

Financial Policy and Procedures

Policy Category:	Finance
Subject:	Financial controls and systems
Approving Authority:	Finance Committee on behalf of Council
Responsible Officer:	Chief Financial Officer
Responsible Office:	Finance & Planning
Related College Policies:	Financial Regulations Fraud, theft, bribery and corruption Policy on information disclosure (whistleblowing) Policy on gifts and hospitality Procurement Policy Policy for the Acceptance of Donations Disclosure of Interests Policy Contracts Policy Card Payments Security Policy Travel Policy Research Grants & Contracts
Effective Date:	20 May 2021
Supersedes:	19 March 2018
Last Review:	27 May 2025
Next Review:	31 July 2026

Contents

1. Purpose and Scope	3
2. Definitions	3
3. Authorities and Responsibilities	3
4. Budgets.....	4
5. Transaction Authorisation	6
6. Procurement of Goods, Services and Works	8
7. University Assets	13
8. Staff and Payroll.....	15
9 Expenses	20
10. Income and Sales	30
11. Coding of Transactions	42
12 Departmental Reserve Accounts or General Purpose Funds.....	42
13. Formation and Management of Related Undertakings	43
APPENDIX – Links to other relevant documents	50
APPENDIX – Definitions	51

1. Purpose and Scope

- 1.1 This policy and associated procedures implement the university's Financial Regulations approved by the Finance Committee on behalf of College Council. They provide overarching summary guidance as well as detailed processes for various types of financial transactions and activity.
- 1.2 In some specific areas, such as research finance, the policy links to a separate policy. In such cases, in the event of any discrepancy between the separate policy and this document, the provisions of this document will prevail.
- 1.3. This policy and its associate procedures apply to students, researchers, academics, affiliates, staff or other such partners who engage in financial transactions of any kind on behalf of the university
- all forms of financial transactions or services administered or supported by the university, including financial or related services provided under contract or any internal incentive, personal or other such accounts.
 - any and all use of the university's finance system
 - all financial and financial-related information held by the university regardless of the format in which it is held
- 1.4 All staff must act and be seen to act in a manner that safeguards the university's reputation as a responsible institution whose financial transactions meet the highest standard of public probity and accountability and deliver good value for money in helping the university achieve its objectives.
- 1.5 Staff have a duty to ensure that university funds are applied appropriately and represent value for money. Breaches of this procedure may result in the responsible staff member being referred for action under the Disciplinary Policy. As members of an institution which is at least in part funded by public money, staff are reminded of the necessity to comply with the principles laid out in the Nolan Committee's report on Standards in Public Life

2. Definitions

A range of definitions are provided as part of the appendix to the Financial Policy and Procedures.

3. Authorities and Responsibilities

3.1 Executive Deans/Senior Vice-President (Operations)

- 3.1.1 Each Executive Dean is ultimately responsible for the financial management of their Faculty and for ensuring compliance with the university's [Financial Regulations](#) and these Procedures. In the case of the Professional Services, that responsibility lies with the Senior Vice-President (Operations).

3.1.2 Executive Deans/Senior Vice President (Operations) may delegate that responsibility for any subdivisions of their Faculty to nominated financial managers who will typically be Heads of Divisions, Academic Heads of Department, or Faculty Operating Officers; or, in the case of the Professional Services, the Heads of Directorates. The Office of the Chief Financial Officer will maintain an up-to-date list of these managers within the Finance System. For the purposes of this document “Head of Department” (HoD) refers to any manager who has been granted such financial responsibility.

3.2 Heads of Departments

3.2.1 The HoD may in turn delegate day to day operational responsibilities to a member of their permanent staff with appropriate skills. The HoD will need to consider additional training for the nominated member of staff where necessary, and the individual must be familiar with the university’s Financial Regulations and Procedures.

3.2.2 The key responsibilities of Heads of Department include:

- Negotiating and agreeing their annual financial budget with the appropriate senior leader, including the establishment of key performance indicators
- Managing their budgets within approved strategies and plans
- Obtaining value for money in respect of expenditures from budgets under their control
- Ensuring that any individuals to whom they have delegated authority for day-to-day operational responsibilities act in accordance with the university’s financial regulations, policies and procedures.

3.2.3 Individuals who have been delegated authority for day-to-day operational responsibilities are required to:

- Be familiar with the university’s financial regulations, policies and procedures and fully understand those that directly apply to their work
- Act only in accordance with the scope of the authority delegated to them
- Carry out their responsibilities in accordance with the university’s financial regulations, policies and procedures

4. Budgets

4.1 Annual Planning

University resources are allocated to Faculties/Directorates by the annual planning process and the Faculties/Directorates can then re-distribute them across departments according to individual financial positions, subject to any external restrictions as to the use of such resources. HoDs may distribute planned resources within the department in line with strategy and are responsible for

ensuring that the plan is not exceeded.

- 4.1.1 The university's annual recurrent income and expenditure budgets form the basis of the first year of the five-year financial forecasts submitted annually to the Office for Students (OfS). All budgets are approved by the Finance Committee and confirmed to Faculties and Departments as soon as possible prior to the commencement of the financial year on 01 August each year. Budgets will be prepared by the Finance Department in consultation with the relevant Senior Vice Presidents and Executive Deans, before submission to the Revenue, Expenditure & Risk Committee (RERC) and Finance Committee for ultimate review, and the College Council for approval.
- 4.1.2 The HoD has responsibility for negotiating and agreeing the annual departmental financial budget with the Executive Dean/Senior Vice President (Operations) and with the Finance Department. They will also be responsible for the negotiation, measurement and reporting of all key performance indicators identified during the annual planning process. In the case of Faculties, these may include, for example,
- Staff to student ratios
 - Student number analysis and forecasting
 - Drop out/progression reporting
 - Applications reporting
 - Research activity, quality, and benchmarks
- 4.1.3 Overall responsibility for a departmental budget lies with the HoD; however, they may devolve day to day responsibility to a designated budget holder. All budget holders must be employees of the university. Monthly management accounts and other reports will be made available to all budget holders and their nominated designates to monitor their budgets.
- 4.1.4 Budget holders must control and manage the budgets allocated to them by reviewing the management reports. In particular they should:
- ensure that all transactions reported against their budget are valid, properly authorised, correctly coded and provide value for money to the university;
 - ensure that expenditure does not exceed the budget without prior approval of the Chief Financial Officer or their designate; and
 - report to the Chief Financial Officer or their designate any circumstances that would have a material impact on the budgeted income or expenditure.
- 4.1.5 Budgets are divided between pay-budgets (staff costs) and non-pay budgets (all other costs). Virement of budgets between these headings is not permitted: an underspend on staff costs may not be used for additional spend on other costs and permanent staff cannot be employed from a non-pay budget without justification and authority from the relevant Executive Dean or Head of Directorate.

- 4.1.6 Staffing issues Budget Managers will promptly notify both the Offices of the Chief Financial Officer and the Director of Human Resources of appointments, resignations and other changes in employment arrangements. Contracts of employment must only be issued if sufficient budgetary provision exists for the post and all necessary approvals to confirm this have been obtained (see section 8).

4.2 Additional Budgetary Investments - Business Plan Development and Approval

- 4.2.1 The HoD will have responsibility for contributing to the management of academic and financial development plans for the department and the Faculty. These may include financial recovery plans.

- 4.2.2 Where additional investment above the level of the annual budget is sought, the HoD will have the responsibility for preparing business plans to support the application. Wherever possible, the use of existing budgets and resources should be considered prior to requesting additional resources. Such business plans may include applications for capital investment, staff recruitment and new products or services, including self-financing courses. The proforma for business plans for additional investment and support for completion can be provided by the [Management Accounts](#) teams.

- 4.2.3 Business plans should generally include the following features:

- Be cumulatively self-financing within a maximum of five years, but normally within three years where no significant capital investment is involved. This will include the redemption of any initial investment.
- Ensure that full direct and indirect costs are included for the additional activity.
- Cover at least a three-year period. Where a significant initial capital investment is required, the business plan should span the estimated economic life of the asset.
- Be reviewed and updated annually.
- Be prepared with the assistance of the relevant Management Accountant.
- Have the approval of the Executive Dean and the relevant Provost and/or the Head of Directorate and the Senior Vice-President (Operations) prior to presentation in the planning process.
- Plans of up to £100k must be authorised by the Chief Financial Officer. Investment above that limit will need to be authorised by RERC.
- Take account of university Procurement procedures.

5. Transaction Authorisation

- 5.1 Expenditure may only be incurred in accordance with the Financial Regulations and this policy and related procedures, including the university's Procurement Procedures. In authorising a transaction, either by signature or electronically, a person is certifying that it is in accordance with these rules.

- 5.2 No financial transaction in the university will be processed without proper authorisation. This is defined as being the signature (which may be electronic) of a designated authorised person (including research grant and contract holders) who must be separate from the person initiating the transaction if the amount is £250 or more. For example, those placing orders for goods and services must be separate from the person authorising those orders for onward transmission to suppliers through the e-Procurement system, or approving invoices for payment, where these cannot be handled electronically.
- 5.3 Where the amount is less than £250 the initiator may be the designated authorised person, but only if they are an approved signatory.
- 5.4 Most approvals to incur expenditure will be made through the finance system. All orders for goods or services should be made through this system which will automatically forward the order to an appropriate approver.
- 5.5 Invoices will be paid only where they can be matched against an approved purchase order and there has been confirmation of receipt.
- 5.6 Signatories**
- 5.6.1 Heads of Department and budget holders may nominate senior members of their staff as authorised signatories. The number of signatories should be kept to a practicable minimum and limits on the amounts that can be authorised must be within the institutional levels amended by Finance from time to time and published on the P2P intranet site.
- 5.6.2 Commitments of over £50,000 will require the additional approval of a nominated central finance signatory.
- 5.6.3 It is the responsibility of the Head of Department to ensure that signatories do not exceed their authority.
- 5.6.4 All authorised signatories must understand the responsibility conferred on them and, therefore, must accept the terms and conditions governing expenditure as detailed within the university's Financial Regulations, Financial Procedures and Purchasing Procedures.
- 5.6.5 A list of authorised signatories will be supplied by each Head of Department or budget holder and will be maintained in the Finance Department. The finance system will be updated accordingly.
- 5.6.6 Heads of Department must approve all nominated signatories before they are submitted to the Finance Department. The Chief Financial Officer may reject any nomination and may subsequently withdraw signatory approval from any person.
- 5.7 Contracts and Agreements**
- Individuals required to negotiate, approve or sign contracts and agreements must do so in accordance with the [Contracts Policy](#) and its Related Procedures.

6. Procurement of Goods, Services and Works
--

6.1 General

- 6.1.1 Any individual making purchases on behalf of the university must adhere to the requirements laid down within procurement policies and procedures. More information can be found on the Procurement Strategy & Services web pages: <https://internal.kcl.ac.uk/about/ps/procurement/purchkings/procurement-procedures> and <https://www.kcl.ac.uk/professional-services/procurement>.
- 6.1.2 Before making any purchase, the HoD or staff member responsible for the procurement must:
- (i) Be able to justify that it is absolutely necessary to purchase the good or service rather than being 'a nice to have'.
 - (ii) Ensure that sufficient budgetary provision exists before an order is placed.
 - (iii) Contact the [Procurement Strategy & Services](#) to establish whether a contract already exists for the relevant good or service. Where a contract already exists, it should be used unless there is good reason.
 - (iv) Ensure that, where a new contract has to be established, the appropriate opportunities are offered for vendors to compete. The [rules](#) for competition are set out in this Procedure and are further explained on the Procurement Strategy & Services web pages.
- 6.1.3 Staff must at all times exercise the highest ethical standards in the procurement of goods or services in line with the university's policies on [socially responsible procurement](#), and [counter-fraud, theft, corruption and bribery](#). In particular, staff involved in any procurement on behalf of the university must:
- (i) Use templates for tendering and terms and conditions provided by the Procurement Strategy & Services.
 - (ii) Avoid any position where they might be inappropriately influenced or perceived to be influenced.
 - (iii) Ensure effective competition between suppliers.
 - (iv) Avoid conflicts of interest and, where conflicts are unavoidable, declare them to their senior manager.
 - (v) Treat all information received in the course of business in confidence.
- 6.1.4 All procurement must be authorised in line with the schedule of delegated authority set out in the [Contracts Policy](#). In normal circumstances, the route to procurement must be through Purchase Order with appropriate authorisations made through the finance system workflows. In a small number of circumstances, it will be appropriate to use a university procurement card or to make a purchase on behalf of the university or to use a personal payment method and to reclaim through the expenses system. This type of transaction must be kept to a minimum.
- 6.1.5 All persons involved with the purchasing process are charged with the responsibility of maximising value for money from the funds being committed.

