

5.01 Segregation of Duties

It is University policy that there must be a segregation of duties in place where staff make a financial commitment on behalf of the University. In particular:

- There must be segregation of duties between the ordering and invoice approval functions;
- All orders raised must be approved by the relevant budget holder;
- Authorisation limits must be adhered to.

5.02 Delegation of Authority

The University employs a hierarchical structure of delegation which governs budgetary authority across the University. The hierarchy is issued by University Court.

Each level of the hierarchy will be able to delegate budgetary authority up to their specified limit. This will allow Heads of College or Heads of School, Research Institute or Administrative Services to delegate an appropriate level of responsibility to ensure efficient operation of the budgetary unit. It should be noted though that ultimate accountability for budgets cannot be delegated.

Any budget holder, who does not hold a contract of employment with the University e.g. honorary employees, will not be given purchasing authority within the University's financial system.

All purchases should be made with reference to the approved budgets as confirmed following the University's annual budgeting process (see Section 3.02).

In addition to budgetary approval, each order will also be subject to purchasing approval to ensure that orders comply with purchasing and tendering policy (see Section 5.03).

The delegation of authority hierarchy for purchasing is automated within the University's finance system. Any changes in hierarchy should be sent to the Finance Office by sending an e mail to the Systems Development Section with Head of School, Research Institute or Administrative Service approval.

5.03 Procurement and Tendering

Value for Money is the over-riding principle on procurement and tendering. The University requires all budget holders to obtain supplies, equipment and services at the most economically advantageous cost, consistent with quality, delivery requirements, sustainability and always in accordance with sound business practice.

The Purchasing Office is responsible for putting in place mechanisms to facilitate purchasing and to ensure that School, Research Institute or Administrative Services, and therefore the University, can conform to all legal, ethical and institutional requirements and obtain the best value for money.

Staff who have been given delegated purchasing authority are required to complete on line training courses on purchasing provided by the Purchasing Office.

It is a disciplinary offence to make purchases from suppliers for reasons other than value for money as defined above. Purchase decisions need to be justified and it is therefore important that "audit trail" records are complete. Any personal or otherwise non-arms length association which a member of staff making or influencing a purchase may have with a supplier should be notified to the Purchasing Office before the purchase is made.

Schools, Research Institutes or Administrative Services should purchase their supplies from contracts available through the Purchasing Office and refrain from purchasing independently. Details of all negotiated contracts are available on the Purchasing Office web-site.

The University has a policy on the requirements as regards tendering and quotation which can be found at the Purchasing Office website.

Senior Management Group members must ensure that all members of staff comply with the policy on tendering and quotation. Failure to do so will lead to disciplinary procedures.

5.04 Purchase

Orders

The ordering of goods and services should be in accordance with the University's segregation of duties policy (see Section 5.01), delegation of authority policy (see Section 5.02) and procurement and tendering policy (see Section 5.03).

Purchase orders must be raised using the University's financial system for all purchases of goods and services before the purchase is made, except in the case where a Purchasing Card is used (see Section 5.05), a Corporate Credit card is used (see Section 5.08) or for a small number of spend categories where pre-arranged contracts exist and it is impractical to raise a purchase order (eg energy contracts).

Purchase Orders fulfil the role of acceptance of a supplier's offer and bind a contract on the University's terms and conditions. The use of purchase orders provides protection for the individual buyers and the University.

Where goods are purchased from overseas, the Financial Accounting team within the Finance Office should be contacted so that the duty and VAT implications can be correctly applied.

5.05 Purchasing

Cards

The operation and control of the University's purchasing card scheme is the responsibility of the Purchasing Office. A purchasing card is primarily a means of facilitating the ordering and processing of low value purchases. The use of a card does not alter the underlying rationales of purchasing - transparency, fairness, competition and value for money - although their use does alter some of the traditional accounting mechanisms, such as separation of signatories. Purchasing Cards are issued under separate guidelines and full details can be found on the Purchasing Office web site.

The following general rules apply to the use of Purchasing Cards:

- They will only be issued to University employees who have undergone purchasing training or who will attend the next available course;
- They can only be used for purchasing operational goods and services and in accordance with the terms of a personal agreement which must be signed by each card-holder;
- They can only be used within the transaction and monthly limits as agreed between the card-holder, their Head of School, Research Institute or Administrative Service and the Purchasing Office;
- They can only be used by the person named on the card;
- They cannot be taken out of the University;
- Card-holders must maintain a transaction log and reconcile it to their card statement at the end of each month;

- The Purchasing Card must not be used where the expense procedure applies (see Section 5.08).

Mis-use of purchasing cards will be subject to disciplinary action.

