

## FINANCIAL REGULATIONS

Revised 11 March 2021

## CONTENTS

1	Overview .....	4
1.1	Aims, Scope and Interpretation .....	4
1.2	Regulatory Framework .....	4
2	General Principles.....	5
2.1	Integrity and honesty.....	5
2.2	Conflict of Interests .....	5
2.3	Compliance with Relevant Legislation .....	6
2.4	Best Practice .....	6
3	Accounting .....	6
3.1	Financial Accounts .....	6
3.2	Management Accounts.....	6
3.3	Other Returns .....	6
4	Planning and Budgeting.....	7
4.1	Corporate Plan.....	7
4.2	Annual Budgets.....	7
5	Accounting Systems .....	8
5.1	Accounting Records and Procedures .....	8
5.2	Security.....	9
5.3	Retention of Records .....	9
6	Authorisation of Transactions .....	9
7	Procurement .....	10
8	Rules on Particular Transactions.....	10
8.1	Engagement of Staff .....	10
8.2	Engagement of Consultants and Self-employed Individuals .....	10
8.3	Staff Expenses.....	11
8.4	Loans to Staff.....	11
8.5	College Credit or Debit cards .....	11
8.6	Research Expenditure .....	12
8.7	General Purpose Funds.....	12
8.8	Tuition Fees .....	12
8.9	Donations and Legacy Administration .....	12
8.10	Research Grants and Contracts .....	13
8.11	Consultancy and Other Trading Activities.....	13
8.12	Tangible Assets .....	13
8.13	Real Property .....	13
8.14	Equipment Leases.....	14
8.15	Intellectual Property .....	14
8.16	Bad debts and Other Write-offs.....	14
9	Cash, Borrowing and Investments.....	14
9.1	Cash and Treasury Management .....	14
9.2	Investments .....	15
10	Outside Work .....	15
10.1	General .....	15
10.2	Outside Work through the College .....	16
10.3	Private Work.....	16

11	Taxation .....	17
12	Insurance .....	17
13	Subsidiary and Associated Undertakings .....	17
14	Overseas Operations.....	17
15	Students' Union .....	18
16	Audit.....	18
16.1	Audit Right of Access .....	18
16.2	Audit, Risk and Compliance Committee.....	18
16.3	Internal Audit.....	19
16.4	External Audit .....	19
17	Fraud and Irregularity .....	19
18	Disclosure of Information (Whistle-blowing) .....	20

### 1 Overview

#### 11 Aims, Scope and Interpretation

##### 1.1.1 Purpose

These Regulations govern the College's financial affairs with a view to ensuring that the College operates a sound and robust system of financial management and control.

##### 1.1.2 Authority

The Regulations are approved by the Finance Committee on behalf of the College Council. They will be reviewed by the Chief Financial Officer annually who will be responsible to the Finance Committee for recommending any amendments that may be necessary from time to time.

##### 1.1.3 Scope and Application

The Regulations apply to all financial affairs of the College and its subsidiary undertakings, irrespective of the source of funding. They apply, where appropriate, to all Council Members, Officers, staff and students. Failure to comply is a disciplinary offence and could lead to dismissal.

##### 1.1.4 Interpretation

The Regulations set out both general principles and specific rules. A specific rule will always take precedence over a general principle, but where there is no applicable specific rule the general principles should be used as a guide. If there is any doubt as to interpretation, reference should be sought from the Chief Financial Officer.

##### 1.1.5 Financial Procedures

Where appropriate, the Chief Financial Officer may issue Financial Procedures to clarify or supplement these Regulations. In the event of any conflict between the Procedures and these Regulations, the Regulations will take precedence. Financial Procedures may be amended from time to time on the authority of the Chief Financial Officer.

Financial procedures represent standard practice for all members of College. Any departure from them must be approved by the Chief Financial Officer. Failure to obtain such approval will be seen as a breach of these Regulations and is a disciplinary offence that could lead to dismissal.

#### 12 Regulatory Framework

The College's constitution is founded in its Royal Charter and it governs itself by virtue of its Statutes. The current version of the [Charter and Statutes](#) was granted in May 2009. The Statutes primarily prescribe the role of Council and the powers and duties of the Principal and other specified staff. The Charter and Statutes may be amended by Council but require approval by the Privy Council.

Under the Charter and Statutes the Council has authority to make [Ordinances](#) and delegate to the appropriate authority as specified by the appropriate Ordinance, the making of Regulations. These Regulations are made in accordance with Ordinance B8.2 Finance Committee and Ordinance D1 Financial Matters.

In addition to the College's Statutes and Ordinances, the Terms and conditions of funding for higher education institutions between the Office for Students (OFS) and King's College London sets out the terms and conditions for the payment by the OFS of funds to the College and provides a financial framework within which the College must operate. The President & Principal is the College's Accountable Officer charged with the overall responsibility of ensuring that funds from the OFS are used only for the purposes provided. The Terms and conditions of funding for higher education institutions requires the College to plan and conduct its financial and academic affairs so as to ensure that its financial solvency and sustainability is maintained. The OFS normally expects that an HEI will make a surplus in line with its financial strategy for sustainability, and thus that its unrestricted reserves will grow over time, all other things being equal. A series of deficits, even if covered by unrestricted reserves, might be considered by the OFS as a cause of concern, as could low levels of liquidity or increased financial commitments.

