



UK | DUBAI | MALAYSIA

Financial Regulations

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Section 1: Overview

1.01 Purpose of Financial Regulations

The University was established by Royal Charter in 1966. The University's structure of governance is laid down in the instruments of incorporation, the Charter and Statutes. The University is accountable through its governing body, the University Court, which has ultimate responsibility for the University's management and administration.

The University has charitable status and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity Number SC000278) under the provisions of the Charities and Trustee Investment (Scotland) Act 2005.

This document contains the Financial Regulations, endorsed by the Finance Committee and the Audit and Risk Committee, and approved by Court.

The purpose of the Financial Regulations is to ensure the proper and transparent use of finances and resources in a manner which not only satisfies the requirements of internal control expected of a substantial and prominent organisation, but also fulfils any legal or financial obligations as laid down by the Statutes and Ordinances, Her Majesty's Revenue and Customs ("HMRC"), the Scottish Funding Council ("SFC") and other relevant authorities.

The University operates campuses in Dubai, Malaysia and Scotland. In the event of any discrepancy between local regulations and the regulations in this document, the terms and conditions of this document will prevail. [These Financial Regulations apply to all campuses and subsidiary companies of the University].

1.02 Financial Responsibilities

University Court

University Court of Heriot-Watt University (hereafter referred to as Court) is responsible for the University's mission, strategic direction, management and administrative arrangements, financial health, wellbeing of staff and students and, in association with the Senate, for establishing and maintaining high standards of academic conduct and probity.

Details of Court can be found at: <https://www.hw.ac.uk/uk/about/profile/governance/court.htm>

Court members are also charity trustees and as such are subject to obligations imposed by charity law. Their dual role may introduce potential conflicts of interest, and as a result Court members are required to disclose interests in the University's register of interests maintained by the University Secretary. They are also 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.

Court has ultimate responsibility for the University's finances, but delegates much of the detailed work to its committees and sub-committees.

The University's principal committee structure can be found at: [University Committee Structure](#)

In particular Court has ultimate responsibility for the management and regulation of the financial affairs of the University, ensuring compliance with the latest SFC's [Financial Memorandum with Higher Education Institutions](#)

("the Financial Memorandum") and associated guidance, and any other conditions associated with funding received by the University.

The University is required to ensure:

- It has a reliable system of governance, management and conduct in order to safeguard public funds received and achieve the purposes for which the funds were received;
- Transparency and ability to give a public justification of its decisions in relation to public funds;
- It strives to achieve value for money and is economical, efficient and effective in its use of public funding;
- It plans and manages its activities to remain sustainable and financially viable;
- That it has a sound system of internal management and control, including an audit committee and adequate procedures to prevent fraud and bribery;
- An effective policy of risk management;
- It has regular, timely, accurate and adequate information to monitor performance;
- Continuous improvement of the quality of its activities.

Finance Committee

The University Court delegates the policy making associated with financial administration to the Finance Committee. The Finance Committee's formal remit can be found here [Finance Committee](#).

Audit and Risk Committee

The University Court delegates the policy making associated with financial administration to the Audit and Risk Committee. The Audit and Risk Committee's formal remit can be found here [Audit and Risk Committee](#).

University Executive Team

[The Executive Team](#) chaired by the Principal, is responsible to Court for developing the overall strategic direction of the University, taking account of the resources at its disposal and the need to ensure sustainability in all aspects of University business. It is responsible for considering policy proposals on the University Budget, on resource allocation priorities, on physical development, on employment and any other University business, for onward transmission and decision at Court.

The Executive Team is responsible for monitoring the University's financial performance against the annual budget approved by Court. It also considers other matters relevant to the financial duties of Court and makes recommendations thereon.

The Executive Team can consider and approve requests for non-recurrent items of expenditure, additional to that approved in the annual budget, up to a limit of £1 million in accordance with the [Court Schedule of Delegated Authority](#), which can be found on the University Court webpage.

The Executive Team must ensure that enough information is made available for Court to be satisfied that it is discharging its financial responsibilities.

Global Operations Executive

The University Executive has established the Global Operations Executive (GOE) with the purpose of oversight of the operational planning and means of operational delivery of Court Approved Strategy across all campuses of the University.

The work of the GOE will be aligned to the University's strategic planning processes and it will be responsible for overseeing the development of supporting strategies and policies which accord with and enable delivery of the University's Strategic Plan; the Financial Plan; and effective performance.

The Principal

The Principal is the chief executive of, and the designated accountable officer for, the Heriot-Watt Group and the University and is accountable to Court for implementation and delivery of agreed policy. The

Principal must ensure that Court complies with all terms and conditions of public funding from the SFC as set out per the Financial Memorandum. As the designated accountable officer, the Principal may ultimately be required to justify any of the University's financial matters to the Public Audit and Post Legislative Scrutiny Committee of the Scottish Parliament.

Vice Principal of the University and Vice Principal and Provosts

The Vice Principal of the University is responsible for leading the academic Schools and is deputy Principal and Vice Chancellor. The Vice Principal of the University is co-Chair of the Global Operations Executive. The Vice Principal and Provosts in Dubai and Malaysia are responsible for leading the University's presence in country and promoting the University's wider stakeholder offering.

University Secretary

The Secretary is the principal officer of Court and is responsible for ensuring that it acts within its powers and follows proper procedures.

Global Chief Financial Officer

The Global Chief Financial Officer has management responsibility for the overall financial affairs of the University.

Primary Organisational Units

Heads of Primary Organisational Units are responsible for financial management of their respective areas and activities and are advised by the Global Chief Financial Officer in the execution of all financial duties. Such overall responsibility may not be delegated. Primary Organisational Units must ensure that the area for which they are responsible manage their financial affairs in line with agreed centralised processes and procedures. To operate outwith agreed centralised processes and procedures requires specific permission of the Global Chief Financial Officer.

Primary Organisational Units are responsible for establishing and maintaining clear lines of responsibility and segregation of duties within their Schools/Directorates for all financial matters.

The Board of Heriot-Watt University Malaysia Sdn. Bhd

The Board of Directors of Heriot-Watt University Malaysia provides the oversight of the University's activities in Malaysia and ensure that the subsidiary company is compliant with corporate governance aspects and laws applicable to the University's operations in the region.

Further information on the governance structure at Heriot-Watt University Malaysia can be found in the University Ordinance B6, Section 12.2.

Dubai Campus Branch Governance

The governance structure at Heriot-Watt University Dubai is outlined in the University Ordinance B6. It states that:

- Under the licensing regulations of the Dubai Development Authority (DDA) a foreign University may only take the form of a branch office. Entities registered with the DDA are governed by the Dubai Creative Clusters Companies Regulations 2016. A branch office is an extension of its parent overseas company and is not a separate legal entity. Therefore, the parent company remains liable for the branch's obligations.
- Branch offices in the DDA must have an authorised representative and under the Dubai Creative Clusters Companies Regulations 2016 a foreign company is required to provide a Power of Attorney in favour of the authorised representative (the Provost and Vice-Principal Dubai).
- The nature and extent of the powers delegated by the Court to the Provost and Vice-Principal Dubai are set out in the Power of Attorney.

In exercising any or all of the powers set out in the Power of Attorney (the powers). The Attorney must at all times adhere to the Charter, Ordinances and Financial Regulations of the University. Moreover, the Memorandum of Agreement (MOA) contains additional provisions in relation to the Banking Arrangements, which must be adhered to at all times.

1.03 Application

The Financial Regulations apply to all entities consolidated within the University's Financial Statements and therefore apply to all subsidiary companies. They apply to all activities and business carried out by or on behalf of the University, irrespective of the source of funding or location. The Financial Regulations apply to all staff members whilst conducting the financial business of the University. These regulations are subordinate to the University's Statutes and Ordinances.

The Global Chief Financial Officer is responsible for ensuring that copies of the Financial Regulations are published on the University's website. The Global Chief Financial Officer may approve supplementary financial and commercial policies which are subordinate to these Regulations and which assist with their implementation.

1.04 Revision of Financial Regulations

Global Chief Financial Officer shall arrange for the Financial Regulations to be updated as and when required and will be a living document. On an annual basis the Global Chief Financial Officer will prepare an annual paper for submission to the Audit and Risk Committee, confirming the adequacy of the existing Regulations. Proposed changes in the intervening period, will be presented, following UE approval, to the Finance Committee for noting and the Audit and Risk Committee for final approval.

1.05 Non-Compliance with the Regulations

It is the responsibility of all UE members to ensure that all staff members under their jurisdiction are made aware of the existence and provisions of the Financial Regulations and where necessary ensure that staff are trained to carry out their duties. UE members should ensure that staff members are made aware that non-compliance with the Financial Regulations will lead to disciplinary action being taken.

Compliance with the Financial Regulations is compulsory for all Court & Court Committee members, employees and Directors of subsidiary companies of the Heriot-Watt Group. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action under the University's Disciplinary Procedure and may, in appropriate circumstances, result in dismissal from role and criminal proceedings. The University Court will be notified of any such breach through the Audit and Risk Committee. It is the responsibility of Heads of Primary Organisational Units to ensure that their staff are made aware of the existence and content of these Financial Regulations and to ensure that there are effective controls in place to enable compliance to be monitored.

Section 2: Corporate Governance

2.01 Alleged Irregularities

The University requires staff to act honestly and with integrity at all times, and to safeguard the institutional resources for which they are responsible.

Financial irregularities may include theft, fraud, bribery, money laundering, terrorist financing, breach of sanctions, conflicts of interest, non-compliance with the University's Procurement Policy [Sustainable & Ethical Procurement Policy](#) or other financial malpractice or impropriety. The University is committed to ensuring that opportunities for any type of financial irregularity are reduced to the lowest possible level of risk, with the implementation of robust mechanisms for prevention and detection.

The University applies the principles, policies and procedures as outlined in this section in order to mitigate the risk of financial irregularity occurring and to detect and properly investigate any that do occur.

2.02 Delegation of Authority

The University employs a hierarchical [Schedule of Delegation](#) approved by the University Court, which includes delegation of financial management across the University. This specifies delegation of authority for the following activities:

- Approval of budgets, projects, and spend in accordance with certain thresholds;
- Approval of financial related matters such as investment of surpluses, banking, borrowing and lending;
- Approval of business cases and strategy; and
- Approval of financial and commercial policies

Authority for financial management may only be delegated to University employees (individuals holding valid contracts of employment with the University or its subsidiaries). Honorary members of staff and affiliates are not employees for financial management purposes.

