

FINANCIAL REGULATIONS

**THE LONDON SCHOOL OF ECONOMICS
AND POLITICAL SCIENCE**

August 2015

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A. CORPORATE GOVERNANCE

A1. INTRODUCTION TO LSE

The London School of Economics and Political Science is a company limited by guarantee and registered under the UK Companies Act 2006.

The LSE's company registration number is 00070527 and its principal place of business is Houghton Street, London WC2A 2AE.

The LSE's VAT registration no. is GB 629 5880 94.

The School is also recognised as a charity. It is exempt from registration as a charity with the Charity Commission by virtue of Schedule 2 of the Charities Act 1993.

The School's legal constitution is contained in the Memorandum and Articles of Association. The current text, which is undergoing revision may be found at: <http://www.lse.ac.uk/collections/secretariat/pdf/LSEMemorandumandArticlesofAssociation.pdf>

Financial Memorandum with HEFCE

The LSE receives approximately 9% of its funding from HEFCE and this grant is subject to the terms and conditions in the Financial Memorandum between the Higher Education Funding Council for England (HEFCE) and the School. As part of this process the School must adhere to the HEFCE's audit code of practice which requires it to have sound systems of financial and management control. The Financial Regulations of the School form part of this overall system of accountability.

LSE Financial Regulations

These regulations set out the responsibility for finance within the School (and all the School's Subsidiary Companies/Joint Ventures/ Partnerships) and the financial procedures and instructions to be followed by Governors and School staff involved with School finances.

The Finance Committee is responsible for overseeing and reviewing these regulations under authority delegated by Council.

These regulations are subordinate to the School's Memorandum and Articles of Association and to any restrictions contained within the School's financial memorandum with the HEFCE and the HEFCE's audit code of practice.

It is the responsibility of heads of departments and spending units to ensure that their staff are made aware of the existence and content of the School's Financial Regulations

and of the importance of observing its provisions, and that an adequate number of copies are available for reference within their departments.

Compliance with the Financial Regulations is compulsory for all staff connected with the School. A member of staff who fails to comply with the Financial Regulations may be subject to disciplinary action (see [Procedure PR1](#)).

Members of staff in the Finance Division are always willing to help staff in Departments who have queries concerning any matter relating to Financial Regulations or Financial Procedures. If you have any concerns, or are unsure about a particular aspect of a specific regulation or procedure, please ask for advice.

Similarly, if your Department is about to undertake a new activity which is not adequately covered by existing Financial Regulations or Procedures, please contact the Finance Director at an early stage so that s/he can advise, and, if necessary, develop with you a new Financial Regulation or Procedure.

Except where explicitly stated otherwise, these regulations apply to all income and expenditure of the School and its subsidiaries, from whatever source and for whatever purpose.

In wholly exceptional circumstances where it is considered essential to vary from some aspect of these regulations (e.g. for safety or some other compelling reason) the waiver must be approved in advance by the Finance Director in writing.

A2. ETHICS CODE AND GUIDELINES AND FINANCIAL IRREGULARITY

All members of staff and governors are expected to behave in accordance with the School's Ethics Code and the six principles of Responsibility and Accountability, Integrity, Intellectual Freedom, Respect, Collegiality and Sustainability set out in Appendix B. All members of staff should be aware and have a responsibility for the security of the School's property, for avoiding loss and for value for money and for using School property solely for the benefit of the School.

Members of staff should refer to the School's Policy against Bribery and Fraud and accompanying procedures, the Public Interest Disclosure ('whistleblowing') Policy and Procedures, and the Ethics Codes, for full guidance on the School's approach to dealing with actual or suspected financial irregularity and to the reporting of malpractice.

The School is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels and governors are expected to observe. The seven principles are outlined in [Appendix A](#).

Additionally, members of the Council, senior management or those involved in procurement are required to disclose interests in the School's Register of Interests maintained by the School Secretary. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly.

Whenever a person becomes aware of any matter which appears to involve irregularity in financial, inventory, asset or accounting transactions or records in any area of the School, the person should immediately report the matter to the Finance Director.

The Finance Director shall, when an irregularity appears to involve a criminal act or a disciplinary offence, report the matter to the School Secretary, who in turn shall report any material matters to the Finance Committee.

The School's "Procedure to be followed in the case of a suspected fraud" is in section Procedure PR1.

A3. THE COURT AND COUNCIL

The terms of reference of the Court and Council are as follows:

- (a) ... the business of the Company shall be managed by the Council which may exercise all the powers of the Company save for the following powers which shall be exercised by the Court of Governors:
 - (i) the admission of new Governors of the Company in accordance with Article 2.1;
 - (ii) the election of members of the Court of Governors, including the chairman and vice chairmen of the Court of Governors;
 - (iii) the appointment of such committees of the Court of Governors as the Court of Governors may from time to time consider appropriate;
 - (iv) the appointment of Council Members in accordance with Article 10;
 - (v) any amendment to the memorandum and articles of association of the Company;
 - (vi) the appointment of the Company's external auditors;

- (vii) the removal of any Council Member in accordance with section 303 of the Act.
- (b) that the said Council be and it is hereby authorised and has at all time previously been authorised to delegate the transaction of any of its business and/or all or any of its powers from time to time in such manner and upon such terms as it thinks proper to such person, persons or group(s) of persons, subject to the stipulations laid down in the Articles of Association, (including without limitation, the Council Chairman's Group constituted by authority of Minute 139 of the Council meeting held on 1 February 2000) as it may nominate for the purpose;
- (c) that all things duly done by the Chairman's Group of the Council or by any persons or group(s), to whom the said Council may have delegated the transaction of any of its business and/or all or any of its powers shall be of the same force and effect as if done by the Council;
- (d) that under the terms of Council Minute 139 of 1 February 2000, the Chairman's Group of the Council is authorised to:
 - (i) make decisions within existing Council policies;
 - (ii) to act during vacations and between meetings of the council, in any urgent matter which would normally come before the Council, with the exception of those matters listed in Article 9.4;
 - (iii) to monitor initiatives, risks, priorities and progress with plans, in liaison with the Finance Committee.

The School's Council is the governing body of the School and is responsible for ensuring processes for the management and administration of the revenue and property of the School and has general control over the conduct of the affairs of the School. It is, therefore, empowered to:

- (a) appoint bankers, and to cause proper books of account to be kept re money received and expended by the School, and for the assets and liabilities of the School, provided that, before determining any question of finance which affects the academic policy of the School, the Council shall take into consideration any recommendation by the Academic Board;
- (b) acquire and dispose of real and personal property on behalf of the School, freehold or leasehold;
- (c) enter into, vary, carry out and cancel contracts on behalf of the School;

- (d) determine all School fees.

The Council organises the discharge of its financial responsibilities by delegating duties to Committees - particularly the Finance Committee - and senior officers and by maintaining an overview of general financial policy with adequate reporting structures to ensure that the agreed policies are being implemented. In the discharge of this function it will be assisted *inter alia* by receipt of reports from the Academic Planning and Resources Committee (see B5 below) on major resource and development issues.

All members of the Council must be aware that, as members, they have a responsibility for the School's finances and must ensure that they have sufficient information made available to them to fulfil their responsibilities.

A4. DELEGATIONS

The Council delegates responsibility to the Director for the organisation and supervision of the work of the School. In turn, the Director delegates these responsibilities to named individual Officers of the School in signed personal letters of delegation, copies of which are held by the Deputy Secretary.

In addition, the LSE is subject to regulators who delegate specific responsibilities to name Officers of the School.

The Director is the School's Accountable Officer within the terms of the financial memorandum with HEFCE responsible for the financial administration of the School's affairs. In this capacity, the Director must advise the Council if, at any time, any action or policy under consideration by them appears to the Director to be incompatible with the financial memorandum. If the Council decides nevertheless to proceed, the Director must immediately inform the Chief Executive of the funding body in writing. The Director must ensure that annual estimates of income and expenditure are prepared for consideration by the Council. As the Accountable Officer, the Director may be required to justify any of the School's financial matters to the Public Accounts Committee at the House of Commons.

The School Secretary is the Ofsted Nominated Officer in respect of the Nursery and the Home Office Authorising Officer in respect of UKVI visa matters.

A5. COMMITTEES

FINANCE COMMITTEE

The Finance Committee's terms of reference are as follows:
Responsibilities delegated to the Committee by the Council

- (a) the formulation and monitoring of all the School's financial policies;
- (b) the provision of advice to Council on all financial matters of general importance for the School, its subsidiaries, partnerships and other entities whose results are included in the School's consolidated accounts;
- (c) the provision of advice to Council on the Strategic Plan;
- (d) the provision of advice to Council and the ~~Risk~~ Committee on financial risks to the Strategic Plan including the financial implications of non-financial risks;
- (e) the formulation and monitoring of the School's policies on financial risk management and internal controls.

Authority delegated to the Committee by the Council

Authority delegated to the committee to make recommendations to the Council:

- (a) The Committee shall make recommendations to the Council on the course of action to be taken on all financial matters of general importance to the School, its subsidiaries, partnerships and other entities whose results are included in the School's consolidated accounts.
- (b) The Committee shall make recommendations to the Council on financial risks to the Strategic Plan, including the financial implications of non-financial risks.

Authority wholly delegated to the Committee to act on behalf of the Council:

- (a) Within such overall objectives as the Council may determine, and subject to 4.1.1, the Committee shall formulate and monitor all the School's financial policies.
- (b) Within such overall objectives as the Council may determine the Committee shall formulate and monitor the School's policies on financial risk management and internal controls.

Arrangements for the Committee to report to the Council on the exercise of its delegated authority:

- (a) The Committee shall submit a report to the Council at least termly.
- (b) The Committee shall submit additional reports to meetings of the Council on major ongoing issues and/or as required by the Council.

Arrangements for the performance of the functions, duties and responsibilities delegated:

- (a) The Committee shall establish, and appoint members to sub committees and project groups for specific purposes, delegating such responsibility to them as it considers appropriate within the terms of its own delegated responsibilities and consistent with the Memorandum and Articles and consider reports from them on the matters within their terms of reference.

ACADEMIC PLANNING AND RESOURCES COMMITTEE (APRC)

The Academic Planning and Resources Committee (APRC) has the following responsibilities:

- (a) periodically to set and publicise a strategic framework against which proposals with consequences for expenditure or income generation will be assessed, in respect of which:
 - (i) the APRC will make arrangements for at least a biennial strategic review of the range of future medium-term environments in which the School might operate, and propose priorities and general principles to inform decision-taking in the School;
 - (ii) the strategic review report shall be subject to confirmation by the Academic Board and Council and be publicised to the School community, together with the associated framework of priorities and principles of the APRC for assessing resource-related proposals;
 - (iii) an annual stock-taking presentation will be made to a special meeting of the Academic Board, with other issues the APRC wishes to raise being brought to the Board at ordinary meetings as required with the agreement of the Agenda Committee;
 - (iv) the APRC will have responsibility for monitoring the implementation and achievement of policies agreed to achieve strategic priorities.
- (b) to receive proposals with substantial income or expenditure consequences from various sources within the School, and, within the financial framework approved by the Council, recommend their acceptance, revision, or rejection by reference to the strategic framework and current position of the School.
- (c) to oversee the periodic reviews of performance of academic and service units of the School as the basis for the allocation of resources for staffing and other expenditure, and for the promotion of academic objectives, taking into account previous and current plans of the units under review.