The College is an Exempt Charity under the Charities Act 2011 and benefits from the same tax advantages as Registered Charities. The members of the College Council are the College's trustees for the purposes of charity law. Under the provisions of the Charities Act 2011, the College is subject to regulatory oversight of its compliance with charity law obligations which is provided by OFS as Principal Regulator on behalf of the Charity Commission. The College is required to demonstrate that it has delivered its charitable purposes for the public benefit according to the criteria in the legislation.

All higher education institutions are expected to adopt financial management practices in accordance with the good practice outlined. Institutions are also expected to follow the Higher Education Code of Governance and related guidance for members of governing bodies issued by the Committee of University Chairs, and the CUC's similar guidance for members of audit committees

## **2 General Principles**

### **21 Integrity and honesty**

Universities and their staff are accountable for the proper use of public monies and funds entrusted to them by other external agencies. The College expects its Officers and staff to be of the highest integrity and to conduct their business at all times in an honest and open manner.

### **22 Conflict of Interests**

Officers and staff must not allow their private interests to conflict with their official duties and must register any pecuniary or other interests. They may be requested to withdraw or be excluded from certain decision-making processes as a result of such registration.

Provisions regarding the declarations of interests of members of Council and Council's standing committees are included in Ordinance B5 and in the Council Conflict of Interest Policy. Any other member of staff in a position to influence a decision on any financial arrangement, who has a personal, financial or other beneficial interest in an arrangement to which the College is a party to, or is considering becoming a party to, must disclose the fact and the nature of their interest, at the earliest opportunity, to the Chief Financial Officer. The Chief Financial Officer will establish a system for recording business conduct, taking account of the requirements of HM Revenue and Customs.

Limited hospitality is an accepted courtesy of business relationships; however, recipients must not allow themselves to reach a position where they might be influenced or deemed by others

to be influenced, in making a business decision as a consequence of such hospitality. The scale and frequency of hospitality accepted must not be significantly greater than the College would expect to provide in return.

Gifts may only be accepted in accordance with the College's [Policy on the acceptance of gifts](#) by staff.

### **23 Compliance with Relevant Legislation**

The College will comply at all times with all applicable legislation and regulation. This includes, but is not limited to, charity law, tax law, procurement law, accounting standards, the Terms and conditions of funding for higher education institutions between the College and the OFS and relevant UK and international tax and regulatory requirements.

### **24 Best Practice**

At all times, staff and Officers of the College should seek to adhere to best practice in the carrying out of their duties and responsibilities and where appropriate should:

- take all necessary advice
- assess and manage risk
- safeguard the assets of the College
- use resources efficiently and effectively
- seek best value

## **3 Accounting**

### **31 Financial Accounts**

The Chief Financial Officer is responsible for the preparation of financial statements for each year to 31 July in accordance with the Statement of Recommended Practice: Accounting for further and higher education, the OFS Accounts Direction and applicable Financial Reporting Standards, as issued from time to time by the Accounting Standards Board or its successors.

These will be presented to the Finance Committee for approval, no later than 30 November in the year in which the accounting period ends, together with any supporting information required. Following approval by the Finance Committee the financial statements must be presented to the College Council for approval.

### **32 Management Accounts**

The Chief Financial Officer will also be responsible for the production of management accounts and other such financial information sufficient to inform the management team and College Council of performance and progress against the agreed Financial Plan.

In addition, the Chief Financial Officer will be responsible for making available to all Heads of Departments and other Budget Managers regular statements of income and expenditure. It will be the responsibility of Heads of Departments and other Budget Managers to check such reports and ensure that expenditure has been properly incurred and is within their budgetary authority.

### **33 Other Returns**

The Chief Financial Officer will also be responsible for the production of all other financial returns that may be required from time to time, including:

- Tax returns
- Financial returns to OFS and HESA

- Returns on procurement compliance
- Subsidiary reports and filings
- Financial Conduct Authority filings

#### **4 Planning and Budgeting**

##### **4.1 Corporate Plan**

Members of Council, Directors and executive management will set the overall strategic direction and planning framework for the College and/or its subsidiary activities.

The Principal will submit to the Finance Committee and College Council for approval an annual corporate plan covering a minimum period of five years and which sets out the academic aims and objectives of the College and identifies the financial and physical resources necessary to achieve these. It will include a clearly articulated financial strategy which will set the context for the development of both financial forecasts and budgets.

Opportunities or unforeseen circumstances requiring action which are not within the current plans must be assessed by the Chief Financial Officer against the Corporate Plan and Financial Budgets. Consideration will be given to the financial and risk implications of such initiatives and also how resources are to be provided. The President & Principal has authority to approve a net increase in the expenditure budget of up to five million pounds (£5m). Changes in the expenditure budget in excess of five million pounds require the prior approval of the Finance Committee. Where a variation in the Plan is approved the budgets will be revised and reported to the next meeting of College Council.