Where possible, delegation of authority is automated within the University's finance system; for example, purchasing and budgetary authority.

Each level of the hierarchy will be able to delegate budgetary authority up to their specified limit. This will allow Heads of Primary Organisational Units 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.

These *Financial Regulations* are subordinate to *Appendix A – Authorisation Limits*, and in the event of any discrepancies between the two, the *Authorisation Limits* prevail.

2.03 Segregation of Duties

It is University policy that there must be a segregation of duties in place where staff perform financial management or purchasing functions. Examples include but are not limited to:

- Purchasing and payment processes;
- Banking, cash handling and treasury management;
- Endowment management; and
- Asset disposals.

Segregation of duties will be automated in the University's finance system where appropriate, for example, supplier set up, purchase orders and invoices are processed and approved by different people. It will also be automated within any third-party systems used by the University, such as banking systems.

2.04 Risk Management

The University has a comprehensive Risk Management Framework, which is applicable across the institution at all levels. The University's risk management arrangements are an integral part of its wider strategic planning function. Risk management is a key mechanism which both underpins and supports delivery of strategic objectives, both institutionally and within Schools. Identified risks will generally reflect the University's strategic objectives and areas of strategic importance.

The operation of an effective risk management system is the overall responsibility of the Accountable Officer and the University Executive. On a day-to-day basis, Risk Management is overseen by the University Secretary with further information regarding the University's Risk Management Framework and associated guidance available from: [Assurance services Risk Management](#).

2.05 Whistleblowing

Whistleblowing is the disclosure of information which relates to suspected wrongdoing. These concerns might include but are not necessarily limited to: financial malpractice, impropriety or fraud; failure to comply with a legal obligation or with the rules and regulations of the University; danger to health and safety; damage to the environment; criminal activity or suspected criminal activity where the investigation of such would have an adverse impact on the reputation of the University; academic or professional malpractice; improper conduct or unethical behaviour or bribery; improper use of authority; miscarriage of justice; and/or suppression or concealment of any of the above.

The Public Interest Disclosure Act 1998 gives legal protection to employees against being dismissed or penalised by their employers as a result of publicly disclosing certain serious concerns. The University has made provision to protect any employees who disclose information which they believe shows malpractice or wrongdoing within the University. These safeguards are documented in the policy, [Public Interest Disclosure \(Whistleblowing\) Policy](#).

2.06 Fraud Risk Management

The University will maintain robust internal control mechanisms to both prevent and detect fraud. Details of this can be found in the [Fraud and Bribery Prevention policy](#). All line managers have a responsibility for maintaining documented control systems and must be seen to be setting an example by complying fully with these procedures and controls.

All members of staff have a responsibility to protect the assets and reputation of the institution and are expected to be alert to the potential for fraud. Any person who has reason to believe that a fraudulent irregularity which may have financial implications for the University or any member of the Heriot-Watt Group (including those involving cash, stores, property or intellectual property) has or may be about to take place, is required to inform the University Secretary as soon as practical. If the University Secretary is suspected of fraud, the matter should be reported to the Principal. If the suspected fraud is thought to involve the Principal, the member of staff shall notify their concerns directly to the Chair of Audit and Risk Committee.

All reports of suspected fraud will be treated in the strictest confidence, and any ensuing investigation will be treated as an investigation under the [University's Public Interest Disclosure Policy](#).

The University Secretary, Global Chief Financial Officer and/or Principal will respond to the reported fraud. The Principal and/or the University Secretary may institute disciplinary and/or legal proceedings.

2.07 Anti-Bribery and Corruption

The University has a zero-tolerance approach to bribery and corruption and is committed to preventing bribery and corruption by its staff or by any party acting on its behalf. The University Secretary is responsible for adopting a Fraud and Bribery Prevention Policy and supplementary controls. Online training is available to all staff and is mandatory for all staff, including agents employed by the University, where their duties may place them in a situation where they might be exposed to bribery or corruption (as outlined in the policy). [Ethical Business Fraud Bribery Prevention Policy](#)

2.08 Money Laundering

The University has an obligation to ensure it complies with relevant anti-money laundering legislation in relation to all of its financial processes. This includes the appointment of a Money Laundering Reporting Officer and having processes in place to make the relevant required disclosures.

If a Reporting Entity (RE) suspects a financial crime such as money laundering or financing of terrorism UAE law requires the entity to file a Suspicious Transaction Report (STR) to the UAE Financial Intelligence Unit.

The University is committed to ensuring that it is not used as a conduit for either money laundering or terrorist financing. The Global Chief Financial Officer is responsible for ensuring the University adopts policies and procedures to address any money laundering or terrorist financing risks that the University faces.

2.09 Code of Conduct and Conflicts of Interest

University employees and others with responsibility for administration or management of University funds must not use their authority or office for personal gain and must always seek to uphold and enhance the standing of the University. Any potential or actual conflicts of interest must be declared and addressed in accordance with the Policy on Court and Court Committee membership and [Conflicts of Interest Policy](#) issued by the University Court Office.

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 nine key principles of public life, comprising the [seven principles](#) identified by the [Committee on Standards in Public Life](#), (selflessness, integrity, objectivity, accountability, openness, honesty & leadership); and a further two identified by the Scottish Government (duty and respect) which governing body members and members of staff at all levels are expected to observe.

2.10 Gifts and Hospitality

The University Secretary, has responsibility to and authority to establish a [Ethical Business: Gifts and Hospitality Policy](#) outlining acceptable levels of gifts and hospitality which staff members may receive from or provide to third parties. The University's gifts and hospitality policy will give due consideration to relevant HMRC and Bribery Act 2010 requirements.

2.11 Value For Money

The University is committed to securing value for money in the performance of all its activities. Adherence to the Financial Regulations is an essential element of the University's strategy to achieve this.

The Financial Memorandum requires that Court is responsible for delivering value for money from public funds and should continually review its arrangements for managing all resources under its control, considering guidance on good practice issued from time to time by the funding body, Audit Scotland, Public Audit and Post Legislative Scrutiny Committee of the Scottish Parliament and the National Audit Office or other relevant bodies.

Internal audit will consider value for money in its programme of work which will enable the Audit and Risk Committee to refer to value for money in its annual report.

2.12 Sanctions

The University is committed to complying with all relevant sanctions lists. Sanctions take a number of different forms from comprehensive economic and trade sanctions to more targeted measures such as embargoes, travel bans and financial restrictions. Sanctions may apply to a particular country or regime, a group or an individual.

The University and members of the Heriot-Watt Group are required to comply with the sanctions laws and regulations of all relevant jurisdictions. The University cannot transfer funds into the bank account of a recipient who is either specifically sanctioned or in a sanctioned country.

Non-compliance with sanctions requirements is a criminal offence and can lead to extensive financial penalties and/or imprisonment of the Senior Officers of the University

The Global Chief Financial Officer is responsible for issuing a *Sanctions Policy* to assist the University in complying with these requirements.

2.13 Contracting on Behalf of the University

A contract that purports to be signed on behalf of the University binds the University. It is acknowledged that this creates legal and quasi-legal obligations on behalf of the University which could have significant financial and/or reputational consequences for the University. To ensure good governance and the sustainability of the University, it is essential that contractual obligations and the legal risks associated with the same are fully understood and managed appropriately.

The types of contracts below are managed by the Research Engagement Division (RED) as set out in **4.04 Research Grants and Contracts** of these Financial Regulations. For further information see: RED – Research Engagement Directorate. [Research Engagement - Heriot-Watt University \(hw.ac.uk\)](https://www.hw.ac.uk/research-engagement)

Research Grants and Contracts

- Research Contracts
- Studentship Agreements
- Collaboration Agreements
- Licencing Agreements
- Confidentiality Agreements
- Consultancy Contracts
- Facilities Agreements
- Material Transfer Agreements

All Other Contracts

Prior to signing, all terms and conditions of contract require reviewing on behalf of the University by an appropriate individual – whether that is an internal legal advisor, an external legal advisor or someone with appropriate skills in the type of contract that is being negotiated or drafted. The review of contracts is an essential component of the process to obtain approval for a contract prior to signature. For further information please contact Legal Services (legal@hw.ac.uk)

Contracts can only be signed in accordance with Ordinance B6. [ordinances.pdf \(hw.ac.uk\)](https://www.hw.ac.uk/ordinances.pdf) Paragraph 9 of Ordinance B6 relates to delegations to the Secretary of the University and in particular paragraph 9.4.10 delegates to the Secretary authority to sign any contract or agreement or other legal instrument on behalf of the University, subject to the University Financial Regulations, or to delegate such authority to an appropriate individual in writing.

For the Scottish campuses, if a member of staff has not received specific delegated authority in writing from the University Secretary to sign a particular contract or class of contracts, then they do not have authority to sign contracts on behalf of the University.

Separate delegations and contract signing arrangements are in place at Dubai and Malaysia Campuses where the respective Provosts have signing authority for contracts and agreements related to those Campuses.

The authority to sign a contract on behalf of the University is different to the financial approvals. The financial approvals which are required will vary depending on the type of contract and the value. Without the relevant financial approvals the contract is not authorised. Further guidance can be found at: [Document Library \(sharepoint.com\)](https://www.sharepoint.com)

Section 3: Financial Management

3.01 Accounting Periods

The University's financial year runs from 1st August until 31st July of the following year. The Finance Department prepares monthly management accounts and other management information reports throughout the year for use by University Executive, Schools and Administrative Services as appropriate.

3.02 Budgetary Process

Preparation of the budget

The University prepares a rolling three year financial forecast each financial year. The preparation of this financial forecast is overseen by the Vice Principal / Director of Strategic Planning, Performance & Projects and the Global Chief Financial Officer and comprises of a series of meetings and events that are designed to ensure that budgets are allocated in support of agreed academic, professional services plans and plans relating to the maintenance and creation of physical assets. These plans are required to take account of the University's Strategic Plan. The system shall be designed to incorporate both top-down and bottom-up contributions and to allocate resources selectively.