- 6.1.6 Where contracts have been negotiated with suppliers on behalf of the university by any of the national Purchasing Consortia, or by other agencies or bodies, these suppliers must be utilised. Where staff wish to make a purchase outside of these arrangements, they must first contact the procurement team for advice on options.
- 6.1.7 The Chief Procurement Officer will set thresholds above which quotations should be obtained for purchases. These will be reviewed annually and advertised on the [Procurement Strategy & Services](#) web page.
- 6.1.8 All IT equipment and software licences procured locally in departments is owned by King's. All software licences, all laptops, desktops and servers together with any other IT hardware with a value over £500 should be declared to the IT Service Asset and Configuration Management (SACM) Team via the IT Service Desk. This team will update the IT Asset Register and should also be contacted to discuss disposal and potential re-deployment of equipment and software across areas. This is critical to support security, cyber essentials and data protection regulations. Where IT equipment is too old to be supported by IT then this should be replaced, exceptions to be agreed with IT senior leadership.
- 6.1.9 All new rental or leasing proposals, excluding buildings, must be approved by the Chief Financial Officer or their nominated deputy, prior to any agreement being signed. Renewals of such rental or lease arrangements may be approved by the Chief Procurement Officer.
- 6.1.10 The acquisition and disposal of buildings and land both leasehold and freehold and lease renewals or the acquisition or disposal of space via short term licences agreements are subject to the approval of the Director of Estates and Chief Surveyor, for strategic high value transactions all agreed terms are subject to the approval of RERC and College Council. The Director of Estates or Chief Surveyor are responsible for undertaking all negotiations on behalf of the university with the agreed terms to be subject to approval by the university's governance process prior to legal exchange / completion.
- 6.2** **Quotations and Tenders**
- 6.2.1 Mandatory procedures have been devised for different expenditure thresholds. All thresholds are stated as being for the complete duration of a contract and excluding VAT. Up to date thresholds can be found at: <https://internal.kcl.ac.uk/about/ps/procurement/purchkings/procurement-procedures>
- 6.2.2 Quotations and/or tenders are required for all expenditure in accordance with the specified limits as detailed above, which includes compliance with the university's additional obligations under its various other sources of external funding.
- 6.2.3 These processes, procedures and thresholds for expenditure apply equally to the purchase of all goods, services and works regardless of the source of funding. For

the avoidance of doubt, if the purchase is being administered through the university's finance system, whether it is to be directly charged to a university account via an invoice or reclaimed as a Purchasing Card transaction or expense (personal or university), the funds are subject to the provisions of these university procedures.

- 6.2.4 There are single points of contact in the procurement team for the various categories of King's spend. Please contact the relevant person who can be identified here: <https://www.kcl.ac.uk/professional-services/procurement>

6.3 Setting up of new supplier and contract signing

- 6.3.1 A new supplier form must be completed prior to a contract being awarded to a company or other organisation which is not already on the finance system. This is to allow for appropriate due diligence to be done on the supplier, in order to ensure that the supplier is financially sustainable, socially responsible and complies to all relevant legislation.
- 6.3.2 Certain parts must be completed by the supplier and no payment will be able to be made without a new supplier form being completed. Instructions on applying for a new supplier to be added to the finance system and the [relevant form can be found here](#).
- 6.3.3 Contracts must only be signed in accordance with the [Policy and Procedure on Contract Management](#).

6.4 Mandatory use of the Finance System

- 6.4.1 It is the responsibility of all staff procuring goods or services to ensure that all commitments they enter into and resulting payments made are:
- (i) legally due,
 - (ii) appropriate to the funding source,
 - (iii) demonstrative of value-for-money and
 - (iv) covered by sufficient funds within the relevant account to pay for the requirement.
- 6.4.2 All purchases must be wholly and exclusively necessary to the business of the university.
- 6.4.3 A Purchase Order must be raised prior to every purchase from an external vendor, using the finance system. This system ensures that King's is protected contractually, and that correct authorisation and appropriate records of orders, deliveries and verification of correct payment due are maintained in respect of all purchase orders raised.

- 6.4.4 Heads of Department and their delegated Budget Holders are responsible for ensuring that expenditure records in the finance system are reconciled with ordering records made by staff delegated to do so.

6.5 VAT and Taxation

- 6.5.1 The university shall be charged VAT on any supply of goods or services made in the United Kingdom, where it is a taxable supply made by a taxable person in the course or furtherance of any business carried on by them.
- 6.5.2 A **taxable supply** is a supply of goods or services made in the United Kingdom other than an exempt supply. The supply of education is exempt from VAT and so are goods and services that are closely related to education including catering, accommodation, car parking and many other supplies to students.
- 6.5.3 Supplies of Research funded by Government grants are mostly Outside the Scope of VAT. Some Commercial Research Grants are subject to VAT. Organisations that make exempt supplies and/or supplies outside the scope of VAT are unable to recover the VAT that they incur in making those supplies. This VAT is a cost to the university. There are a small amount of supplies that King's makes subject to VAT ("taxable supplies") and it can recover VAT from costs directly associated with these supplies.
- 6.5.4 Members of staff should budget for the cost of VAT where it is irrecoverable as per the rules above. When accepting quoted prices, staff must ensure that they have taken full account of VAT.
- 6.5.5 As a charity, the university does receive relief from VAT on certain supplies made to it, notably particular categories of equipment for use in medical research. However, the relief does not cover all equipment and consumables. Full information about this VAT relief is available on the [Finance Directorate's web pages](#). Further advice is available from the university's [Tax Services team](#).
- 6.5.6 When seeking to procure services from an individual or an entity that may be considered an "intermediary", buyers must be aware of the process for assessing employment status and the correct route to payment. This is explained on the [Finance Directorate's web pages](#).
- 6.5.7 Taxation is a complex area of activity and the university has a dedicated resource for taxation support. For advice and guidance, staff must consult the university's [Tax Services team](#).

6.6 Delivery of goods and services

- 6.6.1 The usual expectation is that goods or services will be delivered to/at a university property. The default delivery address on the finance system for all university departments must be the address of a university property.

- 6.6.2 Only in exceptional instances will delivery be permitted to a non-university address. In these instances, permission must be received from the budget holder and a full explanation given to the Purchase to Pay Team who provide support on this aspect of the finance system. The Purchase to Pay Team have the right to refuse to update delivery addresses to a non-university address if they deem the reason provided for the amendment to be insufficient.
- 6.6.3 The contracts agreed with suppliers listed on the finance system will normally include delivery costs and agreements for expedited delivery. For this reason, it is generally more efficient to use suppliers listed on the finance system rather than using a purchasing card to make a purchase from suppliers outside of the negotiated university agreements.

6.7 Invoice Approval and Payment of Suppliers

- 6.7.1 All goods received shall be checked against the accompanying delivery note giving due regard to quantity, weight, quality and specification. Once goods or services have been received, they must be receipted formally within the finance system. Delivery notes should also be scanned into the finance system.
- 6.7.2 Invoices from suppliers must be received centrally by Accounts Payable, preferably direct from the supplier. Suppliers must ensure that their invoices quote the King's purchase order number. Invoices which do not quote the purchase order number will be delayed or returned to suppliers. If invoices have been sent directly to a department then they should be forwarded to Accounts Payable without delay.
- 6.7.3 Accounts Payable will arrange for invoices to be scanned and entered into the finance system. Invoices which can be matched against approved purchase orders and goods receipts on the finance system will be automatically processed for payment by the due date. Where there is a mismatch with the approved purchase order or the goods or services have not been goods receipted by the department, the originator of the order will be contacted to resolve the issue.
- 6.7.4 Credit notes issued by suppliers should be sent promptly to the Accounts Payable Department for processing. They should be sent even if there are no invoices for the supplier who issued the credit note, so that Accounts Payable can arrange for a refund.
- 6.7.5 The university will not make any standard supplier payments by either direct debit or standing orders. Applications for exceptions must be made to the Chief Accountant or their designate.

6.8 Foreign Suppliers

- 6.8.1 HMRC require that King's complete [Intrastat form](#) C1500 for all goods purchased from other EU countries (this form need not be completed for purchases of goods

from non-EU countries or from the UK). There is no need to complete form C1500 for services.

- 6.8.2 Up to date guidance on the relevant forms and support to complete these can be found at the [Tax Services team webpages](#)
- 6.8.3 If any payments to overseas suppliers in a currency other than sterling are required, a [Foreign Payment Request VAT Declaration form](#) should also be attached to each invoice.
- 6.8.4 The Foreign Payment Request VAT Declaration form also asks a number of questions about the nature of the supplies being purchased to enable the correct VAT treatment to be ascertained. Although VAT will not usually be charged by a foreign supplier, UK VAT may still apply either on importation, or under the rules for EC Acquisitions and Reverse Charges (in effect we charge ourselves VAT and account for it to HMRC). In general, if there would be an expectation to pay VAT to a UK supplier, then you should also expect to pay VAT on goods or services acquired from overseas; only certain services will be outside the scope of UK VAT. If in doubt, please contact the university's [Tax Services team](#). Further information about VAT is available in the university's VAT manual <https://internal.kcl.ac.uk/about/ps/finance/staff/linkedddocs/VATGuidance.pdf>.

7.	University Assets
-----------	--------------------------

- 7.1 All staff have a fiduciary responsibility to ensure that routine security practices are applied in relation to university assets.
- 7.2 For the purposes of this section such assets are defined as:
- All furniture and equipment, whether fixed or portable, with an initial purchase value exceeding £499 (exclusive of VAT), which have been procured, donated or loaned to the university, irrespective of the source of funding or donor.
 - All furniture and equipment purchased from research grants and contracts with an initial purchase value exceeding £499 (exclusive of VAT) where such equipment becomes the property of the university.
 - All furniture and equipment within the university considered to be 'attractive' for potential theft and resale below the value stipulated above (laptops, disk drives, phones, artworks etc.).
- 7.3 All assets falling within the above definition shall be included on an asset register maintained within the relevant department and the following information recorded in respect of each asset:
- Description and serial number
 - Asset number
 - Date of purchase
 - Value and source of funding, including account code

- Location and date of removal if off-site (note: items intended for mobile use are treated as 'off-site' even when on university premises)
 - Responsible custodian
- 7.4 If the asset is subsequently sold or scrapped, the following details should be entered in the register:
- Date of disposal
 - Method of disposal
 - Disposal proceeds
- 7.5 The asset register may be called upon in the event of an insurance claim. It is important that it is kept up to date, otherwise the university may be unable to support a claim for compensation.
- 7.6 No item included on the asset register, other than items intended for mobile use, shall be removed from university premises without prior written authorisation from the Head of Department responsible for that item. Where an asset of value greater than £25k is taken "off-site", the university's Insurance Officer must be informed, and no asset of value greater than £100k shall be removed from university premises without written approval of the Chief Financial Officer (or designate). Further, the Head of Tax should be contacted if any assets of any value are planned to be taken overseas.
- 7.7 The Head of Department or an authorised nominee shall be responsible for maintaining this register and ensuring that the appropriate authorisation has been obtained before removal.
- 7.8 Items on the asset register shall be checked or authorised, as appropriate, on an annual basis by the Head of Department or designate. The register must be endorsed with the signature of the person(s) making the check and should incorporate any comments as appropriate.
- 7.9 Any damage to university premises, vehicles and equipment, or loss of equipment or supplies, in excess of £5k shall be reported to the Office of the Chief Financial Officer immediately.
- 7.10 Under no circumstances should university property be sold without both a clear understanding of ownership and an effective method of ascertaining its true value. If the value is not readily ascertainable, an independent valuation should be sought. In addition, the Tax team should be contacted to ensure that no tax implications are triggered as part of the sale or a disposal at nil value
- 7.11 In the case of sales of assets (including disposal of obsolete property at nil value) to parties outside the university, prior written authority must be obtained from the Chief Financial Officer (or designate) where the original value of the property exceeded £10,000. Where the original value of the property was in the price range £500 and £9,999, the Head of Department must maintain a record

justifying the disposal of any university property and the valuation placed on the sale and update the Fixed Asset register accordingly. Where property was purchased jointly by two or more departments, the Head of Department for each must give written authority for the disposal of the property.