- (d) to advise the Academic Board and Council on the establishment or disestablishment of Departments, Institutes, Services and, in exceptional circumstance, of Research Centres.
- (e) to oversee the preparation of the School's responses to major external enquiries in the field of institutional planning and development.
- (f) to determine overall student number targets and their broad distribution within the framework determined by the Council, together with decisions or guidance on admissions targets as appropriate.
- (g) to regularly update and inform relevant committees of important business being considered by APRC in particular FC, Academic Board and Council.

AUDIT COMMITTEE

The Audit Committee is responsible directly to the Council for maintaining an overview of all audit functions affecting the School including both internal and external audit.

The Committee is also responsible for monitoring the School's risk procedures to ensure they are functioning effectively, make recommendations to Council regarding the effectiveness of risk procedures.

The Committee has the power to examine any of the School's documents and records and to require information either verbal or written from any ~~School~~ member of staff.

REMUNERATION COMMITTEE

The terms of reference and membership of the Remuneration Committee are under review by Council. Currently ~~the~~ Remuneration Committee reporting to Council is responsible for the formulation and monitoring of School strategy and policies around pay and remuneration; the remuneration of individual staff members in the context of School strategy regarding pay and remuneration and taking into account prevailing financial conditions; and the provision of advice to Council on strategic policy issues around pay and remuneration.

The Remuneration Committee determines the annual salaries of senior staff School Secretary, Chief Financial Officer, Director of Academic Services, Pro Directors, Director of Development and Alumni Relations, and other senior staff as may be agreed by the Committee from time to time. Remuneration Committee acts under delegated authority from Council to determine the annual salary of the Director.

The Remuneration Committee has four sub-committees which report to it annually:

Senior Staff Contribution Committee (SSCC) – determining initial professorial salaries of members of academic staff promoted to Professor, additional incrementation for professors and Band 10 support roles – e.g. Head of Division level.

- Non-Professorial Contribution Committee (NPCC) - determining additional incrementation for outstanding contribution in teaching, departmental and/or School governance and on occasions, exceptional research outputs for non-professorial academic staff in Bands 7-9.
- Salaries Supplement Committee (SSC) – determining market-related supplements for recruitment and retention for non-professorial academic staff in Bands 7-9.
- Academic Support Staff Committee (ASSC) – conducting the Annual review of senior academic support staff (award of increments and lump sums for staff at Band 8 and Band 9); formal approval of policies relating to the terms and conditions of employment of academic support staff (the Human Resources Director has delegated authority from the ASSC to approve probationary/review reports for all staff up to and including Band 10; and to approve the award of increments and lump sums for all staff up to and including Band 7).

The Promotions Committee is responsible for considering individual proposals put forward under the Annual Review of the Academic Staff concerning Interim Reviews, Major Reviews (including award of Teaching Prizes to successful Major Review candidates) and Promotions including reward for passing Major Review and promotions to Senior Lecturer and Reader as set out in the Guidelines for Promotion and Review of Academic Staff which are updated annually.

Remuneration Committee and its Increments Sub-Committee are responsible for managing within the overall budget set by FC and for reporting commitments to date to the Finance Division each term.

Remuneration Committee presents an annual report to Council and Finance Committee in the Michaelmas term of each session on its activities and significant changes in policy relating to salaries.

OTHER COMMITTEES

Any Committee which has been allocated responsibility for oversight of a budget for any purpose is responsible to the Finance Committee for all income and expenditure within that budget.

Any paper prepared for discussion at a Committee which includes a financial policy implication or a proposal that has material impact on income and expenditures must be submitted to the Finance Director for approval prior to its circulation.

B. RESPONSIBILITIES OF EACH OFFICER

B1. DIRECTOR OF THE SCHOOL

The Council delegates responsibility to the Director for the organisation and supervision of the work of the School.

B2. PRO-DIRECTORS

The Director and Provost and Deputy Director are assisted by three pro-directors who have defined areas of activity – planning & resources, teaching & learning, and research & external activities. The pro-directors are appointed from within the School's senior academics for fixed terms.

B3. CHIEF FINANCIAL OFFICER

The Chief Financial Officer is responsible to the Council and its Committees for advising on the financial aspects of the School's policy, for the financial administration of the School, and for ensuring that the School has satisfactory systems of financial control and financial management wherever located, including Subsidiary Companies/ Joint Ventures/ Partnerships.

B4. SCHOOL SECRETARY AND CHIEF LEGAL OFFICER

The School Secretary (Company Secretary) is also Secretary of the Court and Council, reporting to their Chairman. The Deputy Secretary and Director of Governance, Legal and Planning is the designated alternate authorised to sign documents and contracts when the School Secretary is unavailable.

B5. FINANCE DIRECTOR

The Finance Director is responsible to the Chief Financial Officer and has day to day responsibility for the financial administration of the School and for ensuring that the School has satisfactory systems of financial control and management wherever located, including Subsidiary Companies/Joint Ventures/Partnerships. In the absence of the Chief Financial Officer s/he is responsible to the Council and its Committees for advising on the financial aspects of the School's policy.

B6. INTERNAL AUDITOR

The Internal Auditor is responsible to the Director, but on a day to day basis to the School Secretary, for providing an independent appraisal of the School's activities by evaluating the effectiveness of the internal control system; but has no executive role nor any responsibility for the development, implementation or operation of systems and

internal controls. The Internal Auditor has a direct right of access to the Council through the Audit Committee.

B7. BUDGET CONTROLLERS

Budget controllers are responsible to the Finance Director and the Finance Committee for the management of budgets within their control. A budget controller is normally a senior member of staff (e.g. Head of Department/Division or Director of Research Centre). On an exceptional basis, the budget controller may not be a Head of Department/Division. However, in such situations the budget controller will still be responsible and accountable to their Head of Department/Division for the management of School funds.

B8. CHAIRMAN OF THE FINANCE COMMITTEE

The Chairman of the Finance Committee, who is currently an *ex officio* member of the Council, is responsible to the Council for maintaining an overview of the School's financial policies.

B9. STUDENTS' UNION

The Students' Union is responsible to the School for the proper expenditure of the funds allocated to the Students' Union and is subject to review by Internal Audit on the same basis as other units of the School.

In accordance with the memorandum of Understanding between the School and the Students' Union, annual accounts and reports will be submitted to the Finance Committee annually.

C. FINANCIAL MANAGEMENT AND CONTROL

C1 FINANCIAL PLANNING

C1.1 Financial Planning

The School's five-year financial forecast is prepared in conjunction with the School's Strategic Plan in order to:

- (a) identify trends in the School's financial position;
- (b) assess more fully the resource implications of adopting particular strategies;
- (c) safeguard the long term financial sustainability of the School by enabling management to weigh up the probabilities and decide what action may be necessary to counteract any unfavourable factors revealed by the evidence on which the forecasts are based.

The School also produces termly cash flow forecasts that are submitted to the Finance Committee.

C1.2 Resource Allocation

The School's special cohesive academic character has resulted in the maintenance of a distinctive management style. Academic departments have cash budgets for non-pay expenditure and a weighted headcount (MSL) budget for staff costs. Finance Division maintains cash budgets for staff costs for all departments and divisions. Decisions about allocation of financial resources other than capital expenditures and major investments are delegated to the APRC. Decision relating to academic departments are informed by a data set of information from across the institution (known as the Departmental Profiles), departmental plans agreed at APRC reviews and the outcomes of Annual Monitoring.

Resource allocations for academic departments are reviewed each year at the Annual Monitoring meetings between Heads of Department and the Director/Pro-Directors with any recommendations for changes to resource levels submitted to APRC. Large scale amendments to a department's plans may require a full APRC review. For administrative areas, future resource allocations are determined through the Service Review Process or functionally equivalent mechanism as agreed by the APRC. All resource allocations are considered within the context of departmental/divisional plans, the School's overall strategic aims and the overall financial boundaries determined by FC.

The School's financial forecasts reflect the financial implications of the School's strategic plan and as such include the resources required to deliver these objectives.

All resource allocation considerations should be made in the light of their long-term effect on the School's financial sustainability.
Any request requiring additional resources will require a supporting business case.
Appendix B sets out a checklist that should be followed in the preparation of a business case.

C1.3 Preparation of Budgets

The establishment of budgets relates the responsibility of School Officers to the requirements of policy, and the periodic comparison of actual with budgeted results is intended to secure by individual action the objective of that policy or to provide a basis for its revision.

Detailed preparation of budgets should take place in parallel to the above resource allocation procedure; budgets for the forthcoming year being set by Council on recommendation of the Finance Committee at its meeting in the summer term. Budget Controllers are advised of their budgets as soon as possible after the Council has met and approved budgets recommended by FC.

It is the responsibility of Budget Controllers to advise the Finance Director immediately of any factors likely to affect the out-turn, both over and under, of their current year's activity, and of factors likely to affect activity under the said budget category in the coming year. (Further details are given in Sections C2.1 and C2.2.) In so doing the best interests of the School in terms of avoiding wasteful expenditure both now and/or in the future should always be borne in mind.

In preparing any budget information, budget controllers should consider:

- (a) the School's requirements in respect of the service covered;
- (b) the recorded expenditure to date in the current year;
- (c) known and anticipated expenditure to the conclusion of the current year;
- (d) anticipated inflation rates relating to expenditure;
- (e) anticipated alterations in external factors imposing on the budget;
- (f) the effect of any tendering exercises carried out during the year must be disclosed.
- (g) the requirement for value for money.

Advice on how to set and monitor budgets is available from the Finance Division.

C1.4 Capital Expenditure

Capital expenditure on land, buildings, furniture, equipment and associated costs will only normally be considered if it is part of the approved capital programme. Major acquisition and disposals will be subject to Council approval. The financial approval process for major capital projects is outlined in Procedure PR8.

C1.5 Operating and Finance Leases

No lease agreement, long term service agreement or rental agreement can be entered into without a proper financial appraisal and approval by the Finance Director. In addition, any operating or finance lease where the total costs over the term of the lease exceed £1m needs to follow the Financial Approval Process for major capital projects outlined in Procedure PR8. All leases, long term service agreements and rental agreements are “non-standard contracts” to which regulation C17.5 applies.

C1.6 Overseas Activity

In planning and undertaking overseas activity appropriate advice must be obtained and the School must have due regard to the relevant guidelines issued by the funding body (HEFCE Circular letter number 8/99). Activities involving third parties must also take account of the requirements in relation to Joint Ventures, etc. set out in C1.7.

C1.7 Other Major Developments

Any new aspect of business or proposed establishment of a company, joint venture, partnership, or collaboration (other than routine research projects) must be presented for approval by Council (with prior review by the Finance Committee).

The Finance Committee has agreed protocols for these major developments to enable them to be considered for approval by the Council. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet. Reference should be made to guidance notes issued by HEFCE relating to the establishment of subsidiary companies. (HEFCE 00/58 Related Companies: recommended practice guidelines).

Appendix C - contains a Subsidiary Company/Joint Venture/Collaboration evaluation checklist.

Appendix D - contains a summary of protocols for proposed major developments.

C2 FINANCIAL CONTROL

The Finance Director shall maintain a register of Budget controllers with a record of individual budget authorities.