##### **4.2 Annual Budgets**

###### **4.2.1 Recurrent Budget**

The Chief Financial Officer is responsible for the preparation of an annual budget and resource allocation.

The College's annual recurrent income and expenditure budgets form the basis of the first year of the five-year financial forecasts submitted annually to the OFS. All budgets are approved by the Finance Committee and notified to Faculties and Departments as soon as possible prior to the commencement of the financial year on 1st August.

The Finance Committee will consider the annual revenue and capital budgets and financial forecasts of the College and, having regard to the proposed activity levels and resources required, will recommend to the Council the overall annual budget envelope within which the College is required to operate. Unexpended budget allocations will only be carried forward on the approval of the Chief Financial Officer and where material must be included in the annual Recurrent Budget preparation process.

###### **4.2.2 Capital Budget**

Capital projects will in the main relate to expenditure on land, new construction, and extensions of and alterations to existing buildings, leases and significant plant or equipment and IT investments where we establish a new or improved asset. These will normally be financed over a period in excess of 12 months. Such projects will only be authorised by the Principal after proper assessment, including investment appraisal, has been undertaken and, in the case of Estates projects, the project has been approved by the Estates Strategy Committee; and after confirmation that resources are available to finance all revenue

consequences. Investments over £5 million in aggregate shall be subject to review and recommendation by the Finance Committee and the Estates Strategy Committee. This includes incurring or disposing of leases with aggregate rental liabilities over the lease term expected to be in excess of £5 million and any leases involving an annual rental liability in excess of £500,000 irrespective of the aggregate liability over the term.

The Chief Financial Officer will, having regard to the compliance with relevant legislation and generally accepted accounting principles, advise on the types of expenditure and groups of items to be treated as capital or minor works (financed through revenue expenditure), and how such items are to be treated in the budget and for accounting purposes.

### **4.2.3 Responsibilities of Budget Managers**

Heads of Departments and Directorates and some other members of staff may be designated as Budget Managers responsible for particular budgets within the College.

Budget Managers must control and manage the budgets allocated to them by reviewing the management reports produced by the Finance Department. 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 College;
- expenditure does not exceed the budget without prior approval of the Chief Financial Officer; and
- report to the Chief Financial Officer any circumstances that would have a material impact on the budgeted income or expenditure.

In the event of a budget being used for purposes other than for which it was designated, being significantly over-spent or other breakdown in financial control, the Budget Manager will be required to make a full report to the Chief Financial Officer. The Chief Financial Officer may notify the Finance Committee and/or the Audit, Risk and Compliance Committee as appropriate. Mismanagement of College budgets is a disciplinary offence and may lead to dismissal.

### **4.2.4 Virement**

Executive Deans of Faculties and Heads of Departments have the freedom to allocate non-pay budgets and to determine spending as they consider necessary, subject to the constraints of these Financial Regulations, and to any overall College budgetary constraints, direction and control.

However, no re-allocation of salary costs will be made without the express authority of the Chief Financial Officer or their designate.

Use of Department Reserves and virement of balances in excess of £20,000 must be authorised by the Chief Financial Officer or their designate before any expenditure is incurred.

## **5 Accounting Systems**

### **5.1 Accounting Records and Procedures**

The Chief Financial Officer is responsible for maintaining accounting systems, and managing such procedures and controls, to ensure that the financial records of the College are complete, accurate and sufficient for the timely preparation of all necessary accounts and returns.

The accounting systems will be used only for the proper recording of transactions of the College or related entities that have been approved by the Chief Financial Officer.

### **52 Security**

The Chief Information Officer will be responsible for ensuring that the financial information systems are secure from unauthorised access or damage. Staff accessing such systems must follow all relevant College policies, procedures and guidance intended to ensure system security.

There shall be a contingency plan for the recovery of all critical accounting systems in the event of a disaster.

Staff issued with computer passwords will be responsible for their safe custody and confidentiality.

### **53 Retention of Records**

Staff are responsible for following the minimum retention periods for financial records set down in the College's [Records Retention Schedule](#).

## **6 Authorisation of Transactions**

61 No financial transaction will be processed by the College without proper authorisation. It is the responsibility of all staff to ensure that commitments entered into are legal, reasonable and provide value of money.

62 Contracts and agreements must be signed in accordance with the university's Policy on Contracts and Agreements and its associated Procedures and Signing Authority Registry. Delegation of signing authority will be given in writing and set out the limits to the delegated authority.

63 Agreements and documents that must be signed as deeds must be executed in accordance with the university's [Policy on Execution of Deeds](#) which contains provisions with respect to the use of the College Seal or the assignment of Powers of Attorney.

64 Authorisation of transactions will be in accordance with Financial Procedures laid down by the Chief Financial Officer and will cover both the authority to place orders and request payment. Budget Managers will be responsible for nominating appropriate persons to act as authorised signatories for their budgets and ensuring that those persons do not exceed their authority. The number of signatories should be kept to a minimum and a limit placed on the maximum value that can be authorised by each signatory. There are prescribed levels of authorisation sign-off held in the Finance System that will be automatically work-flowed to the individuals concerned for authorisation. This is detailed further within the Financial Procedures.