One of the outputs from the planning cycle shall be a University Three-Year Financial Plan, covering the current financial year and following two years, comprising:

- a) a narrative outlining the financial environment, demonstrating the alignment to the University's strategic plan and stating the major financial assumptions underpinning the plan;
- b) a rolling financial forecast, comprising forecast financial statements (including Income & Expenditure, Cash Flow and Balance Sheet);
- c) a capital programme;
- d) an outline of long-term financing/borrowing arrangements and proposals;
- e) a forecast of achievement of banking covenants.

An extract of the plan shall be submitted to SFC, usually by 30 June each year, to assist in SFC's financial health monitoring framework for the Higher Education sector.

The final draft of the Three-Year Financial Plan shall be reviewed by the University Executive and the Finance Committee; and approved by the University Court before the commencement of the Financial Year, and before 30 June each year. Subsequent reforecasts are prepared by Finance and presented to the Finance Committee at the end of quarter and the half year. The half year forecast for the current year is approved by the Finance Committee prior to submission to the SFC by 30 March.

Monitoring the budget

The approved budget is then delegated to the relevant Budget Officer who is accountable for the delivery of the income and expenditure account contained within the approved budget. The UE Member must ensure that effective day to day monitoring is in place to identify any potential variances from budget in a timely manner and to ensure that appropriate corrective action is taken in a timely manner.

The Global Chief Financial Officer is responsible for providing appropriate management information to GOE, UE and Finance Committee to allow a cohesive approach to be taken to any financial risks or opportunities which present themselves throughout each financial year.

Project budget holders

UE members may delegate budgetary responsibility for individual projects to budget holders. The budget holder is responsible for ensuring the project is managed within the approved budget.

3.03 Financial Statements

The University prepares a set of consolidated financial statements on an annual basis. The financial statements are prepared in accordance with FRS 102, the *Statement of Recommended Practice (SORP): Accounting for Further and Higher Education* and guidance published by the SFC. The University's principal accounting policies are set out in the notes to the financial statements and are in accordance with these Financial Regulations. As a charity, the University is required by trust law to apply fund accounting. This distinguishes between two primary classes of fund: those that are unrestricted in their use, which can be used for any charitable purposes of the University, and those that are restricted in use, which can only be lawfully used for a specific charitable purpose. Further information about the University's funds is included at 4.06 *Charitable Donations and Endowments Funds* and 7.04 *Endowment Assets*.

The consolidated financial statements are subject to audit by the University's appointed external auditors. The draft statements are reviewed by Audit & Risk Committee and Finance Committee before approval by University Court.

In accordance with Companies Act 2006 requirements, separate financial statements are also prepared and filed for the University's subsidiaries. These are prepared in accordance with FRS 102 and approved by the relevant Board of Directors.

In accordance with the Dubai Development Authority, separate branch financial statements are prepared and filed with TECOM Group. These are prepared in accordance with International Financial Reporting Standards for Full IFRSs and approved by the University Provost.

In Malaysia separate audited financial statements are filed annually with the Companies Commission of Malaysia (SSM) after approval from the Malaysia Board of Directors. The financial statements are drawn up in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.04 Audit arrangements

University Court has established an Audit & Risk Committee ("ARC") whose remit is to oversee the arrangements for external and internal audit of the University's financial and management systems and of activities and processes related to these systems.

The primary role of the external audit service is to report on the University's financial statements and to carry out such examination of the statements and underlying records and control systems as is necessary to reach an opinion on the statements and to report on the appropriate use of funds. The external auditor's duties will be in accordance with advice set out in the SFC's [Financial Memorandum](#) and the [Financial Reporting Council's \("FRC"\) auditing standards](#).

The primary role of the internal audit service is to provide the ARC and University Court with assurances on the adequacy of the University's internal control system. The internal auditor's duties will be in accordance with advice set out in the SFC's [Financial Memorandum](#), the FRC's auditing standards, and the Chartered Institute for Internal Auditors [Internal Audit Code of Practice](#).

Both the Internal and External audit services are independent in their planning and operation and have unrestricted access to all records, assets, personnel and premises as required to perform their duties.

The University may, from time to time, be subject to audit by other external agencies such as the European Court of Auditors and HMRC. They have at least the same rights of access as external and internal auditors.

The non-audit services are reported to the ARC via the External Auditor.

3.05 Taxation

The Global Chief Financial Officer is responsible for ensuring policies and procedures are in place for maintaining the University's tax records, making all tax payments, and submitting tax returns by their due date as appropriate. He/she is responsible for publishing the University's Tax Strategy and it is approved by the Finance Committee. (This document does not yet exist but will be developed in the future).

3.06 Records and Retention

The University is required by law in the UK and Dubai to retain prime documents for [six years plus the current financial year \(6+1\)](#). In Malaysia, it is 7 years. Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder. Records retention for projects is different as projects can span 10+ years and Funders can audit projects up to 3 years after they have ended. We therefore need to access documents outside of the normal retention period. Further guidance on records and retention can be obtained from the [Data Protection policy](#) and from the [Governance and Legal Services Freedom of Information](#).

3.07 Accounting Systems

All members of staff with access to the University finance system must comply with the rules laid down by IT Services.

All financial transactions should be properly recorded within the University's finance system either through direct input or through an appropriate interface from another University approved system platform.

Where an individual's personal data is recorded within the University's financial system or within any other approved University system that deals with financial transactions, all staff members working with that data must ensure that working practices comply with the Data Protection Act 2018. Advice on these matters may be obtained from the University's [Data Protection Policy](#).

3.08 Treasury Management Policy

The Finance Committee is responsible for approving the Treasury Management Policy setting out a strategy and policies for cash management, long-term investments, borrowings and foreign currency exposure within a management framework. The latest approved Treasury Management Policy can be found through the following link: [Treasury Management policy](#)

The Global Chief Financial Officer will define treasury management practices that set out the manner in which the University will seek to achieve its policies and objectives and manage and control its activities.

The University will delegate responsibility for the implementation and monitoring of its treasury management policies and practices and the execution and administration of its treasury management decisions to the Global Chief Financial Officer who will act in accordance with the treasury management policy statement and treasury management practices.

The Global Chief Financial Officer will report to Finance Committee annually on the activities of the treasury management operation on an annual basis.

3.09 Investments

The Global Chief Financial Officer shall be responsible for placing funds for investment in accordance with the approved Investment Policy. All funds shall be placed in the name of the University, with those relating to endowments being segregated from the other funds of the university and its subsidiaries.

Section 4: Income

4.01 Receipt of Monies

All monies received by the University must be recorded within the University's main financial system either through direct input or through an appropriate interface from another University approved system platform. All income received will be accounted for in the relevant budgetary cost centre to facilitate budgetary control at the School and Administrative Service level.

Income should primarily be received via bank payment or card payment but may also be received via cheque. Cheques intended for any fund within the University must be made payable to Heriot-Watt University or associated legal entity. Cash should only be received in limited circumstances, such as for catering or library fees.

All sums received must be paid in and accounted for in full and should not be used to meet miscellaneous expenses or used as a petty cash float.

Awareness of the sanctioned countries is imperative in relation to both income and expenditure sanctions. Refer to section 2.12 *Sanctions* for further information.

The Global Chief Financial Officer is responsible for the design and maintenance of an appropriate strategy with regards to the University's borrowings. As part of this, the Global Chief Financial Officer will have responsibility for ensuring ongoing compliance with any financial covenants associated with the University's borrowings. The Global Chief Financial Officer will report on compliance with the terms of all loan covenants on at least an annual basis to the Finance Committee. Additionally, the Global Chief Financial Officer will keep connected parties and subsidiaries informed on the covenant status at least annually or more frequently if the terms of the loan dictate so.

4.02 Tuition Fee Income

The level of tuition fees charged to students is set by the Fees, Scholarships and Abatements Committee and the Programme Management Board input new programmes into fee bands. The strategy for the setting of tuition fees is approved annually by the Finance Committee. Details of the level of tuition fees can be found here [Undergraduate tuition fees - Heriot-Watt University \(hw.ac.uk\)](https://www.hw.ac.uk/undergraduate/fees/)

HWUM fee can be found at [Fees and funding - Heriot-Watt University Malaysia](https://www.hw.ac.uk/malaysia/fees/)

Tuition fee income is received from a variety of sources, both in the UK and overseas. All tuition fee income must be accounted for through the relevant University approved IT software package.

Finance are responsible for ensuring that tuition fee income is accounted for in the relevant budgetary cost centre within the University financial system to facilitate budgetary control at the School and Administrative Service level.

4.03 Scottish Funding Council Income and Other Funding Body Grants

General Funding

Each year, the SFC publishes a 'main grant letter' detailing the income that it will pay to the University in the next financial year. The main recurrent grants must then be allocated to School or Administrative Service. Any changes to the method of allocation are agreed by the Global Chief Financial Officer and is embedded within the annual budgeting process (see *Section 3.02 Budgetary Process*). Income subsequently received is allocated by the Financial Controller based on the agreed allocation method.

The SFC may also make available additional funding to support the teaching and research infrastructure within the University. This funding will be allocated to capital projects that have been approved by University Court (via Finance Committee as determined by the University capital approval process). The Global Director for Estates and Facilities will manage this process with approval from the Global Chief Financial Officer and Vice Principal will be required to report periodically to the SFC.

Earmarked Grants

From time to time, the University is awarded grants and funding for a specific purpose or programme. Proposals for earmarked grants must be approved, set up, delivered and closed in line with the same principles outlined in *4.04 Research Grants and Contracts*.

Any unspent income on an ear-marked grant will be carried over between financial years as long as this does not conflict with any conditions associated with the grant.

4.04 Research Grants and Contracts

At its simplest (University) research is understood as original investigation undertaken in order to gain knowledge and understanding for the public benefit. Universities are required to ensure only appropriate activity is classified as research in their statistical returns and such activity provides public benefit (and therefore exempt from corporation tax).

However, deciding whether an activity is research (or not) is often not straightforward, as the context of the activity must be considered together with the content. The Frascati Manual (the internationally recognised methodology for collecting and using R&D statistics) provides the founding definition and is also used for the purpose of various statutory returns. Definitions for the last REF2021 provide clarification on specific points of eligibility, such as exclusion of routine testing (which does not generate new insights or advance the research discipline) and teaching materials that do not contain research.