C2.1 Budget Controllers

Budget controllers are responsible to the Finance Director and the Finance Committee for the management of budgets within their control. As such they are expected to:

- (a) review income and expenditure progress during the year;
- (b) ensure the production of forecasts of expected out-turn for the current year and budgets for the following year, and that such information is produced on time;
- (c) advise the Finance Director of strategic resource requirements/ discontinuation of requirement affecting budgets under their control;
- (d) advise the Finance Director of perceived weaknesses in the current budgetary control headings/procedures which require action;
- (e) ensure that Purchasing and Tendering procedures are carried out in accordance with Procedure PR6;
- (f) ensure that they secure best value for money;
- (g) obtain advice on the financial and legal wording of contracts for goods and services from the Purchasing Manager;
- (h)
- (i) ensure that staffing commitments including new hires, replacement of retiring staff and temporary staff are within MSL or cash budgets.

Budget Controllers may delegate authority for day to day budget administration to their authorised signatories to sign off expenditure on their accounts. However, Budget Controllers remain wholly accountable and responsible to the Finance Director for the management of accounts within their control. The Finance Division will maintain a record of all those authorised to do so by a Budget Controller and regularly (at least annually) validate this record with the Budget Controller.

Budget Controllers do not have authority to sign contracts on behalf of the School except explicitly authorised in the Financial Regulations.

(b)

C2.2 Heads of Academic Departments, Interdisciplinary Institutes and Research Centres

Departmental, Institute and Centre governance should operate in an open way. There should be proper involvement and consultation, regardless of seniority, in departmental decisions.

Heads of Academic Departments, Interdisciplinary Institutes and Research Centres should provide:

- (a) a financial statement to all members of the Unit for information at a departmental meeting at the beginning of each Academic Year, accounting for expenditure in the previous financial year of the financial resources available to the Unit, including the Minimum Staffing Level (MSL) allocation and Outside Funds accounts;
- (b) information to all members of the Unit about resources available to the Unit in the current financial year, eligibility to apply, and the basis of distribution of such resources.

C2.3 Salaries

- (a) The School exercises control over staff appointments by means of a points-based system (minimum staffing level –MSLs) and through cash based staffing budgets that are maintained and regularly reconciled by the Salary Forecast Analyst.
- (b) It is the responsibility of heads of unit to review their MSL listings regularly to ensure that only staff who should be on the payroll are included on their lists.
- (c) Oversight of salary expenditure is carried out in the Finance Division, where monthly cumulative actual expenditure is compared with the cash equivalents of MSL allocations for each unit. It is the responsibility of the Finance Division to ensure that actual salary expenditure is correctly reflected in the accounting records.
- (d) The Financial Planning & Analysis team in the Finance Division shall ensure that staff who are on the payroll are correctly shown in the MSL lists and that these documents are reconciled termly. The Head of Planning is responsible for managing the MSL system.
- (e) Annually the Finance Director reviews and sets the average value of an MSL point.

- (f) It is the responsibility of Director of Human Resources to ensure that any changes in pay or pay supplements are properly approved.

C2.4 Virement

Non Staff Account Virements

- a) Where a Budget Controller is responsible for more than one budget, virement is permitted up to 10% of the budget up to a maximum of £10,000 per annum from which virement is sought, with the written approval of the budget controller.
- b) Virement between budgets held by different Budget Controllers is permitted up to a maximum of 10% of the budget or £10,000 per annum, whichever is the higher from which virement is sought with the written approval of the transferring the budget controller.
- c) In exceptional circumstances the Finance Director can authorise virement up to £40,000, but must report these to the Finance Committee at the first opportunity.

Staff Budget Virement

Academic departments may vire unspent MSL points up to a maximum of 5% of their current MSL budget allocation (number of points for the year multiplied by the current MSL point value) per annum to non staffing accounts held within the department with the written approval of the Budget Controller.

Organisational units operating under cash based pay budgets (CBPB) may vire up to £20,000 per annum of unspent pay budget to non pay cash budgets with the written approval of the Finance Director.

C2.5 Carrying Forward

At the year end, Budget Controllers normally do not have the authority to carry forward a balance on their budget to the following year, unless the Finance Director has approved a specific scheme for carrying forward all or part of unspent amounts. Request for approval for carry forward will require detailed plans for the proposed use of the balances and should be made to the Finance Director by 31 August.

C2.6 Unbudgeted Expenditures

From time to time there will be requirement to undertake unbudgeted expenditures.

In the first instance, opportunity should be sought to fund such expenditures through virement, or savings elsewhere.

Non recurrent unbudgeted expenditures that are essential and urgent and cannot be met from other approved budgets can be authorised by the Director and CFO advised by the Finance Director up to the value of unencumbered category funds or absent such funds, £200k. All such allocations should be reported regularly to the Finance Committee.

Unbudgeted expenditures relating to new projects and developments will require approval of APRC and/or FC, other than the minimum non-recurring sums for preliminary investigations.

C2.8 Internal Recharge

Schemes for the internal recharging of costs associated with activities covered by existing budgets should be discussed with and approved by the Finance Director prior to their consideration as part of budget setting process. Existing schemes should not be revised or amended without discussion and approved by the Finance Director.

C3 ACCOUNTING

C3.1 Annual Accounts

The Accounts are produced for the School's financial year ending 31 July. They are presented by the Chief Financial Officer to the Finance Committee following an audit by the School's external auditors. The Accounts are formally approved by Council, signed by the Chairman of Council and the Director and then presented to the Court of Governors.

C3.2 Accounting Policies

The School's Accounting Policies are set out in the Annual Accounts.

C3.3 Higher Education Statistics Agency (HESA) Finance Record

The responsibility for consolidating and despatch to HESA of this return of financial information lies with the Finance Division. The requirements of the Finance Record are set down by the Funding Council (HEFCE) and have varied over the years.

Information submitted to HESA is used to produce league tables as well as formulate funding decisions, therefore, it is critical that all the School's activity is included completely and classified appropriately and that the Finance, Staff and Student returns are consistent with each other.

C3.4 Financial Codes

All postings to the School's Accounting system are given a 13 character posting code, comprising

Entity	-	1 digit
Cost Centre 1	-	3 digits
Cost Centre 2	-	4 digits
Expense Category	-	5 digits

C3.5 Periodic Financial Reports

From time to time the School is required to produce detailed financial information for the HEFCE. All financial information remitted must be authorised by the Finance Director and circulated to the Finance Committee to note.

The formal presentation of financial data for use by other third parties should be authorised by the Chief Financial Officer.

C3.6 Accounting Records

All original accounting records and supporting documents should be retained for six years beyond the end of the accounting year to which they relate.

It is a disciplinary offence, and in some cases a criminal offence, to create a false accounting record, to interfere with accounting records or knowingly or recklessly fail to record a financial transaction or liability.

C3.7 Taxation

The Finance Division has oversight of all taxation issues and responsibility to ensure School compliance.

Senior Accounting Officer

The Finance Director is the Senior Accounting Officer for the purposes of Schedule 46 of the Finance Act 2009. In this role the Finance Director is responsible for ensuring the School and all its subsidiaries take reasonable steps to ensure that the appropriate tax records are maintained correct returns are calculated and submitted and tax paid in a timely fashion.

The Payroll Team in the Finance Division is operationally responsible for giving guidance and maintaining tax records on the following taxation issues:

- Income tax through PAYE and self-assessment
- National Insurance contributions
- Taxation of overseas employees

The Payroll Team is operationally responsible for agreeing the annual P35 return with Finance Division, and submitting the return to HM Revenue and Customs by the due date.

The Finance Division is operationally responsible for giving guidance and maintaining tax records on all other taxation issues, including the following:

- VAT
- Corporation Tax
- Benefits-in-kind

The Finance Division is operationally responsible for making all tax payments (on the advice of the Payroll Team in respect of PAYE and NICs) and submitting all tax returns (except the annual P35) to HM Revenue and Customs by their due date.

Professional advice on any of these matters should only be sought after discussion with the Finance Director and will normally be dealt with through the Finance Division.

Copies of P60s are available from the Payroll Team.

C3.8 Business Software

Addition to and replacement of the School's business software should be discussed with the Finance Director and the Director of Information, Management and Technology. Any changes that have implications for the collection or maintenance of financial data require the prior approval of the Finance Director.

C4 AUDIT REQUIREMENTS

C4.1 Audit - External

The Court of Governors appoints external auditors who report formally to the Court annually on the accounts presented by the Council.

The external auditors have the right of access to any minutes, books, documents or other information kept by the School.

At the conclusion of their audit an Audit Highlights Memorandum and Management Letter is reviewed by the Audit Committee and later submitted to HEFCE with formal responses to any recommendations.

The Boards of Directors of subsidiary companies are responsible for the appointment of external auditors for such companies. It is expected that these will normally be the same as the School's auditors. In exceptional circumstances, the Court of Governors may approve different external auditors, taking into account the recommendations of the Audit Committee.

C4.2 Audit - Internal

All the School's activities (including those of its subsidiary companies, joint ventures and partnerships) and the Students' Union, are within the Internal Auditor's remit. The Internal Auditor is required to give an annual opinion to the Council through the Audit Committee on the status and reliability of internal controls within the School. This will cover risk management and governance, the efficient and economic use of resources, the control and safeguarding of assets and the integrity and reliability of information and data used by the School. The Internal Auditor will also draw attention to apparently unsatisfactory results of School decisions, practices and policies.

The responsibility for the development and maintenance of internal financial controls (wherever systems are located) is that of the Finance Director.

The Internal Auditor will comply with the Auditing Practices Board's auditing guideline "Guidance for Internal Auditors" and also with the HEFCE Audit Code of Practice.

The Internal Auditor will also conduct any special reviews required by the School Secretary.

The Internal Auditor has the right of access to all School records and assets and the right to require any member of staff of the School to supply any information which s/he considers necessary to fulfil his/her responsibilities.

C4.3 Other Auditors

The School may, from time to time, be subject to audit by external bodies such as HEFCE, National Audit Office, European Court of Auditors, HM Revenue & Customs. They have similar rights of access as external and internal auditors.

C4.4 Value for Money

It is a requirement of the financial memorandum that the Council of the School is responsible for delivering value for money from public funds. This is carried out through the Academic Planning and Resources Committee (APRC).

All staff have a responsibility to secure value for money when incurring any expenditure and to ensure that all expenditures are for legitimate School purposes. The Purchasing Manager will provide guidance on this as required.

C5 TREASURY MANAGEMENT

C5.1 Treasury Management Policy

The Finance Committee is responsible for approving a treasury management policy statement (based on CIPFA's *Treasury Management in the Public Services: Code of Practice* together with cross-sector guidance and sector-specific guidance) setting out a strategy and policies for cash management, long-term investments and borrowings. This will require compliance with funding body rules regarding approval for any secured or unsecured loans (including finance leases) that go beyond the general consent levels set out in the financial memorandum. The Finance Committee has a responsibility to ensure implementation, monitoring and review of such policies.

All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Finance Director and an appropriate reporting system set up. All borrowing shall be undertaken in the name of the School and shall conform to any relevant funding body requirements.

C5.2 Appointment of Bankers and other Professional Advisers

The Council is responsible for the appointment of the School's bankers on the recommendation of the Finance Committee. The appointment shall be for a specified period after which consideration shall be given by the Finance Committee to competitively tendering the service.