65 Any commitment in excess of £10,000 needing manual sign-off requires approval of at least two authorisers.

66 Evidence of authorisation may be in writing or electronic. Staff permitted to use electronic authorisation must ensure that their passwords are kept secure and must never lend or delegate their authority to another person. Staff are permitted to request a substitute to cover approval responsibilities for another staff member on the Finance System where it complies with published guidelines and Financial Procedures.

## **7 Procurement**

71 The procurement of goods, services or works by the College is subject to UK legislation and failure to comply can result in serious delay, financial penalties, or both. Different procedures apply depending on the value of the contract, ranging from the taking of quotes to full advertisement and formal procurement processes. All procurement must therefore be carried out in accordance with the College's various procurement policies and [procedures](#). Individuals requesting the goods, services or works will be responsible for drafting the specification of requirement and making the bids in accordance with those procedures. The appropriate member of the procurement team for the category area concerned should be contacted before consulting the market. Contact details are available from [Procurement Strategy & Services](#).

72 Certain transactions require the obtaining of quotations or tenders from suppliers as specified in the Procedures. Where this applies, the procurement of any goods, services or works that have not already been subject to a tender process must be notified to the Chief Procurement Officer.

73 The Chief Financial Officer is responsible for maintaining and developing such systems, including electronic systems, as are necessary for the proper monitoring and control of procurement within the College. Staff must use the specified systems for all procurement as directed.

## **8 Rules on Particular Transactions**

### **8.1 Engagement of Staff**

**8.1.1** Staff will only be appointed in accordance with the Strategic Objectives of the College, approved business plans, and where there is budgetary provision following agreement by the President & Principal or the Chief Financial Officer. The President & Principal and Chief Financial Officer may delegate such approval to Budget Managers as appropriate.

**8.1.2** Budget Managers will promptly notify both the Chief Financial Officer and the Director of Human Resources or their designates of any expected changes in staff, including resignations. Contracts of employment must only be issued if sufficient budgetary provision exists for a post and that all necessary approvals and checks, including consideration of non-financial issues such as visa requirements, have been made. No appointments will be made without the existence of an approved post.

**8.1.3** All new members of staff must be issued with a contract of employment and a letter of appointment by the Human Resources Directorate. Salary or wage payments will not be made unless the Payroll Office has received a copy of the documentation prescribed by the Human Resources Directorate.

**8.1.4** No payment of salaries or wages will be made other than through the College's or one of its subsidiary's payrolls, with the appropriate deduction of tax and National Insurance.

### **8.2 Engagement of Consultants and Self-employed Individuals**

**8.2.1** From time to time the College may engage individuals to undertake specific pieces of work on a self-employed basis. Such engagements must be approved in advance by the Director of Human Resources and the Chief Financial Officer, or their designates, in accordance with procedures issued by the Chief Financial Officer.

**8.2.2** It has become common practice for some individuals to use intermediary companies

(typically a limited company which they own) to provide services on a personal basis. Engagements of such intermediary companies may fall within the IR35 legislation and require the College to deduct tax at source where the person, but for the intermediary, would have been classed as an employee or casual worker. Such arrangements should be avoided where possible and advice sought as to the status of the person being engaged prior to the commencement of the engagement. Where advice is not sought in advance the College reserves the right to pay the individual via the payroll and with deduction of relevant tax and National Insurance

**8.2.3** Temporary or agency staff may be engaged to undertake short term temporary assignments but should not be used as an alternative to filling a substantive post. All engagements of such staff must be made in accordance with Financial Procedures laid down by the Chief Financial Officer.

### **83 Staff Expenses**

**8.3.1** Staff expenses, defined as expenses relating to a specific person, will only be paid in accordance with the Financial Procedures laid down by the Chief Financial Officer.

**8.3.2** Staff expenses, whether reimbursed to an individual or incurred directly by the College on an individual's behalf must be authorised by another appropriate person, usually that individual's manager or other senior officer.

**8.3.3** Staff expenses will normally only be reimbursed if they are eligible for deduction from earnings under tax legislation; in general, this means that they have been incurred wholly, exclusively and necessarily in the performance of a person's duties of employment. Expenses that do not satisfy this test will be paid only with the express approval of the Chief Financial Officer. The individual concerned will be liable for any tax liability that may arise from such payments and, in submitting the claim, is deemed to give permission for such tax to be deducted directly from their salary by the College as necessary.

**8.3.4** Claims for reimbursement of expenses must be supported by official receipts or other valid documentation, provide a clear and accurate description of the purpose of payment and be properly authorised.

### **84 Loans to Staff**

**8.4.1** The College makes available interest free loans to staff for the purchase of season tickets.

**8.4.2** Exceptionally the College 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 HM Revenue & Customs' Official Rate of Interest. The Chief Financial Officer or Chief Accountant, acting alone is authorised to approve such loans up to a maximum of £5,000 and the Chief Financial Officer together with the President & Principal up to a maximum of £25,000.

