, receiving appropriate credits and ensuring all returns are made to the relevant authorities in a timely manner, including returns of PAYE, National Insurance, Corporation Tax and VAT.
- Matters relating to VAT must be dealt with by the Financial Accounting section of the Finance Department.
- Matters relating to PAYE and National Insurance must be dealt with by the Payroll Department.
- LSTM is an exempt charity and therefore exempt from Corporation tax, however HMRC deem certain activities of its subsidiaries as trading. The responsibility for matters relating to Corporation tax is outsourced.
- LSTM is registered for Value Added Tax and when considering the relevant VAT status of income and expenditure, departments should consult the [VAT Guidance](#).

## 6.15 Land, Property and Assets

The Board of Trustees, through the Director of Estates, is responsible for:

- Maintaining a portfolio of all properties owned by LSTM, recording the location and purpose for which they are held, the extent and plan reference, the nature of the interest or rents payable, and particulars of tenancies if granted.

The Director of Estates is responsible for:

- Ensuring that any amendments to the property portfolio are reported to the Board of Trustees as soon as possible, and that the title deeds in respect of land and property owned or mortgaged by LSTM are held in safe custody.

### Land and Buildings

LSTM buildings erected on freehold land are depreciated over a 50-year period. Leasehold buildings are depreciated over the period contained in the individual lease agreements.

Building work capitalised may in part be funded by specific benefactions. The related government benefaction received in advance will be released to the Income and Expenditure Account over the assets' useful life. The release of capital grant has matched the depreciation policy. All non-government capital grants are released immediately on receipt.

### Assets

Assets purchased by LSTM with a value exceeding £5,000 will be recognised on the asset register and depreciated over a life of 4 years.

Full document number: FINRE001

Document title: FINANCIAL REGULATIONS

Version number: 1.4 Date issued: 24.03.2022

Page 25 of 29

Assets funded by research grants will be fully expensed against the project, where required by the grantor assets can be depreciated over the life of the grant.

## **6.16 Research Grants**

Research Grants are required to be within the Mission and Objectives of LSTM.

All applications must be approved by the Intention to Submit Committee prior to being submitted. The Research Management Services team (pre award) must verify all research and consultancy grants and contract applications before being submitted.

The Director or Director of Strategic Operations only must sign to accept research or consultancy agreements. Awards accepted electronically are approved via the Research Management Services team and in line with Intention to Submit panel approvals.

All current projects are to be reported to Board of Trustees and to include the following information:

- Title and member of staff responsible at LSTM.
- Whether LSTM is the principal collaborator.
- Start and end dates of the project.
- Total grant value and overheads due to LSTM.
- Grant relating to LSTM (rather than collaborators).

Research application proposals will be approved by the Intention to Submit Panel and reported to the following Board of Trustees meeting if successful.

## **7 Employee Expenses**

### **7.1 Travelling and Subsistence Allowance**

The Director of Strategic Operations is responsible for:

- Approving the travelling allowance and subsistence policy and ensuring other allowance rates are reviewed on a regular basis.

The Director of Finance is responsible for:

- Ensuring that claims made for travelling and subsistence allowances are in the format approved.
- Ensuring that claim forms are only signed by persons authorised and maintaining a list of those persons.
- Ensuring that claims for travel and subsistence allowances are only certified where the certifying officer is satisfied that the journeys or expenditure are reasonable and have been incurred on official LSTM business.

Appendix A sets out LSTM's policy on expense claims by Board Members.

All staff and Board Members must adhere to the procedures in the [Financial Procedures Manual](#) regarding Travel and Subsistence.

## Appendix

### **Appendix A - Approval of Expense Claims for Board Members, the Director and Senior Post holders.**

#### General Approval Regulations

All expenses claimed by Board Members, the Director, and designated Senior post holders must comply with the general regulations and procedures laid down in the Travel and Subsistence Expenses policy, as set out in the Financial Regulations and the Procedures Manuals.

Board Members' expenses claims must be authorised by the Secretary to the Board and listed in the audited Financial Statements.

The expenses claimed by the Director must be authorised by the Secretary to the Board or if they are not available, the Chair of the Board.

The expenses claimed by the Director of Strategic Operations must be authorised by the Director or Deputy Director.

The expenses claimed by the designated Senior post holders must be authorised by the Director or in their absence, by the Secretary to the Board.

## Equality Impact Assessment (EIA)

### Equality Impact Assessment: Section 1

<b>Title of policy/process:</b>	<i>Financial Regulations</i>
<b>Policy owner job title:</b>	<i>Senior Financial Accountant</i>
<b>Date of EIA:</b>	<i>21/01/2022</i>
<b>Policy relevant to: Staff / students / visitors etc:</b>	<i>HMRC, Research Sponsors, other funding providers, external audit, internal audit, LSTM staff.</i>
<b>Summary of any consultation with stakeholders (e.g. date and type of consultation):</b>	<i>N/A</i>
<b>This policy has been checked for accessibility on: (date)</b>	<i>February 2022</i>
<b>I confirm that this policy does not impact people, and therefore does not require an EIA</b>	<i>Yes, I can confirm that this policy does not impact people and therefore does not require an EIA</i>