C5.3 Banking Arrangements

All arrangements with the School's bankers concerning the School's bank accounts, and the issue of cheques, and /or other payment mechanisms, shall be made by the Finance Director on behalf of the Finance Committee.

No other department or section shall be empowered to operate a bank account for activities related to the School or department and no cheques or financial instruments made payable to the School shall be endorsed and credited to any other account.

The opening of any new bank accounts for the School or its subsidiaries will require the authorisation of Council on the recommendation of the Chief Financial Officer.

C5.4 Bank Mandates

A central register of all Bank Mandates is retained in the Finance Division.

C5.5 Bank Reconciliations

The Finance Director is responsible for ensuring that all bank accounts are subject to monthly reconciliation.

Bank reconciliations for all bank accounts for the School and its subsidiary companies must be delivered monthly to the Cashiers by the due date.

C5.6 Borrowing Powers and Procedures

Borrowing powers are vested in the Council who may delegate authority as considered appropriate.

C5.7 Money Market Investments

Money market investments of available cash funds is the responsibility of the Finance Director within parameters determined by the Investments Sub-committee from time to time. Currently these are:

- (a) The minimum sum to be kept on overnight deposit is £2m;
- (b) Fixed-term deposits should be based on cash flow and not on views of future market movements;
- (c) Fixed-term deposits may only be placed with banks which have been specifically approved by the Finance Committee;
- (d) The maximum amount of deposit with any one bank (other than that held overnight) is £20m.

C5.8 Managing Currency Exchange Risk

The School may seek to minimise exposure to movements in the Sterling/Euro exchange rate by using forward currency contracts for research contracts where the total convertible Euro funds exceeds £100,000. Any contracts entered into up to £750,000 will be approved by the Finance Director and reported to the Finance Committee on a termly basis.

Where the School is exposed to movements in the exchange rates of other currencies this exposure can be minimised by using forward currency contracts. Contracts in excess of £750,000 should be authorised by the Chairman of Finance Committee and reported to the next FC meeting.

C5.9 Inter-company funds

Subsidiaries and similar entities will agree "inter-company" balances with the School on a monthly basis. Inter-company balances will be settled (paid) promptly in accordance with terms specified or, absent specified terms, within 7 days of the month end.

C6 INCOME

C6.1 General

The Finance Director is responsible for ensuring that appropriate procedures are in operation to enable the School to receive all income to which it is entitled.

The Finance Director shall be responsible for the prompt collection, security and banking of all funds received.

Fee levels or charges for services rendered, goods supplied and rents and lettings shall be determined by procedures approved by the Finance Committee.

The Finance Director is responsible for ensuring that all claims, including research grants and contracts, are made by the due date.

C6.2 Completeness of Income

It is the responsibility of all staff to ensure that revenue to the School is complete by efficient application of agreed procedures for the identification, collection and banking of income.

Particulars of all charges to be made for work done, services rendered, or goods supplied and of all other amounts due, shall be promptly notified to the Finance Director so that an official invoice can be raised. All accounts for income due to the School shall be rendered promptly to the debtor, either by the Finance Division, or by the officer responsible where suitable arrangements have been agreed previously with the Finance Director.

C6.3 Costing

The School has agreed to adopt the principles on costing and pricing recommended by the Joint Costing and Pricing Steering Group (JCPSG). Proposals to undertake new projects/courses and other activities should include consideration of the full economic cost (based on the JCPSG's TRAC methodology) of such activities compared to the likely income receivable.

C6.4 Fees and Charges - Approval and Updating of Scales

The level of fees and charges for School fees, goods and services must be discussed with the Finance Director before their introduction or amendment. Where a School Committee or its sub-committee, working group or other has authority to impose or vary fees and charges, the financial implications of any potential changes must be discussed with the Finance Director prior to the Committee considering a proposal.

C6.5 Tuition fee income

The overall income of the School is particularly sensitive to changes in planned student recruitment and fee levels. Consequently any proposed modification to these plans that produces a material change to forecast surplus must be consistent with the School's financial plans and Strategic plan targets.

The School does not waive tuition fees and therefore no zero fees should be recorded against any registered students.

C6.6 Fees early payment reward

The School offers a range of tuition fee early payment reward. The schedule of fee discounts should be approved, in advance of the year to which it relates, by the Finance Director. The School does not waive fees or offer other goods or services in exchange for the published fee tuition rates.

C6.7 Procedure for Setting Fees for Overseas and Home/EU Standard and Full-Cost Students

- (a) In each Summer Term of (Year x) the APRC considers possible fees levels for the session (x + 2), i.e. 15 – 18 months ahead taking into account:
 - (i) the School's projected financial situation and resource requirements to deliver the priorities set in the Strategic plan;
 - (ii) School policy on student fee levels;
 - (iii) any other relevant information, including but not limited to recruitment statistics, fees charged by competitor institutions and relative currency rates.
- (b) The potential financial implications of material changes are reported to FC.
- (c) The Council considers the formal recommendations from the APRC plus any comments made by the FC.
- (d) A schedule of finalised fees is maintained and publicised by the Planning Unit.

Research Students

Non standard fees are applicable in relation to Research Students. Each student's fee is determined manually each year within a long established framework, on the basis of how many terms at full-time, part-time and continuation etc. are worked. This assessment is made by staff in the Academic Registrar's Division and notified to the Finance Division where the individual fees are implemented.

Occasional Students

Occasional Student fees are set on an individual basis by the Academic Registrar. All occasional students must be recorded as such in the student system, SITS.

Intercollegiate Fees

Arrangements for Intercollegiate and Co-joint Courses exist. New schemes and changes to existing scheme require consultation with and authorisation from both the Academic Registrar and the Finance Director. All Intercollegiate students must be recorded as such in the student system, SITS.

C6.8 Grants

From time to time, the School has the opportunity to secure additional funding for “specified” purposes. Such opportunities should be reported to the Finance Director. Such grants should be deployed in ways that maximise the release of existing budgets, do not create recurrent costs beyond those funded by the grant and which are consistent with the School’s resource allocation decisions.

As their use may need the creation of additional expenditure budgets it will require FC approval, the Finance Director will advise on process.

C6.9 Income Collection

The Finance Division Fees and Credit Control are responsible for income collection for the School. Most School income will be collected centrally in the Finance Division or Student Services Centre although substantial takings are also handled in the student residences, Catering and the Library. Smaller amounts are taken in some departments and other units. The Credit Control has the overall responsibility over monitoring the invoice generation and income collection in the School. Detailed requirements in relation to income handling are set out in Procedure PR3.

Where substantial income is handled, some units prefer to establish arrangements for payment by credit card or online facility. Such arrangements can only be set up with the authority of the Finance Director and must be operated in accordance with procedures specified by Finance. A particular requirement is that the card details of payers must be retained for the minimum period possible and then destroyed.

C6.10 Debt Collection

Procedures for Debt Collection are outlined in Procedure PR3.

C6.11 Finance Division - General Procedures

Reference may be made to the:

- (a) Fees & Credit Control Section Procedures Manual
- (b) Student Loans Guide
- (c) Accounts Payable and expenses user guide
- (d) Credit Control Procedure manual
- (e) General Office Procedure Manual
- (f) Treasury Policy
- (g) Procurement guides to Purchasing and Contract Management
- (h) Expenses Policy

The above should be treated as a sub-set of the Financial Regulations.

Payment Refunds to Credit and Debit Card

Refunds of £10,000 or less require two authorised signatures. Refunds over £10,000 require an additional Group A signature per bank mandate. No one person can initiate and process a refund on behalf of the School.

C7 EXTERNAL RESEARCH GRANTS AND CONTRACTS

C7.1 Management of Research Grants

All Research grant applications and awards shall be managed by the Research Division (RD) in accordance with the rules of the relevant research sponsor and the School's Financial Regulations. The RD acts as Budget Controller for all research grants with individual researchers being the authorised signatories. The respective responsibilities of each are set out in section C2 and grant holders will be made aware of their responsibilities as authorised signatories and of the School's Financial Regulations by the RD Pre-award team prior to embarking on a grant.

C7.2 Research Sponsors' Rules

The RD shall maintain a comprehensive set of research sponsor rules, so that all applications for support are prepared in full knowledge of the basis on which funding support will be awarded and grants subsequently administered.

No variation to these rules shall be acted upon without the written approval of the sponsor, and written agreement from the Director of RD or her/his Deputy.

C7.3 Potential Sources of Funding

RD advises on potential sources of funding. An up to date list of the main funding bodies is maintained on the RD website.

C7.4 Research Application Approval

Research Committee approval, or in certain cases, the approval of the Chair of Research Committee, is required for certain kinds of applications as described from time to time in the RD Manual of Procedures.

All applications must be checked by the RD prior to submission to ensure that the format required by the sponsor has been followed and that the application conforms with all internal procedures. The Director of RD or his/her Deputy must have sight of and approve all applications to external funding agencies. Applications are submitted to the sponsor by the RD under the signature of the Director of RD or his/her Deputy.

All contracts where income is less than the direct cost and any one-off cost will require Research Division (in consultation with the Finance Division) to determine which budgets any shortfall is to be financed from and, where no existing budget is available, to present a full business case to DMT and Finance Committee for approval. Direct costs include all estates costs except those of any directly attributable academic staff.

Any proposal to include a supplementary payment to an LSE staff member will require the approval of the Director of HR in advance of offer to the staff member or proposal to counterparty.

C7.5 Large scale research ventures

The Director of RD is responsible for ensuring that all research grant, collaborations partnerships or other relationships which, in themselves, or in combination with other related agreements are material in scale or potential impact are subject to approval by Council.

All such proposals should be considered in the context of the APRC guidance on Major Academic Initiatives and their approval will require, inter alia, the completion of Appendix C. Where there is any uncertainty concerning the applicability of this process, timing or there is the need to resubmit and final version, the matter should be referred to the Finance Director for guidance.

C7.6 LSE Ethics Policy

RD shall ensure that applications for external research funding comply with the LSE Research Ethics Policy in appropriate cases. Full details of the LSE Research Ethics Policy are available on the RD website.

C7.7 Contributions to Full Economic Costs (FEC)

From 1 September 2005 proposals to undertake new projects should include consideration of the full economic cost (fEC), based on the JCPSPG's TRAC methodology of such activities compared to the likely income receivable. All costing forms should show the fEC of the project, the funding being sought (calculated according to the costing methods applied by each sponsor) and any difference between the two. The "funding" therefore represents the maximum sum that the sponsor is willing to pay.

It is the responsibility of RD to ensure that as much of the full economic cost of a project is recovered from a sponsor as possible in all grant and contract negotiations. Further details on full economic costing and the level of cost recovery the School expects from each sponsor type can be found in the RD procedures manual, and a full guide to fEC is available on the RD website.

C7.8 Acceptance of Research Grants and Contracts and Research Related Projects

Research grants and contracts and research related projects between the School, research sponsor, research institutions or other institutions shall be accepted on behalf of the School by the School Secretary. The Director of RD has authority to sign research grants and contracts on behalf of the School Secretary in accordance with C17.5.

The Finance Committee will review and agree standard fEC recovery rates periodically. Any research grant awards that do not provide for recovery of Full Economic Costs, or a prearranged proportion thereof, shall require the ~~prior~~ approval of the Finance Director.

Where a funder provides a contract in a language other than English the contract will not be signed until a reliable translation has been provided by staff of LSE Language Centre or other reliable source. Where a certified translation is required it will be obtained from an external translation service.