Collaboration Projects

The Principal Investigator should ensure that collaboration agreements are in place prior to the start date of the project, save where this is not reasonably possible, in which case collaboration agreements should be finalised and executed as soon as reasonably practicable thereafter and in line with the funder's terms and conditions. The agreements must be referred to the University's legal team for review and these projects should also be financially managed in accordance with the policies and procedures issued by the [Research Engagement HUB](#)

Consultancy or Commercial

Where the University provides a service to an external organisation which does not fall within the definition of a research grant or contract it will be considered to be a 'Services rendered' contract. Services rendered contracts are income generating activities and include the provision of a service (for example, routine testing, analysing samples and consultancies).

All steps which are outlined above in *4.04 Research Grants and Contracts* for proposal stage, grant award/delivery of the project and closure of the project, must be followed in respect of these contracts also. Project documentation, including signed contracts must be held in the University's document management system.

All staff members must comply with the University [Guidance and Rules Governing Consultancy](#) Employees may choose to sign a personal remuneration waiver, but this must be done in accordance with the [Guidance and Rules Governing Consultancy](#).

Any surplus on a commercial contract will be credited to the College/University Service income and expenditure account in the year that it arises.

4.05 Other Income - Other Services Rendered

The University receives other services not related to education i.e. hospitality, sports centre (Oriam), and include the provision of a service.

4.06 Charitable Donations and Endowments

As a charitable institution, the University receives donations, which may be in the form of cash, investments, art and heritage assets or other type of asset.

Donations must all be classed as one of the following types of donation, which are identified as separate funds within reserves in the financial statements:

1. Unrestricted donations – donations which can be spent or applied at the discretion of the University for any charitable purpose. These may be designated to a particular use by the University Court but this is not legally binding.
2. Restricted donations/grants: donations or grants which must be used for specified purposes.
3. Endowments
 - Unrestricted permanent endowments – the donor has not specified a particular objective for the donation, but the capital must be retained indefinitely.
 - Restricted permanent endowments – the donor has specified that the donation must be used for a particular objective, and the capital must normally be held indefinitely.
 - Restricted expendable endowments – the donor has given the University Court the power to convert all or part of the donation to income.

The receipt of a donation by a Primary Organisational Unit must be referred to the Financial Accounting team within Finance who will ascertain if it meets the requirements for treatment as a donation or endowment and ensure that appropriate accounting treatment is applied.

The Financial Accounting team within Finance are responsible for setting up the endowment, and then tracking and reporting of endowments within the finance system. The budget holder is responsible for compliance with the terms of the endowment, including proper expenditure of the endowment and of any income generated therefrom. Where the endowment is a permanent endowment, it must be treated in accordance with *7.03 Endowment Assets*.

4.07 Sales Invoices

Sales invoices are raised in respect of most income types, except block payments such as SFC grant payments and UK tuition fee income. The Global Chief Financial Officer is responsible for putting in place policies and procedures for sales invoicing as well as debt management, as outlined in *7.09 Accounts Receivable*.

The Finance Department holds the authority and responsibility for raising invoices. This responsibility can be delegated to Primary Organisational Units. When Schools and Administrative Services are selling goods or services to a third party, other than for incidental cash sales (e.g. library fines, catering, sport recreation service), they must issue an invoice. The issuing School or Administrative Service must issue invoices either within the University's finance system (Fusion) or using the relevant Heriot-Watt University invoicing system for that process. The Accounts Receivable Manager can provide advice as to the appropriate invoicing system to use for any activity.

In exercising these responsibilities, the Global Chief Financial Officer will ensure that the University has procedures in place to ensure the completeness and accuracy of sales. Staff are required to:

- For any new activity a College/School or Department undertakes, implement the applicable University invoicing system for that activity, seeking guidance from the Accounts Receivable Manager where necessary;
- Record all sales within the University's financial system, selecting the correct Sales Product Code which will ensure VAT is charged if required
- Enter the details and amounts with care
- Ensure sales are credited to the appropriate income account within the relevant budget centre; and

- Ensure any discounts, refunds or other credit notes granted are valid, properly authorised and accurately recorded in the University's financial system.

Section 5: Expenditure – staff costs

5.01 Salaries and Pensions

5.02 Revenue Expenditure - pay

Expenditure that does not meet the definition of capital expenditure shall be deemed revenue expenditure. Subject to the provisions relating to the authorisation of purchase orders, Budget Officers may incur expenditure in a Financial Year within their approved pay or non-pay budgets.

5.03 Remuneration Policy

All University staff will be appointed to the salary scales approved by the Court and in accordance with appropriate conditions of service. The Human Resources Directorate shall issue all letters of appointment.

The Remuneration Committee with delegated authority from the Court will determine salaries and other benefits for senior management.

5.04 Appointment of staff

Budget Officers must apply to the University's Resource Management Group, via the HR System for approval to recruit staff to fill existing or new positions or to extend contract terms for fixed term staff, in line with the terms of reference of that group.

The University will employ a member of staff only where a financial provision has been made within the approved budget.

All contracts of service shall be concluded in accordance with the institution's approved HR practices and procedures. Offers of employment of casual hourly-paid temporary or part-time staff must secure appropriate prior written approval, with such offers being made in accordance with the procedures in force from time to time.

Budget holders shall ensure that the Human Resources Department and the Finance Department are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

Where an offer of employment is dependent on holding a work visa, it is the responsibility of the Human Resources Department to monitor compliance and ensure that the work visa remains current.

Where an appointment relates to a person who will work for a period of greater than 90 days in a country other than that relating to their contract of employment, this must be approved in writing by Human Resources from an employment perspective and approved in writing by the Tax Manager in Scotland given the potential for issues relating to taxation. In Dubai and Malaysia such approval will be with through the Regional Head of Finance.

5.05 Salaries

The Global Director of Human Resources shall be responsible for the calculation of all salaries and all appropriate deductions therefrom and shall account for all such payments and deductions to the appropriate authorities or agencies. Within Dubai and Malaysia such has been delegated to the local Chief Operating Officer who are responsible for ensuring compliance with local regulations.

The Global Chief Financial Officer shall be responsible for the payment of salaries which shall be made monthly in arrears through BACS, in line with BACS authorisation limits. Within Malaysia, such responsibility is delegated to the Deputy Chief Operating Officer and Head of Finance. Salaries for colleagues in Dubai are paid by the Head of Finance.

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 Global Director of Human Resources. Within Malaysia approval is with the Deputy Chief Operating Officer and Head of Finance.

Line Managers are responsible for ensuring that all episodes of sick leave and other absences are recorded in a timely fashion on the HR System, so that, where necessary, payroll records can be adjusted accordingly.

All payments must be made in accordance with the University's detailed financial procedures and comply with HM Revenue & Customs regulations, or other national taxation authority.

The Global Director of Human Resources shall be responsible for keeping all records relating to payroll, including those of a statutory nature. In Malaysia such responsibility is delegated to the local Chief Operating Officer and Registrar.

5.06 Superannuation schemes

The Court is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

The Global Director of Human Resources is authorised by members of staff who participate in the University approved schemes to deduct, from their monthly salary payments, the appropriate percentage of income due to the Scheme.

The University contributes for each participating member of staff at the rate laid down by the Scheme from time to time.

The Global Director of Human Resources is responsible for the management of pension arrangements, including:

- a) paying contributions to various authorised superannuation schemes along with the Global Chief Financial Officer.
- b) preparing the annual return to various superannuation schemes
- c) administering eligibility to pension arrangements.

For members of UK staff seconded to work in Dubai and Malaysia, it is the responsibility of the Global Director of Human Resources to determine whether that person may remain in their current employer pension scheme. In which case it is the responsibility of the Global Director of Human Resources to ensure appropriate deductions are made from the local payroll and administers as above.

5.07 Severance payments

Severance payments shall be governed by a University's policy that shall be approved by Court on the recommendation of the Remuneration Committee. In addition to being consistent with the university's policy, severance payments must consider contractual entitlements, for example, salary and period of notice, and any applicable statutory employment entitlements and, unless otherwise approved, must conform to the terms of the Financial Memorandum between the University and SFC, the Scottish Code for Good Higher Education Governance, and any guidance issued by Audit Scotland.

For staff employed in Dubai, there is a requirement for the University to make provision for a gratuity payment made to the member of staff on leaving the employ of the University. It is the responsibility of the Global Chief Financial Officer to ensure that appropriate provision, in line with legal requirements as may be in force at any time, is made.

Internal audit shall undertake a regular review of systems for the determination and payment of severance settlements in their strategic audit plan.

The view of the external auditor shall be sought in relation to any severance payments that may be considered novel or potentially contentious, including those that exceed the maximum threshold agreed by the Court.

The external auditor must review severance settlements. Such a review will normally take place after settlements have been agreed, normally as part of the annual audit of the financial statements. Where the external auditor considers that settlements do not materially conform to the terms of the Financial Memorandum between the University and SFC or the Scottish Code for Good Higher Education Governance, this should be reported to Court and included in the management letter.

5.08 Salary Advances

No salary advances or loans to staff or students, in receipt of salary payments, shall be made apart from those, approved by the Global Director of Human Resources, to avoid an employee suffering undue financial hardship in cases where material processing errors or omissions have been made. Where the Global Director of Human Resources authorises such a payment it will be conditional on the amount requested being equal to or less than the following month's salary; and the amount of the advance being recovered in full from the following month's salary. In Dubai and Malaysia such responsibilities are delegated to the local Chief Operating Officer.

Any decision to introduce a scheme which results in a financial loan to staff (such as to support staff in the purchase of visas) must be approved by the University Executive and the Global Director of Human Resources and Global Chief Financial Officer will be responsible for ensuring these are administered within agreed procedures which are compliant with relevant legislation and tax rules.

The only other advances that are permitted, relate to advance of expenses, on participation in the University's Interest-Free Visa Loan Scheme.

5.09 Salary Overpayments

If an employee's salary is overpaid, the Global Director of Human Resources shall seek recovery of the entire amount through deduction of salary or otherwise. The period of repayment should be set to avoid the employee suffering undue financial hardship but shall not extend beyond the termination of their employment. In Malaysia such responsibility is delegated to the local Chief Operating Officer. Any proposal to write off a salary over payment must be approved by the Global Chief Financial Officer based on a clearly documented rationale endorsed by the Global Director of Human Resources. The University would also seek to recover any salary overpayments detailed in the guidance of processes included in Appendix B.

5.10 Loans to employees

Neither the University nor any of its wholly owned subsidiary companies will make loans to employees with the exemption of the University's Interest-Free Visa Loan Scheme.