**8.4.3** The individual in receipt of any loan will be liable for any tax and national insurance that may arise from it.

### **85 College Credit or Debit cards**

**8.5.1** Some staff may be issued with corporate cards which can be used to make small purchases or settle expenses incurred in the exercise of their duties.

**8.5.2** The cards may only be used in accordance with the Financial Procedures laid down by the

Chief Financial Officer, in particular all expenditure must be supported by receipts and approved by the person's approved authoriser using the electronic platform provided for that purpose. Expenditure incurred other than in compliance with those Procedures will be the personal liability of the cardholder. It is a condition of use that all cardholders agree that any such unauthorised sums can be deducted from their salary.

**8.5.3** Cards may be withdrawn without notice at the discretion of the Chief Financial Officer or Chief Accountant for any reason and at any time.

### **86 Research Expenditure**

**8.6.1** All applications for research grants must be approved by the Head of Faculty/Executive Deans and authorised by the Director of Research Grants and Contracts.

**8.6.2** The Principal Investigator must ensure that only expenditure agreed by the sponsor is charged against the grant or contract, that budgets are not exceeded and that all activity and expenditure is in line with Financial Procedures, the Policy and Procedures on Research Grants and Contract Administration and funder terms and conditions.

### **87 General Purpose Funds**

**8.7.1** General Purpose Funds may be established from time to time at the discretion of Heads of Faculty/Executive Deans or the Chief Financial Officer. A General Purpose fund will normally have credited to it un-earmarked donations or earnings from minor consultancy, private practice or custom teaching programmes (see section 10 below) and may be used at the discretion of the specified individuals to further their work in the College.

**8.7.2** General Purpose Fund accounts are not permitted to become overdrawn. Both the source of funds and the uses to which they are put should be clearly identified.

**8.7.3** General Purpose Funds are funds of the College and can only be used in the course of College business and are subject to the same regulation as all other funds of the College. Any expenditure of a personal nature must comply with [Staff Expenses](#) above. The appointment of staff from General Purpose Funds is not permitted unless expressly approved by the President & Principal or the Chief Financial Officer.

**8.7.4** Regardless of the source of the funds, the use of General Purpose Funds may be withdrawn at any time at the discretion of Faculty Deans or the Chief Financial Officer.

### **88 Tuition Fees**

With delegated authority from the Finance Committee, the President & Principal and the Chief Financial Officer will approve the level of tuition fees to be charged to students in the ensuing year, other than for custom programmes. The fees so determined form part of the annual budget process.

### **89 Donations and Legacy Administration**

**8.9.1** In accordance with the joint College and King's Health Partners Policy for the Acceptance of Donations, donations will not be accepted which are unethical or capable of putting the reputation of the College at unacceptable risk.

**8.9.2** Donations should also not be accepted if the terms of the gift are too restrictive as regards the investment of the monies or the purposes for which the gift or donation is to be used, such that it may become an onerous benefaction. Staff must inform the Fundraising and

Supporter Development department about discussions with potential donors or commercial supporters, in accordance with the [Policy for the acceptance of donations](#).

**8.9.3** The tax implications of any gift or donation must be considered, including ensuring that it is received in the most tax efficient way where relevant.

**8.9.4** Legacies will be administered in accordance with delegated authority as agreed by the Chief Financial Officer and set out in the Financial Procedures.

### **810 Research Grants and Contracts**

Research contracts must be approved in accordance with the Policy and Procedures on Research Grants and Contracts Administration.

### **811 Consultancy and Other Trading Activities**

**8.11.1** Trading activities under this section refer to all fee earning activities outside of mainstream research and student teaching, which involve the use of College resources. They include consultancy, laboratory services, custom teaching programmes, conferences, exhibitions, etc.

**8.11.2** A budget must be agreed in advance for all trading activities. The budget should be agreed with the appropriate specialist department, or with the Faculty Management Accountant.

**8.11.3** The tax status of each activity, with regard to both VAT and Direct Tax, must be confirmed with the Chief Accountant.

**8.11.4** In addition, any proposed trading activity where the gross income is expected to exceed £30,000 must be supported by a Business Plan approved by the Chief Financial Officer or their authorised delegates.

### **812 Tangible Assets**

**8.12.1** Staff should seek to protect from loss or damage any assets of the College entrusted to them.

**8.12.2** College property should not be removed from College premises without the clear authority of the relevant Head of School or Department.

**8.12.3** The disposal or destruction of College assets which cost in excess of £20,000, whether or not obsolete, may only be made with the permission of and in accordance with the procedures established by the Chief Financial Officer.

### **813 Real Property**

As per 4.2.2, no acquisition, disposal or assignment of any freehold or leasehold interest in land or buildings may be entered into without written approval. Acquisition and disposal transactions up to a value of £5 million may be approved by the President & Principal and the Chief Financial Officer together. Transactions over £5 million must have prior approval from the Finance Committee and the Estates Strategy Committee. Leases with rent of £500,000 per annum or more must be approved by the Estates Strategy Committee and the Finance Committee.