This regulation does not cover contracts for the purchase of goods and services for research purposes. Such contracts are subject to the normal purchasing regulations outlined elsewhere in this document.

C7.9 Responsibilities of Heads of Research Centres

Directors of Research Centres are responsible for the general financial oversight for all research grants and other funds administered under the auspices of their Centre.

C7.10 Expense Advances

If funds permit, LSE staff members working on a research grant may obtain an expense advance from RD. The advance must be approved by the grant holder or by an authorised signatory on the research grant. All such advances must be accounted for in detail as prescribed in the RD Procedures Manual. Further advances will not be given if an earlier advance remains unaccounted for. Advances will not be given to non-LSE staff.

C7.11 Casual Labour

Payments to casual labour chargeable to Research Grants must not be made by the grant holder; claims must be sent via the RD to the Human Resources Division.

C7.12 Records Management

Staff undertaking research activity will maintain the records specified by the Finance Director to enable compilations of returns to the funding body which meet the requirements of the Transparency Review.

C7.13 RD Procedures Manual

The RD maintains a detailed procedures manual which is available for inspection on the RD website. A list of funding bodies will be maintained on the RPDD website.

The Procedures Manual is to be considered as a sub-set of these regulations on the same footing as Procedure PR9: Research Grants and Contracts. For the avoidance of doubt where any contradiction between the two is identified the Financial Regulations provide the definitive guidance.

C8 OTHER INCOME – GENERATING ACTIVITY

C8.1 Private Consultancies and Other Paid Work

- (a) Members of the academic staff of the School are encouraged to undertake consultancy and other similar work (all hereinafter referred to as 'Consultancy') provided that this is not done to an extent which conflicts with the interests of the School. Such work should increase the professional and/or academic competence and experience of the consultant. It should also serve as a means of creating or enhancing links between the school and external organisations, and help to foster an improved two-way flow of knowledge and information. Repetitive routine work should normally be avoided.

- (b) Consultancy falls into three categories:

- (i) LSE Consultancy Service

The School's subsidiary company, LSE Enterprise (LSEE), runs the LSE Consultancy Service. LSEE is able to offer an administrative service for staff consultancy; there are several advantages to staff using this service:

- free professional indemnity insurance
- complete administrative service
- negotiation of fee rates
- central contact point
- benefits to the Department.

- (ii) Private Consultancy

Any consultancy entered into by any individual or group of members of staff but not undertaken through LSEE and therefore not under the aegis of the School, is not covered by professional indemnity insurance. Individuals undertaking private consultancy must not hold themselves out as acting on behalf of the School or make use of School facilities and equipment when conducting this private work. The School's policy regarding such work is outlined in School Policy SP1.

The use of the names of School departments, units, etc. by privately owned firms or companies is forbidden.

- (iii) Consultancy Arising within a Broader School Research or Consultancy Contract

Where the School itself is the contracting party, staff and departments should liaise with Research Division that will administer both pre and post award process. Human Resources should be consulted on any employment issues (amount of work and remuneration) arising from this type of consultancy in advance of being offered.

- (c) Academic staff undertaking consultancy work paid for by an organisation in which they have a financial interest should register this interest before undertaking such work with the Director of Research Division, who may refer the matter to the Director.
- (d) A member of staff should not normally spend more than an average of one day per week (or its equivalent) on paid consultancy work.
- (e) Copies of all reports submitted in connection with LSEE consultancies must be lodged with LSEE, for recording and archiving. This is a requirement to meet the possibility of litigation against the School at a future date. Such copies will be subject to security and confidentiality control.
- (f) Invoicing for consultancy work should only be done by the Finance Division, LSEE or those areas of the School which have a formal arrangement to raise LSE invoices. Under no circumstances should an individual member of staff write directly to the purchaser of consultancy services to request payment (unless they are undertaking private consultancy in which case the conditions described above apply).

C8.2 Short Courses

In this context, a short course is any course or programme not leading to an award of the School or any other body that is advertised outside of the School and has a duration of more than one day.

Any proposal for a new short course should follow in the first instance the APRC process for major academic initiatives.

C8.3 Off-Site Collaborative Provision (Franchising)

Any franchising arrangements providing education away from the School's premises needs to be approved by Council, following review by the Finance Committee and the Academic Planning Resources Committee.

C8.4 Additional Contributions to Departments

Distribution of profits on Other Income generating activity between central funds of the School and individual departments will be in accordance with policy approved by the Finance Committee.

C9 INTELLECTUAL PROPERTY RIGHTS AND PATENTS

C9.1 Patents

The Finance Committee is responsible for deciding procedures to deal with any patent rights and copyrights accruing to the School from inventions and discoveries made by staff in the course of their research.

C9.2 Intellectual Property Rights

- (a) All research contracts and exploitation operations are co-ordinated under the School's Director of Research and Division.
- (b) Care should be taken in sponsored research contracts to ensure that adequate provision is made for the proper exploitation of arising intellectual property.
- (c) Wherever possible, sponsored research contracts should provide for the School to retain its ownership of the arising intellectual property to enable it to control its proper exploitation.
- (d) In pricing sponsored research contracts regard must always be given to the value of resulting intellectual property, as well as the value of the software or patented inventions which would be used as background in the research.
- (e) A formal record should be kept of the date and time on which a member of staff reports to the Director of Research Division or the staff in the Research Division that he or she is the inventor of a creative product.
- (f) The negotiations to licence or assign School intellectual property should be conducted by the School's Director of Research Division and the legal documents to implement agreements should be drafted by the solicitors which advise the School on intellectual property matters.
- (g) When a licence agreement has been entered into, the School's Director of Research Division shall be responsible for seeing that its terms are complied with, that the proper royalties are received by the school, and other income arising from them is properly distributed.
- (h) Agreements to reward academic staff for their inventive contribution to a successful exploitation should be negotiated in each case.
- (i) New ideas in respect of academic journals need to be referred to the Pro-Director Research. New journals and publications will require approval and express permission of the Journals sub-Committee. See School Policy – SP5

C10 EXPENDITURE

C10.1 Financial Authorities

The Finance Director shall maintain a register of authorised signatories and Budget Controllers must supply specimen signature of those authorised to sign orders and certify invoices for payment, indicating any limits on each individual's authority.

The Finance Director must be notified immediately of any changes to the authorities to commit expenditure.

Authorised signatories are not authorised to commit the School to expenditure without first reserving sufficient funds to meet the purchase cost.

Authorised signatories are required to follow the School's purchasing policies and procedures. (See Procedure PR6)

C10.2 Payments

The Finance Division is responsible for the payment of all invoices, expense claims, etc. Payment will only be made against invoices etc as follows:

- (a) which have been certified for payment by the appropriate authorised signatories. By certifying an invoice etc for payment the authorised signatories is stating:
 - (i) that the goods have been received / services performed;
 - (ii) that the goods and services comply with the details on the School order (where appropriate);
 - (iii) that the goods/services are of acceptable quality;
 - (iv) that the invoice details (quantity, price, discount) are correct;
 - (v) that the invoice is arithmetically correct;
 - (vi) that the invoice has not previously been passed for payment (i.e. that it is not a duplicate request for payment);

where discount is offered for prompt settlement the invoice should be passed to the Finance Division without delay;

- (b) which quote an appropriate Cost Centre Code. This must be one of the Cost Centre Codes included in the authorised signatory's responsibility, and must correspond with the type of goods, service etc detailed on the invoice.

By certifying an invoice or expense claim for payment the authorised signatory is stating that there are sufficient funds in the relevant budget to meet the cost.

Payments should never be made against suppliers' statements.

Payments may only be made against duplicate invoices or expense claims in exceptional circumstances. The document should be certified by a member of the Research Division or the Finance Division confirming that the item has not previously been passed for payment and is not currently awaiting payment.

The Finance Division will be responsible for deciding on the most appropriate method of payment for each invoice. Where one of the overseas bank accounts is used for payment, or the School's bankers are asked to arrange payment to an overseas supplier, the Cost Centre Code quoted on the invoice will be debited with the resulting charges.

The School's standard payment term is 30 days nett monthly. This means payment is due no later than the end of the month following the month in which delivery was made or services rendered and receipt of a correct invoice whichever shall happen last. Payments to UK suppliers will normally be made by BACS, on a monthly basis; however exceptionally the Finance Division will prepare cheques manually for "one-off" urgent payments.

C10.3 Late Payment Rules

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

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

In view of the penalties in this Act, the School requires that invoices must be passed for payment to the Finance Division promptly.

C10.4 Advances to Suppliers and Stage Payments

Departments shall consult the Purchasing Manager over any proposal to make an advance payment or stage payments to a supplier. Budget Controllers should note that

any contract requiring stage payments is a non-standard contract and therefore they do not have the authority to enter into such contracts.

Advances to Staff for Expenses

Other than those advances administered by the Research Division, where a cash advance is deemed necessary in relation to travel and subsistence on School business, an authorised request should be made to the Accounts Payable Section of the Finance Division. Within one month of the receipt of the advance, all receipts and any unspent balance should be returned to the Cashiers in the Finance Division.

C10.5 Executive Credit Cards and Purchasing Cards

The Audit Committee reviewed the School corporate credit card activities in February 2011 and approved a proposal to phase out the corporate card and replace it with an executive card scheme during 2010/11. Under the new scheme, staff still charge School business expenses to the card and submit reimbursement claim as soon as the expense is incurred so that the cardholder's bank account will be replenished with the amount claimed before the credit card company takes funds directly from their bank account. For further detail, please see PR5.

A purchasing card ~~is~~ can be issued for specific purchasing situations limited to where there is a large volume single supplier (for example, visa filing with UK Border Agency or stationery from Office Depot). It must be used for no other purpose for which it was issued. For further detail, please see Appendix I.

C11 PURCHASING

C11.1 Purchasing Policy

The School's purchasing policy is set out in School Policy SP3.

C11.2 Purchasing Procedures

All budget controllers, authorised signatories and any other officers involved in the commitment of School funds (from whatever source) are required to abide by the requirements of the detailed Purchasing Procedures set out in Procedure PR6. These describe the detailed regulations in respect of mode of acquisition, the obligation to seek alternative quotations for spend over £8000, tendering procedures, compliance with EU regulations, authorisation of contracts, post-tender negotiations, and post-contract monitoring and evaluation.

The particular attention of authorised signatories and other staff involved in the procurement process is drawn to the School's policy on inducements which is set out in the School's Ethics Code and the LSE Policy against Bribery and Fraud.

C11.3 EU Regulations (Public Contracts Regulations 2006)

Both Budget Controllers and authorised signatories are responsible for complying with EU procurement legislation and School Purchasing Procedures. The Purchasing Manager determines which particular EU regulation applies for various procurement situation. Detailed requirements including value threshold are set out in Procedure PR6. Under certain circumstances where the procurement process will deviate from the PR6, a written approval should be obtained from the Purchasing Manager.

C12 CAPITAL PROJECTS AND OTHER MAJOR ESTATES CONTRACTS

Major estates projects of less than £1m are subject to approval through the annual budgetary process as either part of the capital programme or the long term major maintenance plan. Those projects of more than £1m require specific approval by Council, based on the detailed requirements for costing, appraisal and risk analysis set out in Procedure PR7 and Procedure PR8.