5.11 Revenue Expenditure – Travel and Subsistence

The University's purchasing and payment procedures are in place to enable most goods and services to be procured without staff having to incur any personal expense. All non-travel and subsistence costs must be incurred via normal purchasing procedures and not claimed as travel and subsistence. However, on occasion staff may incur expenses in relation to travel for which they are entitled to reimbursement. Where this is the case, the University's financial procedures on Travel and Subsistence Expenses must be

adhered to. Members of staff and other persons authorised to travel on official University business shall do so in accordance with these procedures. [Travel & Expenses policy](#).

All arrangements for travel must be approved by the budget holder in advance of committing the University to those arrangements or confirmation of any travel bookings. Where spouses, partners or other persons unconnected with the institution intend to participate in a trip, this must be clearly identified in advance and agreement to the reimbursement to the University of the expected costs shall be obtained in advance of travel.

Where members of staff are regular travellers, a University Traveller Corporate Card may be issued to provide an efficient means of allowing University staff to incur legitimate expenses on University business, in accordance with the University's Travel & Expenses Policy, but which would otherwise have been incurred by a different method of payment, such as an expense claim. University Traveller Corporate Cards allow only for specific types of travel-related expenditure to be incurred and are distinct from Departmental Purchasing Cards.

University Traveller Corporate Cards are issued under a separate [University Traveller Corporate Cards: Policy & Procedures](#). Full details can be found on the [Procurement services](#) hub.

Personal subscriptions and personal professional memberships will not be reimbursed to Staff unless such is required for the University to gain external accreditation.

Reimbursement of expenses shall be by BACS transfer, a local variant in Dubai and Malaysia, on a bi-monthly basis.

5.12 Claims for Reimbursement

Claims for reimbursement of travel and subsistence will only be met where:

- expenses were wholly, necessarily and exclusively incurred on the University's business;
- have been incurred with due regard to economy;
- claims are submitted in the prescribed form;
- claims are received within three months of the claimants return to the university; HWM Travel & Expense policy claims must be submitted within 2 months from the date of expense incurred, and
- claims are supported by receipts or other supporting documentation.

Claims can only be approved by the appropriate line manager/budget holder in accordance with the established delegated authorities. In approving claims, the approvers are attesting that the claim is compliant with the University's Travel & Expenses Policy. All claims must be submitted through Oracle Fusion.

5.13 Overseas Travel

Claimants travelling overseas on University business must receive authorization in writing to travel from the budget holder in advance of making any bookings or taking a journey. Budget holders travelling should seek authorisation in writing from the next higher level of authority.

5.14 Advance of Expenses

An application for an advance of expenses may be made. All advances will be paid by bank transfer into the employee/student bank account. On returning to their normal place of work, colleagues should account fully for the cash advanced as soon as possible and in any event within 45 days. Heriot-Watt Malaysia Travel & Expense policy is to submit claims no later than 15 working days. A limit of £5k is applied to all cash advances.

Section 6: Expenditure – other costs

The Head of Procurement Services and Global Chief Finance Officer are responsible for ensuring that procedures are in place so that the University complies with all procurement legislation and specifically legislation governing public procurement in Scotland. Mandatory Scottish procedures are to be used for all procurement of goods and services or hire thereof with a total value exceeding a threshold value (which is revised every two years). A breach of the legislation is actionable by a supplier or a potential supplier.

The University has standard terms and conditions relating to the purchase of goods and services.

These terms and conditions will apply to each transaction, unless otherwise agreed in writing by;

1. Regional Procurement Manager (purchases under £20K).
2. Head of Procurement Services (purchases £20K-£50K).
3. Head of Procurement Services and a Legal Services Manager (purchases over £50K).

6.01 Procurement and Tendering

The University is committed to obtaining value for money in all its transactions, irrespective of the source of funds. As such, the University requires all budget holders to obtain goods and services at the most economically advantageous cost, consistent with quality, delivery requirements and sustainability, and always in accordance with sound business practice and integrity.

Procurement services is responsible for putting place mechanisms to ensure that Academic Schools, Research Institutes and Professional Services are able to conform to all legal, ethical and institutional requirements, and are able to obtain the best value for money when purchasing on behalf of the University.

Although procurement legislation and regulations differ within the three campus countries, the ethos and principles of fairness, transparency, openness, economy, and competition must be evident and consistent throughout the University's procurement activities.

The procurement policies, procedures and guidelines for each of the three campus countries in relation to tendering and purchasing can be found at [Procurement services](#).

It is essential that all staff who commit expenditure are aware of the obligations placed upon them and comply with the procurement requirements at their campus. Guidance, training and awareness of procurement at the University is made available from [Procurement services](#).

It is the responsibility of the Head of Primary Organisational Unit to ensure that their members of staff comply with the respective procurement policy, procedures, and guidelines.

6.02 Suppliers

If there is a contract in place with a supplier for a particular good/service/works, Primary Organisational Units must purchase their required goods/services/works from that supplier. Details of all contracts are available on the Procurement Office website.

If there are no existing contracted suppliers who can provide the goods or services, the budget holder must refer to the University's procurement policy on the [Procurement services](#) to conduct a tender or alternative procurement process to identify a supplier.

6.03 Requisitions and Purchase Orders

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.

A purchase order must be raised on the University's financial system for the purchase of all goods and services before the purchase is made, except in the case of:

- A Departmental Purchase Card is used for one-off, small value items (refer to Section 6.06);
- a University Traveller Corporate Card is used; or
- for a small number of spend categories where pre-arranged contracts exist and it is impractical to raise a purchase order (e.g. energy contracts).

The University applies a 'No PO, No Pay' policy. Suppliers who have not received a purchase order number or who do not quote the purchase order number on their invoice will not be paid unless an exception is agreed in writing with the Financial Controller, Head of Procurement, or the local Heads of Finance in Dubai and Malaysia.

Suppliers should be instructed by the purchase order to submit invoices to Accounts Payable, quoting the University purchase order number. Invoices received without a purchase order number will be returned to the supplier unpaid.

At the year-end, Budget Owners must review all open POs. Where applicable, if a PO has been completed, the PO must be closed.

6.04 Goods Receipt

Budget Holders must ensure that goods are delivered to an establishment of the University and that services are provided in accordance with the terms of the relevant purchase order.

When the Budget Holder is satisfied that the goods or services are what was ordered, are of appropriate quality and, if relevant, in good working order, an appropriate member of staff must receipt the goods in the University's Finance System.

If the goods are deemed to be unsatisfactory, the record are to be marked accordingly and the supplier immediately notified 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.

Where possible, individuals receiving goods on behalf of the University should be independent of those who tendered the contract and placed the purchase order.

6.05 Payment of Invoices

Unless special terms are agreed in writing with the Global Chief Financial Officer or the regional Head of Finance, all invoices will be paid at the end of the month following the month in which the invoice is dated. Heriot-Watt Malaysia pays according to vendor given credit term. Dubai currently settle payable amounts on a weekly basis. Credit terms are generally 30 days.

The GCFO or the regional Heads of Finance are responsible for deciding the most appropriate method for payment of invoices. Invoices will only be paid for amounts authorised by an appropriate authoriser with a sufficient delegated limit as in the Delegated Authority Schedule.

Payments will only be made on invoices where the goods or services have been satisfactorily received. However, in circumstances where advance payment (partial or full) is required as a condition of contract, and the University can be satisfied that it will ultimately receive the goods and services, such payments may be made. Evidence of due diligence as to the supplier's credit standing must be attached to the

advance payment request. This is not common practice in Malaysia for advance payment. In Dubai, advance payments are approved by exception.

6.06 Purchasing Cards and Corporate Cards

The purpose of a Departmental Purchase Card is to provide an efficient and effective route to market for particular departmental expenditure on goods and services. The use of a Departmental Purchase Card would typically be appropriate where:

- the supplier cannot accept University orders raised through the University's Finance System or is 'online only' (e.g. training/conference bookings);
- the transaction is of a low value;
- the use of that supplier is a one-off or low volume; or
- an immediate purchase of is required due to unforeseen circumstances.

The use of a card does not alter the underlying rationales of purchasing - transparency, fairness, competition and value for money - and must not be used as a means of circumventing procurement procedures and guidelines. However, their use does alter some of the traditional accounting mechanisms, such as separation of signatories.

Departmental Purchase Cards are issued under a separate [Departmental Purchase Cards: Policy & Procedures](#). Purchase Card details must not be shared for others to use. Monthly the cardholder must reconcile the spend, attach invoices and receipts, and have that spend approved retrospectively by the appropriate Finance Manager or Management Accountant. Full details can be found at [Procurement Services](#).

6.07 Lease of Goods

Arrangements to lease or hire goods or equipment, or any such arrangement which creates an ongoing financial encumbrance on the University, up to £50K (AED 245K, MYR 276K), requires the prior written approval of the Financial Controller or Heads of Finance in Dubai or Malaysia. Above £50K (AED 245K, MYR 276K) requires the prior written approval of the Global Chief Financial Officer.

6.08 Cash payment

The University no longer makes cash payments.

Section 7: Assets

7.01 Asset Protection

The Court, through the Principal and Vice-Chancellor, will be responsible for maintaining proper security of all buildings, furniture, equipment, plant, vehicles, stores and other assets of the University.

The Global Director of Estates & Facilities, on behalf of the Principal and Vice-Chancellor, will ensure the physical security of all buildings belonging to or leased to the University.

The Global Director of Estates & Facilities will maintain up-to-date plans of all buildings owned or leased by the University and its wholly owned subsidiary companies and will inform the Director of Governance and Legal Services of the current replacement value of all buildings for which insurance is required.

7.02 Treasury Management

The Finance Committee is responsible for approving a *Treasury Management Policy* for cash management, long term investments and borrowings. This will require compliance with any relevant covenants contained within the Financial Memorandum as agreed with the SFC. The day-to-day operations in relation to treasury management are delegated to the Financial Controller. The Global Chief Financial Officer will report to the Finance Committee on the activities of the treasury management operation and on the exercise of the powers delegated to Finance.

Donations and Investments Committee

The Court delegates responsibility, via the Finance Committee, to the Donations and Investments Committee to have oversight of:

1. endowments – their stewardship and application;
2. investments, including the University's sinking fund, and proposing and monitoring the implementation of an investment strategy and,
3. donations, proposing and monitoring the implementation of a development and fundraising strategy.