- 7.12 Surplus IT equipment may not be sold. It must be disposed of in accordance with the university's procedures for disposal of electric and electronic equipment.
<https://internal.kcl.ac.uk/about/ps/estates/request-a-service/Electric-and-Electronic-Equipment-Waste-Recycling>
- 7.13 Where property of any value is proposed to be disposed of (including disposal of obsolete property at nil value) to parties within the college such as staff, students or other such affiliates these must be done with the additional approval and involvement of the Tax Services team to ensure no tax liability is accrued.
- 7.14 The reference to university property includes property funded by research grants and contracts, trading income, general purposes income etc., and includes any property donated to the College
- 7.15 Equipment, software or capital projects (buildings, IT systems, and other infrastructure) of value greater than the capitalisation limit (set by the Chief Accountant annually), and which will be used for a period of greater than two financial years are to be treated as fixed assets. Fixed assets are to be capitalised in the university's financial statements and depreciated in-line with the university's accounting policies.
- 7.16 The Director of Portfolio Management is responsible for recommending the split of Estates projects between Capital Projects and Maintenance (which should be expensed as incurred).
- 7.17 Where a Fixed Asset or Assets Under Construction of net book value greater than £200k is to be sold or written-off as impaired, it must be approved by the Chief Accountant, and where greater than £1m approved by the Chief Financial Officer and communicated to Finance Committee.

8.	Staff and Payroll
-----------	--------------------------

8.1 Permanent Staff

8.1.1 *Recruitment and on-boarding*

8.1.1.1 Staff may only be recruited where there is a vacant approved post. Posts must be approved by the Office of the Chief Financial Officer and approval will only be given consistent with the relevant Budget and Strategic Plan.

8.1.1.2 A King's profile for new starters will be created in HR digital services. This will activate their staff email and give them access to the digital services. Here they

will be able to complete their onboarding details in advance of their start date. Information needed for HR and payroll such as uploading their signed contract, new starter information, Bank details, and HMRC checklists will now form part of the onboarding process.

- 8.1.1.3 Payroll will update the record with the relevant financial and tax data but cannot enter or delete people from the HR System.
- 8.1.1.4 A new member of staff will be enrolled, in accordance with their contract of employment, in the appropriate pension scheme (dependent on grade) unless the employee has notified otherwise in writing. The Pensions team will inform the new member of their options. The university is obliged by legislation to operate auto-enrolment, so that even if a person chooses to opt out of the pension schemes they will be automatically auto-enrolled every three years (subject to qualifying as an eligible job holder) and will need to opt out again should they wish to remain outside the scheme.
- 8.1.1.5 Payroll details must be on the system by the 15th of the month to enable payment to be made that month. If the deadline is missed, pay due will be carried forward and paid the following month; however, an advance on salary may be granted (see 4.4 below) if this would result in hardship to the employee.

8.1.2 Leavers

- 8.1.2.1 All leavers must be notified to Human Resources and Payroll by the leaver's line manager as soon as a decision has been made to end employment with the university whether through resignation, retirement, dismissal or for any other reason.
- 8.1.2.3 The correct reason for leaving employment must be communicated to Human Resources as this may affect the person's right to draw pension. Human Resources should notify payroll immediately of the person's leaving date.
- 8.1.2.4 The person's Head of Department is responsible for ensuring that all university property (including laptop computers and mobile communication devices) held by the individual is returned and that university id cards, purchasing cards, keys, etc. are surrendered. A leaver's checklist will be provided by Human Resources to assist in this process.
- 8.1.2.5 Any outstanding loans (season ticket or other) due to the university will be recovered from any outstanding pay due. Where the loan balance exceeds the final pay, then the person will be expected to repay the remaining balance in full. The university will take whatever steps are necessary to recover the debt, including legal action if necessary.
- 8.1.2.6 Where a contract is for a limited period, this will be reflected in the payroll records and Payroll will cease payments from the expiry date unless otherwise notified. Managers must therefore ensure that any extensions to a person's contract are communicated to Human Resources promptly.

8.1.3 Overtime Pay

8.1.3.1 Where staff are eligible to receive overtime pay, departments should complete [overtime forms](#) and submit these to the Payroll Office. Overtime forms should be received in the Payroll Office by the 15th of the month. Any forms received after the 15th will be processed in the following month.

8.1.3.2 All overtime payments must be authorised by a person independent from and senior to the person receiving the payment.

8.1.4 Additional Allowances and Bonuses

8.1.4.1 Additional allowances may be paid outside of the standard pay scales in recognition of non-standard duties. Bonuses may be paid to reward particular achievements. All such allowances and bonuses must be approved by the Chief Financial Officer or designate.

8.1.5 Advances on Salary

8.1.5.1 Salaries will normally be paid by the 27th of each month by bank transfer. Advances on salary will not normally be paid except where there are exceptional circumstances and are subject to approval by the Chief Accountant.

8.2 Casual workers, Freelancers and Personal Service Companies

8.2.1 Categories of workers

8.2.1.1 This section applies to the engagement of any persons who are being engaged personally, i.e., a particular person is being engaged to undertake a piece of work. Typically, these persons may be referred to as casual workers, freelancers, associates or consultants.

8.2.1.2 Where they contract in their own name, they may be contracting as a worker or as a self-employed person. The former must be paid through the payroll, whereas a self-employed person will be paid on invoice. Exceptionally, a person may use a trading name, but in the absence of a separate legal entity they should be treated as though they are contracting as an individual.

8.2.1.3 Some will choose to set up a company, or other entity, often referred to as a personal services company, through which they provide their services. In these cases, the contract should be with the company, not the individual. There are special rules concerning personal service companies.

8.2.2 People contracting personally

8.2.2.1 Prior to the person commencing the engagement, the following checks should be made:

- Ensure that they are eligible for work in the UK – non-UK nationals may require a work visa.
- Ascertain their employment status.

8.2.2.2 Determining the employment status is very important as it determines what procedures need to be followed and what rights and responsibilities are attached

to the engagement, e.g., holiday pay and pensions as well as accountability for tax and National Insurance.

- 8.2.2.3 A formal letter of appointment should be sent to the individuals concerned setting out the work to be undertaken, rate of pay and how the payment will be made (i.e., at the completion of work or at an agreed interval), the time limit for completion of the project or work, any penalties for delay or non-performance, etc. The appointee should be asked to confirm in writing their acceptance of the terms.
- 8.2.2.4 If the person is claiming that they are self-employed, you must submit an Employment Status Questionnaire (ESQ) to the Payroll Department for assessment.
- 8.2.2.5 If the person is determined to be self-employed by the Payroll Department, then you may accept invoices from the person. VAT may be charged if the person is VAT registered. All invoices should be sent to the Payroll Department in the first instance. The Payroll Department will stamp the invoice to confirm that the person is self-employed and that the invoice can be paid without deduction of tax before passing to the Accounts Payable team to make the payment.
- 8.2.2.6 On the other hand, if the person does not qualify as self-employed, including where their status has been assessed as employed by Payroll based on an ESQ, then they can only be paid with deduction of tax and National Insurance. The method of payment will depend on the type of engagement:
- One-off assignments, e.g., a guest lecture, external examination, etc. - [Submit a one-off Payment Form](#)
 - Casual engagements, e.g., student demonstrators, temps or short-term contracts – Engage through [King's Talent Bank](#)
 - Other engagements – check with the [Payroll Department](#) for the most appropriate method
- 8.2.2.7 Any engagement in excess of 13 weeks does not qualify as a casual/short term employment. If the engagement is open ended or likely to be extended beyond this period, do not treat it as casual. If, once the engagement has commenced, there are any changes to the nature or length of the engagement, you must notify Human Resources immediately. If Human Resources are satisfied that the engagement is casual, a copy of the form will be forwarded to Payroll for processing and the originating department notified that the engagement may proceed. A person may only be re-engaged on the occasional payroll if there is no continuity of employment and the new engagement is materially different from the previous one. For all engagements that do not qualify as casual or self-employment, a contract of employment is required.
- 8.2.2.8 Payments for work should never be made to any individual with cash or claimed through expenses. Any payments to individuals for work done must be paid through Payroll or Accounts Payable, depending on employment status.

8.2.3 *Personal Service Companies and IR35*

8.2.3.1 Where a person has set up an entity, typically a limited company, through which they provide their services to the university, the company will be the contracting party and will be expected to invoice the university. The person providing the services will be an employee of the company and not an employee of the university. However, the College may still have to make deductions of tax and National Insurance from payments made to the company where the special rules known as IR35 apply. The IR35 rules were created to counteract evasion of tax and National Insurance by setting up intermediaries between the person doing the work and the engaging body.

8.2.3.2 IR35 applies where the following are all true:

- Services are being performed personally by an individual.
- The College's contract is with a company or other entity in which the individual has a material interest (in respect of a company, this is defined as being able to control directly or indirectly more than 5% of the ordinary share capital).
- The individual would be regarded as an employee or office holder of the College if they were engaged directly by the College.

In general, it will be fairly easy to establish whether the first two of these criteria apply. The third is an employment status test.

8.2.3.3 An Employment Status Questionnaire must therefore be completed and submitted to Payroll in these circumstances. This should be completed as though the company did not exist and you were engaging the person directly

8.2.3.4 If the status is determined to be one of self-employment, then the company can be paid on invoice through Accounts Payable like any other supplier.

8.2.3.5 On the other hand, if the employment status is that of employee or worker, then whilst the company will still submit invoices they must be processed through the Payroll and tax and National Insurance accounted for on the fee element of the invoice (expenses that would be allowable to an employee and any VAT will be paid gross), as though this was employment income of the individual engaged.

8.2.3.6 This does not change the actual employer of the person, which remains the company; and the payment is still made to the company not the individual. In effect, the College simply acts as an agent of the company in accounting for tax.

8.2.4 *Agency Staff*

8.2.4.1 Temporary or agency staff, who are employed by third party agencies, may be engaged to undertake short term temporary assignments, bridge vacancies or to manage seasonal work fluctuations; but they should not be used as an alternative to a permanent post.

8.2.4.2 Approval from the Chief Financial Officer or their designate is required for the

continuing employment of agency staff for a period in excess of three months.

- 8.2.4.3 Only approved agencies should be used. Details of which agencies are approved are available from Procurement Strategy & Services at:

<https://internal.kcl.ac.uk/about/ps/procurement/suppliers/temp-staff>

- 8.2.4.4 Most agency staff will be treated as employees of the agency in accounting for PAYE, but exceptionally the worker may contract with the agency through a personal services company. In these cases, the tests of IR35 must be applied and if the person is within IR35 the agency should be informed (it is then the responsibility of the Agency to deduct tax).

8.2.5 **Construction Industry Contractors**

There are special tax rules that apply to the construction industry and tax may need to be deducted from payments to contractors unless they satisfy the criteria for payments to be made gross. In addition, a monthly return is required to be made to HMRC of contractors, whether or not paid with deduction of tax. Any appointment of a new contractor who is engaged in any building works or maintenance must be referred to the Assistant Director of Finance, Estates.

9	Expenses
----------	-----------------

9.1 **General**

- 9.1.1 This section applies to the payment of expenses relating to costs incurred by individuals in the course of their duties, and to expenses paid directly by the University relating to an individual either by way of invoice, reclaim of expenses or settlement of a corporate purchasing card. A number of the requirements and limits in this section flow from national tax regulations and guidance provided by HMRC.

- 9.1.2 Expenses will only be paid if they have been incurred **wholly, exclusively and necessarily in the performance of a person's duties** of employment with Kings College London. Expenses that do not satisfy this test will only be considered in exceptional circumstances and will be subject to approval by the Chief Procurement Officer. The reason for the expense will be required and is likely to give rise to a tax liability on the person in receipt of reimbursement.

- 9.1.3 Where exceptionally, a departmental event or support for a business activity exceeds the thresholds provided in this document, this would need prior approval from the Chief Procurement Officer and the University will expect any resultant tax liability to be borne by the relevant department.