The management of major estates projects will be based on clarity of responsibility, reporting relationships and accountability. The principles of capital project management are set out in Procedure PR8 and are to be followed for all projects with a total cost of £500k or more. Any deviations from the procedures described must be authorised in advance in writing by the Finance Director or the Pro Director, (Resources and Planning).

The procurement procedures applicable to capital contracts are those set out in Procedure PR6.

There must also be full reporting to relevant committees and the Finance Division on a regular basis on total costs incurred against approved budget, together with a brief project assessment, and a post-implementation review for larger projects.

The Finance Director will maintain a register of all capital approval requests with effect from 1st August 2011, recording which committees have reviewed each proposal, and including details of rejected proposals and approved proposals.

C13 SALARIES AND STAFF BENEFITS

C13.1 Appointing Staff

Staff of the School must be appointed in accordance with the current HR Policies and Procedures and School's Financial Regulations. No offers of employment or employment related payment to staff can be made without compliance with these, and the prior approval of HR, who issue all letters of appointment and variations in conditions of service.

Contractual approval

The Human Resources Division shall ensure that no employment contract or other employment commitment is issued without prior appropriate funding check being carried out by Human Resources (in the case of appointments funded from MSLs and Replacement Teaching Money); Research Division (research funds); or Finance Division (other non-MSL funds). An equivalent check of the cash based pay budgets and head count to ensure the resources are approved and available must also be made by the head of Management Accounts and confirmed prior to the commitment being made.

Budgeting approval

For MSL funded posts sign off on appointment should be based on MSL regulations, which require that 5 years of MSL/2 projection do not show a deficit. Appointments funded from non-research non-MSL funds for one year or more require the authorisation of the Finance Director.

While budgetary approval is required for all appointments it remains the responsibility of budget controllers to ensure that staffing commitments are within budget.

C13.2 Prevention of Illegal Working

All employees at the School are required to produce evidence of their entitlement to work in the UK on or before the first date of employment. Employees who do not produce evidence of their entitlement to work in the UK on or before their first day of employment cannot commence employment and will not receive salary payments.

C13.3 Paying Salaries

All School employees shall be paid on the monthly payroll through the Finance Division's Payroll team.

The Payroll Team shall maintain safe and efficient arrangements to pay salaries accurately and on time, and shall process data in compliance with the Data Protection Act 1998.

The Payroll Team shall ensure that all payments and deductions made to School employees are correct and consistent with School policy and the relevant statutory regulations.

The Payroll Team shall make deductions for income tax and National Insurance, and record employer contributions for National Insurance, as appropriate for all employees in accordance with the rules set out in the Income Tax (Earnings and Pensions) Act 2003 and the Social Security Contributions and Benefits Act 1992, respectively (as amended). Deductions and contributions will be paid over to HMRC on a monthly basis.

The Human Resources Division shall ensure the School complies with the Working Time Regulations 1998 (as amended).

All School employees shall be paid according to the School's approved salary scales and associated hourly rates, unless authorised by the Human Resources Division. The Pay team shall pay salaries into UK bank accounts by BACS transfer.

It shall issue all staff with a monthly pay advice. It is the responsibility of employees to check the accuracy of this advice and report any errors in salary payments or deductions to the Payroll Team immediately. Where an underpayment has occurred, the Payroll Team will correct the error and pay any arrears from the next standard payroll run. Where an overpayment has occurred, the Payroll Team will, where possible, recover the overpayment on the next standard payroll run, or make other arrangements as appropriate. The error and proposed corrective action will be immediately reported to the Finance Director.

The Finance Director shall ensure that the payroll complies with income tax and National Insurance requirements.

As a general rule, the School does not make advances against payroll to employees.

C13.4 COMPENSATION AGREEMENTS AND SEVERANCE ARRANGEMENTS

From time to time it can be appropriate for the School to consider making non contractual severance / termination payments to staff. Severance/termination payments and the financial elements of any associated compromise agreements must be approved by both the Director of HR and the Finance Director before any binding commitment can be made to employees. This excludes any contractual and/or redundancy payments. Agreements for staff at Band 10 must also have the prior approval of the relevant DMT member or Head of Department. Severance/Termination payments to members of DMT must have the prior approval of Remuneration Committee. Severance payments shall be reported to the Remuneration Committee on an annual basis.

HR are responsible for completing the budgetary analysis form, with such assistance and guidance from the Finance Division as required. This analysis and associated business case should demonstrate how the proposed offer provides value for money for the School. A flowchart and template for completing this process is available from the Finance or HR Division. For information on the use of severance / termination payments and/or the process to be followed in such cases please contact your HR Partner. Payment terms and associated compromise agreement should be consistent with relevant HEFCE guidance on these matters.

C13.5 ADDITIONAL PAYMENTS

All School employees shall be paid in line with the terms set out in their contract of employment (including any subsequent amendments made to their contract). Additional payments made outside of the terms of the contract should be processed in line with School policy and Procedure. It may be necessary from time to time, for non-academic staff to carry out additional work which may be outside their normal duties. If payment for this work does not fall within normal School policy, each occasion will require the prior written approval of their line manager and the HR Director. The line manager will be mindful of the impact such additional work will have on their proper performance of the contractual responsibilities.

Additional work undertaken for and paid for by the School should not be so closely allied to their current role as to create the impression of double payment. If the work is for a third party, undertaking it should not risk creating a relationship between the staff member and a third party which might present a potential breach of their independence and objectivity where performing their duties in future.

Line managers must consult with their HR Partner prior to offering staff potential, additional work which is outside of contractual arrangements.

C13.6 NOTIFYING WORKING HOURS, ABSENCE AND RESIGNATIONS

Department and unit heads shall provide the Human Resources Division with accurate and timely information on such matters as changes in contractual hours, overtime hours, sickness and other absences.

All timesheets and other documents shall be in a form approved by the Human Resources Division, and approved by an authorised signatory.

Eligibility for paid and unpaid sickness, maternity, paternity and adoption leave is as set out in the School's terms and conditions of employment and related policies.

It is the responsibility of employees and managers to report sickness absence in accordance with the School's sickness absence regulations. The School may withhold sick pay if an employee fails to report sickness absence or provide certificates as required.

It is the responsibility of employees and managers to report planned maternity, paternity and adoption leave in accordance with the School's policies. No payment of maternity, paternity or adoption pay shall be made without the production of the appropriate documentation.

Departmental / unit heads must notify the Human Resources Division immediately of any resignations or requests for unpaid leave they receive from members of staff for whom they are responsible.

C13.7 Casual Labour

The School is required to be particularly vigilant in its approach to the use of casual labour. All claims must be processed through the Human Resources Division so that tax and National Insurance may be deducted. No manager, budget or grant holder should make any direct payment for casual labour in any circumstances.

Payments to casual labour chargeable to research grants must not be made by the grant holder; claims must be sent via the Research Division to the Pay team in the Human Resources Division.

Payments may be made gross under Self-Employed status ("Schedule D") only with the prior approval of the School's tax office (North East Metropolitan Area) in Middlesbrough. Details will then be declared to the HM Revenue and Customs at the end of the tax year.

C13.8 Self Employment Status

The Human Resources Division shall be responsible for the determination of employment status, giving approval for payments to be made on the basis of self-employed status ("Schedule D") where appropriate. Those wishing to engage self-employed contractors should obtain prior approval from Human Resources, who will ascertain whether a contractor can legitimately be paid as self-employed in accordance with the HMRC rules and guidelines and the HMRC Employment Status Indicator. The pre employment checklist (obtainable from HR) must also be completed before contractors are appointed. The cost of self employed contractors must be ascertained and alternative quotations sought in accordance with PR.6

C13.9 Staff Benefits

Remission of Fees

The Human Resources Division shall maintain regulations in relation to remission of fees and determine eligibility. Applications should be made to Human Resources Division. Approved applications will be passed to Finance Division for processing.

Salary Sacrifice Schemes

Proposals for new salary sacrifice schemes or amendments to existing schemes will require prior approval of the Finance Director.

Finance Division shall maintain regulations in relation to salary sacrifice schemes in relation to the payment of nursery fees, and the purchase of childcare vouchers and bicycles. Applications should be made to Finance Division. The PayrollTeam will make deductions through the payroll as appropriate.

The Finance Division shall maintain regulations for:

Removal Expenses

C13.10 Benefits in Kind

The authority for assessing whether an invoice or expense represents a benefit in kind lies with the Finance Division.

School staff in residence in free or subsidised School accommodation are subject to a benefit in kind taxation liability based on P11D returns made to the HM Revenue and Customs.

C13.11 Pensions

The Human Resources Division are responsible for the administration of the Pensions service in the School. The School participates in the Universities Superannuation Scheme (USS) and the Superannuation Arrangements for the University of London (SAUL).

The eligibility of staff for membership of each scheme is set out in contracts of employment.

C13.12 Grading and Promotion of staff

Staff grading is assessed using the Higher Education Role Analysis (HERA) methodology to assist the School in meeting its Equal Pay obligations.

All posts must be graded and assessed using HERA before being advertised.

Posts can only be advertised at the assessed salary band.

When a change in an existing job description is proposed which may result in an increase in grade the unit proposing the change must ensure that an authorised budget to meet

the additional cost has been identified and that the changed job description is consistent with the unit's Development Plan.

C14 ASSETS

C14.1 Land and Buildings

The purchase, disposal, lease or rent of land or buildings can only be undertaken with authority from the Council; no member, officer or governor of the School may enter into any negotiations with any external individual or company until such authority has been given.

Legal documents relating to the purchasing, leasing or renting of land or buildings must be signed and sealed by the School officers who are authorised to use the School Seal (Appendix F) and the original of the document deposited with the Finance Division.

A register of all land and buildings owned, leased or rented by the School is retained by the Estates Division giving full details of the School's interest and the terms and conditions on which each asset was acquired.

C14.2 Inventories

Inventories shall include items of value donated, purchased from non-School budgets, or held on trust, and must be available for inspection at any time.

The Estates Division shall be responsible for ensuring that inventories of all plant and stores be maintained. The Chief Legal Officer shall be responsible for ensuring that inventories of Works of Art and School Valuables are maintained.

Inventories of IT equipment are maintained by Information, Management and Technology Division. Laptops and other items of portable equipment bought from School funds (from whatever source) and issued to individual members of the School remain the property of the School and must be accounted for on request. This includes IT equipment purchased for students from Research Training Support Grants (RTSG) and this equipment must be returned to by Information, Management and Technology Division on severing affiliation with the School.

Inventories of IT and other related equipment are the responsibility of the Director of Information, Management and Technology.

Inventories must be physically checked at least annually and the result reported to the Finance Director by 31 July. The exception to this is non-mobile IT assets that are held offsite (e.g. desktop PC, large printers etc.), and exception may also be made for mobile assets held overseas. Under these circumstances the holder will be required to declare in writing that they still hold and use the equipment for School business. Please refer to the IT Services Asset Management Policy for guidance.

Members of the School should ensure that they do not retain items for which they no longer have a regular use. These should be returned to the Supplies Section of Information, Management and Technology Division as appropriate.