With regard to the oversight of endowments and investments, the Committee will:

- i. propose and agree with the Court, via the Finance Committee, an Investment and Treasury Management Strategy;
 - ii. monitor the implementation of the Strategy and propose modifications as appropriate;
 - iii. oversee the general management of the University's liquid funds that are available for investment in accordance with the Investment and Treasury Management Strategy;
 - iv. take advice as necessary on the detailed investment strategy in line with the University's approved Investment Strategy;
 - v. consider and make recommendations to the Finance Committee on the appointment of external fund managers for endowment and other investments.
 - vi. monitor the performance of the University's fund manager(s) in the stewardship of the University's endowment asset and other investments;
 - vii. monitor the general management of the University's endowment funds.
 - viii. monitor the financial management of the University's endowment funds and any other donations.
 - ix. monitor the legal aspects of the endowment funds including interaction with the Office of the Scottish Charity Regulator (OSCR);
 - x. review on a quarterly basis the income, expenditure and balances of funds, including, where relevant, multi-annual funding commitments;
 - xi. monitor and assess the relevant risks associated with both the investment strategy for endowments and the disbursement of funds; and
 - xii. review and recommend relevant policies to the Finance Committee for approval.
4. to oversee fundraising activities, especially those undertaken by the Development Office, including:

- i. receiving regular reports from the Development Office on its fundraising activities and plans for disbursement of funds; and
- ii. approving requests from the Development Office, Schools or Offices or other parts of the University for disbursement of any sums of money for specified purposes.

In this context, the Donations and Investments Committee will follow the University's ethical policies and guidance as appropriate from the Governance and Nominations Committee, the Finance Committee and/or other Committees of the Court

It meets three times a year. Additional meetings may be held in order to meet business requirements at the request of the Chair of the Committee.

Approval of banks, investment managers and custodians

University Court is responsible for the appointment of the University's bankers and other professional financial advisors (such as investment managers and brokers) on the recommendation of the Finance Committee. In appointing bankers or other professional advisors, the University tendering processes must be followed – see *6.01 Procurement and Tendering*.

Under the terms of the Memorandum of Agreement (MOA) the Provost for Dubai can sign-off the opening of a bank account with the prior written approval from the Global Chief Financial Officer. Within Malaysia, reflecting the separate legal status of the subsidiary, the Court has delegated responsibility for arranging the appointment of the subsidiary's bankers to the Board of Directors of Heriot-Watt University Malaysia Sdn Bhd with oversight from the Global Chief Financial Officer. The appointment of such must be within the provisions of these Financial Regulations.

Opening and closing of bank accounts

Arrangements for the opening and closing of University bank accounts will be made only by the Global Chief Financial Officer. Additionally for Dubai, the Provost can sign-off the opening of a bank account with the prior written approval from the Global Chief Financial Officer. All bank accounts shall be in the name of the institution or one of its subsidiary companies.

The Global Chief Financial Officer is responsible, on behalf of the Finance Committee, for liaising with the University's bankers in relation to the operation of bank accounts. The Global Chief Financial Officer will delegate such to the Heads of Finance in Dubai and Malaysia for day-to-day operations within country, whilst maintaining oversight.

Bank mandates

All automated transfers made on behalf of the University must be authorised and submitted by nominated individuals (by the Global Chief Financial Officer) within the Finance section. The process is managed online by use of a digital identity card and a pin number, unique to each authorised individual. Payments up to an agreed amount, currently £10,000, can be authorised/submitted by one individual. Payments more than this must be authorised by two individuals, in line with *Appendix A – Authorisation Limits*, before being processed. For the avoidance of doubt this process applies to the signing off of the payment of the monthly payroll.

Standing orders and direct debits may be approved by the Global Chief Financial Officer on an exception basis.

All bank payments made on behalf of the University must be authorised as set out in the detailed procedures for making bank payments. Details of authorised persons and the limits of their authority shall be set out in bank mandates, lodged with the appropriate bank, and reviewed annually with Audit Committee.

In the UK, payments of suppliers' invoices, scholarship payments and payments of salaries will generally be made by the Bankers Automated Clearing System (BACS). Outside the UK, such payments should use equivalent electronic transfer systems.

In the UK, urgent payments may be made via the Clearing House Automated Payments System (CHAPS) or by an online Same Day Value Transfer. Outside the UK, such payments may be made by equivalent electronic transfer systems or by cheque.

Bank reconciliations

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

7.03 Petty cash and till floats

The University no longer accepts or pays via cash and any departments holding residual cash floats should ensure this is deposited with the University's main banks as soon as possible. Dubai and Malaysia hold a petty cash balance. This is used for example for the payment of cash to student volunteers.

7.04 Endowment assets

University investments for Endowments are overseen by the Donations & Investment Committee. The Global Chief Financial Officer has the responsibility for placing Endowment funds for investment in accordance with the approved University's Investment Policy and for determining the appropriate rate of return on the University's endowment assets to meet the stated objectives of the endowment funds. Endowment assets are invested via external investment managers and overseen by the Global Chief Financial Officer. Subject to the wishes of the donors, the Global Chief Financial Officer will also be permitted to reorganise the various endowment funds received, where appropriate, to meet charitable objectives.

The Endowment Assets will be segregated from other investments.

7.05 Fixed assets

The Financial Accounting team is responsible for preparing a *Fixed Asset Policy* for approval by the Finance Committee. The University's *Fixed Asset Policy* must include the University's policy on the following:

- Definition of fixed assets
- Acquisition and capitalisation policy
- Depreciation thresholds
- Repairs and maintenance policy
- Requirements to conduct regular asset register checks
- Disposals of fixed assets

Assets owned or leased by the University shall not be used for personal purposes without prior authorisation from the relevant Head of Primary Organisational Unit.

7.06 Land and Buildings

The [Infrastructure Committee](#) has responsibility for the governance and strategy of the University's estate, with day to day implementation being the responsibility of the Estates Directorate. All repairs and renewals of University property should be carried out by, or under the supervision of Estates. All building contracts are therefore the responsibility of Estates.

Maintenance and capital expenditure

Estates 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. Approval must be sought in accordance with the Authorised limits in Appendix A for the relevant value of the project or contract.

Each project may contain expenditure that is capitalised and / or expenditure which will be expensed in the year incurred. Each project must be capitalised, expensed or a combination of both, in accordance with the University's Accounting Policies – as detailed in the Annual Report & Accounts.

Acquisition of land and buildings

The purchase, sale or lease of land or buildings, or any other transaction within the University's Capital Plan, should only be undertaken with authority from Court and with reference to Funding Council requirements where exchequer funded assets or exchequer funds are involved. However, Court has delegated its authority to the Finance Committee to approve the purchase, sale or lease of land or buildings and capital expenditure out with the Capital Plan for projects costing between £1m - £5m and to University Executive for capital expenditure values of less than £1m. Court approval is required for projects more than £5m.

Budgetary Units may not alter or add to the University's buildings without the prior written approval of the Global Director of Estates & Facilities who will, as necessary, ensure that appropriate funding and approval has been obtained.

Specifically, regarding a Real Estate Transaction being any dealing in or concerning a Real Estate Asset (being land and buildings) to which the University or any member of the Heriot-Watt Group is a party, including a purchase, sale, lease, sublease, license, or other agreement relating to the occupation, use or vacation of, and affecting in whole or in part, any Real Estate Asset, or any interest in a Real Estate Asset, the following must be evidenced in all cases:

- The Global Chief Financial Officer is satisfied that appropriate financial due diligence, including ascertaining current market values, has been undertaken and is within the University's risk appetite statement
- Appropriate (non-financial) due diligence has been undertaken and reviewed by the Secretary of the University or nominee
- The Global Director of GALS is satisfied that the lease or license contains no unusual or onerous terms
- There are no known or suspected Environmental Issue
- The proposed tenant or landlord (as applicable) poses no reputational risk to the University

Where an asset is to be leased, the capital value will be calculated to be the sum of all committed receipts over the terms of the lease, including any period of permitted extension. Where such value is greater than £1m, approval will be sought from Infrastructure Committee prior to transmission to Finance Committee.

The Global Director of Estates & Facilities will be responsible for maintaining a register of the University's Land & Building Assets. A report will be presented to Infrastructure and Finance Committees and Court on an annual basis detailing all approved real estate transactions for the previous 12 months, aligned to the annual financial reporting. This must be reconciled on an annual basis with the data held within the Finance System.

Disposal of equipment with a net book value of greater than £100,000 must be with the agreement of the Global Chief Financial Officer.

Leases

The Estates Directorate is responsible for negotiating any new leases for buildings, must do so only in line with the Estates Strategy and must seek appropriate approval in line with the [Schedule of Delegation](#). Signed copies of all leases must be deposited with the University's external legal providers to be retained for safe keeping, with a pdf version retained by the Estates and Buildings Office.

The final arrangements will be reported to University Court for ratification; formal documentation must be signed by *the appropriate Officer of the University or member of the Heriot-Watt Group*.

Leases must be accounted for in the University's general ledger in accordance with the Fixed Asset Policy.

Disposal of land and buildings

All disposals of land or buildings must be authorised by the University Court or delegate, in line with the [Schedule of Delegation](#) and in accordance with the [Estates Strategy Development](#). All proposals for disposal must include the information outlined in the *Fixed Asset Policy*. Negotiations can only be conducted by the Estates Directorate with assistance from the Court and Finance Offices, to ensure the disposal is made on the best possible terms for the University.

The Financial Controller must be informed prior to approval of any sale to review:

- If the sale must be notified to the University's banks under banking covenants
- The tax implications of the sale and any VAT options
- The correct accounting for the disposal, in line with the Fixed Asset Policy.

Formal documentation relating to the disposal of property must be signed by the Secretary of Court and a member of University Court. Documentation must be retained by the Estates and Buildings Office.

7.07 Plant and equipment

UE members are responsible for establishing adequate arrangements for the custody and control of other plant and equipment within their areas of responsibility, including annual asset register checks. Requirements for maintenance, monitoring and depreciation are outlined in the *Fixed Asset Policy*.

UE must ensure that, for insurance purposes, the Head of Assurance and Legal Services is informed of the current replacement value of such assets. The inventory must include items donated or held on trust.