- 9.1.4 The following expenditures **should not be claimed** through expenses by staff:
- a) Costs of travel from home to their usual place of work and vice versa.
 - b) Payment for accommodation, other than overnight accommodation associated with necessary travel away from your usual place of work at the university, or when

exceptional work requirements cannot be supported by usual travel arrangements.

- c) Purchases of computer equipment, software or software subscription services. These should be purchased through the normal procurement channels so that they conform to central IT requirements.
- d) Payments to individuals for work undertaken, bonuses or other such payments including vouchers. These must be referred to the payroll department for payment and a personal tax liability may arise.
- e) Those items listed in sections 9.2.3.1 and 9.2.3.2 (ineligible purchasing card expenses).

9.1.5 Individuals incurring an expense should ensure that the expenditure is reasonable, provides good value for money, and is not excessive. Staff should be aware that expense claims can be subject to public scrutiny, including via the Freedom of Information Act process.

9.1.6 Claims for reimbursement must be made **within three months** of the expense being incurred. Any exceptions to this must be considered for approval by the Chief Procurement Officer or designate copying in your line manager.

9.1.7 Failure to provide valid documentation in support of expenses may result in those expenses not being reimbursed or, in the case of expenditure already incurred e.g., through a corporate card, being claimed back from the individual.

9.1.8 Expenses must be authorised by an appropriate person other than the person making the claim. Usually this will be the claimant's line manager and budget holder; but in all cases must be someone more senior than the claimant. An Executive Dean or Director of Professional Service, Department or Division may, for practical reasons, wish to delegate the carrying out of this function to a senior member of their office, for example, a Dean may delegate to a director of administration or Head of Department to a business manager, but this should be a formally delegated authority in writing. In all such cases the responsibility for ensuring compliance with financial procedures remains with the Executive Dean or Director of Professional Service, Head of Department or Division.

9.1.9 Advances for expenses are not normally granted. Provided staff submit their claims promptly they should not be disadvantaged as reimbursement will normally be made within five working days of a valid claim being received by the expenses team. Exceptionally, and usually only where a trip is extended or where the use of credit cards is impractical, an advance may be approved by the Chief Procurement Officer.

9.2 Purchasing Cards

9.2.1 *General provisions*

9.2.1.1 As far as practical, all purchases of goods or services must be made using the finance system's purchase order process and not Purchasing Cards in the first instance. Exceptionally there may be circumstances where this is not practical,

and the university may choose to provide a Purchasing Card to a member of staff. Only those individuals with a specific need for a Purchasing Card should apply for one. This may include staff who incur high instances of costs on account of regular or frequent travel, or other ancillary costs on account of their role e.g. conference fees, subscriptions etc. which cannot be met via the purchase order or other such centrally run systems. Credit limits should be kept to a minimum and reflect the level of monthly costs that cannot be satisfied from the finance system.

- 9.2.1.2 The card is for the use of the designated person and the PIN or other security number must not be divulged to any other individual. The card holder is responsible for ensuring that their PIN is kept secure.

9.2.2 Eligible Purchases

- 9.2.2.1 The standard purchases of goods and services must be made using the finance system unless there are exceptional circumstances, and these have been pre-agreed with Procurement Strategy & Services.

- 9.2.2.2 The purchasing card is intended for the purchase of ad-hoc and miscellaneous items such as:

- Travel costs that cannot be met through KCL's travel provider- [*this does not include normal home to work travel including Oyster cards or TFL travel*]
- Conference fees- only where they cannot be booked using the normal purchase order system in the finance system
- Online booking requirements
- Ad hoc purchases that cannot be obtained through the normal purchase order system

9.2.3 Ineligible Purchases

- 9.2.3.1 Under no circumstances are purchasing cards to be used for making personal purchases. The use of a purchasing card for personal purchases may lead to disciplinary action, withdrawal of the card and cost recovery from the staff member.

- 9.2.3.2 Other forms of ineligible expense include but are not limited to the following:

- Purchase of goods or services that can purchased via the finance system in line with procurement policy
- Purchases that do not comply with either of the Staff Expenses or Travel policies and guidelines
- IT equipment, software or software subscription services (zoom/ dropbox etc.)
- Parking penalties or other fines
- Membership subscriptions to professional bodies

- Gifts for staff members or associates
- Staff costs or 'staff like' costs including task-based services and credits
- Gift vouchers, cash withdrawals or other credit charging (PayPal loading etc.)
- Recurring payments of any kind be they for services (including rent) or Goods.

9.2.3.3 The University may, from time to time, block merchant groups, categories or individual supplier IDs either for all or selected cards so that purchases in the above-noted areas are not possible. The lack of such a block does not imply the merchant is an allowable expenditure category.

9.2.4 Credit Limits

9.2.4.1 The standard single transaction limit applicable is £250 with an aggregate monthly spend limit of £1,000 per month. In exceptional circumstances, and only where the nature of the university role demands high levels of business expenditure, the credit limit may be increased. The credit limit can only be increased after the express approval of the Head of Department and Chief Accountant has been received and if the application is supported by clear and compelling reasons as to why an increase is required. This is to be kept to an absolute minimum where possible to minimise the overall credit exposure to the university.

9.2.4.2 Requests to increase the credit limit must be formally requested, approved by the Head of Department and supported with very clear business justification.

9.2.4.3 Any requests where the single transaction limit exceeds £1,000 and/or the monthly limit exceeds £5,000 need to be agreed by the Chief Procurement Officer or their designate to ensure that the arrangement is not being used to avoid the approved supply-chain. Such requests must also be considered for approval by either the Chief Financial Officer or the Chief Accountant.

9.2.5 Approvals

9.2.5.1 All purchases made by the cardholder must be verified using the specified electronic system and supported with uploaded electronic images of the tax receipts or invoices. Once verified, all transactions must be properly reviewed and authorised by the specified authoriser where the transaction is acceptable. This must be done on a timely basis, ensuring that all expenditure is approved no less than on a monthly basis. Failure to do so will lead to withdrawal of the card.

9.2.6 Reviews

9.2.6.1 It is the responsibility of the Cardholder and their approver to ensure that procedures are observed and properly adhered to. Where the frequency and levels of spend reduce and no longer warrant their use, cards should either be returned, or the credit limits reduced. Finance and Procurement, supported by Internal Audit, will

conduct periodic reviews on compliance and spending profiles.

9.2.7 Receipts

- 9.2.7.1 Failure to properly identify transactions or to submit valid receipts for the expenditure will result in the withdrawal of the card. Authorising managers may also face disciplinary measures if they fail in their duty to ensure that expenditure has been properly incurred and is supported by receipts. A credit card slip is insufficient evidence to support the expenditure.

9.2.8 Withdrawal of cards

- 9.2.8.1 The provision of Purchasing Cards to individuals is a purely discretionary process and any card can be withdrawn at any time if there is concern that it is being misused, processes are not being followed and/or responsibilities described above are not being completed by either the card holder or the relevant authoriser. Such a withdrawal or other transaction or credit changes are at the discretion of the Chief Accountant, the Chief Financial Officer or their designate and may be actioned at any time and without prior warning to the individual.

9.3 Hospitality, Subsistence & Hotel Accommodation

- 9.3.1 Hospitality is defined as the provision of food or drink at meetings involving third parties. Hospitality claims involving only King's staff are not reimbursable. Hospitality should only be provided for the business purposes of the University. It should never be used for rewarding staff. Only staff who have a direct interest in the meeting should be included in any provision of hospitality. This should not include partners of staff or guests not connected with the business. In general, no more than three staff members to every guest should be invited when hospitality is being claimed.

Staff may claim a maximum of £60 per person for an evening meal, including drinks unless prior written approval is given from the Executive Dean or Director of Operations for Faculties or Director of a Professional Service. For lunchtime hospitality, the maximum is £40 per person and alcohol at lunchtime is not a reimbursable cost.

- 9.3.2 Value for money should be sought and university facilities should be used wherever possible. Costs should be in keeping with an institution whose financial transactions meet the highest standard of public probity and accountability and deliver good value for money in helping the university achieve its objectives. It must be remembered that transactions of this type may be open to public scrutiny and must be supported by itemised receipts.

- 9.3.3 All claims for reimbursement of hospitality costs must be accompanied with a list of all attendees, both university staff and third parties.

9.4 Subsistence

Subsistence is an allowance that staff can claim when travelling for work to cover the

extra necessary costs that they incur as a result. The rates set out below apply to claims for food, drink and accommodation.

9.4.1 **Food and Drink.** Staff are normally expected to provide their own breakfast, lunches and dinner. A member of staff when working away from their normal place of work is entitled to claim up to £10 for breakfast or lunch. A member of staff may claim up to £25 for dinner. Claims for **alcohol** will not be reimbursed.

9.4.2 **Accommodation.** An individual member of staff is entitled to claim up to £250 per night, including breakfast, when they are required to work away from their normal place of work.

9.5 **Staff Events**

9.5.1 Following approval of the Head of Department, Departments may organise up to two social events per year to which all members of departmental staff must be invited. Whilst HMRC will allow expenditure of up to £150 per head per annum for such events (i.e.,£75 event), managers are reminded of the need to demonstrate value for money in the use of public funds and should ensure that the cost of social events is kept well within this maximum allowance. Alcohol is reimbursable within the expenditure limits.

9.5.2 ***Team events***

9.5.2.1 Any team-building or departmental event needs to be approved in advance by the relevant Head of Department and must be able to meet a demonstrable business need or requirement.

9.5.2.2 The per head cost of providing catering and hospitality at a team event should not exceed £25 and no alcohol will be reimbursed.

9.5.3 ***Staff leaving events***

9.5.3.1 The university will fund an event, up to a maximum of £20 per head, including alcohol, which recognises the departure of a long-serving member of staff or someone who has made a significant contribution in a shorter space of time. Any such event needs to be approved in advance by the relevant Senior Vice Principal, Executive Dean or Head of Professional Service. Otherwise leaving events will not be funded by KCL. Such events must make use of the internal catering provision.

9.6 **Staff Gifts**

9.6.1 Tokens of respect, such as flowers should only be given to staff in recognition of a significant contribution to the university or in exceptional circumstances. Otherwise, the purchase of gifts or flowers for staff will not be funded by the university. Any purchase of staff gifts or flowers must be approved in advance by the relevant Head of Department.

9.6.2 Long service will be recognised with an allowance of £500 for 25 years and a further £1000 at 40 years of service. These are one-off awards paid via payroll and the relevant tax and NI is also covered by the college. The award is managed by the

Human Resources Directorate and are approved in advance by the Chief People Officer.

9.7 Relocation Expenses

9.7.1 Reimbursement of removal and relocation expenses may be made to newly appointed staff. The scheme is discretionary and only applies to university funded posts and other than in exceptional circumstances would not normally be applied to staff other than those on academic, teaching, research and academic-related grades. Staff whose salary is funded from external sources (e.g., research grants, research contracts, etc.) are not eligible for reimbursement unless funding has been provided by the sponsor for such costs. The scheme applies equally to appointees from the U.K. and from overseas.

9.7.2 The scheme is normally only applicable to staff appointed for five years or more. Where a member of staff leaves before the expiry of five years, a proportion of the relocation expenses paid to them will be repayable according to the following formula:

$$\text{Amount repayable} = \text{Amount reimbursed} \times (60 - N)/60$$

Where N = number of complete months of service as an employee of the university.

This amount becomes due as soon as a leaving date is confirmed. The university may agree to spread the repayment over a period at the discretion of the Chief Financial Officer. The university reserves the right to deduct any amounts owing from final salary payments.

9.7.3 Whether a claim may be made under the scheme should be agreed as part of the recruitment process. The Executive Dean or Head of Professional Service/Department should, after discussion with Human Resources, agree an appropriate amount for relocation expenses taking account of the individual's circumstances and the position being appointed, subject to the limits set out below. The HR Directorate will send a letter to the appointee setting out the terms of the relocation allowance. This should be countersigned by the recipient to confirm agreement and a copy sent to the Chief Accountant.

9.7.4 The costs reimbursed under the scheme are paid from a central, not departmental budget. Departments must not pay expenses which do not qualify or have been rejected under the scheme. The costs need to be monitored for tax compliance purposes and non-authorised reimbursements may give rise to taxable benefits. Where there is payment in excess of HMRC limits, faculties would be responsible for the costs and any agreed taxation charge.

