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1. GENERAL PROVISIONS

1.1 Background

- 1.1.1 The University is a chartered corporation. Its structure of governance is laid down in the instruments of its incorporation (charter and statutes). The charter and statutes can only be amended by the Privy Council. The University is accountable through Council, its governing body, which has ultimate responsibility for the University's management and administration.
- 1.1.2 The University is an exempt charity by virtue of the Charities Act 1993.
- 1.1.3 The Financial Memorandum between the **Office for Students (OfS)** formerly **Higher Education Funding Council for England (HEFCE)** and the University sets out the terms and conditions on which grant is made. Council is responsible for ensuring that conditions of grant are met. As part of this process, the University must adhere to the funding body's audit code of practice, which requires it to have sound systems of financial and management control. The Financial Regulations of the University form part of this overall system of accountability.

1.2 Status of Financial Regulations

- 1.2.1 This document sets out the University's Financial Regulations. It translates into practical guidance the University's broad policies relating to financial control. This document was approved by the Finance Committee in May 2018. It applies to the University and all its subsidiary undertakings.
- 1.2.2 These financial regulations are subordinate to the University's charter and statutes and to any restrictions contained within the Terms and Conditions of funding with OfS and conditions of funding for higher education institutions.
- 1.2.3 The purpose of these Financial Regulations is to provide control over the totality of the University's resources and provide management with assurances that the resources are being properly applied for the achievement of the University's strategic plan and business objectives:
- Financial viability
 - Achieving value for money
 - Fulfilling its responsibility for the provision of effective financial controls over the use of public funds
 - Ensuring that the University complies with all relevant legislation
 - Safeguarding the assets of the University.
- 1.2.4 Compliance with the Financial Regulations is compulsory for all staff of the University. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the University's disciplinary policy. Council will be notified of any such breach as appropriate through the Audit and Assurance Committee. It is the responsibility of each member of staff to be aware of the existence and content of the University's financial regulations, and to seek advice in case of any uncertainty as to how to act.
- 1.2.5 The Finance Committee is responsible for maintaining a continuous review of the Financial Regulations, through the Director of Finance, and for advising Council of any additions or changes necessary.
- 1.2.6 In exceptional circumstances, this committee may authorise a departure from the detailed provisions herein, such departure to be reported to Council at the earliest opportunity.

2. CORPORATE GOVERNANCE

2.1 Background

2.1.1 **Council** is the governing body of the University and also the principal financial and legal authority of the University. Council is responsible for ensuring that proper books of account are kept, approving the annual budget and financial statements, and having overall responsibility for the University's assets, property and estate. A full statement of Council's responsibilities is available at the following link:

- [Statement of Primary Responsibilities](#)

The main financial responsibilities of Council are:

- To ensure the solvency of the University.
- To safeguard the University's assets.
- To ensure the effective and efficient use of resources.
- To ensure that the funds provided by the funding body are used in accordance with the terms and conditions specified in the University's Memorandum of Assurance and Accountability with the funding body.
- To ensure that financial control systems are in place and are working effectively.
- To approve the University's strategic plan.
- To approve the University's Financial Forecasts and Annual Budget and the annual financial statements.
- To appoint the University's internal and external auditors.

2.1.2 **Finance Committee** is responsible to Council for overseeing the financial affairs of the University.

- [Finance Committee Terms of Reference](#)

2.1.3 Chaired by the President and Vice-Chancellor, the **Executive Board** is responsible for steering and supporting the strategic direction of the University. The Executive Board meets weekly and reports to Council (and to Senate as required). The **Senior Leadership Team** is responsible for giving advice and guidance to the Executive Board.

- [Executive Board](#)
- [Senior Leadership Team](#)

2.1.4 **Audit and Assurance Committee:** appoints and receives reports from the external and internal auditors; monitors implementation of audit recommendations; maintains University policy on fraud and irregularity. (The terms of reference of the Audit and Assurance Committee are, with minor changes, as recommended by the Office for Students (OfS) formerly Higher Education Funding Council for England (HEFCE) terms and conditions of funding for higher education institutions)

- [Audit and Assurance Committee Terms of Reference](#)

2.1.5 The **President and Vice-Chancellor** is first and foremost responsible for leadership of the academic affairs and executive management of the University and is also the University's Accountable Officer for the purposes of OfS's terms and conditions of funding for higher education institutions. As Accountable Officer, the President and Vice-Chancellor is personally responsible to Council for ensuring compliance with the terms of OfS's terms and conditions of funding for higher education institutions and for providing OfS with clear assurances to this effect.

- 2.1.6 The **Deputy Vice-Chancellor and Pro-Vice-Chancellors** have a range of duties which include acting for the President and Vice-Chancellor in their absence.
- 2.1.7 The **Chief Operating Officer shares responsibilities with the Registrar and Secretary and Chief Marketing and Engagement Officer** are responsible to the President and Vice-Chancellor for the University's Professional Services. In this capacity, they have a major coordinating role in the formulation of policy and in the development of the University's strategic plans, including the integration of academic, financial and estates aspects.
- 2.1.8 Day-to-day financial administration is controlled by the **Director of Finance**, who is responsible to the President and Vice-Chancellor and the Chief Operating Officer for:
- the preparation of the University's Financial Statements.
 - preparing annual capital and revenue budgets and financial plans.
 - the provision of financial advice to Council and the committees of Council.
 - providing professional advice on all matters relating to financial policies and procedures.
 - ensuring that the University maintains satisfactory financial systems.
 - day-to-day liaison with internal and external auditors in order to achieve efficient processes.
 - the development of purchasing policy.
- 2.1.9 The responsibilities of the **Director of Estates and Digital Services** include the control and management of all building projects, the maintenance, repair and redecoration of all buildings, and overall responsibility across the University for security and insurance.
- 2.1.10 The financial administration of research grants and contracts and the University's links with industry and commerce are required to be undertaken through the **Research and Enterprise Division**.
- 2.1.11 **Heads of College and Pro-Vice Chancellors** are responsible:
- to the President and Vice-Chancellor for all funds disbursed by their College
 - for the management of the College budgets in line with all financial procedures and regulations
 - for providing the Director of Finance with such financial or other information as they may deem necessary, from time to time, to carry out the requirements of the governing body.
 - for immediately notifying the Director of Finance whenever any matter arises which involves, or is thought to involve, irregularities concerning, inter alia, cash or property of the University.
- 2.1.12 **Heads of Department / Division** are responsible for effective financial control within their area. The Head of Department is responsible to the Head of College for all funds disbursed by the Department or Division and should ensure that all financial procedures and regulations are observed. A Head of Department may delegate specific aspects (but not the concomitant responsibility) of their duties under these financial procedures and regulations to other members of staff within the department. The Director of Finance should be informed of all persons so authorised. The Director of Finance may require a Head of Department personally to authorise a specific transaction.
- 2.1.13 **Individual members of staff** should be aware and have a general responsibility for the security of the University's property, for avoiding loss and for due economy in the use of resources. They should