Plant and equipment must be purchased in accordance with:

- The requirements outlined in *6.01 Procurement and Tendering*
- The approval process for the type of purchase, as outlined in the [Schedule of Delegation](#). This differs depending on the type of purchase:
 - Information Services
 - School specific capital investments
 - Professional services capital investments
- The purchasing authorities included in the Schedule of Delegation and which are reflected in the University's finance system

Plant and equipment must be capitalised in accordance with the *Fixed Asset Process*.

Disposals of plant and equipment must be reflected in the University's finance system and Fixed Asset Register in line with the *Fixed Asset Process*.

Fixed Asset Register

The Global Chief Financial Officer is responsible for maintaining the University's register of land, buildings, fixed plant and machinery. The University's detailed accounting policies on capitalisation of assets can be found within the annual financial statements.

Where assets are disposed, it is the responsibility of the Budget Owner to ensure that the Fixed Asset register is updated as appropriate.

7.08 Stock

Budget Officers are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their areas of responsibility, including ensuring that regular inspections and stock takes are carried out.

Stocks and stores of a hazardous nature must be subject to appropriate security checks and methods of

storage must have been approved by the Safety and Environmental Protection Services (SEPS) Office.

Inventories must be checked at least annually and retained in the form prescribed by the Global Chief Financial Officer as described in the University's detailed financial procedures.

Regarding stock, records must always be properly maintained and must show all receipts and issues. The records must also show the type and quantity of the items stock held and, where appropriate, the serial numbers. Inventories must be checked at least annually. At the end of each Financial Year, Budget Officers will inform the Global Chief Financial Officer of the type, quantity and value of stock which they hold. The value applied to such stocks will be based on cost or market value, whichever is the lower.

7.09 Intellectual Property

Certain activities undertaken within the University including may give rise to ideas, designs and inventions, which may be patentable. These are collectively known as intellectual property.

Through its position as employer, University Court is usually the legal owner of intellectual property developed by its members of staff if created in the course of their employment. Any proposal involving the commercial exploitation of intellectual property requires the approval of University Court.

In determining the potential for commercially exploiting intellectual property and the means by which this may be achieved, Research and Innovation Services will have regard to:

- The extent to which the intellectual property may be legally protected, i.e. by patent, copyright, trademark, design right or registered design.;
- The size of the potential market for such intellectual property, and the potential commercial return from exploitation;
- The ability of the University, and of the members of staff concerned, to support further technical development of the intellectual property;
- The existence or prospect of commercial support for development and exploitation.

The policy regarding matters of ownership and exploitation of intellectual property accruing to the University from inventions and discoveries made by staff in the course of their work are laid out [Intellectual Property Policy](#).

Shares held as part of Endowment Funds and Investments

University investments for endowments are overseen by the Donations and Investments Committee. The Donations and Investments Committee monitors the external management of funds, advises on performance benchmarks and targets and reports to the Finance Committee.

The Donations and Investments Committee will ensure that these investments are managed by the investment manager under the terms of an Investment Management Agreement and in line with the University's [Investment Policy](#). The Donations and Investments Committee will negotiate and be responsible for promoting to Finance Committee the form and terms of that Investment Management Agreement.

The University holds investments managed externally. These are overseen by the Global Chief Financial Officer.

Spin-Outs

The decision surrounding the creation, investment in and disposal of spin-out companies are overseen by the Deputy Principal (Enterprise and Business). Written approval for such will be given by the University Executive and, where the investment or disposal value exceeds £1m, Finance Committee. The University's rights to monitor performance of any spin-out will be contained in an Investment Agreement and will comply with University policy. Where being considered, reference should be made to University Ordinance Q1: Formation of New Companies.

Motor vehicles and Boats

All motor vehicles and boats that are the property the University must be registered in the name of the University or a member of the Heriot-Watt Group.

Finance (Procurement Services) will ensure that:

- a. records of vehicle registrations, road tax, MOT inspections and insurance are maintained;
- b. motor vehicles are always roadworthy and that, at all times, statutory requirements, including those concerning the carriage of goods and passengers, are complied with; and that
- c. only members of staff who hold a valid driving license and who meet the requirements of the University's motor vehicle insurers drive such vehicles.
- d. the University's entire fleet is managed efficiently.
- e. where applicable the above also apply to the operation of the boats.

Patents, the exploitation of intellectual property and copyright

Certain activities undertaken by the University, including research & consultancy will give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property.

7.10 Accounts Receivable

The Global Chief Financial Officer is responsible for the University's debt management and credit arrangements. In addition to the requirements in *4.07 Sales Invoices*, he/she will ensure that there are policies and procedures in place to collect receivables owed to the University, including but not limited to:

- Regular sales ledger reconciliations
- Monies received posted to the correct debtors account on a timely basis
- Swift and effective action is taken in collecting overdue debts
- Outstanding debts are monitored and pursued, and reports are prepared for management.

To ensure Accounts Receivable are accurately valued, debt is reviewed in accordance with the University's bad debt provision process and any which is deemed irrecoverable, is accounted for as such.

Debt write-off

All requests to write-off debts must be referred to, and approved by, the Global Chief Financial Officer, who shall require to be satisfied that the debt is irrecoverable or that its recovery would be uneconomic. Additionally, the Global Chief Financial Officer will ensure that any debt write-offs comply with the relevant requirements of the Generally Accepted Accounting Principles (GAAP) and other relevant accounting standards.

Any debts written off will be charged against the Primary Organisational Unit to which the income had been credited.

Individual debts should be highlighted to the relevant UE, Finance Committee and Court, in line with the approval authorities detailed in Appendix A.

Section 8: Liabilities

8.01 Borrowing

University Court approval is required before any borrowing of funds from banks and other external source(s) of funds are undertaken and all borrowing must be in the name of the University.

All borrowing shall conform to any relevant funding body requirements, including those set out in the *Scottish Further and Higher Education Funding Council's Financial Memorandum*.

The Global Chief Financial Officer is responsible, before any agreement is entered into to borrow funds, for advising the University Court on the effect such borrowing, payment of interest thereon, and the impact repayments will have on the cash flow, income and expenditure account and balance sheet of the University. All potential borrowings also require the approval of the Finance Committee.

The Global Chief Financial Officer is responsible for the design and maintenance of appropriate financial records for all borrowed funds, paying particular regard to ongoing compliance with the terms of all bank covenants and reporting thereon on a regular basis to the Finance Committee.

Where borrowing is for capital finance purposes, the University is required to inform the SFC 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 Global Chief Financial Officer is responsible for informing the SFC of any instances which meet these criteria.

No borrowings are permitted in the name of any of the subsidiary companies of the University, other than from the University through inter-company borrowings.

8.02 Hire Purchases and Finance Leases

The approval of the Global Chief Financial Officer is required prior to entering into any contract or similar arrangement for any finance lease or hire purchase agreement. All finance leases or hire purchase agreements entered into must be in the name of the University.

Gearing Test

The University will maintain a Gearing Test which calculates the overall borrowing as a percentage of the assets of the Group. The University will not borrow funds which exceed 40% of the Group assets of the University. The Group assets will be per the University's consolidated balance sheet. These gearing tests will be performed monthly and reported in the monthly MI packs. If the test is breached the Global Chief Financial Officer is responsible for preparing a plan to ensure the University moves back to this minimum level as soon as possible.

Debt Service Cover

The University will maintain a Debt Service Cover test to ensure there is enough operational cashflow to meet interest repayments and to build up a fund for repayment of debt. The Debt Service Cover compares the cashflow from operating activities against the amount of cash required to service the cost of debt in the period. The cost of debt will include interest payable, the capital element of any finance lease or borrowing repayable in the year. The operating cashflow will be taken from the University's consolidated cashflow statement. The University 2.0 times coverage. This test will be performed monthly and reported in the Monthly MI pack. If the test is breached the Global Chief Financial Officer is responsible for preparing a plan to ensure the University moves back to this minimum level as soon as possible.

Liquidity Test

The University, will seek, over an appropriate period, to attain a minimum cash balance of two month's total payroll and operating costs. In certain circumstances, due to the timing of capital expenditure and receipts, this may be breached, on the basis that a medium-term plan is in place to move back to this minimum level, as soon as possible. An update on progress against this plan will be provided to the Finance Committee.

The operating units in Dubai and Malaysia will similarly hold a minimum cash balance of two months of their total payroll and operating costs and should report their liquidities in their monthly MI pack.

The Global Chief Financial Officer will make necessary arrangements for the regular reconciliation, at least once a month, and within 1 week of the month end, between the bank statements of the University's accounts and the University's own records.

Receipts

All income must be paid into a University bank account promptly and be properly accounted for. All income received by cash or cheque must be recorded before being banked. Cheques and financial instruments must be made payable to the appropriate University account. No cheque or financial instrument made payable to the University may be credited to an account which does not belong to the University.

No cash receipts will be accepted from corporate debtors unless approved by the Global Chief Financial Officer. The receipt of cash from students in payment of tuition fees should be discouraged and only accepted in circumstances where to do otherwise leaves the student in a potential position of risk or where it is the cultural norm within region. Payments through online portals or credit cards should be encouraged.

Taking payment must be done in a manner and through approved channels and any data held must comply with the University's [Data Protection Policy](#).

The University's Anti Money Laundering and Fraud and Bribery policies and procedures should be followed at all times when receiving income and any activity which appears to be suspicious and/or fraudulent should be reported using agreed processes.

Section 9: Other

9.01 University entities

University subsidiaries or other related entities may only be set up with the approval of the University Secretary and in accordance with the [Schedule of Delegation](#).

All University entities, which include all subsidiaries in the UK and Malaysia as well as the Dubai branch of the Heriot-Watt University, must adhere to these Financial Regulations.

9.02 Insurance

The Global Director of Governance and Legal Services is responsible for the University's insurance arrangements, including the provision of advice on the types of cover available. Day to day responsibility is delegated to the Head of Assurance and Legal services.

As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to assets. This portfolio of insurances will be considered and approved by the Finance Committee only where individual premiums exceed the £1m threshold. The Infrastructure Committee and Audit and Risk Committee will consider and approve the portfolio of insurances on an annual basis.