5.06 Goods

Receipt

All goods should be received at designated receipt and distribution points. On receipt they should be checked for quantity and/or weight and inspected for quality and specification. A delivery note should be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

All goods received which are of the requisite standard should be entered onto the University's financial system via a GRN (goods received note) on the day of receipt. If the goods are deemed to be unsatisfactory, then the supplier should be immediately notified, preferably in writing, so that they can be collected for return as soon as possible. Where goods are short on delivery, the record should be marked accordingly and the supplier immediately notified.

All persons receiving goods on behalf of the University must be independent of those who negotiated prices and terms and placed the official order.

5.07 Payment

of

Invoices

The Director of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Senior Management Group members are responsible for ensuring that procedures are in place in order that expenditure within their College / University Service does not exceed funds available.

Payment of all supplier invoices is made by the Finance Office via the weekly payment run. It is the University's preference that payment to suppliers is made by BACS electronic transfer but where this is not possible a cheque will be raised.

Supplier invoices will be processed after a series of checks, as follows:

- The invoice contains a valid purchase order reference from the University's finance system (with the exception of a small number of spend categories where pre-arranged contracts exist and it is impractical to raise a purchase order);
- The amount invoiced is within the University's tolerance level when compared to the purchase order (2.5% of the value of the invoice up to a maximum of £25);
- The quantity invoiced is in line with the purchase order;
- A GRN (goods received note) has been raised on the University's financial system.

Any invoice which does not comply with the checks as above will be returned to the supplier and relevant University requisitioner, who will be expected to resolve the situation.

5.08 Staff

Expenses

The University's purchasing and payment procedures are in place to enable the majority of non-pay supplies to be procured through the University's financial system without staff having to incur any personal expense. However, on occasion staff may incur expenses, most often in relation to travel, and are entitled to reimbursement.

All claims for payment of travel, subsistence and incidental expenses shall be completed in a form approved by the Director of Finance. Forms and guidance are available from the Pay & Pensions website. Staff must ensure that expense claims are approved by the Head of School, Research Institute or Administrative Service or delegated budget holder before submitting any claims to the Pay & Pensions section.

The University will also issue at its discretion a corporate credit card to an employee. Guidance and notes can be found on the Purchasing website.

5.09 Petty

Cash

The Director of Finance will design such procedures for the control and operation of petty cash floats as considered necessary and will advise the University Court as to the maximum amounts permitted. Schools, Research Institutes or Administrative Services MUST not retain cash received by them. Cash should be forwarded as quickly as possible to the Finance Office. On no account should cash received be utilised to pay for goods and services purchased. Schools, Research Institutes or Administrative Services may, however, hold a Petty Cash float to facilitate the purchase of inexpensive items. Expenditure up to £25 per item is permitted, although the custodian of the Petty Cash may authorise a higher figure per item in exceptional circumstances.

Applications to hold a Petty Cash account or to have it increased should be made to the Financial Accountant who, after enquiry, may authorise a School, Research Institute or Administrative Service to hold a Petty Cash float, normally not exceeding £100. The cash should be held in a safe, lock-fast place, and, if possible, be in the custody of one person. If control has to be rotated, at lunch times or holiday times etc, the cash should be checked at each hand-over for the protection of everyone concerned.

The custodian should ensure that all receipts are signed by the payee and it is recommended that each receipt be endorsed as 'paid'.

It is permissible to give advances from the petty cash to allow purchases to be made, provided the cash is not left outstanding for more than five working days and the facility is not abused. A receipt should be obtained for the cash advanced.

School, Research Institute or Administrative Service Petty Cash floats must NOT be used for the reimbursement of staff personal expenses (e.g. car parking charges, bus/train tickets, taxis, etc.) which must be claimed on a staff expenses claim form (see Section 5.08). Similarly staff mileage claims must only be claimed via a mileage claim form. In order to satisfy Her Majesty's Revenue & Customs, both types of form should be submitted to the Pay & Pensions Section of the Finance Office, where they will be paid through the normal payroll expense reimbursement procedure.

It is expressly prohibited to pay salaries, wages, fees or other forms of remuneration through petty cash. They must be paid via the Pay & Pensions Section in the Finance Office. This includes casual payments to students and other persons. Under no circumstances should individual employees make any form of payment to another individual for work done.

Once the initial petty cash as issued has been almost fully used, a duly authorised application, with receipts and bearing an original signature should be submitted to the Finance Office to have the float reimbursed.

5.10 Late**Payment**

The Late Payment of Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

- Small businesses can charge interest on overdue invoices;
- The rate of interest is 8% per annum above the official daily rate of the Bank of England;
- The Act applies to overseas organisations;
- The University can be sued for non-payment.

In view of the penalties in this Act, University Court requires that invoices must be passed for payment as soon as they are received. Any charges incurred will be charged back to the College / University Service concerned.