ensure that they are aware of the University's financial authority limits and the values of purchases for which quotations and tenders are required. They shall make available any relevant records or information to the Director of Finance or their authorised representative in connection with the implementation of the University's financial policies, these financial regulations and the system of financial control.

- 2.1.14 The **Students' Union** is established under the University's Charter of Incorporation. It receives financial support from the University but is managed independently. The Students' Union is required to provide financial information to the University on a regular basis and this is reported to the Finance Committee.

2.2 Risk Management

- 2.2.1 The University acknowledges the risks inherent in its business, and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable / unacceptable by the University will be set out in a separate risk management strategy.

- 2.2.2 Council has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the University through the development, implementation and embedment within the organisation of a formal, structured risk management process.

- 2.2.3 In line with this policy, the governing body requires that the risk management strategy and supporting procedures include:

- The adoption of common terminology in relation to the definition of risk and risk management.
- The establishment of University-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis.
- A decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes (see above).
- A decision on the level of risk to be covered by insurance.
- Detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas.
- Development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question.
- Regular reporting to the governing body of all risks above established tolerance levels.
- An annual review of the implementation of risk management arrangements.

The strategy and procedures must be capable of independent verification.

- 2.2.4 Heads of department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the University may be exposed. The University's legal advisor's advice should be sought to ensure that this is the case.

2.3 Whistleblowing

- 2.3.1 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, breach of contract, etc.), 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.

2.3.2 Normally, any concern about a workplace matter at the University should be raised with the relevant member of staff's immediate line manager or head of department. However, the University recognises that the seriousness or sensitivity of some issues, together with the identity of the person the member of staff thinks may be involved, may make this difficult or impossible.

2.3.3 A member of staff may, therefore, make the disclosure to the Registrar and Secretary.

2.3.4 The full procedure for whistleblowing is set out in the University's whistleblowing policy, which is available through the Division of Human Resources web page.

2.4 Code of Conduct and Declaration of Interests

2.4.1 The University is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life, which members of staff at all levels are expected to observe. These principles are set out at Appendix A. In addition, the University expects that staff at all levels will observe its code of conduct, contained in its detailed financial procedures, which covers:

- Probity and propriety
- Selflessness, objectivity and honesty
- Relationships.

2.4.2 Additionally, members of the governing body, senior management or those involved in procurement are required to disclose interests in the University's register of interests maintained by the Registrar and Secretary (or other designated officer). They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly, as prescribed in the financial procedures.

2.4.3 In particular, no person shall be a signatory to a University contract where they also has an interest in the activities of the other party.

2.4.4 The Procedures for Registration and Declaration of Interests can be found under the relevant policies for Council and Staff members:

- [Council Policy](#)
- [Staff Policy](#)

2.4.5 Staff and members of governing bodies must not accept any personal benefit as an inducement or reward for taking any action (or specifically not taking action) in their position in the University or for showing favour (or disfavour) to anyone in their position in the University.

2.5 Gifts and Hospitality

The provision and receipt of gifts and hospitality to individual members of staff is a sensitive area for a publicly funded institution. Members of staff and members of the governing body may, on occasion, be offered gifts or hospitality simply as a mark of courtesy or gratitude. Such offers can place staff in a difficult position, since to refuse may cause offence but to accept may, in certain circumstances, be open to misinterpretation. The University has therefore drawn up the following regulations to avoid misunderstanding and to provide staff with a framework for dealing with difficult situations.