C14.3 Stores and Stores Control

- (a) All consumables and capital items other than catering consumables, IT equipment and stationery should be delivered to the School's central delivery point, unless previously agreed with the Supplies Section.
- (b) All items dispensed from the Supplies Section must be documented. In each case a requisition form should be completed by the recipient and retained by the Supplies Section. Records must be cross-referenced to allow an item to be traced from order and payment of invoice through to its responsibility of the user. Any change in location or transfer to another member of the School must be notified to the Supplies Section.
- (c) Stores procedures are designed to cover regulation of stock movements and levels and to provide adequate management information numerically and financially. Regular stock checks in accordance with agreed procedures must be carried out.
- (d) Stock held by the Supplies Section must comply with the following criteria;
 - (i) Their immediate availability must be considered essential to maintain an adequate service for the School; or
 - (ii) Discounts available for a bulk purchase exceed the cost of stock holding taking into account the cost of finance, space and maintenance/handling.

In both cases the number of items held should be determined with careful reference to the estimated level of demand within the School.

C14.4 Disposal of Furniture and Equipment

The procedure for disposal is as follows:

- (a) As soon as it is apparent that an item is not functioning or is redundant, the user should inform the Supplies Section, or return the equipment to by Information, Management and Technology Division as appropriate.
- (b) A qualified member of School staff will then assess whether:
 - (i) the item can be repaired;

- (ii) if it is redundant, whether it can be deployed elsewhere;
- (iii) whether it is of no further use to the School.

In the case of (iii) and for IT equipment, by Information, Management and Technology Division will ensure that end-of-life IT assets are disposed of in accordance with the Data Protection Act and Waste Electrical and Electronic Equipment Directive. For furniture, a scrapping certificate is completed and the item is removed from the School inventory. If the item is of no use whatsoever, it will be sold as scrap or discarded. If the item has some use, although not to the School, it will be offered for sale and the best price obtained or alternatively donated to a school in a disadvantaged area. Items which may be of interest to members of the School for their private use will be advertised in the School's newsletter. Otherwise, items are sold outside. Proceeds from sales are credited to the appropriate budget account. Approval from the Finance Director should be given before any disposal of furniture or equipment.

- (c) The Library shall maintain a stock disposal policy and procedure.
- (d) When staff resign/leave, all School equipment purchased using Departmental or Research Budgets should be returned to the School.

C14.5 Security

Members of the School who have been allocated items of furniture and equipment for their office or personal use have a responsibility to ensure that such items are adequately cared for and are kept as secure as possible when not in use. It is the duty of each member of the School to lock his/her office door when the room is not in use (however short the period of time), and to ensure that all windows are closed and secured. Failure to take such action will prejudice any subsequent insurance claims for loss or damage to furniture or equipment.

It is advised that high value or portable items (such as laptop computers) are locked in secure cupboards even when offices are locked, as offices may be accessed for purposes such as maintenance, cleaning, repair or by other staff.

The School cannot accept responsibility for the loss of any personal possessions which are stolen from offices. The School is also unable to accept responsibility for petty thefts.

Members of staff and students wishing to use items of School furniture or equipment outside the School must obtain authority and give prior notification and full details of both the location to which the item(s) are to be taken and the length of the removal to

the IT Service (in the case of IT equipment) or the Estates Division (in the case of furniture or non-IT equipment.)

The official School opening and closing hours are given in the School Calendar. Members of staff wishing to gain access to any buildings outside these times must notify the Main Lodge in advance and enter and leave via the laid down route.

Emergency doors are provided in all buildings: these must be kept closed in accordance with instructions, and they should not be used for normal exit and/or re-entry after closing hours.

The Head of Security has overall responsibility for security arrangements in the School.

C15 FUNDS HELD ON TRUST AND DONATIONS

C15.1 Trust Funds

The Finance Director is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the School and initiating claims for recovery of tax where appropriate.

The LSE Advancement will be responsible for maintaining the Donations Database. The Finance Division will ensure the safe custody of all relevant documents for each Trust Fund in existence prior to the setting up of the Development Office.

The LSE Advancement will be responsible for maintaining a record of the requirements for each Trust Fund where it has raised donations.

The payout from endowment trust investments will be reviewed annually by FC.

C15.2 Investments

The Finance Director shall be responsible for ensuring that the investment of each of the School's Trust Funds is operated within any relevant legislation and the specific requirements of each Trust. He or she will also be responsible for maintaining records of investments, both capital and income.

The Investments Sub-Committee will decide on the investment policy and strategy employing such external advice as it considers necessary and the Finance Director, or his or her delegate, will decide on how any particular transaction is processed within the parameters established by the Investments Sub-Committee.

C15.3 Dividend Income and Interest

Dividend income and interest will be credited to the appropriate trust or endowment at the end of each financial year.

C15.4 LSE Advancement Manual

The Office of Development and Alumni Relations records donations made to LSE and holds appropriate gift documentations. PR10 contains procedures concerning donations made to LSE.

A detailed Procedures Manual is maintained within the Office of Development and Alumni Relations.

C16 SCHOOL COMPANIES, JOINT VENTURES, PARTNERSHIPS AND OTHER COMMERCIAL ENTERPRISES

C16.1 Companies, Joint Ventures, and Partnerships

In certain circumstances it may be advantageous to the School to establish a company or a joint venture or a partnership to undertake services on behalf of the School. Any member of staff considering the use of a company or a joint venture or a partnership should first seek the advice of the Finance Director, who should have due regard to guidance issued by the funding body (HEFCE 00/58 Related Companies: recommended practice guidelines). Where there are staffing implications, these should be discussed in advance with HR.

The Council is responsible for approving the establishment of all companies or joint ventures or partnerships and the procedure to be followed in order to do so. This will have regard to any guidance provided by the funding bodies.

It is the responsibility of the Council to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the School.

The directors of companies where the School is the majority shareholder must submit, via the Finance Committee, an annual report to the Council. They will also submit business plans or budgets as requested to enable the committee to assess the risk to the School. The School's internal and external auditors shall also be appointed as auditors to such companies.

Where the School is the majority shareholder in a company, that company's financial year shall be consistent with that of the School.

Appendix C contains a Subsidiary Company/Joint Venture/Collaboration Evaluation Checklist.

Appendix D contains a summary of protocols for proposed major developments.

C16.2 Journals

The School has several associated learned journals.

The APRC established a Journals sub-committee (JSC) to ensure consistency in the way in which journals are managed. The JSC began reporting to the Ancillary Programmes Board rather than APRC with effect from 1 August 2007. The Chair of the JSC is a Pro-Director, and the officer responsible is the Head of Academic Publishing.

The School provides various benefits for the editors of its own journals including financial, organisational and legal support. The School's insurance policies will only provide cover against breaches of publishing law to those journals and publications which are managed under the umbrella of the JSC. Each journal has an agreement with a publisher which is signed on behalf of the School, sealed and delivered to the Finance Division for safe keeping in the Documents Safe. See School Policy – SP5.

C16.3 Student Residences

Halls of Residence's procedures can be found at its website
<https://www2.lse.ac.uk/intranet/LSEServices/divisionsAndDepartments/residentialServices/internal/staff/PoliciesandProcedures/FinancialControls/Home.aspx>

C16.4 External Funding of Activities

Any new obligations/contracts/understandings/agreements for external funding of activities at the School will be subject to further scrutiny. All contracts where:

- (a) the contracting body is not a G8 government/government body or endowed foundation;
- (b) the total and financial commitment entered into in respect of all contracts with that body exceeds £100,000;

will require approval by any one of the following:

David Coombe	Director of Research Division
Jon Deer	Deputy Director of Research Division
Andrew Webb	Acting School Secretary
Andrew Farrell	Chief Financial Officer
Mike Ferguson	Finance Director
Ashley Wang	Financial Controller
Chris Yates	Director of Global Advancement

The individual giving approval will minute to that effect on the file.

Where the total financial commitment exceeds £250,000, approval must be given by two of the above and so minuted.

Any commitments made in respect of such contracts will be fully costed and the costing agreed with the Finance Director. Any proposal that results in a commitment greater than the contract income will require a business case to be approved by DMT and Finance Committee.

The School Secretary will determine procedures for identification and resolution of any ethical or other due diligence issues.

Procedures set out in Annex H should be followed to determine acceptance of any gift or research contract prior to the School Secretary signing.

C17 MISCELLANEOUS

C17.1 Insurances

All insurances of the School shall be under the control of the Chief Financial Officer.

The Finance Division shall take steps to insure adequately against assessed risks and obtain competitive quotations as required.

Heads of Departments, Service Units or similar shall give prompt notification to the Finance Director of all potential new risks and additional property and equipment which require to be insured and the amount of cover required, and of any alterations affecting existing risks of insurance.

The Finance Division shall keep a register of all insurances effected by the School and the property and risks covered thereby.

Personal injury claims shall be submitted to the Health & Safety Officer in the first instance. The Health & Safety Officer will complete an investigation and determine if a claim should be made to the School's insurance. If the injury is claimed to have arisen from the functioning of the School's estate, the estate should investigate any such claim and carry out remedial action if warranted.

Heads of Departments, Service Leaders or similar shall advise the Financial Controller immediately of any event which may give rise to an insurance claim. The Financial Controller shall immediately notify the insurers and, if appropriate, prepare a claim in conjunction with Heads of Departments for transmission to the insurers.

All reimbursements received from the insurers shall be credited to the School.

The Director of Estates shall keep suitable records for plant which is subject to inspection by an Insurance company and ensure that inspection is carried out within the periods prescribed. In the event of any failure by the Insurance company to carry out an inspection within the prescribed period the Chief Financial Officer shall be informed immediately.

The Foreign & Commonwealth Office updates and issues advice on travelling to 'disturbed areas' on a regular basis. Prior to travelling to disturbed areas, a Hostile Environment risk assessment shall be completed by staff in conjunction with Health & Safety, and approved by the Head of Security. The completed risk assessment shall be filed in the Health & Safety and Finance Division. Advance notice shall be given to the Finance Division so additional insurance coverage can be obtained prior to the travel taking place.

C17.2 Scholarships, Studentships, Bursaries and Loans

The Student Support & Liaison Committee is the responsible body for the award of Scholarships, Studentships, Prizes, Bursaries and Loans and for the disbursement of School and other funds for the relief of hardship. The total budget available for disbursement from School funds is set by the APRC: the sums available from Trust and other funds are established as a result of an annual review by the Student Support & Liaison Committee of the current financial position of the Funds. Decisions on the number and amounts of awards to individual students are taken by two 'awards panels' (one for undergraduate students, one for postgraduate students) which operate within the financial and academic criteria established by the Committee. The Financial Support Office will administer the awards.

Certain trust deeds include a requirement for a specially constituted Management Committee and in such cases they are responsible for recommending to the Director the value of any awards.

C17.3 The Seal of the School and Scheme of Delegation

- (a) All deeds and documents requiring to be sealed by the School shall be sealed in the presence of two persons who may be members of the Council or authorised officers (Annex F).
- (b) The Seal is affixed to such documents as may be ordered by the Council, the Director, a Pro-Director or in the absence of the Director and the Pro-Directors, by any member of the Council and the School Secretary or a member of the administrative staff authorised in writing by the School Secretary to act on his/her behalf under this regulation. The Council is to be informed of persons so authorised.
- (c) The affixing of the Seal must be witnessed by a member of Council or the Director's Management Team, or a senior member of the administrative staff who has been nominated by a member of the Director's Management Team.
- (d) The School Secretary is responsible for the custody of the Seal of the School. The keys to the Seal are placed in an envelope which must be sealed and endorsed by the witnesses on each occasion when the Seal has been used. A regular report shall be submitted to the Council recording the deeds and documents to which the School Seal has been affixed.
- (e) Under the School's Scheme of Delegation, which was approved by Council in September 2010, the Secretary of the Council is empowered to approve and sign all legal documents, except leases and freehold deeds, and any other documents

which require a different manner of approval under these Regulations. S/he is also empowered to approve and sign the constitutional instruments of, or agreements with, associated and subsidiary entities of the School. The Director of Business Continuity is authorised to sign any documents for which power of signatory is delegated by Council to the Secretary of the Council . The School Secretary must seek the consent of Council to change this arrangement.