9.7.5 The maximum that will normally be paid or reimbursed under the scheme is £12,000 in respect of a relocation from overseas or £8,000 in respect of a domestic relocation. If in exceptional circumstances a sum in excess of this is considered appropriate, the Head of Department must obtain written permission

from the Executive Dean. A copy of this permission must be sent to the Chief Accountant.

- 9.7.6 The agreed reimbursement will be made after the employee takes up employment with the university and provides the Chief Accountant with an expense claim supported by receipts for actual costs incurred. The limit set should not be seen as an entitlement and only eligible costs will be paid, whether or not the limit is reached.
- 9.7.7 Details of costs eligible for reimbursement can be found in the table at the end of this section.
- 9.7.8 Costs relating to the transportation of books and other equipment between university offices or places of work may be reimbursed by the university with the agreement of the Head of Department. Such arrangements are business expenses and should be paid from departmental budgets. They fall outside the scope of these removal expenses regulations and do not form part of the relocation allowance.
- 9.7.9 Any National Insurance or income tax liability arising on the relocation costs will be borne by the employee. Under the current HMRC regulations the first £8,000 of qualifying removal expenses are exempt from income tax. In order to qualify for relief, removal expenses must satisfy a number of conditions. The main conditions are:
- The removal expenses must be “eligible” removal expenses. The expenses specified above under paragraph 7 above meet the criteria for “eligible” expenses.
 - There must be a change in the employee’s main residence.
 - The employee’s new residence must be within a reasonable travelling distance from the new permanent workplace. HMRC does not define what is a “reasonable travelling distance” and therefore the University is required to consider each case on its merits.
 - The employee’s old residence must not be within a reasonable travelling distance from the new workplace.
 - The removal expenses must be incurred before the end of the tax year of assessment following the one in which the employee takes up employment. For example, if an employee starts work on 1 October 2020, in order to qualify for tax relief, the expenses must be incurred by 5 April 2022.
- 9.7.10 The university is required to report to HMRC, on form P11D, any non-qualifying expenses and any reimbursement over the £8,000 limit. This reporting is done at the end of the tax year. The university will notify the employee of any such expenses being declared and the employee is required to declare such expenses on their self-assessment form and pay the relevant income tax directly to HMRC.

Eligibility of Costs

Type of Cost	Relocation within UK	Relocation from Overseas
Maximum claimable	£8,000	£12,000
Legal & professional fees associated with selling current home	YES	YES
Legal & professional fees associated with purchasing new home	YES	YES
Travel & Accommodation for house hunting	One weekend	Up to one week
Cost of removal of household effects, including insurance.	YES	YES
Storage of household effects	Up to one year	Up to one year
Travel from old home to new, including spouse and dependents.	YES	YES, economy class only.
Bridging loan costs	Not eligible	Not eligible
Rent	Not eligible	Not eligible
Costs of renting our old home	Not eligible	Not eligible
VISA and work permit costs	Not eligible	On initial move only
Furniture and fittings for new home	Not eligible	Not eligible
Stamp Duty on house purchase	Not eligible	Not eligible
Quarantine costs of pets	n/a	YES

9.8 Mobile Communications

- 9.8.1 Managers should formally assess the need for a member of staff to have a mobile phone based on the need for easy contact on or off-site or out-of-hours. There may also be certain health and safety considerations. If a need is established, the member of staff will be supplied with a mobile phone or other device purchased through the university under an approved contract. Details can be found on the [IT web pages](#) or from the IT Helpdesk on 88888 or 8888@kcl.ac.uk.
- 9.8.2 All phone bills will be settled by the university directly with the service provider. Whilst the mobile device is provided for university business only, it is acknowledged that personal calls might be made in exceptional or emergency cases. The university reserves the right to be reimbursed with the cost of any personal calls.
- 9.8.3 If a member of staff uses their own personal mobile phone, they may submit a claim for reimbursement of calls made for the purposes of university business. An itemised billing must be presented in support of the expense claim, identifying the relevant calls. The rental and personal calls will not be paid by the university.

9.9 Staff Loans

- 9.9.1 Annual season ticket loans are available to all staff who have contracts of employment which cover a minimum of 12 months to serve from the commencement date of the loan. Application forms, which contain details of conditions, can be obtained from the [Finance Directorate web pages](#). The cost of the ticket will be deducted from salary in equal instalments over 10 months or 40 weeks. Purchasing cards must not be used for buying season tickets.
- 9.9.2 Season ticket loans will be granted interest free but will be subject to the HMRC limits on the maximum interest free loan permitted to be made free from taxation. Any tax or NI liability arising from a loan is the responsibility of the employee concerned.
- 9.9.3 Staff in receipt of annual season ticket advances will not be permitted to claim reimbursement of travel expenses for journeys covered by the season ticket.
- 9.9.4 Exceptionally the university may also make loans to staff for reasons of hardship. The loans will be recovered from salary over an agreed period and will be charged interest at the Official Rate of Interest set by HMRC. The Chief Accountant is authorised to approve such loans up to a maximum of £5,000. The individual in receipt of any loan will be liable for any tax and national insurance that may arise from it. Individuals may not have two concurrent hardship loans in repayment at any time.

10. Income and Sales

10.1 Tuition and Bench Fees (Student Fees)

For the avoidance of doubt, Student Fees refer to academic related debt such as Tuition and Bench Fees

- 10.1.1** With the exception of non-standard teaching programmes (short courses, executive education, summer schools, etc.), student fees will be set by the Chief Financial Officer as part of the budget planning process.
- 10.1.2** Student fees are invoiced based on data held within the student database, SITS. It is the responsibility of Registry to ensure that student data is correctly recorded in SITS. Correct contact details must be entered to ensure that this information is available to the Credit Control Department should it be necessary to pursue outstanding fees.
- 10.1.3** Invoices for Self-Funded Undergraduate students classified with a Home fee status are normally raised in December and due for payment by 31 January each year. Postgraduate and overseas classified students will normally be payable in two equal instalments due by 31st October and 31st January each year (or 14 days from date of invoice if later).
- 10.1.4** Bench fees, either laboratory fees or consumables, are payable within 21 days of the invoice date.
- 10.1.5** All discounts on fees must be approved by either the Chief Financial Officer or the Director of Management Accounting Services.
- 10.1.6** Fee Invoices for sponsored students will be sent directly to the sponsoring body for payment within 30 days. Students must provide a copy of their funding letter from their sponsor on headed paper at enrolment. Friends and family members do not constitute as a sponsor.
- 10.1.7** If the Tuition or Bench Fee is not paid by the due date, then the university reserves the right to apply college service restrictions, to refer the debt to an external collection agent and to take legal action to recover the principal debt plus any recoverable costs.
- 10.1.8** Where a fee liability query is referred to Registry, then it will be considered and responded to in a prompt manner
- 10.1.9** Online King's Managed Programmes will be invoiced at module level. Each module will be invoiced three weeks prior to teaching start date and payable in full no later than 14 days from invoice date or 7 days prior to teaching start date, whichever is the latest.

10.2 Student Residence Fees

- 10.2.1** Invoices for residence fees will be issued from data recorded in the residence system. These will normally be issued for the whole of the contracted period

of residence up front.

10.2.2 Residence fees for each semester are payable as follows:

Early arrival week	25 October
Semester 1	25 October
Semester 2	25 January
Semester 3	05 May
Summer extension	24 June

or within 14 days of the commencement of the residence agreement if later. The above dates may vary slightly from year to year based on Student Loan disbursement and term dates.

10.2.3 If the residence fees are not paid by the due date, then the university reserves the right to refer the debt to an external collection agent and to take legal action to recover the principal debt plus any recoverable costs.

10.2.4 Where a fee liability query is referred by Credit Control to the Residence Allocations team or equivalent, then it will be considered and responded to in a prompt manner.

10.3 Payment of Student and Residence Fees

10.3.1 Fees should be paid by one of the following methods:

- (i) By debit or credit card, through the university online fee payment site by the cardholder
- (ii) By direct bank transfer, to the UK bank account details stated on the invoice, quoting the student ID number, followed by surname and payment type (tuition or residence fee)
- (iii) International bank transfer through Western Union Business Solutions using [Global Pay for Students](#)

10.3.2 All requests for university bank details to make payment of course fees must be referred to the Credit Control Department. University bank account details must not be communicated in the body of an email and the university's international bank details should not be communicated in the body of the invoice to a student. Any individual requesting the details must be referred to the dedicated URL containing the college's bank details.

10.3.3 Where the payment for college fees has been made by a 3rd party, the student is required under the student general terms and conditions to know the source of their funding. The college reserves the right to request the student to provide proof of payment and full details of the payer.

10.4 Trade Sales

Where a business area wishes to request payment from a 3rd party for a service/product, or to recover costs incurred, then this must be completed by raising a sales invoice within the finance system. Exceptions only apply for specialist areas with pre-agreed approval for invoicing outside of the King's finance system for example student tuition / residence fees which are invoiced through SITS and retail-based payments.

10.4.1 *Sundry Sales Invoices*

10.4.1.1 This section applies to all other sales to third parties not covered under student fees.

10.4.1.2 Business user access to the finance system to create customers, sales invoices, and credit notes, are restricted by data control and menu user roles, administered by the system administration section.

10.4.1.3 Customers are segregated into 5 distinct groups:

- Trade
- King's Health Partners Salary Recharge
- Research
- Clinical
- Consultancy

10.4.1.4 Business areas are responsible for creating the new trade customer in the finance system before raising the sales invoice. The trade customer Masterfile must only contain one general address. This is used as a correspondence address for sales invoices and collection reminders.

10.4.1.5 The business area raising the invoice is responsible for obtaining a valid VAT registration number from the customer where they are based in Europe. Where the customer is based in Europe and no VAT registration number is provided, the business area is responsible for gathering written confirmation from the customer that they are not VAT registered and attaching this evidence to the customer record in the finance system.

10.4.1.6 Credit Control will apply a designation to each new approved customer (CustSeg) at the point of creation, to identify the type of customer, for example "Individual", "SME", "UK Government" for the purpose of the HEBCIS return.

10.4.1.7 New trade customers and amendments to existing trade customers made by a business area are subject to workflow approval by Credit Control.

10.4.1.8 All trade sales invoices above £50 must be raised by the business area within the finance system. Where the total net sum required to be paid by the customer is **less than £50**, then there are two options for recovering payment.

- The business area look to make use of the eStore (<https://internal.kcl.ac.uk/about/ps/finance/eStore/index>) to provide an

online payment page for their product, service, conference or event offering which could help to avoid the need to manually raise an under £50 sales invoice. This is the preferred option.

Or

- The customer is invoiced on a sales invoice outside of the finance system and follows the instructions on the site [Raising a Sales Invoice Less than £50.](#)

This approach carries significant administrative overheads around raising the invoice and monitoring for the payment, which is why the Estore is the preferred option.

- 10.4.1.9 In general, miscellaneous sales invoices will be raised by the department making the sale. However, any invoice with a value in excess of £30,000 or any invoice for on-going contracts must be raised by, or in consultation with, the department's management accountant.
- 10.4.1.10 Business areas are permitted to raise Sales Invoices in Euros or USD, but there must be a documented contractual requirement to do so. Trade commercial sales invoices raised in Euros or US Dollars are subject to workflow approval by the Credit Control Department.
- 10.4.1.11 Sales Invoices issued by a business area to a customer based outside of the UK and for VAT-able products are automatically referred via workflow in the finance system to Credit Control for a check to ensure that the appropriate VAT treatment has been applied. Sales Invoices raised by business areas to a UK based Trade customer, in Sterling currency are not subject to Credit Control approval and will be sent to the customer without finance checks.
- 10.4.1.12 It is the responsibility of the business area to ensure that the sales order:
- is raised in the correct and full company name
 - is addressed to the customers finance accounts payable department
 - contains the correct activity code
 - contains the correct sales product and description
 - reflects the correct quantity and unit price and the total amount payable is accurate
- 10.4.1.13 Where the customer requires a purchase order to be stated on the invoice, then it is the responsibility of the initiator of the sales order to ensure that the purchase order number is obtained and entered on the order. All purchase orders entered on sales orders must be true and accurate.
- 10.4.1.14 The VAT treatment defaults from the relationship between Sales Product and Account Code in the finance system. It is the responsibility of the individual raising the sales order to ensure that they select the correct sales product and have therefore applied the appropriate VAT treatment, taking into consideration the

customer type and circumstances of service being provided. If the individual is in any doubt, they should contact [Credit Control](#).