14. **“Deputy Director of Finance with responsibility for Operations”** responsible for areas such as Accounts Payable, Student Fees & Income Management, Systems Development & Support, Payroll & Pensions Operations and Pensions Strategy.
15. **“Director of Finance”** means the officer responsible for overseeing the University’s financial sustainability, planning, controls and compliance, and the head of the University’s Finance Division.
16. **“Director of Procurement”** means the head of the Procurement Unit.
17. **“Dynamic Purchasing System”** means a completely electronic process, which has a limited duration, for making commonly used purchases, as more particularly defined and described in the [Public Contracts Regulations 2015](#).
18. **“Enterprise Resource Planning (ERP) system”** means the business process management software used by the University (currently SAP) that allows it to use a system of integrated applications to manage its business and automate back office functions, including invoice matching.
19. **“Equality Act 2010”** means the legislation that protects people from discrimination in the workplace and in wider society. It replaced previous anti-discrimination laws with a single Act, making the law easier to understand and strengthening protection in some situations. It sets out the different ways in which it’s unlawful to treat someone.
20. **“Estimated Value”** means the value as estimated under Regulation 4.2.1.
21. **“Threshold”** means the respective threshold for Supplies, Works, or Services Contracts, excluding Social and Other Specific Services, referred to in the Public Contracts Regulations 2015.
22. **“Finance Committee”** means the committee that reports to Council (the University’s supreme governing body) recommending the Annual University Budget and Medium Term Financial Forecasts, determining the University’s Financial Regulations, and overseeing its procurement arrangements.
23. **“Find a Tender”** means the Contract Opportunity Publication which the Public Contracts Regulations 2015 (amended by the Public Procurement (Amendment etc.) (EU Exit) Regulations 2020) require be used to advertise a Procurement Exercise for a Contract above the Threshold.
24. **“Formal Tender Process”** is a process following the requirements of Open Tendering, Restricted Tendering, the Competitive Procedure with Negotiation or the Competitive Dialogue or Innovation Partnership procedures. It also encompasses the lighter regime for procuring Social and Other Specific Services as defined in the Public Contracts Regulations 2015.
25. **“Framework Agreement”** is a general term for agreements with suppliers which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement. The Framework Agreement may, itself, be a Contract to which the Public Contracts Regulations 2015 apply.
26. A **“Further Competition”** is undertaken where not all the terms of a proposed Contract are laid down in a Framework Agreement. It involves re-opening competition between the economic operators which are parties to the Framework Agreement and which are capable of performing the proposed Contract, on the basis of the same or, if necessary, more precisely formulated terms, and where appropriate other terms referred to in the Contract documents based on the Framework Agreement.
27. **“Head of Department”** means the head of an academic department or professional services division to which the Contract relates.

28. **“Information Security”** means defending information from unauthorised access, use, disclosure, disruption, modification, perusal, inspection, recording or destruction.
29. **“Invitation to Tender”** means the document(s) containing the specification, proposed terms and conditions and other appropriate information as issued to the Tenderers to solicit Formal Tenders.
30. **“Irregular Tender”** means a Tender that does not fully comply with the instructions given in the Invitation to Tender.
31. **“Key Performance Indicators”** means a set of quantifiable measures, including targets, built into a Contract, to allow the University to monitor a Supplier’s performance in delivering the Contract.
32. **“Leicester Services Partnership”** means a company jointly owned by the University and the University of Leicester Students’ Union to provide catering services to both organisations.
33. **“Mandatory Contract”** means any Contract or Framework Agreement or other arrangement put in place by the University itself, the North Eastern Universities Procurement Consortium (NEUPC), or any other Public Sector Organisation (including other university) or Consortium in which the University is entitled to participate and which, where necessary, has been awarded in a compliant manner.
34. **“OJEU”** means Official Journal of the European Union, the Contract Opportunity Publication which the Public Contracts Regulations 2015 required be used to advertise a Procurement Exercise for a Contract above the Threshold, before being amended by the Public Procurement (Amendment etc.) (EU Exit) Regulations 2020; after which OJEU was replaced by Find a Tender.
35. **“Person”** includes a partnership, body corporate or unincorporated association.
36. **“Post Tender Negotiations”** means the ability to negotiate with a Tenderer after a Tender has been opened and evaluated in accordance with the published evaluation criteria for the purposes of securing an improvement in the delivery of the Contract including but not limited to improvements in price.
37. **“Prior Information Notice”** means the notice published to make known the University’s intended planned procurements, as defined in the Public Contracts Regulations 2015.
38. **“Procurement Exercise”** means any process by which goods, services and/or works are to be procured including but not limited to Request for Quotations and Formal Tender Processes. For the purpose of these Regulations a Contract for a Concession shall be treated as a Procurement Exercise.
39. **“Procurement Strategy”** means the document that explains the University's procurement priorities and commitments in the support of the University’s overall Strategic Plan.
40. **“Procurement Unit”** means the centralised procurement team for which the Director of Procurement is responsible.
41. **“Procurer”** means any member of University Staff, including academics, allocated the responsibility of procuring goods and services by their Head of Department, who is responsible for the procurement of goods and services.
42. **“Public Contracts Regulations 2015”** means the Public Contracts Regulations 2015 laid before Parliament on 5th February 2015, as amended by the [Public Procurement \(Amendment etc.\) \(EU Exit\) Regulations 2020](#).

43. A **"Quotation"** is an offer to sell works, goods and/or services at a stated price under specified conditions. A Quote or Quotation may or may not be written.
44. **"Request for Quotation"** ("RFQ") means a document or documents containing the specification, and proposed terms and conditions issued to potential suppliers to solicit written Quotations.
45. **"Risk(s)"** means the risks inherent to a Contract; the potential adverse effects of the Contract not being performed as required. Examples of risks include disruption to the University's core business operations and the loss of sensitive University data.
46. **"Smarter Purchasing"** means the University's purchasing and payment system which allows Staff to order goods and services electronically, goods to be receipted electronically, invoices to be received electronically and automatically matched against purchases orders, with approval of invoice only required where it differs to the order or the items delivered.
47. **"Social and Other Specific Services"** are defined in the [Public Contracts Regulations 2015](#), which outline a lighter regime of regulations to be followed when procuring such services with an Estimated Value of £633,540 incl. VAT or more. The types of services included are postal services and hotel and restaurant services.
48. **"Specification"** means the document used to clearly and accurately describe the essential requirements for the goods, services or works.
49. **"Spin-out Company"** is a new corporate entity, functioning separately from the University, for developing ideas with commercial potential.
50. **"Standard Terms and Conditions"** means standard Contractual terms used by University of Leicester
51. **"(Members of) Staff"** means employees of the University, including academics.
52. **"Tender"** means the formal offer from a Tenderer, which is capable of acceptance by the University, which is a response to an Invitation to Tender. It shall include all documents comprising the submission including pricing, technical specification and method statements as well as information about the Tenderer. A written Quote or Quotation is also a Tender.
53. **"Tenderer"** or **"Tenderers"** means the Person or Persons invited to participate in a Procurement Exercise.
54. **"Total Value"** means the value of a Contract which has been calculated in accordance with Regulation 4.2.1(b) reading where appropriate Total Value for Estimated Value.
55. **"University"** means the University of Leicester.
56. **"In writing"** or **"written"** for the purpose of interpreting these Regulations includes transmission by any electronic means which have been approved by the Director of Procurement in consultation with the Legal Office.