The Head of Assurance and Legal services is responsible for:

- Effecting insurance cover as determined by the Finance Committee;
- Obtaining quotes, negotiating claims and maintaining the necessary records;
- Keeping a register of all insurances effected by the University and the property and risks covered;
- Dealing with the University's insurers and advisers about specific insurance problems;
- Providing staff members with appropriate information about the University's insurance policies;
- Establishing processes for notification to the insurers via the Insurance team of any relevant matters;
- Notifying the University's insurers of potential claims and, where necessary, handling claims in conjunction with the Primary Organisational Unit.

All staff members are responsible for:

- Giving prompt notification to the Assurance Team of any potential new risks or activity or of any alterations to existing risks;
- Notification of additional property and equipment that may require insurance;
- The Assurance Team (and relevant security services, if a theft has occurred) of any events which may give rise to an insurance claim (either by or against the University) arising under its insurance policies (except travel claims, which can be notified directly to the University's insurer following the process available on the Insurance website)
- Per *Section 4: Income* Ensuring that each time a contractual agreement to provide goods, services or research to or with an external body is being considered, a risk assessment is completed. The risk assessment should identify any actions, events or sets of circumstances that could arise as a result of the contract, which could adversely impact on the University's ability to achieve its objectives. The risk assessment should also identify how the risks can be i) avoided, ii) reduced to an acceptable level, or iii) managed and contained.
- Referring potential contracts to the Legal Team in accordance with *2.13 Contracting on behalf of the University*, who will review with input from the Financial Controls, Compliance and Insurance Manager where appropriate.

9.03 Personal Property

The University does not accept liability for loss or damage to personal property howsoever it is caused. Members of the University or persons visiting the University who bring personal property must ensure that they have made adequate insurance arrangements.

Section 10: Expenditure/Capital Costs

10.1 Capital expenditure programme

The Global Chief Financial Officer, in consultation with the UE, will draw up a proposed capital expenditure programme annually, for inclusion in the financial plan, to be approved by the Court. The proposed capital expenditure programme will provide the information required to fulfil the University's duty under the Procurement Reform (Scotland) Act 2014 (Para 18), to publish annually a summary of regulated procurements (including works contracts exceeding £2,000,000) expected to commence during the next 2 years. The proposed plan will:

- a) identify known and likely projects for the next 5 years;
- b) be consistent with the University's Strategic Plan and its Estates Strategy;
- c) be presented to the Finance Committee for consideration, agreement and recommendation to the Court for approval; normally at the meeting of the Court that sets the budget for the years to which the proposed capital programme relates;

10.2 Capital expenditure projects – approval

Although a proposed capital expenditure project may have been included in the capital expenditure programme approved by the Court or in the Estates Strategy, such inclusion does not constitute approval for its commencement. A specific business case must be prepared for all capital projects and approved in line with the authorisation limits detailed in Appendix A. All capital expenditure must follow the Procurement Process.

Where a capital project is promoted that wasn't included in the Court Approved Capital Plan then approval will follow the limits above and will be reported for noting to Finance Committee where approved by University Executive and to Court where approved by Finance Committee.

Within Malaysia and Dubai, all capital expenditure must be approved by the Regional Chief Operating Officer or the Provost.

Approvals should be consistent across the campuses and the threshold should be based on the values.

10.3 Capital Disposals

Where a capital item on the Fixed Asset Register is scrapped or disposed prior written approval must be sought from the Global Chief Financial Officer where the original capital value was greater than £250K and the Executive Dean/Head of Professional Services. The request for disposal (or long term lease of an asset) should also consider the implications of the SFC Memorandum and in particular if SFC or Exchequer Funding was received for the initial acquisition of the asset.

Dispose, transferring of an asset outside of the University or scrapping of an asset on the Fixed Asset Register with a net book value of less than £50K can be made by the budget owner. Items with a net value over £50k must also be approved by the Vice Principal/Global Chief Operating Officer/Provosts in Dubai and Malaysia/Executive Dean or Head of Professional Services/Financial Controller or Head of Finance.

10.4 Capital grants

Capital funds granted for the purchase or construction of an asset must be used for the specific purpose that the grant was made.

10.5 Lease of land, property, plant or equipment

Where the university leases assets that would otherwise have met the definition of a capital expenditure, in preference to creating or purchasing them, the same provisions for programming, approving and monitoring shall apply as if this was a capital expenditure. The capital value will be calculated to be the

sum of all committed payments over the terms of the lease, including any period of permitted extension.

Where such value is greater than £1M, approval will be sought from Infrastructure Committee prior to transmission to Finance Committee along with approvals as per Appendix A.

Appendix A – Authorisation Limits

Authorisation of Expenditure

No instruction which commits the University to any form of expenditure is to be made unless it has had all appropriate prior approvals, and any relevant supporting documents bear the appropriate signatures.

GBP		AED		MYR		University Executive	Finance Committee	Court	Budget Holder	Finance Business Partner	Head of Primary Organisational Unit	Financial Controller / Regional Head of Finance	Regional Procurement Manager / Procurement Category Manager	Head of Procurement Services	Global CFO	Prestest	Vice-Principal	Principal
lower	upper	lower	upper	lower	upper													
0	2,000	0	10,000	0	11,000				✓									
2,001	5,000	10,001	25,000	11,001	27,500				✓	✓								
5,001	50,000	25,001	250,000	27,501	275,000				✓	✓	✓	✓	✓					
50,001	150,000	250,001	750,000	275,001	825,000				✓	✓	✓	✓	✓	✓	✓			
150,001	500,000	750,001	2,500,000	825,001	2,750,000				✓	✓	✓	✓	✓	✓		✓		
500,001	1,000,000	2,500,001	5,000,000	2,750,001	5,500,000	Prior minuted approval ¹			✓	✓	✓	✓	✓	✓	✓		✓	
1,000,001	5,000,000	5,000,001	25,000,000	5,500,001	27,500,000	Prior minuted approval ¹	Prior minuted approval ¹		✓	✓	✓	✓	✓	✓	✓		✓	
over 5000000	over 25000000	over 27500000				Prior minuted approval ¹	Prior minuted approval ¹	Prior minuted approval ¹	✓	✓	✓	✓	✓	✓	✓		✓	✓

¹UE endorsement required prior to submission to Finance Committee or Court

²Unless the Chair of Finance Committee agrees to this requirement being waived in instances where urgent action is required

³Unless the Chair of Court agrees to this requirement being waived in instances where urgent action is required

It is the responsibility of the Budget Holder, and Head of Primary Organisational Unit to ensure that all prior approvals are obtained before any further approvals are sought.

Fx rate will be set on an annual basis as at 25/09/2024

The above limits and approval flow applies to the purchase of all categories of goods, services and works irrespective of funding source.

The budget holder can only sign approvals to spend provided they are in line with the budget.

Where expenditure commitments are established that commit beyond the Financial Year in which they are entered, the value of the commitment across financial years shall be aggregated when applying these limits.

These limits apply to all transactions, both income and expenditure, with the exception of awards of research contracts, which is a core part our University and will continue to be awarded without Committee approval as detailed in Section 2.02: Delegation of Authority and Section 2.13: Contracting on Behalf of the University for guidance on authority to agree and sign contracts.

For those contracts purely dealing with income generation only, Procurement sign-off is not required. Please refer to Section 4: Income.

Partnership Agreements

The UE has delegated its approval of the Partnerships Management and Approval Group.

Appendix B – Guidance on Recovery of Salary Overpayments

INTRODUCTION

This Addendum accompanies the University's Financial Regulations specifically in relation to Section 5.09 Salary Overpayments.

It sets out parameters and additional guidance on how overpayments of salary are recovered and when exceptions might be applicable.

SCOPE

This Guidance applies to all employees in specific reference to Section 5.09 of the Financial Regulations:

If an employee's salary is overpaid, the Global Director of Human Resources shall seek recovery of the entire amount through deduction of salary or otherwise. The period of repayment should be set to avoid the employee suffering undue financial hardship but shall not extend beyond the termination of their employment. In Malaysia such responsibility is delegated to the local Chief Operating Officer.

PARAMETERS FOR RECOVERY OF OVERPAYMENTS

The following parameters will be applied:

1. The University will always seek to recover any overpayment of salary in full
2. Employees are expected to check their payslips regularly and raise concerns about either overpayment or underpayment as soon as possible. This will help to avoid historic overpayments occurring and ensure any over or underpayment can be rectified quickly.
3. Employees will be notified as soon as possible once the overpayment has been discovered
4. The HR/Payroll Team will arrange to meet the employee to discuss and agree a repayment plan and will follow up in writing, even if it is agreed to undertake a simple next-month recovery.
5. Recovery of salary will be at a level that ensures the individual employee's net monthly pay does not reduce to a level below the National Minimum Wage and/or 50% of net pay
6. HMRC rules state that repayments should be recovered over the same period the overpayment was made (but also subject to (5) above). This should be the normal starting point to agree a repayment period with the repayment normally fully recovered within 3-6 months of notification. Exceptions may be made on a case-by-case basis depending on the amount that is to be recovered, with a maximum repayment period of two years or the end of the fixed term contract if this is earlier. In Malaysia repayments will be recovered in line with the Malaysia Employment Act 1955 which says preceding 3 months.
7. If there is an outstanding balance on termination, as much as possible should be recovered in line with the Financial Regulations and following the approval route set out below.
8. Overpayments that are historic should not be automatically "written off" but consideration will be given to how they occurred, why the overpayment was not picked up and what is a reasonable amount and period in which to recover. The sum would have to be a significant overpayment occurring over a long period of more than a year.
9. Any proposal to write off a salary over payment must be approved by the Global Chief Financial Officer based on a clearly documented rationale endorsed by the Global Director of Human Resources.
10. Overpayments that have occurred which would have been very difficult for employees to spot and notify should likewise not be automatically written off but considered in line with (8) and (9) above.

LINES OF RESPONSIBILITY AND APPROVAL ROUTE

The Global Chief Financial Officer has the final approval on any exceptions to the Financial Regulations and this Guidance in terms of recovery of overpayment of salary

The Global Director of HR approves the recovery period and repayment and liaises with the Global Chief Financial Officer in respect of any proposal to reduce or write off an overpayment.

HR/Payroll are responsible for meeting employees to agree a repayment period and confirming in writing such arrangements

All employees are responsible for checking their own payslips regularly and contacting Payrollhelp@hw.ac.uk as soon as possible if they notice a potential overpayment or underpayment. Employees in Malaysia should contact hr.my@hw.ac.uk.

Line Managers do not have the authority to decide whether or not an overpayment should be recovered.