### **814 Equipment Leases**

No leases for equipment (including photocopiers and other office equipment) may be entered into or renewed without the permission of the Chief Financial Officer or their designate.

### **815 Intellectual Property**

**8.15.1** In accordance with the College's [Code of Practice for Intellectual Property, Commercial Exploitation and Financial Benefits](#) intellectual property created by a College employee in the normal course of their duties of employment will normally belong automatically to the College. The College will also own the intellectual property produced by academic visitors and students in some circumstances.

**8.15.2** Any commercial exploitation of the intellectual property belonging to the College must be compliant with the Code, which determines how revenues from commercialisation will be distributed.

### **816 Bad debts and Other Write-offs**

No debts or other assets may be written off without the authorisation of the Chief Financial Officer or the Chief Accountant. Individual debts written off in excess of £20,000 will be reported annually to the Finance Committee.

## **9. Cash, Borrowing and Investments**

### **9.1 Cash and Treasury Management**

#### **9.1.1 Banking and Petty Cash**

9.1.1.1 The bankers of the College will be approved by the Finance Committee. No bank accounts may be opened in the name of the College without the express permission of the Chief Financial Officer.

9.1.1.2 All cash and cheques received on behalf of the College must be passed to the cashiers as soon as practicable after receipt in accordance with procedures laid down by the Chief Financial Officer. On no account should receipts be added into petty cash or otherwise retained to meet expenditure.

9.1.1.3 Processing of credit card receipts must be carried out in accordance with the procedures set out in the College policy on compliance with the Payment Card Industry Data Security Standard (PCI DSS). Opening of new merchant accounts in the name of the College may only be done with permission of the Finance Department and in accordance with that policy.

9.1.1.4 Petty cash must not be used for the payment of staff or casual workers, providing loans, or the settlement of accounts payable.

#### **9.1.2 Borrowing**

9.1.2.1 The Finance Committee must approve all overdraft facilities and borrowings in accordance with the requirements of the OFS and procedures laid down by the College. The prior approval of the OFS must be sought for all new borrowing in excess of the prescribed threshold.

9.1.2.2 The Chief Financial Officer will advise the Finance Committee concerning the College's ability to pay interest on, and repay, both the originating capital debt and any proposed new

borrowing, within the limits set by the OFS. The Chief Financial Officer will report periodically to the Finance Committee concerning the originating debt and all loans and overdrafts.

9.1.2.3 All borrowing and lending transactions will be carried out by or under the direction of the Chief Financial Officer.

### **9.1.3 Money Market Deposits**

The College's Treasury Management Policy will be determined by the Finance Committee and will be managed by the Chief Financial Officer, who will ensure that cash surplus to immediate requirements is invested in accordance with approved arrangements, taking account of risk and return.

## **9.2 Investments**

### **9.2.1 General**

9.2.1.1 The responsibility for managing investments is delegated by the Council to the Finance Committee who have created an Investments Sub-Committee for this purpose. The Investments Sub-Committee is responsible to the Finance Committee for the investment of Trust and General Funds.

9.2.1.2 The Chief Financial Officer is responsible for maintaining records of investment transactions, ensuring safe custody of documents, preparing regular cash flow forecasts and reporting investment performance regularly to the Investments Sub-Committee.

9.2.1.3 Management of short-term investments (i.e., for up to 1 year) is delegated to the Chief Financial Officer within parameters prescribed by Finance Committee.

### **9.2.2 Spin-Out Companies**

9.2.2.1 Investment by the College in a company set up to exploit intellectual property, including any patent, copyright or invention of the College (a spin-out company), including by way of transfer of the relevant intellectual property, may only be done in accordance with the College's [Code of Practice for Intellectual Property, Commercial Exploitation and Financial Benefits](#).

9.2.2.2 The Chief Financial Officer has authority to act on behalf of the College in all decisions concerning the College's financial interests in spin-out companies as shareholder or investor.

## **10 Outside Work**

### **10.1 General**

10.1.1 Certain members of staff may be permitted, under the terms of their contracts of employment with the College, to engage in work outside of their normal duties of employment, including consultancy and private medical practice. Such work may be done under the aegis of the College or in an entirely private capacity.

10.1.2 The College will provide support and advice for the conduct of Outside Work undertaken through the College, notably consultancy and custom teaching programmes through the relevant departments.

10.1.3 No member of staff may engage in any outside work where this would conflict or interfere with the proper conduct of their duties with the College, or which would damage the reputation of the College.

10.1.4 All outside work must be approved by the person's Head of School or Directorate and must conform to the Policy on Consultancy, Fee for Service, Non-standard Teaching Programmes and Outside Work.

### **10.2 Outside Work through the College**

10.2.1 All invoices will be raised in the name of the College and all payments from clients/customers made to the College. All the income arising from the activity must be credited to the College in the first instance and no part directly retained by the individual. Income will normally be credited to a General Purpose Fund (see 8.7 above).