5. EMPLOYEE TRAVEL AND EXPENSES

5.1. Introduction to procedures

- 5.1.1. The information and instructions contained in this section are for the guidance of all employees in all departments of the University. Staff are required to be conversant with the University's policies on Gifts and Hospitality and the Prevention of Bribery and Corruption detailed in Sections 2.7 and 2.8 of these regulations, prior to travelling and incurring expenses while on University business. These procedural instructions will not apply to self-employed persons or Non University employees seeking reimbursement, e.g. interview expenses except as otherwise stated.

The policies have been prepared in the light of the Income Tax and National Insurance Contributions (NIC) regulations and in consultation with the University's Tax Office to meet HM Revenue and Customs (HMRC) requirements and comply with taxation legislation.

- 5.1.2. Provided expenses claims (including credit card statement forms) are completed strictly in accordance with the terms of this section, unless otherwise stated, no additional tax or National Insurance Contribution liability will arise to the employee or the University and employees need not report details in their tax returns.
- 5.1.3. Where an expense claim is contemplated in respect of any item not included in this section, or an employee has a query relating to the payment of expenses under this section, the matter must be referred, in the first instance, to their Head of Department, who may if necessary refer to the Finance Division for guidance (a list of contacts can be found on the Finance Division website). In the event of an employee, by force of circumstance, exceeding the expenses limits set out in Financial Regulations, they may, through the relevant Head of Department, bring a case forward to the Director of Finance detailing the circumstances who will consult the Pro-Vice Chancellor as necessary. The Director of Finance may at their discretion waive financial regulations in appropriate circumstances.

In cases where there is any uncertainty over the taxation treatment of expense claims it is important that any contact with HM Revenue and Customs is conducted by the Finance Division's Tax Office.

Under no circumstances should any employee approach HM Revenue and Customs directly.

- 5.1.4. At the end of each tax year, the University will prepare a statement in respect of employees who have received taxable expenses and benefits, giving details of all such payments made in that year. A copy of this statement will be issued to employees. A report (on form P11D) will then be made to HM Revenue and Customs in order that tax due from the employee can be assessed and collected. It is important that the statement is retained by the employee as they may require it to complete a Self-Assessment Tax Return.
- 5.1.5. All University employees who are required to travel in order to fulfil their duties are required to seek prior approval from their Line Manager/Head of Department. Approval is required to be away from the University and also to seek a budgetary allocation in order to cover the anticipated cost incurred, in line with normal departmental practices.

5.2. Expense Reimbursement Procedure

- 5.2.1. It is the policy of the University that employees are reimbursed the actual cost of expenses incurred wholly, exclusively and necessarily in the performance of the duties of their employment. Employees are expected both to minimise costs without impairing the efficiency of the University and to avoid any unnecessary cost to the University. In general, reimbursement will be made only on the

production of **original** receipts or invoices; credit card vouchers **must** be supported by the **original** itemised bill or receipt. Round sum allowances/expenses will not be accepted.

- 5.2.2. Expenses incurred on behalf of the University are to be recorded in detail on form EC1, issued by the Finance Division, irrespective of the source of funding. Expense claims must be submitted to the Account Payable section of the Finance Division as soon as possible and **no later than three months after the date on which the expense was incurred.** All claims must be supported by receipts wherever the supplier can reasonably be expected to provide a receipt.
- 5.2.3. The expense claim form should be used only for incidental expenses, normally incurred when travelling on University business. They should not be used for the purchase of equipment or supplies for academic activities and wherever possible goods and services should be ordered using a University Purchase Order.
- 5.2.4. If a payment is made in advance of an event and that event is subsequently cancelled any associated refunds must be paid back to the University, promptly.
- 5.2.5. Where expenses are incurred in foreign currencies, the amounts so incurred should be shown, in the currency in question, on Expenses Claim form. However, reimbursement will be made in £ Sterling.
- 5.2.6. The declaration on the expenses claim form must be signed by the claimant and the form must be authorised under the procedures described below under "Authorisation of Expense Claims". The completed forms must be sent to the Finance Division together with all supporting documentation (receipts, etc.), which will be retained centrally for a minimum of six years, with the exception of claims relating to expenditure on grant-funded research if the retention period is greater than six years and in compliance with any grant audit requirements.
- 5.2.7. Incomplete claims will not be processed but returned to the claimant signatory with an explanation as to why it cannot be processed. Incorrect claims will be either amended and a revised amount paid, or returned to the claimant signatory with an explanation as to why it cannot be processed. This may lead to a delay in payment. The claim must be fully completed and returned to Accounts Payable section for processing.
- 5.2.8. If receipts related to expenses incurred have been lost, the member of staff should contact the Accounts Payable Section of the Finance Division for advice and the expense claim form must be clearly marked that the receipts have been lost.
- 5.2.9. All expenses claims must be verified for accuracy and authorised by a person other than the claimant. This is a basic internal control procedure and, in providing an independent check, acts to protect the interests of the claimant against any possible allegation of irregularity. The following hierarchy of authorisation is to be used:

Claimant	Authoriser
Departmental / Divisional Staff	Head of School / Division or alternative signatory on the departmental codes
Head of School	Appropriate PVC / Head of College
Head of Division	Chief Operating Officer / Registrar and Secretary / Chief Marketing and Engagement Officer
Deputy Vice-Chancellor, Pro-Vice-Chancellor, Chief Operating Officer / Registrar and Secretary / Chief Marketing and Engagement Officer	President and Vice-Chancellor
President and Vice-Chancellor	Chair of Council or if he is not available, the Treasurer, or if both not available the Chair of the Audit and Assurance Committee

Treasurer	President and Vice-Chancellor
Chair Council	Treasurer, or in their absence the Chair of Audit and Assurance Committee

- 5.2.10. Authority can to be delegated provided that, for any individual claim, the authoriser is both different from the claimant and is in a position of managerial superiority to the claimant. For the avoidance of doubt, Heads of Department may not delegate authority to sign expense claims to a member of the staff in grades 1-5. The same authorisation principles apply to invoices for travel and subsistence (e.g. invoices from travel agents).