- 10.4.1.15 Where services are supplied, the description should clearly identify the nature of the supply being made to the customer, which should not be confused with the resources needed to deliver the services (because grants are usually paid on the basis of reimbursement of costs incurred there is often confusion: the supply is what we deliver, e.g., research, consultancy, education, etc., not the salary costs and consumables that we incur in its delivery.)
- 10.4.1.16 Any VAT charged should be shown on a separate line with the appropriate VAT rate. If the supply is exempt, then this should be clearly indicated on the invoice. Please consult the VAT manual (see link in appendix) or contact the Finance Department if you have any doubt about the VAT status of the supply being made. It is the supply that you are making to the customer which determines the VAT liability. Where expenses are recharged together with fees, the expenses will take the same liability as the fees, even if the costs incurred (e.g., travel) did not attract VAT when incurred by the university.
- 10.4.1.17 If VAT has not been charged when it should have been, then an appropriate deduction will be made from the income representing the relevant VAT percentage.
- 10.4.1.18 Invoice queries relating to the service/product delivered, price queries and/or contractual queries will be considered by the business area and responded to in a prompt manner and without fail. Where the customer raises the query directly with the business area, then the business area is obliged to inform the Credit Control department and to keep them updated regarding progress of resolution.

10.4.2 *Payment terms and methods*

- 10.4.2.1 All Sales Invoices raised under the trade customer group are payable 30 days from invoice date.
- 10.4.2.2 Trade customers can pay an invoice by:
- Direct bank transfer to the currency bank account details stated on the invoice
 - Debit/Credit card using the online payment site <https://epay.kcl.ac.uk/commercial>

10.4.3 *Advertising the university bank details*

- 10.4.3.1 Any request for the bank details must be passed to the Credit Control department to provide via a copy of the invoice or on a formal signed college letterhead.
- 10.4.3.2 The university bank account details must never be provided in the body of an email

to any requestor, whether they are students or commercial clients. Those making such a request should be directed to the appropriate university web page advertising the bank details.

- 10.4.3.3 Permission to advertise the university bank details on any departmental webpage must be given by either the Chief Accountant, Head of Credit Control or the Head of Income Services.

10.4.4 Trade sales invoice transmission process

- 10.4.4.1 At the end of each working day, the Sales Order will be automatically converted to a Sales Invoice and allocated a unique invoice number. The sales invoice and any documents attached by the business user, will be automatically emailed to the customer address held on the customer Masterfile (field: email). Where there is no email held on the customer Masterfile, the Credit Control department is responsible for posting the invoice and attachment to the customer the following working day.

- 10.4.4.2 The business user will receive a copy of the sales invoice generated. The business user must not forward a copy of the invoice to the customer. Doing so may cause duplicate copies, queries and potentially overpayments. Sales Invoice copies must only be generated and distributed to the customer by the Credit Control Department.

10.4.5 Credit Notes

- 10.4.5.1 Where a trade invoice (above £50) has been issued, but the originating department wishes to cancel the invoice, either because it is in error, the customer has returned goods or for some other reason, the originating department must raise a credit note.
- 10.4.5.2 All credit notes must be raised in the finance system by the business area and approved by the credit control department
- 10.4.5.3 Credit Notes must be issued for the full value of the original invoice and a new sales order issued for the revised amount.
- 10.4.5.4 The business areas are required to enter the corresponding number of the original sales invoice on the credit note and provide a reason to explain why they have raised a credit note

10.4.6 Trade sales invoices less than £50

- 10.2.6.1 Where the total net sum required to be paid by the customer is less than £50 and payment cannot be recovered via the college Estore then the customer should be invoiced on a sales invoice outside of the finance system.
- 10.4.6.2 The business area is responsible for raising the charge on a bespoke sales invoice and ensuring:
- They send the invoice to the customer

- The invoice has a unique number
- Payment terms of 30 days
- Payment method of bank transfer only
- Payment is received by the university and claimed from Income Services

There is further training guidance in the Credit Control web pages on [Raising a Sales Invoice Less than £50.](#)

10.4.6.3 Business areas expecting a bank transfer into a university bank account to cover a Sales Invoice, should advise Income Services by completing the expecting a bank transfer online form. The information provided should include:

- Name of person expecting receipt including job title, department and full contact details (emails and telephone no.)
- Senders name (as expected to appear on the bank statement)
- Amount expected (including expected currency)
- Date bank transfer sent (or due to be sent)
- Senders name - individual/company
- Country money being sent from
- Confirmation of what the income relates to
- King's Activity code/Account code money is to credit
- Copy of bank remittance advice/bank transfer confirmation

These details can be submitted online via the expecting a bank transfer online form: <https://internal.kcl.ac.uk/about/ps/finance/income-services/banktfr-form>

10.4.6.4 With manually raised sales invoices under £50 in value being raised outside of the finance system, it is ultimately the responsibility of the invoice raiser/business area to ensure the expected income is received and that they have the proper procedures in place to monitor for receipt of payment.

10.4.6.5 As with all services but particularly low value income items, consideration should be given as to the overall costs of supplying such low value items and services, including the administration (and staff time) involved in the collection of the income/the provision of the service. Do the overall costs outweigh the value of the income being received?

10.4.7 Attaching documents and sensitive data

10.4.7.1 Documents must only be attached to a sales order where it is absolutely necessary in order to secure payment. A Sales Invoice must never be used as a means of providing a document to your customer contact.

10.4.7.2 Documents attached to a Sales Order should not contain sensitive data. If the business area has no alternative but to attach a document, or to enter sensitive information on the sales invoice, then the business area is responsible for obtaining written consent from the customer to do so.

10.5 Customer Refunds

- 10.5.1 All refunds for Trade Customers, Student and Sponsor overpayments are handled by Credit Control.
- 10.5.2 Overpayments will be returned back to the original source as far as is reasonably practical and possible.
- 10.5.3 Refunds are subject to approval by the Chief Accountant. Where refunds above a value of £3,000 are made to another organisation, that organisation must provide written confirmation of the bank account details into which the refund is to be paid from a senior member of its finance team, preferably the Finance Director.

10.6 Bad Debts

- 10.6.1 Credit Control will pursue customers who have not settled their accounts for payment. As a last resort, the account balance may be referred to an external collection agency to act on the university's behalf. Where necessary, the university will take legal action to recover any debt. The university will always send a notification to the customer before passing the account to a third-party agency or before beginning legal proceedings.
- 10.6.2 If a customer disputes an invoice, this will be referred to the business area which raised the Sales Order for resolution. If the customer still fails to pay despite these actions, the Credit Control Department will contact the business area to discuss the debt. It should be noted that, in certain circumstances where the actions of business area are deemed to have contributed to the existence of a bad debt, the Finance Directorate may debit Departmental budgets with any part of the debt that remains uncollected.
- 10.6.3 The university reserves the right to make a charge of £25 for any cheques which are rejected by the bank.
- 10.6.4 The Head of Credit Control may give approval to write-off bad debts up to a value of £100. For bad debts of a value above £100 to be written-off, the approval of the Chief Accountant must be obtained.

10.7 Internal Sales

- 10.7.1 Invoices should not be raised in respect of internal sales or recharges. Such inter-departmental transactions must be made by journal entry.

10.8 Bank Accounts

- 10.8.1 Departments are not permitted to operate their own bank accounts. Any breach of this procedure may result in the referral of the matter to the staff disciplinary procedure. All receipts, without exception, must be banked in the university's designated accounts.

- 10.8.2 Whilst King's does have currency bank current accounts (US dollars & Euros), they are not as standard intended for general usage. As far as income is concerned, they are used for larger value currency receipts where King's could lose on foreign exchange if paid into our main sterling bank account; or where an official sales invoice has been raised in that currency or where a Research Grant is contractually obliged to be paid in the relevant currency account.

10.9 Non-Invoiced Income

- 10.9.1 King's trading business areas accepting non-invoiced sales receipts (where they account for the receipts at source) regardless of payment acceptance method, need to ensure these receipts are promptly and correctly accounted for within Business World, the King's finance system. Where possible this should be an automated process where the relevant vendor or system provides a Business World GL07 accounting file that can be loaded directly into Business World without staff involvement.

- 10.9.2 Where this is not possible, trading area staff are required to complete an online EReturn submission for their takings. EReturns is part of Income Manager, the receipting module of Business World. Details on how to submit EReturns can be found at <https://internal.kcl.ac.uk/about/ps/finance/income-services/ereturns>

10.10 Payment Acceptance Methods

10.10.1 *Card Payments*

- 10.10.1.1 Payment Card Industry Data Security Standard (PCI DSS) is a global standard written and maintained by the PCI Security Standards Council, whose members include Visa and MasterCard. Whilst accepting card payments the university has a contractual obligation with its payment card acquirers to be PCI DSS compliant.
- 10.10.1.2 A King's Card Payments Security Policy is in place and applies to any staff member involved in maintaining systems connected to or involved with card payments processing. This policy can be found in the Governance Zone together with the Card Payments Security Procedures and the Securing Chip and PIN Devices Procedures: <https://www.kcl.ac.uk/policyhub/card-payments-security-policy>
- 10.10.1.3 Departments requiring the facility to take card payments other than for the collection of student fees (dealt with centrally by Finance/Credit Control) should refer to the Card Payments Procedures for further details (also see eStore): <https://www.kcl.ac.uk/policyhub/card-payments-security-policy>
- 10.10.1.4 Anyone wishing to engage with a new card payments supplier must adhere to the KCL New Supplier Setup process (and also ensure they read the Card Payments Procedures in the Governance Zone): <https://internal.kcl.ac.uk/about/ps/finance/income-services/cards/New->

[Supplier-Setup.pdf](#)

- 10.10.1.5 eStore (<https://estore.kcl.ac.uk/>) – The King’s eStore is an online payment system that provides King’s departments with the ability to accept online card payments for products, services, and events. Departments are strongly encouraged to make use of the eStore to reduce their manual administration and utilize the many benefits it has to offer, further details of which can be found here: <https://internal.kcl.ac.uk/about/ps/finance/eStore/faq>

10.10.2 Bank Transfers

- 10.10.2.1 On the rare occasions where it is genuinely not possible or appropriate to raise an official King’s sales invoice, should the King’s bank details be given out, the relevant staff member must ensure they complete the expecting a bank transfer online form so that Income Services know to expect the receipt and how to allocate it upon arrival: <https://internal.kcl.ac.uk/about/ps/finance/income-services/banktfr-form>
- 10.10.2.2 With the bank details being provided outside of an officially raised King’s sales invoice, Business World will not have the expected income recorded meaning Credit Control will not be monitoring nor chasing for receipt of payment as they would with official invoices. Ultimately it is then the responsibility of the business area who provided the King’s bank details, to ensure the expected income is received and allocated to their activity code and that they have the proper procedures in place to monitor for receipt of payment.
- 10.10.2.3 Unallocated Receipts List - King’s often gets income paid directly into the main sterling GBP bank account that cannot initially be identified and therefore allocated. This income is added onto an Unallocated Receipts list which is available as a Live report via Business World.
- 10.10.2.4 Income Services are also keen to see what controls business areas have in place to monitor for receipt of income they should be expecting. Even if a receipt within the unallocated receipts list quotes an activity code, unless Income Services have been advised in advance to expect it, the receipt will remain on the Unallocated Receipts List until the appropriate business area claims it and provides further details on exactly what the receipt relates to. This will help to ensure the receipt is accounted for correctly, including use of the most appropriate account code and the correct treatment of VAT. It will also help to highlight any gaps in the internal receipt chasing process that can then be addressed.
- 10.10.2.5 It is strongly recommended that all business areas review this list regularly to ensure any income intended for them that is appearing on the list can be claimed. Further details can be found via the Unallocated Receipts List intranet page: <https://internal.kcl.ac.uk/about/ps/finance/income-services/unallocated>
- 10.10.2.6 Unallocated Receipts under £1,000 in value will remain on the list for 6 months.

Unallocated Receipts over £1,000 in value will remain on the list for 12 months.