10.2.2 The individual will only be subject to income tax and NI insofar as they receive additional pay. All pay will be paid through the payroll and be subject to PAYE.

10.2.3 The person will be covered by the College's professional indemnity insurance policy unless the activity is medical practice. Medical practice should normally only be engaged in either under a contract with the NHS, under which the NHS takes full responsibility for patient care, or in a private capacity. Some routine clinical practice is permitted in some departments, but anyone undertaking such work must check with the Finance Department that appropriate insurance cover is in place for the type of work being performed.

### **10.3 Private Work**

10.3.1 Alternatively, where the person undertakes the outside work in a wholly private capacity as a self-employed person the following apply:

- (i) In undertaking work in a private capacity, the person must make it clear to their client/customer that they are acting in a personal capacity and not as a representative of the College. In particular, they should not use College stationery, hold meetings in the College, or otherwise give the impression that they are representing the College.
- (ii) The Finance Committee may set limits on earnings from private work undertaken by full time staff. If this limit is exceeded, then the College will deem the person is no longer working full time for the College and seek an adjustment in his or her salary.
- (iii) No use may be made of College premises or facilities in the conduct of private work without the express permission of the Chief Financial Officer or designate. In the event that permission is given, a market rate for the use of the facilities will be calculated which the person will be expected to pay the College.
- (iv) An individual undertaking private work is responsible for their taxation on earnings and for arranging professional indemnity cover. Should the College be found liable as a consequence of a person failing to make clear that they are acting in a private capacity, then that person will reimburse the College for any costs it has incurred.
- (v) In the case of private medical practice, the individuals are required to subscribe to the Medical Defence Union or equivalent.

## **11. Taxation**

11.1 The Finance Committee is responsible for approving a strategy for taxation, which it shall review on an annual basis.

11.2 The Chief Financial Officer is responsible for carrying out the Tax Strategy and, in particular, for ensuring both that the College complies with all relevant taxes and that the College's affairs are conducted in a tax efficient manner.

11.3 All staff engaged in financial transactions should consider any tax implications arising from those transactions and, where necessary, seek advice from the Chief Financial Officer or designate.

### **12 Insurance**

12.1 The Chief Financial Officer is responsible for all insurance matters and for the College's risk management strategy.

12.2 Budget Managers will maintain such records for their Departments as are required by the Chief Financial Officer for insurance purposes. They will seek to minimise the risk of losses occurring and will immediately notify the Chief Financial Officer of circumstances which may result in an insurance claim.

12.3 The College does not accept responsibility for the loss of personal possessions. Individual employees and students should make sure that they have adequate personal insurance cover.

### **13. Subsidiary and Associated Undertakings**

13.1 This section refers to undertakings that are required under UK GAAP to be consolidated with the results of the College either fully or under the equity method of accounting.

13.2 The setting up or investment in any subsidiary or associated undertaking must be approved by the College Council on the recommendation of the Finance Committee.

13.3 Where Officers or staff of the College are appointed by the College to serve as directors of a subsidiary or associated company, they are forbidden from deriving any personal benefit from that appointment.

13.4 Staff and Officers of any company controlled by the College shall be subject to these Regulations.

### **14. Overseas Operations**

14.1 From time to time College staff may be required to undertake duties outside the UK. Members of staff who expect to be outside the UK for an extended period (more than 60 days) should notify the Finance department.

14.2 Approval of the Chief Financial Officer is required for any overseas activity which involves any of the following:

- Setting up a permanent establishment overseas (a permanent establishment can include any office or building run by, or on behalf of, the College and from which College business is conducted);
- The creation of a company, partnership, trust, or other legal entity in an overseas jurisdiction;
- The opening of a bank account in the College's name in an overseas territory.

14.3 Approval of the relevant Directorate/Dean is required for

- The employment of any staff in an overseas territory;
- The movement of any staff member overseas for more than 60 days in any 12 month period which gives rise to any manageable risk to the individual or to King's.

14.4 Approval of the Senior Vice President (Academic) or Senior Vice President (Operations), or the Chief People Officer, and the Chief Financial Officer for the employment or movement of any staff member overseas for more than 60 days in any 12 month period, which gives rise to any significant risk to the individual or to King's.

14.5 Such approvals in 14.2, 14.3 and 14.4 will only be granted after full consideration of the risks and benefits of the proposed activity. Proposals for overseas activity will be expected to present a full business case, including an analysis of the likely risks and how these will be addressed, for approval by the relevant decision makers.

14.6 Any such agreement to overseas working will be reviewed periodically and in light of regulatory or other legal changes either in the UK or the overseas jurisdiction and may be withdrawn as part of this review.

14.7 Where the overseas activity is at the request of the College, for example a substantive strategic activity is set up in an overseas location, support may be provided to individuals for advice on taxation and other related employment considerations.

14.8 Where a request is granted to an individual, and this is not part of a structured programme of activities requested by the College, the individual will be required to arrange their own tax and social security affairs at their own costs if this arrangement is permitted by the College. The College reserves the right to refuse the overseas activity or posting and so cease employment in line with contractual employment terms and conditions.