5.3. Travel and Subsistence General Provisions

- 5.3.1. Except as otherwise provided below, employees may claim only the costs of necessary business travel.
- 5.3.2. Any staff or students travelling overseas on University business must contact the Insurance Section of the Estates and Campus Services Division to ensure that they are covered under the University's group business travel policy. Consideration must also be given as to the requirement for University equipment to be insured whilst in transit.
- 5.3.3. Any insurance payments received by the University as a result of travel delays are for the benefit of the University and payment will only be made to a member of staff in the event that additional personal costs can be substantiated.

5.4. Business use of own vehicle & Mileage Allowance

- 5.4.1. A mileage rate payable to all staff for authorised use of their own private car on University business is reviewed annually. Mileage allowance is payable at £0.45p for the first 80 miles of a single journey and at £0.31p thereafter. If you are claiming business mileage using a Tusker green car (i.e. paid by salary sacrifice), then mileage must be claimed at the relevant HM advisory rates. These rates are reviewed quarterly by HMRC and are located at <https://www.gov.uk/guidance/advisory-fuel-rates>. Failure to claim at the correct rate for type of car and engine size may incur an additional tax liability. The mileage allowance payment is made free of tax, if the following guidelines and regulations are adhered to.

All journeys away from the normal place of work on business may be regarded as business journeys. Where a journey begins or ends at home the employee may claim the whole cost of the journey provided that it was carried out for business purposes, subject to regulations concerning ordinary commuting and journeys that include a significant proportion mileage associated with ordinary commuting (see 5.4.5 and 5.4.6 below respectively).

A single journey is defined as a return journey from either home or permanent workplace (or a combination thereof) to a temporary site/location.

Permanent workplace is defined as a location where the pattern of work is such that there is regular attendance and this is expected to be for more than 24 months. It is possible that more than one permanent workplace may exist.

- 5.4.2. If carrying one or more passenger or heavy / bulky equipment (that could not reasonably be expected to be carried, for example by train) then mileage at £0.45 will be payable for the full journey.
- 5.4.3. Full details of the journey, including date, reason for journey, starting, intermediate points and destinations, must be recorded for each journey on the Expense Claim form (EC1) along with the Business mileage claimed.

- 5.4.4. Staff who choose to travel by motorcycles and bicycles will be reimbursed at £0.24p per mile for a motorcycle and £0.20p for a bicycle, for each business mile incurred.
- 5.4.5. "Ordinary commuting", i.e. any travel between a permanent workplace and one's home, or any other place which is not a workplace, cannot be claimed.
- 5.4.6. Where an employee travels to/or from a temporary site directly from/to home this will qualify for payment without the deduction of tax provided that there is a clear necessity for them to visit that site.

Where the temporary site is close to one's normal permanent workplace whereby a significant proportion of the journey can be considered as "ordinary commuting", mileage allowance is not reimbursable. HMRC define "close" (to one's permanent workplace or home) as being within 10 miles.

For any avoidance of doubt the University will follow HMRC Guidance Note 490.

- 5.4.7. All staff using their own private vehicles on behalf of the University must notify their motor insurers and maintain appropriate insurance cover for business use (see also 3.13.3). If staff do not inform their insurer, then, in the event of a claimable incident whilst using one's own vehicle for business use the insurer may invalidate the motor insurance and void any claim made. The University will not indemnify or cover any associated cost in such an event.
- 5.4.8. The following are deemed to be separate sites of the University:
- Main Campus (including the area around New Walk and Princess Road East)
 - Leicester Royal Infirmary
 - Leicester General Hospital
 - Glenfield General Hospital
 - Oadby Campus Site
 - Knighton Hall and College Court Conference Centre
 - Brookfield
 - Greenwood Institute
 - Leicester Space Park

5.5. Rail Travel

- 5.5.1. All members of staff should travel by the cheapest available method arranged via the appointed preferred travel booking agent, standard class travel is expected to be appropriate, however if business requirements are such that undertaking work whilst travelling is important, then staff may request that they travel by first class. This is allowable at the discretion of Heads of Department. Staff at Head of Department level and above may use their own discretion as to whether first class travel is appropriate for their own travel.
- 5.5.2. Where the preferred supplier is not used, full details of the journey, including date, reason for journey, starting, intermediate points and destinations, must be recorded for each journey on the Expense Claim form (EC1) along with the cost of tickets claimed (ticket counterfoils to be attached) priced out to a total.

5.6. Air Travel

- 5.6.1. All members of staff should travel by the cheapest available method arranged via the appointed preferred travel booking agent, with the exception that Premium Economy or Business Class travel (where no premium economy option is available) is allowable for long-haul flights of more than 7 hours duration in certain circumstances (flights may be non-stop or direct, that is, involving a stop, but not a stopover, while travelling to the final destination).
- 5.6.2. Permission for booking premium economy or business class travel should be sought in advance of booking. The decision on whether premium economy / business class travel is to be permitted should be made by the Head of Department and the appropriate Head of College for academic departments and the appropriate Head of Division and Chief Operating Officer for Corporate Services, taking into account:
- the length of the flight
 - whether the flight is non-stop, or involves a stop (as opposed to a stop-over)
 - the overall itinerary, in particular, the scheduling of work requirements on arrival
 - the frequency with which the member of staff is required to undertake long-haul air travel on behalf of the University
 - the opportunity to undertake work whilst in flight (senior staff are expected to have more scope for this)
 - Any relevant medical conditions
- 5.6.3. The University has a recommended and preferred travel booking agent and air travel arrangements will be booked with this agency unless a cheaper fare is available through booking direct with a scheduled / low cost airline, via a Purchasing Card.