10.10.3 Cheques –

To help ensure prompt and frictionless receipt of income, Finance is proactively looking for King's to become cheque free; therefore, offering cheque as a payment option should be avoided. Instead, alternative payment options such as bank transfer or the King's eStore should be offered, where receipt of payment is far quicker and requires a lot less manual involvement including reducing the reliance on both the external and internal postal systems.

10.10.4 Cash

10.10.4.1 Finance is also proactively looking for King's to become totally cashless and therefore offering payment in cash as a payment method must be avoided completely and instead payment by other means offered, such as making use of the King's eStore or bank transfer. Any business area requiring guidance on what available options are open to them should contact the Head of Income Services (<https://internal.kcl.ac.uk/about/ps/finance/staff-contacts/index>)

10.10.4.2 Should you, without solicitation, be provided with either cheques or cash you should refer to the Paying in Procedures intranet page for details of how to deal with this: <https://internal.kcl.ac.uk/about/ps/finance/income-services/pay-in>

10.11 Donations and Legacy Administration

10.11.1 All fundraising activities should be coordinated through the Fundraising & Supporter Development Directorate. Any approaches to a member of staff about a gift, potential donation or legacy must be referred to the Fundraising & Supporter Development Directorate without delay. This is to ensure that the university's financial and legal obligations are met, and the university maximises the current and future benefit from philanthropic income by appropriate stewardship of all donors.

10.11.2 All major gifts should be discussed with the relevant Head of Department and Management Accountant before discussions with a donor are progressed, to ensure that the proposed gift and its purpose are consistent with the university and Faculty objectives and that the university's financial and organisational commitments are sustainable.

10.11.3 In the administration of legacies delegated powers are granted to the following designated officers as set out below:

Power	Delegation
<i>In all cases where King's College London/King's Health Partners, are the beneficiary of the estate of a deceased person or of a trust but is not acting in a representative role</i>	

(a) to issue receipts in the name of the university for all payments by cheque or otherwise and for all documents of title to property of any description when requested so to do by personal representatives or trustees or their respective agents.	Any one person from Table A or B
(b) to give indemnities to personal representatives in respect of possible claims against a deceased person's estate where the giving of such indemnity cannot reasonably be avoided if the administration of the estate is to be expeditiously completed and where the amount in respect of which the indemnity is given is limited in any event to the amount received by the university from that estate.	Two persons of which at least one must be from Table A.
(c) to concur in any <i>ex gratia</i> payment proposed and approved by the personal representatives where the amount receivable by the university in consequence of such payment being made shall be not more than £1,500 less than would otherwise have been the case and provided further that such concurrence shall not breach any rules or regulations imposed by any statute or exercisable by any authority under any statute.	Two persons of which at least one must be from Table A.
(d) to consent on behalf of the university to any proposal by personal representatives dealing with the administration of an estate or trustees dealing with the winding up of a trust to the appropriation to the beneficiaries or any of them, including the university, of assets comprised in the estate or of the proceeds of sale of such assets.	Any one person from Table A or B
<i>In all cases where the university is a beneficiary of the estate of a deceased person, or of a trust, whether or not the university is also acting in a representative role.</i>	
(e) to approve, consent to, or arrange the sale of appropriated property or investments forming part of the estate or trust on such terms as appear reasonable.	<p>One person from Table B for property of value up to £500,000.</p> <p>Two persons of which at least one must be from Table A for property of value in excess of £500,000.</p>

Financial Policy and Procedures

(f) to take any or all other actions as are thought desirable or necessary to protect the university's best interests, including but without prejudice to the generality of the foregoing seeking advice and assistance from Solicitors, Accountants, Barristers, Stockbrokers, Estate Agents, Valuers or other appropriate professionals.	Any one person from Table A or B, subject to the usual procurement
(g) to execute (except where execution under Seal is unavoidably required) any deed of variation of the Will of the deceased the execution of which will not be to the detriment of the university.	Two persons of which at least one must be from Table A.

Table A	Principal Senior Vice President (Operations) Chief Financial Officer Executive Director - Fundraising & Supporter Development
Table B	Head of Legacies – Fundraising & Supporter Development Legacy Administrator – Fundraising & Supporter Development

11.	Coding of Transactions
------------	-------------------------------

- 11.1 All transactions, income and expenditure, should be correctly coded.
- 11.2 As far as possible, use account codes (income and expense types) that most closely reflect the type of expenditure being incurred. Persons with authority to approve transactions must not authorise them unless satisfied that appropriate codes are used and that they have authority for the relevant account code.
- 11.3 A full list of account codes is available from the Finance pages on the university intranet; however, not all codes will be available against all Activity Codes. Management Accountants will advise as to what codes should be used.
- 11.4 Transactions must be recorded against the appropriate account for the activity and type of income of expenditure. It is not permitted, for example to charge expenditure against a grant code which does not relate to that particular project, even if there are surplus funds available. Where particular invoices relate to several projects, they should be split out accordingly.

12	Departmental Reserve Accounts or General Purpose Funds
-----------	---

- 12.1 Departmental reserve accounts (DRAs) are also sometimes known as General Purpose Funds or Thirdstream Accounts. The purpose of these accounts is for the receipt of income either from university trading activities, such as running short courses, conferences, consultancy, sale of publications and non-research contracts; or other ad-hoc income, such as unrestricted donations, to support teaching and research activity.
- 12.2 They are to support the university's primary activities and are not personal funds of academic staff and should not be used for private expenditure; however, they may be ring-fenced to support a particular department or activities within departments, hence the name "department reserve account".
- 12.3 To set up a DRA a manager must provide a written statement to the relevant management accountant (a standard form is available from the management accountants) as to why there is a need for an account, what income is likely to be received (sources and amounts) and what type of expenditure is likely to be incurred. A clear title that explains the nature of the account should be provided. Approval must be provided for the fund to be set up by the academic's Head of Department, Executive Dean, and Senior Management Accountant. For all trading activities there should be formal contracts in place, setting out the obligations of the counterparty and the university. Where appropriate full economic costing should be applied to new ventures in accordance with the section on business plans. Contracts must be authorised in accordance with the [Contracts Policy](#).
- 12.4 The account holder must ensure that the account remains in credit at all times. Monthly reporting on balances to the Head of Department forms part of the

management accounts and the sum balances of relevant DRAs are included in monthly departmental reports. Should any debit balances be identified, then the account holder will be required to produce an action plan indicating how the balances will be cleared. In the absence of a credible action plan, debit balances will be written off to the department.

- 12.5 Accounts with credit balances in excess of £50k require the Head of Department to specify and approve the usage. Accounts with a regular turnover of greater than £30K require an annual budget.
- 12.6 As these are university funds, should an Academic move to another institution, funds would not ordinarily be transferred. Any exceptions require specific approval by the Chief Financial Officer. Where the contractual status of a member of staff who is named on an account (e.g., through retirement) changes, the Head of Department must confirm the future use of this account, including nominating a new designated account holder. Until this is received the account will be blocked.
- 12.7 All DRA income should be banked directly into a university bank account and any invoices raised should be raised in accordance with the university policy. Receipt into a personal bank account, even if later transferred to the university could result in tax liabilities on the individual.
- 12.8 Some activities, notably any trading activities, may be subject to an overhead charge to support the university infrastructure at the discretion of the Chief Financial Officer.
- 12.9 DRAs, as university funds, are subject to all of the same oversight and regulations as any other account within the university.

13. Formation and Management of Related Undertakings

13.1 Purpose and Definitions

- 13.1.1** There are many reasons why the university might set up, take an interest in, or acquire control or significant interest over, a company, charitable trust, or other legal entity such as a limited liability partnership. These include carrying out activities of a commercial nature through a trading entity, which may protect the university's charitable status, and incidentally provide advantageous tax or estate planning, rewarding and retaining staff, undertaking joint ventures, exploiting intellectual property, undertake charitable endeavours separate to the university's charitable objectives, and protecting the university and its assets.
- 13.1.2** This section of the Financial Procedures sets out the university's procedures for the formation and management of "Related Undertakings" as defined below.

They should be applied in the context of the university's Management and Governance arrangements.

13.1.3 For the purposes of these procedures, the university has defined Related Undertakings as follows: Any undertaking in which the university has an interest, or exerts control or significant influence over, which it holds/exerts on a long-term basis for the purpose of securing a contribution to its activities and

- (i) in which the university has a Minority Interest; or
- (ii) which is an Associated Undertaking of the university or a Subsidiary Undertaking of the university

where the terms used in (i) and (ii) above have the meanings set out in the table below.

13.1.4 Explicitly excluded are interests the university has or intends to obtain entirely for the purposes of financial investment, and undertakings where the university is neither the financial, or charitable beneficiary of the undertaking.

Minority Interest	An Interest in an Undertaking over whose operating and financial policies the university does not exercise a Significant Influence. Where the university's Interest comprises less than 20% of the voting rights of an Undertaking, the university will normally (although not always) be presumed not to exercise a Significant Influence unless the contrary is shown.
Associated Undertaking	An Undertaking in which the university has an Interest over whose operating and financial policies the university exercises a Significant Influence. Where the university's Interest comprises between 20% and 50% of the voting rights of the Undertaking, the university is normally (although not always) presumed to exercise a Significant Influence unless the contrary is shown.
Subsidiary Undertaking	An Undertaking in which the university holds a 100% Interest or otherwise exercises a Dominant Influence. Where the university's interest comprises >50% of the voting rights of an Undertaking, or where the university has the right to appoint or remove directors holding a majority of the voting rights at board meetings, the university is presumed to exercise a Dominant Influence/control.
Interest	An ownership interest in an Undertaking. An Interest in shares includes an interest which is convertible into an interest in shares and includes an option to acquire shares or any interest which is convertible into shares. An Interest held on behalf of the university shall be treated as held by the university.
Undertaking	An undertaking is a body corporate, charitable trust or partnership, or an unincorporated association carrying on a trade or business with or without a view to profit.
Significant Influence	Active participation in policy decisions or decisions on strategic issues and direct involvement in the operating and financial policies of the Undertaking.

Dominant Influence/Control	Exercise of influence over the Undertaking to achieve the operating and financial policies desired by the university, notwithstanding the rights or influence of any other party.
-----------------------------------	---

13.2 Company Formation

13.2.1 College Council has sole authority for approving the formation of or investment in any Subsidiary Undertaking or Associated Undertaking.

13.2.2 In this respect Council will be advised by the Finance Committee who will consider the need for the establishment of or investment in such an Undertaking, review the business plan and associated risks, including any tax liability, and ensure the university has taken appropriate professional advice and has the necessary power under its Charter and Statutes.

13.2.3 The Principal, in conjunction with the Chief Financial Officer, has authority for approving the acquisition by the university of a Minority interest.

13.2.4 In this respect the Principal and the Chief Financial Officer will review the terms of any such agreement and satisfy themselves that the proposed offering is in the best interests of the university.

13.2.5 The university will maintain a register of all interests in Related Undertakings, which will record summary details of the company together with details of any shares or options that have been granted. The nominated university Officer appointed under 13.3 below is responsible for completing and updating the register which will be maintained by the university's Chief Financial Officer.

13.3 Management and Operation

13.3.1 The Principal, on behalf of Council, will appoint a nominated university Officer for all Related Undertakings who will oversee formation and provide the on-going link between the Related Undertaking and the university. In all cases the nominated university Officer will be one of the following:

- the Chief Financial Officer
- the Chief Accountant
- Deputy Vice President (Global Business Development)
- Head of Strategic Corporate Partnerships
- Director of IP & Licensing
- Director of International Strategy and Planning
- A senior officer of the university (Senor/Vice President or Provost level)

13.3.2 The nominated university Officer will act as the representative of the university in its capacity as a shareholder, member, or partner in a Related Undertaking.