5.11 Land**and****Building****Expenditure**

The Estates and Buildings Office has responsibility for the management of the University's estates. All repairs and renewals of University property should be carried out by, or under the supervision of Estates and Buildings. All building contracts are therefore the responsibility of Estates and Buildings. Estates and Buildings manage the estate refurbishment and development expenditure as a series of projects and it is the total value of each project which will determine the approval process that is followed to approve expenditure. Each project may contain expenditure that is capitalised and / or expenditure which will be expensed in the year incurred.

Each potential capital funded estates and buildings project over £100,000 in value will require a completed business case using a standard form which is available from the Estates Development Team within Estates and Buildings, who will co-ordinate the numbering and processing of each application. Each project should be sponsored by a Senior Management Group member who will be responsible for ensuring that detail in each form is completed with support from senior College / University Service staff members and the Estates Development Team.

Each completed application will be submitted to the next Capital Expenditure meeting, which will be held monthly. The meeting will be chaired by the Director of Finance, who along with the Vice Principal of Strategy and Resources has the authority to approve projects below £500k subject to counter signature by the Principal.

Projects in excess of £500k will be submitted to the Estates Committee before being passed to the Finance Committee, and subsequently University Court for final approval.

The criteria for approval in all instances will be as follows:

- Fit with University strategic objectives;
- Fit with College / University Service strategic objectives;
- Fit with Estates Strategy;
- Overall cost and timescale;
- Availability of funding from external sources;
- Expected return on investment.

The Financial Memorandum between the Scottish Funding Council and the University requires the University to develop and maintain an Estate Strategy encompassing the acquisition of land and buildings. University Court is also required to keep its holding of Exchequer-funded land and buildings under review with the objective of rationalising and disposing of those holdings which, in the light of its Estate Strategy, the University considers to be no longer needed.

The University Court is the only body within the University with the power to purchase property or enter into a property lease or sell University property. Its authority must therefore be sought for all purchases or sales or leases (other than the provision of short leases for student accommodation under the subletting scheme). Proposals for a purchase, sale or to enter a lease should be made to the Capital Expenditure meeting as above, who will ensure that appropriate authorisation is sought from University Court.

The University is required to inform the Scottish Funding Council before it undertakes a level of capital finance where the annualised costs of all capital finance (being the sum of the servicing and capital repayment costs of each loan or other arrangements spread evenly over the period of the relevant loan or arrangement) would exceed 4% of the total income of the University as reported in the latest audited financial statements; or of the estimated amount of total income for the current year if that is lower. The Director of Finance is responsible for informing the Scottish Funding Council of any instances which meet these criteria.

The details of any purchase, subject to the parameters set by the Senior Management Group, Finance Committee and/or University Court, will be negotiated by the Secretary of Court or their nominee, taking legal advice. Court Office will be responsible for keeping the Estates and Buildings Office and the Finance Office informed of progress. The Finance Office will review the timing and settlement terms of purchase consideration; it will also review both purchase and lease of property for tax planning purposes and in particular VAT options.

Responsibility for negotiating leases will normally rest with Court Office with assistance from the Estates and Buildings Office. The office responsible will keep the other office and the Finance Office informed of progress. Copies of all leases must be deposited with Estates and Buildings.

The final arrangements will be reported to University Court for ratification; formal documentation must be signed by the Secretary of Court and a member of University Court and must be sealed.

All proposals for property disposal must be considered by the Secretary of Court or their nominee, prior to submission to the Estates Committee, Finance Committee and University Court. Proposals for the sale of property must be reviewed by the Finance Office for tax planning purposes and, in particular, for VAT options. The proposal should include an estimate of the value of the property, an analysis of any users within the University who may potentially be disadvantaged by the sale (together with alternative arrangements for their accommodation), how the acquisition of the property was originally funded, and any requirements to forward part or all of the proceeds to the Scottish Funding Council.

The Finance Office must be informed prior to approval of any sale as the University has obligations to report sales of property under the terms of certain banking covenants agreed with the University Court's bankers.

Formal documentation relating to the disposal of property must be signed by the Secretary of Court and a member of University Court.

5.12 Salaries and Pensions

All University staff will be appointed to the salary scales approved by University Court and in accordance with appropriate conditions of service. All letters of appointment must be issued by the Human Resources Department. All contracts of service shall be concluded in accordance with the University's approved human resource practices and procedures and all offers of employment with the University shall be made by the Human Resources department.

The Director of Finance is responsible for payments of salaries and wages to all staff including payments for overtime or services rendered. All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Director of Finance and are available at the Pay & Pensions Section.

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

The Director of Finance is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

The Director of Finance is responsible for keeping all records relating to payroll including those of a statutory nature.

All payments must be made in accordance and comply with Her Majesty's Revenue and Customs regulations.

The Director of Finance is responsible for day-to-day pension matters, including:

- Paying contributions to various authorised pension schemes;
- Preparing the annual return to various pension schemes;
- Administering the University of Glasgow Pension Scheme.

The University also administers scholarship maintenance awards to postgraduate students. Detailed guidelines on scholarship payments are available on the HR website.