When booking travel arrangements a quotation may be obtained from a second agency in addition to the preferred travel agent to benchmark their prices. If the alternative quotation is significantly lower than the one obtained from the preferred supplier then the preferred supplier should be given an opportunity to review their price. If they are unable to do so, or if after a review their price is still significantly higher than the alternative quotation then the travel arrangement may be booked with the alternative agent.

If alternative quotations have been obtained the department must keep a record of the quotations, and why the order was booked with the successful supplier. This should include details of the review from the preferred travel agent if their quote is not the lowest cost. Use of the alternate supplier should be reported to the relevant Category Manager under the University's Procurement rules so that the circumstances for not using the Preferred Supplier are monitored.

- 5.6.4. Full details of the journey, including date, reason for journey, starting, intermediate points and destinations, must be recorded for each journey on the Expense Claim form (EC1) along with the cost of tickets claimed (ticket counterfoils to be attached) priced out to a total. By authorising the Expenses Claim the authoriser is confirming that the relevant permission outlined above was obtained and that the procedures for alternative quotations were followed.

5.7. Car Parking

- 5.7.1. Parking costs incurred in the course of travelling away from home in the performance of the duties may be claimed. Where there is a cost of parking at the normal place of work such costs may not be claimed.

5.8. Hire Cars

- 5.8.1. Consideration should be given to the use of a hired vehicle from the University's recommended suppliers in circumstances where it may be cheaper than use of a private one. For example, journeys to airports where the vehicle has to be parked for several days incurring additional costs. A purchase order should be raised, and the University should be invoiced for the hire charge. The cost of petrol may be reclaimed through the expenses system with the relevant receipts.

5.9. Hotel Accommodation

- 5.9.1. Employees travelling on business should obtain accommodation in a reasonable quality/business style hotel and should stay in a standard room rather than an upgraded or superior room. When booking a hotel, the University's recommended travel booking agent must be used unless a cheaper alternative is available through booking direct with a hotel or through a recognised online booking agent via Purchasing Card. If the alternative quotation is significantly lower than the one obtained from the preferred supplier then the preferred supplier should be given an opportunity to review their price. If they are unable to do so, or if after a review their price is still significantly higher than the alternative quotation then the hotel may be booked with the alternative agent via Purchasing card.

- 5.9.2. Employees should note that items of a personal nature, as listed in 5.9.3, will not be reimbursed by the University. Where these items are included in a bill, which is settled direct by the employee, the costs should be deducted by the claimant prior to the submission of the bill for reimbursement. Where the bill is paid by the University direct the cost of prepaid items will be covered (accommodation and food) and the other costs incurred should normally be settled by the employee on checking out.

- 5.9.3. For the guidance of staff the following are personal items and will not be reimbursed:

- Dry cleaning costs for trips of less than 5 days duration
-
- Charges recreational activities such as use of saunas, gyms, other fitness or sporting activities
- Purchase of alcoholic drinks other than consumed with meals in entertaining those with whom the member of staff is conducting University business
-
- Medical purchases or treatment whilst away on business (other than usual preventative medicines required prior to or during the visit)
-
- Any costs of additional days abroad taken as holiday either before, after or between official business
- Any costs of partners, spouses, family or any non-University staff, with the exception of circumstances in 5.11 below.
- Any unreasonable gratuities or tips, in excess of the normal of the country

- 5.9.4. Under HMRC Guidelines, certain Miscellaneous Incidental Expenses of a personal nature incurred whilst in overnight accommodation on University business will be reimbursed without being declared taxable to the claimant. These are restricted to:

- Laundry costs for trips of 5 days or more in duration, and
- Telephone call to your home each day

up to a total aggregate (both items together) maximum expenditure of £5 per day for UK travel and £10 per day for overseas travel.

5.10. Subsistence (including meetings and entertainment)

- 5.10.1. Employees who are necessarily more than 10 miles away from their normal place of employment, home or other University locations on University business for more than three hours over a recognised meal time are entitled to claim for the additional costs incurred in purchasing meals and any other reasonable out-of-pocket expenses. The payments should be supported by receipts and claimed on Expense Claim form (EC1) priced out to a total. The costs of a subsistence meal should not exceed £40 for one main meal each day and £15 for other meals, except for breakfast purchased in hotels. The cost of non-alcoholic refreshments between meals is allowable, provided the costs are reasonable.
- 5.10.2. Subsistence allowances may not be claimed by employees who travel from their normal place of work to another University site.
- 5.10.3. If a business need arises for University employees to claim the cost of meals taken at restaurants local to their normal workplace the costs should be charged to Subsistence on the expense claim form and full details of the reason for the claim must be provided on the form. The University will meet the cost only where there is a genuine business need.
- 5.10.4. Where refreshment (tea and coffee only) is provided by Leicester Partnership Services during a meeting, a record must be made at the time of booking of the reason for the meeting and the names of the attendees by the person requesting the facility.
- 5.10.5. Working lunches provided by Leicester Partnership Services are lunches considered to be an integral part of the meeting. A record must be retained of the reason for the meeting and the names of the attendees by the person requesting the facility.
- 5.10.6. When the cost of a working lunch or dinner is claimed on expense claim Expense Claim form (EC1) no tax or NIC charge will arise provided full details of the reason and attendees are given on the claim.
- 5.10.7. Where a meeting has concluded and the attendees have lunch immediately afterwards the lunch cannot be classed as part of a meeting. If it is purely University staff the procedures under subsistence should be followed, whereas if external persons are concerned the Provision of Hospitality regulations (see 2.5.5) must be applied.
- 5.10.8. Necessary University business hospitality costs (including gratuities) will be reimbursed on production of receipts. These costs should not exceed £40 per head on any one occasion. There is an expectation that the number of visitors should be roughly equal to the number of University staff. Where there will be significantly more University staff the department should contact the Accounts Payable Section for further guidance. The following information must be shown on Expense Claim form (EC1):
 - a. The name(s) of all attendee(s);
 - b. The organisation(s) which they represent; and
 - c. The purpose of the hospitality (for example, "negotiation of contract").
- 5.10.9. Staff are expected to use the University's catering service when entertaining visitors to the University and in general for all other official entertainment taking place in Leicester. Please see **5.12** below.
- 5.10.10. Similarly, where business contacts are entertained in the University's dining rooms or restaurant facilities, the host employee must record the information as (a), (b) and (c) above on the internal invoice.