### **15. Students' Union**

15.1 A Memorandum of Understanding exists between the Students Union and the College that formalises the relationship in respect of operational and management matters. The Financial Regulations of the Students Union are subject to approval by the College Finance Committee.

15.2 The Students Union is responsible to the College Council for the proper management, application and control of the monies allocated to it as required by the Education Act 1994. The annual accounts of the Students Union are submitted to the Finance Committee.

### **16. Audit**

#### **16.1 Audit Right of Access**

Auditors, both internal and external, are authorised to visit all College premises and to gain access to any assets, minutes, books, documents, records or any information kept by or on behalf of the College. Staff of the College are required to provide the auditors with any information and explanations, within their remit of responsibility, as are considered necessary.

#### **16.2 Audit, Risk and Compliance Committee**

16.2.1 The College Council will appoint an Audit, Risk and Compliance Committee, and the College will arrange to provide for internal and external audit, in accordance with the OFS's Audit Code of Practice and any other directions, drawn up and published by OFS and the Audit, Risk and Compliance Committee. The College will aim to achieve compliance with the guidance for members of audit committees issued by the Committee of University Chairs.

16.2.2 The Audit, Risk and Compliance Committee, advised where appropriate by the Business Assurance Directorate (see 16.3), must satisfy itself that satisfactory arrangements are in place for the effectiveness of internal control and management systems, risk management, governance, data management and for the economy, efficiency and effectiveness of the institution's activities. The Committee is also responsible for monitoring the College's compliance with statutory and regulatory requirements in areas such as health, safety and environmental standards, equality, data protection and other relevant legislation and standards.

16.2.3 The Audit, Risk and Compliance Committee is authorised by College Council to investigate any activity within its terms of reference and the Department of Business Assurance is empowered to report on any aspect in full. It is authorised to seek any information it requires from any employee and all employees are required to co-operate with any request made by the Committee.

### **16.3 Internal Audit**

16.3.1 The College will staff a Business Assurance Directorate to carry out a continuous and independent appraisal of all the activities of the College, which embraces the whole internal control system (both financial and non-financial), including risk management and governance, in accordance with a planned programme of work approved by the Audit, Risk and Compliance Committee.

16.3.2 The Deputy College Secretary and Chief Compliance Officer, who leads the Business Assurance Directorate, reports directly to the College Secretary and to the Audit, Risk and Compliance Committee. The College's audit arrangements will comply with the Memorandum of Assurance and Accountability and Audit Code of Practice, which contains a mandatory requirement for the head of the internal audit service to have direct access to the institution's Accountable Officer, the chair of the audit committee and, if necessary, the chair of the governing body.

16.3.3 Internal, as well as external, auditors must also have unrestricted access to all records, assets, personnel and premises, and be authorised to obtain whatever information and explanations the head of the internal audit service or the external auditor considers necessary.

### **16.4 External Audit**

16.4.1 The College's records and procedures are subject to audit, at any time, by the OFS Assurance Service and by the National Audit Office (NAO).

16.4.2 The College Council appoints external auditors who are primarily required to report on the financial statements of the College. To do this they will carry out such examinations of the accounts and supporting records and control systems as is necessary to reach an opinion on the integrity and accuracy of the annual accounts.

16.4.3 The external auditors will also certify whether recurrent and specific grants, endowment funds, as well as income from the OFS (and other bodies and restricted funds), have been properly applied for the purposes provided, in accordance with the Terms and conditions of funding for higher education institutions.

## **17. Fraud and Irregularity**

17.1 Officers or staff who suspect financial irregularity or fraud must immediately consult with the Chief Financial Officer or the Deputy College Secretary & Chief Compliance Officer and thereafter handle the matter in accordance with the College's approved [Policy on Theft, Fraud and Corruption](#).

17.2 Where a financial irregularity involves a criminal act or a disciplinary offence the Chief Financial Officer will report the matter to the President & Principal for action.

17.3 The President & Principal must inform without delay the OFS Chief Executive, the Chair of the Audit, Risk and Compliance Committee, the Chair of College Council and the external

auditor of any significant weakness, fraud, theft, loss of charity assets or other irregularity:

- where the amounts involved exceed £25,000; or
- where the particulars of the fraud, theft, loss of charity assets or other irregularity may reveal a systemic weakness of concern beyond the institution or are novel, unusual or complex; or
- where the fraud, theft or other irregularity has been carried out by a Senior Officer of the College, or by a member of College Council or its committees; or
- where there is likely to be public interest.

### **18. Disclosure of Information (Whistle-blowing)**

18.1 The *Public Interest Disclosure Act 1998* gives legal protection to 'workers' against being dismissed or penalised as a result of disclosing to their employers certain serious concerns. Where an individual discovers information which they believe shows malpractice or wrongdoing within the organisation, this information should be disclosed without fear of reprisal, and may be made independently of line management.

18.2 The [College Policy on Disclosure of Information](#) sets out the College's policy and procedures in such circumstances. Where applicable such procedures may be followed in advance of, or in parallel to, other procedures such as that detailed above on Theft, Fraud and Corruption.