13.3.3 The nominated university Officer will ensure the following in relation to

Subsidiary Undertakings and Associated Undertakings:

- That the undertaking is properly constituted e.g., Memorandum and Articles of Association, Partnership Agreement etc., and that appropriate professional advice is taken having due regard to the university's charitable status, impact of taxation on both the undertaking and the university and any risk to university assets transferred.
- That the undertaking has adequate working capital and long-term finance in place to support the business plan. Where the university is subscribing for equity, providing loan finance or guarantees, the prior approval of Finance Committee is required.
- That appropriate insurance cover is in place for the activities of the Undertaking. In addition, the university will maintain Directors' and Officers' liability insurance for all university nominated directors.
- That where appropriate there is a suitable policy for profit retention and distribution with tax efficient profit shedding arrangements put in place between the Undertaking and the university.
- That, where the university does not own and control 100% of the Undertaking, an appropriate agreement is put in place between the university and the other holder or holders of Interests in the Undertaking recording the arrangements for the establishment and operation of the Undertaking.
- That they receive regular management information and financial reports on the Undertaking's activities and progress towards achieving the business plan, and where appropriate will attend board meetings on behalf of the university or other relevant meetings where such matters are discussed.

13.3.4 The Principal on behalf of Council will determine which university Officers are appointed to or removed from the board of a Related Undertaking where the university has the power to appoint board directors. It is expected that the university appointed director will be, or if more than one will include, the nominated university Officer for a particular company or appropriate alternative as agreed between the nominated university Officer and the Principal. University Officers appointed to any post within a Related Undertaking shall not accept any personal benefit or rights associated with such appointment including holding university assets in their name.

13.3.5 University Officers appointed as directors to a Related Undertaking should be aware of their duties and responsibilities as a director, in particular their fiduciary duties and the duties of skill and care in the performance of those duties. University Officers should consider the conflicts of interest which may arise when they are both directors of Related Undertakings and charged with the responsibility for overseeing these Related Undertakings on behalf of the university. Where a conflict of interest does arise, it should be immediately reported to the university Secretary and the relevant officer of the Related

Undertaking, and where appropriate independent professional advice sought.

13.3.6 The nominated university Officer will report on a regular basis to the Principal on matters relating to Related Undertakings and their financial performance, and report annually to Finance Committee including a review of activity for the year and in respect of Subsidiary Undertakings, the audited financial statements.

13.3.7 Where the university holds a Minority Interest in a Related Undertaking, it is unlikely to have any involvement with day-to-day management or have board representation. In this case the primary role of the nominated university Officer is to protect the value of the university's investment and not to exercise control or to influence the financial operating policies of the Related Undertaking. However, the university will receive statutory reports available to it as shareholder or member, a summary of which will be reported annually to Finance Committee for review, and the nominated university Officer will attend AGM's, EGM's, and any other shareholder meetings where appropriate.

13.4 **Accountability and Control**

13.4.1 Compliance with university Regulations

13.4.1.1 Subsidiary Undertakings are expected to comply with the university's Financial Regulations and Procedures and Accounting Policies (to the extent that this does not conflict with any legal requirements with which the undertaking must comply but which the university does not, for instance company law, or the rules of the jurisdiction in which the Undertaking is incorporated/operates) and adopt similar accounting periods and reference dates. Where for any reason this is not possible or practicable, or where there is any divergence between the university and the Subsidiary Undertaking, this will be reported to the Audit, Risk and Compliance Committee, notwithstanding there may be good commercial reasons for adopting different accounting policies.

13.4.1.2 Likewise, it is expected that Internal Audit will have full access to the books and records of any Subsidiary Undertaking and include the Subsidiary Undertaking in its audit programme and risk assessment process. In addition, the university would normally expect Subsidiary Undertakings to be audited by the same firm of external auditors as for the university (unless logistically impossible, such as due to the country of incorporation of the Undertaking), and where material included within the external auditors report on the consolidated financial statements presented to the Audit, Risk and Compliance Committee.

13.4.1.3 The nominated university Officer will monitor performance against targets in the Subsidiary Undertaking's business plan, and immediately report any concerns in this regard to Audit, Risk and Compliance Committee. In addition, the nominated university Officer will monitor compliance by the Subsidiary Undertaking with any Shareholders' Agreement.

13.4.1.4 The nominated university Officer will also ensure the register of interests is

maintained. In addition, the nominated university Officer will report any concerns regarding the overall management or control of such undertakings to the Principal and the Chief Financial Officer, and where appropriate to the Director of Business Assurance.

13.4.2 Compliance with corporate regulation

13.4.2.1 The directors/trustees of the Subsidiary Undertaking are legally responsible for compliance with all required corporate regulation and administration, including but not limited to filings required by Companies House/Charities Commission. In practice in the case of Companies this will be the responsibility of a Company Secretary (and their delegates) as appointed by the Directors, which for Subsidiary Undertakings must be the Chief Accountant.

13.4.3 Accounting Arrangements

13.4.3.1 The university's interest in Related Undertakings will be accounted for in the books of the university in line with current Generally Accepted Accounting Policies (GAAP) adopted by the university as required by its regulator, and in line with the university's accounting policies as approved by ARCC.

13.4.3.2 However, for some Related Undertakings, particularly those where the university holds an Interest as a result of receiving equity in a 'spin out' company in return for the assignment of intellectual property, the cost of the investment will be nil, as the costs of generating the intellectual property, which is often the result of many years of scholarship or scientific research, have already been 'written off' as incurred in the university's books of account

13.4 Taxation

The tax treatment of Related Undertakings which are trading companies is relatively straight forward in that they will be subject to corporation tax on chargeable income and gains in the normal way for any company, and there are well established mechanisms for shedding profits back to the university in a tax efficient manner where this is appropriate. However, the tax treatment of any income or gains in the hands of the university from the exploitation or sale of intellectual property rights ('IP' or 'IPR') is far from straight forward, and advice should be sought from the university's Chief Accountant as appropriate.

13.5 Disposal

The Finance Committee on behalf of Council will approve the disposal of any interest in a Subsidiary Undertaking or an Associated Undertaking. Where it is necessary to take immediate action to dispose of a Subsidiary Undertaking or an Associated Undertaking in order to protect value, the Chief Financial Officer will consult with the Principal and obtain the Honorary Treasurer's approval for the disposal with subsequent ratification by the Finance Committee. The disposal of any interest in a Minority Interest will be approved by the nominated university Officer. The nominated university Officer will ensure all

potential costs including any contingent liabilities are fully provided for from the disposal proceeds and will take appropriate professional advice to ensure the university receives best value and to minimise any potential tax liabilities. Only the net proceeds from sale will be available for distribution within the university.

13.6

Striking Off

The directors are responsible for deciding whether a Subsidiary Undertaking should be struck-off from Companies House as no longer required. No decision to strike off a Subsidiary Undertaking should be made without the approval of the nominated university Officer.

APPENDIX – Links to other relevant documents

[VAT Manual](#)

[Insurance](#)

[Policy on Consultancy, Fee for Service, Non-Standard Teaching Programmes and Outside Work](#)

[Code of Practice for Intellectual Property, Commercial Exploitation and Financial Benefits](#)

[College's Policy for the Acceptance of Donations](#)

[Records Retention Schedule](#)

APPENDIX – Definitions

For further clarification please contact a member of the [Finance Directorate](#)

Term	Meaning
Asset	An asset, in accounting, is an something the university expects economic value to flow from; has control over and has obtained because of a past event. Examples include buildings, land, significant equipment, cash holding, amounts owed by customers etc. Assets are shown in the universities balance sheet
Actual	The real or final financial performance of an area as measured at the end or during the financial year
Approved Signatory	An approved signatory is a person who has been given the right to sign documents on behalf of the organisation.
Balance Sheet	A snapshot, at a point in time, of what the university owns and owes. Balance sheets are prepared at least annually as part of the audited Financial Statements and must be prepared in accordance with relevant accounting principles
Budget	The formal, agreed financial target for an area, the aggregation of which, be it operating or capital in nature, adds up to the Council approved budget for the year. It may include planned income volumes and revenues, resource quantities, costs and expenses, assets, liabilities, and cash flows.
Capital Projects	A Capital Project is a project that helps maintain or improve an asset, often called infrastructure. It can be a new build, acquisition of land or property, expansion, renovation, replacement project for an existing facility or facilities or the purchase of a new significant piece of equipment.
Deficit	A measure of financial performance (Surplus/Deficit) on a fully allocated costs basis - i.e., after overheads or central costs. A deficit indicates that an area is reducing funds that might otherwise contribute to future investment
Department	An academic area within a Faculty, School or Division
Depreciation	The cost of a fixed asset spread over its useful life and billed to the annual expenditure accounts to reflect its use.
Designated / Authorised Person	A designated authorised person is someone who has been approved or assigned by the organisation to perform a specific type of duty or duties, they will have been permitted to carry out tasks by a specific role holder usually a budget holder, Head of Department or other significant role holder at King's.
Directorate	A professional services area with a broad institution wide remit, typically reporting to the Senior Vice-Principal (Operations)
Division	A grouping below Faculty or Directorate level, sometimes referred to as 'Tier 2'.
Economic Life	Economic life is the expected period of time during which an asset remains useful to the average owner. When an asset is no longer useful to its owner, then it is said to be past its economic life. The economic life of an asset could be different than its actual physical life. Thus, an asset can be in optimal physical condition but may not be economically useful. For example, technology products often become obsolete when their technology becomes obsolete.
Endowment Income	Income drawn down from funds provided to King's for specific purposes in the past. This could include funded Chairs, student prizes or other gifts and bequests
Executive Portfolio	A professional services area with a focused, often thematic externally facing remit
External Funding	Funding that originates from outside of the university. Where funders have more restrictive conditions then these will apply in addition to King's Regulations and procedures. Where funder conditions are more expansive than the internal King's regulations and procedures will still apply to these external funds.
Faculty	An academic area overseen by an Executive Dean. At King's this could be named a 'Faculty', 'School' or 'Institute'
Financial transactions and activity	A financial transaction is an agreement which involves the transfer of monetary or equivalent value between parties or within the accounts of King's. The Financial

	Regulations and these procedures apply to all and every financial transaction or activity that flows through King's irrespective of external party funding.
Forecast	The current estimate of the financial performance for an area. Forecasts are updated regularly in the finance system and typically reported at monthly. Longer term forecasts at the university level are prepared at least annually for approval by Council and onward submission to regulators and other key stakeholders
Full absorption	A measure of financial performance (Surplus/Deficit) on a fully allocated costs basis - i.e., after overheads of central costs
Full Economic Costs	Also known in the sector as fEC, the full economic cost of a project is the full cost to the university of undertaking the activity. Included are all direct and indirect costs such as space, central services, depreciation and a contribution to investment in the university's infrastructure
Institute	An academic area within a Faculty, School, Division or an externally facing unit, part of the Innovation Institutes
Intermediary	An intermediary is someone who acts like a go-between or a mediator between two other people to try and bring about an agreement.
Liability	A liability is a constructive or legal obligation to expend funds. This could include debts, balance owed to suppliers, income received in advance of services etc. Liabilities are shown on the university's balance sheet
Management Accounts	Management accounts are financial reports that have been produced for an organisation and their managers, these are generally completed monthly. At King's the Management Accounts are a simplified and restructured version of the Financial Statements basis of reporting that focuses on management, in year controllable items.
Materiality	In accounting, materiality refers to the impact of an omission or misstatement of information in financial statements on the user of those statements. If it is probable that users of the information would have altered their actions if the information had not been omitted or misstated, then the item is considered to be material. In general terms materiality can be thought of relative to the size of the area and so would represent 'meaningful' differences
Outturn	The final financial performance of an area as measured at the end of the financial year. This could be an 'actual' outturn or a 'forecast' outturn depending upon the point in the year the figure is presented
Purchase Order	A purchase order is commonly known as a PO. It is a commercial document and first official offer issued by a buyer to a seller indicating types, quantities, and agreed prices for products or services. It is the buyer committing to pay the seller for the sale of specific products or services to be delivered in the future. The advantage to the buyer is the ability to place an order without immediate payment. A Purchase Request becomes a PO once approved and issued by the university.
Purchasing Consortia	A purchasing consortium can be defined as two or more independent organizations that join together, either formally or informally, or through an independent third party, for the purpose of combining their individual requirements for purchased materials, services, and capital goods to leverage more value-added pricing.
Surplus	A measure of financial performance (Surplus/Deficit) on a fully allocated costs basis - i.e. after overheads of central costs. A surplus indicates that an area is generating funds to contribute to future investment
Virement	A Virement is the process of transferring budget from one area to another or one account to another. For example, if a staff post moves from one area to another this results in a budget virement to match. If an area is overspending on one category and has funds in another then a virement can be considered to move budget to cover this.