Annex 1.

- 5.2 The funds will be invested in a broad range of financial instruments, as outlined in Section 3.2 of Annex 1, where the rate of return is consistent with the objectives of the activity and where the size of the funds justifies the extra costs and risks involved.
- 5.3 The University will use investment managers where investments of gilts and equities are involved on a significant scale. The investment managers will be expected to perform in accordance with agreed parameters and their performance will be regularly monitored by the Investments Committee, acting on delegated authority from Finance Committee.

6. Procedures for working capital

- 6.1 These procedures concern debtors and creditors management. The Director of Finance will make arrangements for debts to be collected promptly, and creditors to be paid in a timely fashion so as to maximise operating cash flow. Discounts for early payment will be accepted where their size exceeds the loss of interest on cash used and interest may be charged on payments later than 30 days from the invoice date.

7. Procedures for borrowings

- 7.1 An overdraft facility, revolving credit facility or similar may be arranged for short-term operational purposes, but their use will be minimised to keep costs down. Any such arrangements entered into will require Finance Committee approval.
- 7.2 Any proposals for long-term borrowing for funding of projects will be evaluated carefully by the Director of Finance in line with the University's financial forecasts and the objectives of this policy. It will normally be expected that several sources of funds will be evaluated in each case. Proposals for new long-term borrowings require a resolution of Council, following a recommendation by Finance Committee.
- 7.3 Appropriate interest rate hedging, through fixed rates, caps, and other non-aggressive instruments, will be undertaken to protect the University from sharp increases in interest rates on borrowings. The balance between protection and loss of flexibility will be evaluated by the Director of Finance with such external advice as they consider appropriate. Decisions will be taken by Finance Committee, but the Committee may delegate to the Director of Finance the timing of implementation of a proposal so as to allow favourable market conditions to be exploited.
- 7.4 Any subsequent refinancing of a borrowing arrangement will be considered if the terms are competitive and as favourable as can reasonably be achieved in the light of market conditions prevailing at the time, and will require approval by Council.

8. Procedures for foreign exchange

- 8.1 Generally the University will seek to keep simple its transactions involving foreign currency. To this end it will:
- (a) Seek where possible to have transactions conducted in sterling rather than foreign currency
 - (b) Avoid speculating on the future value of foreign currencies against the pound (GBP)
 - (c) Seek wherever possible to keep the administration of foreign currency transactions and holdings simple and low cost in administrative terms
- 8.2 **Euros:** Funds received in Euros, generally for EU-funded projects, will be credited to the foreign exchange bank accounts in that currency which will be maintained at an optimal level in relation to anticipated expenditure. Funds that are not planned for immediate currency conversion, payment to research partner institutions, or payment to University suppliers may be invested either in linked deposit accounts or money market funds,

where the University has freedom to do so, or will be retained in other accounts if required by the funding agency.

- 8.3 **US dollars:** The University will invoice tuition fees in US dollars, where there is a significant market advantage to do so. Funds received in US dollars, which may also include research project funds, will be credited to a foreign exchange bank account. The University will not hold dollar balances except in anticipation of dollar expenditure in order to reduce transaction costs and exchange rate risk.
- 8.4 **Chinese renminbi:** The University will maintain a foreign exchange bank account for the purpose of receiving payments from partner organisations. The University will not hold renminbi balances except in anticipation of renminbi expenditure in order to reduce transaction costs and exchange rate risk.
- 8.5 **Other currencies:** The University will not hold foreign currency except in the anticipation of related expenditure or onward payment to partner organisations. For currencies where there are both extensive purchases and sales, the University will keep under review whether to open foreign currency bank accounts with its bank in the UK in order to reduce transaction costs.
- 8.6 **Overseas bank accounts:** Where a large number of foreign currency transactions is expected to occur in a single overseas location (such as may arise from a large research project, or the activities of an overseas agent), a foreign currency bank account may be opened overseas. In these cases, the University will take advice from its own banker, and the Director of Finance will satisfy themselves that the funds will be secure and well managed. Where the banking arrangements in foreign countries do not appear to be secure, the University will take advice from its bank, and its auditors if appropriate, on how the maximum security of University funds may be achieved. A regular internal audit of such overseas accounts will also be arranged.
- 8.7 **Currency conversion costs:** Costs arising from conversions from foreign exchange will be absorbed by the relevant budgets for the activity. Changes in the sterling value of approved EU- funded projects will be borne by or credited to the projects, subject to EU rules.
- 8.8 **Hedging:** The University will not normally arrange hedging for its foreign exchange transactions. Exceptionally, where certainty of costs is required and it is important that losses are avoided, then the Director of Finance may approve hedging arrangements on a case by case basis, subject to the appropriate ISDA arrangements being put in place.

9. Forecasting, monitoring and reporting

- 9.1 The Director of Finance will oversee the preparation of cash flow forecasts for the coming year, based on the University's approved financial forecasts. These will be prepared at the start of each financial year for Finance Committee. The forecasts will be reviewed at least monthly during the year to track actual cash flows against planned movements, and adjusted for latest forecast outturn. This will enable the forecasts to be rolled forward as necessary, A short-term cash flow will also be maintained as detailed in 4.1.
- 9.2 The Director of Finance will oversee the preparation of monthly reconciliations of all the University's bank accounts, foreign exchange bank accounts and money market investment accounts.
- 9.3 Commentary on other aspects of activity, including endowment funds and borrowings, will be made as appropriate.

10. Other matters

- 10.1 **Banking arrangements:** the University will bank with a substantial clearing bank. The contract will normally be for three years, with an option to extend for further specified periods of one year, and the University will re-tender its banking services contract from time to time, normally after two or three contract periods.

10.2 Training: The Finance Division staff involved in treasury management will be expected to attend seminars and short courses on relevant topics, with particular reference to legal and regulatory changes. Other staff involved in receipt of income from non-standard sources, e.g. in the Academic Office and the Development Office, will be made aware of the risks of money laundering and required to follow appropriate procedures.

10.3 Audit: The treasury management function will be subject to internal and external audit in the normal way.

11. Review:

11.1 This policy is subject to review by Finance Committee on an annual basis.

February 2021

ANNEX 1 to the TREASURY MANAGEMENT POLICY

ENDOWMENTS INVESTMENT POLICY

1. Introduction:

- 1.1 The University has approximately 150 endowment funds, held in a single investment portfolio.
- 1.2 Endowment funds are categorised as one of the following:
 - Unrestricted permanent endowment – annual income is not tied to specific purposes, and may be used for the general benefit of the University. The capital investment is to be retained in perpetuity and cannot be drawn upon to support expenditure.
 - Restricted permanent endowment – annual income must be used strictly in accordance with the terms of the fund. The capital investment is to be retained in perpetuity, and cannot be drawn upon to support expenditure.
 - Restricted expendable endowment - annual income must be used strictly in accordance with the terms of the fund, but the capital balance may also be used.

Around 85% of the University's funds are classified as permanent, but account for just 35% of portfolio value. 15% of the funds are classified as expendable but account for 65% of portfolio value.

- 1.3 Endowment funds are held for long-term purposes, and are invested in capital market and private equity investments.
- 1.4 Responsibility for decision making on investment matters has been delegated to the University's Investments Committee, acting on behalf of Finance Committee, in accordance with the University's Treasury Management Policy. The Committee is responsible for the selection of external investment managers to manage the long-term investments and for monitoring investment performance against agreed benchmarks.
- 1.5 The University is governed by the Trustee Act 2000, which sets out the general power of investment.

2. Investment objectives:

- 2.1 Endowment funds are invested to produce the best financial return within an established level of risk.
- 2.2 The University has adopted a total return approach to investment. The purpose of this is to enable the endowment funds to benefit from an investment strategy focused on providing long-term capital growth rather than focusing on investment income as the principal means of funding annual expenditure.
- 2.3 The primary objective, therefore, is to achieve a target level of total return commensurate with the level of investment risk the Investments Committee believes to be appropriate.
- 2.4 The value of the permanent endowment funds (the Investment Fund) will be maintained each year by the addition of CPI inflation: this will be deducted from the total return, with the balance being held as 'unapplied total return' until either allocation to endowment fund income, or return to the Investment Fund.
- 2.5 The total return attributable to the expendable funds will be recorded as capital profits until allocated as endowment fund income.
- 2.6 In order to comply with Charity Commission requirements, the Investments Committee is required to ensure that funds are invested in such a way that provide sufficient return for both current and future beneficiaries, and for establishing the level of total return to be drawn down each year for endowment fund expenditure.

3. Risk

- 3.1 Attitude to risk:** The endowment funds rely on investment income to fund current and future activities. The Committee is able to tolerate volatility of the capital value of its investments, provided the total return achieved over the long term is sufficient to meet the expenditure requirements of its endowment funds. The investment objective specified in the current Investment Advisor agreement is 'Capital Appreciation – Higher Risk,' with an estimated worst 12-month value fluctuation of 25% - 40%.

The key risk to the long term sustainability of the funds is inflation or deflation and the assets should be invested to mitigate this over the long term.

- 3.2 Assets:** The endowment assets can be invested widely according to the general power of investment, and should be diversified by asset class and by security. Asset classes may include cash, bonds, equities, property, hedge funds, private equity, commodities and any other asset that is deemed by the Committee to be suitable.

The investments manager appointed by the Committee is responsible for the implementation of the investment strategy and the choice between internal investment solutions and external third party managers must be based wholly on merit.

The Committee may agree to invest in individual or fund-based equity and fixed interest holdings, composite charity funds, or any combination of the aforementioned in order to achieve the overall long term University objective of balancing capital and income returns.

Within the agreed asset allocation there may be temporary variations, due to market movements.

The Committee may agree to vary the allocation on a permanent basis and should consider seeking professional advice to inform this decision.

- 3.3 Currency:** The base currency of the investment portfolio is Sterling.

The Investments Committee is responsible for deciding whether or not to hedge foreign currency stocks, and the level of hedging that should be applied.

- 3.4 Credit:** Bond exposure should be primarily focused on investment grade issuers. However, the inclusion of high yield bonds is permissible to the extent that the Investment Advisor believes the incremental credit risk is warranted by a supportive outlook for the market returns for high yield bonds.

4. Liquidity requirements

- 4.1 The University aims to balance the needs of current and future beneficiaries and as such aims to set a sustainable total target return above inflation.
- 4.2 The University may draw down capital in respect of expendable endowments, and therefore there may be a requirement for some short term capital liquidity within the investment portfolio.

5. Time horizon

- 5.1 The investment portfolios are expected to exist in perpetuity and investments should be managed to meet the investment objectives and ensure this sustainability.

6. Ethical investment policy