- (e) Deeds and documents presented for the School Seal should have accompanying evidence to substantiate these agreements have gone through appropriate authorisation process (e.g. lease agreements should be approved by the Council and non-standard contracts should be agreed by the School Secretary.

C17.4 Signing of Official Documents

The School Secretary as Company Secretary is authorised to sign and amend official company documents that require the signature of the Company Secretary. The Council shall approve delegation to other senior officers as appropriate.

No contracts may be signed or amended or any oral agreements made involving the disposal of School assets without seeking advice from the Secretary of the Company.

C17.5 Non-Standard Contracts

A standard contract is defined as; a contract which has a set of terms and conditions which have been explicitly approved in writing as Standard by the School Secretary and does not include any other significant terms. By definition all other contracts are non-standard contracts.

All contracts, including but not limited to consultancy contracts, estates contracts, collaboration and partnership agreements, employment contracts, compromise agreements, research contracts, donation and gift agreements, etc are covered by this Regulation. The terms of these all need to be approved by the School Secretary prior to signature. Appendix F details those authorised to sign standard and non-standard contracts.

C17.6 Control, Custody and Security of Documents

Certain official and legal documents relating to the School's activities will need to be kept in the School's safes. These are under the control of Finance Division and Estates Division. Documents will only be released to authorised members of the School and a receipt must be signed by the borrower who will be responsible for its care and safekeeping until its return to the Finance or Estates Division.

The Finance Division is responsible for the documents listed below. Such documents should therefore be passed to the Finance Division for safe keeping unless specific written authority

has been given by the Finance Director for such items to be retained elsewhere in the School. These include:

- signed copies of long term loan agreements
- signed copies of publication agreements
- signed copies of housing loan agreements
- deeds of covenant
- signed copies of trust agreements
- signed copies of property agreements
- signed copies of other agreements
- signed copies of contracts affecting the School as a whole
- official School related documents like the Memorandum and Articles of Association
- other legal documents relating to finance and pensions
- licenses
- other documents relating to loans
- assignments of rights
- share documents
- official documents relating to tax arrangements

The Estates Division is responsible for the document listed below. Such documents should therefore be passed to the Estates Division for safe keeping unless specific written authority has been given by the Chief Financial Officer for such items to be retained elsewhere in the School. These include:

- contracts related to building projects and developments
- certain other signed copies of licences, contracts and other such documents
- keys requiring maximum security
- other legal documents relating to estates and School owned or leased vehicles
- preservation orders

Please refer to the School Record Management Guidance at
<http://www.lse.ac.uk/intranet/LSEServices/policies/pdfs/school/retSch.pdf>

C17.7 Students' Union

The Students' Union shall maintain its own bank account and financial records and prepare its own annual accounts, and safeguard its own assets. The School is not responsible for any malfeasance relating to the Students' Union assets.

The annual accounts of the Students' Union shall be externally audited and the financial affairs of the Students' Union shall be subject to review by the relevant School Committees and by the Internal Auditor.

C17.8 Computer Security

Computer passwords should not be shared between staff. Named staff should have appropriate levels of access to the computer system. All access rights must be removed when staff leave the employment of the School. Local managers are responsible for notifying IT Services/MIS of staff leaving the School and transfers between departments.

Further details are available in the "Revised User Access Procedures" issued by IT Services.

C17.9 Personal Possessions

The School will only accept responsibility for the loss of, or damage to, members of staff's personal possessions in cases where the School or its officers are negligent. Accidental damage caused by members of staff's own oversight or carelessness is not the responsibility of the School. The responsibility of members of the School in relation to security is detailed in Section C14.5.

If the School accepts liability, reimbursement will be as a result of a claim on the School's insurance, or by ex-gratia payment.

C17.10 Annual Returns to Companies House

The School is registered under the Companies Acts as a company limited by guarantee. The School Secretary is responsible for ensuring that the Annual Return reaches Companies House by the due date.

PROCEDURE PR1

PROCEDURE TO BE FOLLOWED IN THE CASE OF A SUSPECTED FRAUD, THEFT, FALSE ACCOUNTING, OR BREACH OF FINANCIAL REGULATIONS

PR1.1 These notes are intended to amplify and/or add to the duties laid upon staff of the School by both the School's Financial Regulations and its Financial Memorandum with HEFCE.

It is the School's policy to prosecute where sufficient evidence of a fraud is available to elicit the support of the Crown Prosecution Service.

The Audit Code of Practice, which flows from the HEFCE Financial Memorandum, contains a mandatory requirement that any significant fraud must be reported to the HEFCE Accounting Officer.

PR1.2 In the event of a suspected fraud or a breach of financial regulations, the member of staff discovering the fraud or breach must inform the Finance Director and Chief Financial Officer: Failure to do so will be regarded as a serious breach of terms of employment. The Chief Financial Officer will instigate an appropriate initial response which may include any or all of the following (without this list being construed as exhaustive).

- initiate action to mitigate the potential loss to the School and to inform the School's insurers
- inform the School Secretary, the Director and the Internal Audit. The Chairman of the Audit Committee, the Chairman of the Finance Committee, and the Chairman of the Council may also be contacted if appropriate
- notify the line manager of the person suspected of fraud or breach in order to consider whether to commence an investigation in accordance with the School's Disciplinary Procedures and whether it may be appropriate to suspend pending a disciplinary investigation. In certain cases, the Chief Financial Officer may direct a person other than the line manager to carry out the investigation, if appropriate. The Chief Financial Officer may decide where appropriate that the Auditor should carry out an initial investigation and if there is a disciplinary case to answer it will be conducted in accordance with the normal disciplinary procedures applicable to the staff
- notify the head of department or division of the suspected fraud or breach and potential actions.

In the event of a suspected fraud or a breach of financial regulations involving the Finance Division and/or its staff, the Chief Financial Officer will initiate action, and the Finance Director will not be involved in the subsequent investigations unless specifically requested by the Chief Financial Officer and School Secretary.

PR1.3 In cases of breaches relating to procurement procedures, the Purchasing Manager will issue a written notification to the officer involved copied to the officer's line manager, the School Secretary, Chief Financial Officer and Finance Director outlining the circumstances and nature of the breach. The officer's line manager shall determine, with advice from the Internal Auditor and/or the Chief Financial Officer whether to institute disciplinary action in accordance with the School's disciplinary and dismissal procedures. The line manager and the Chief Financial Officer will also consider what other course of action might be appropriate. This could include training, improved communication, establishment of new procedures or other actions.

PR1.4 In the event of a request from the Chief Financial Officer, School Secretary, Finance Director or Internal Auditor to undertake action to mitigate the potential loss, it is the duty of all staff to co-operate with speed and to observe reasonable expectations of confidentiality (based upon the fact that an allegation may prove to be unfounded).

The investigation against any staff member shall be in accordance with the normal disciplinary procedures applicable to that staff. The line manager shall carry out the investigation. However the Chief Financial Officer or School Secretary may direct that the auditor or person other than the line manager carry out the investigation, where appropriate.

If necessary the Internal Auditor can provide advice to the investigating manager during an investigation on matters relating to the financial regulations, such as:

- Whether the allegation is a matter within the scope of the financial regulations
- Whether any alleged acts, if substantiated, constitute a breach of the financial regulations and the magnitude and consequences of such a breach
- Any additional actions that need to be taken as part of the disciplinary investigation in order to fulfil the requirements of the financial regulations

Breach of the School's Financial Regulations that involves fraud, theft, false accounting, deception or other criminal act will normally constitute gross misconduct. Breaches of the School Financial Regulations that do not involve a criminal act may also constitute gross misconduct, e.g., acts of negligence resulting in loss for the School.

The Internal Auditor may attend investigatory meetings in order to advise the investigating manager.

The investigating manager, on completion of his or her investigation, shall

provide a copy of the investigation report to Chief Financial Officer, School Secretary , Finance Director and Internal Auditor.

The investigating manager or Chair of the Disciplinary Hearing may wish to call the Internal Auditor as a witness in any disciplinary proceedings in order to advise on the financial regulations.

The Chair of the Disciplinary Hearing will notify the Finance Director and Chief Financial Officer of the outcome of the Disciplinary Investigation.

The Chief Financial Officer or School Secretary may take further action in relation to the fraud or breach including:

- Denying access to the School and its facilities
- Notification to the police
- Notification to other parties likely to be affected
- Restitution by the perpetrator

(It is not intended that this list should be construed as exhaustive)

PR1.5 Under normal circumstances, all reports of fraud will be reported to the next scheduled meeting of the Audit Committee. In instances of sufficient importance, the Chief Financial Officer or the School Secretary, in concert with the Chairman of Audit Committee, shall convene an extraordinary meeting of Audit Committee to consider action already taken, or proposed to be taken. In such instances, the Director will normally attend. The form of report to be made to Audit Committee will normally be written, but in the event that it is not it will be recorded in the written form in due course.

PR1.6 The Chief Financial Officer and the School Secretary shall report all instances of suspected fraud and the outcome of investigations to the Finance Committee on an annual basis. Where there is a material financial impact or risk, the event will be reported immediately to the Finance Committee.

PROCEDURE PR2

CASH HANDLING ARRANGEMENTS AND PETTY CASH

PR2.1 Custody of Cash and Cheques

- (a) A member of staff collecting cash and cheques is personally responsible for their safe custody. Cash should be banked at the NatWest Bank located on the ground floor of Connaught House. Cheques accompanied by the appropriate banking voucher should be passed directly to the Cashiers in the Finance Division and not to other members of staff.
- (b) It is essential that comprehensive records of cheques received are also kept showing the date, source and purpose of each.
- (c) All cheques collected should be brought to the Finance Division or paid into the Bank by the end of the next working day; cash collected should be paid directly to the Bank as noted in (a) above. The Finance Division will issue a receipt for all cheques paid to the Cashiers on the 3rd floor of Aldwych House while the counterfoil of the Bank paying in slip should be retained for payments made at NatWest Bank. Where a Department is to pay directly into the Bank the Finance Division will issue a bank paying-in book. All income must be paid in as collected, i.e. without being exchanged for personal cheques or other forms of currency. On no account should School income be paid into a private bank account.
- (d) Cash in transit to and from the bank must not exceed the carryings warranty otherwise any insurance cover is invalid
 - Sums up to £2,000 must be accompanied by 1 able-bodied adult.
 - Sums between £2,001 and £5,000 must be accompanied by 2 able bodied adults.
 - Sums between £5,001 and £10,000 must be accompanied by 3 able bodied adults.
 - Sums in excess of £10,000 must be carried by a security company.

PR2.2 Receipt Books (security, issue of, etc)

It is School policy not to issue receipts for cheques received unless specifically requested but it is essential that a receipt is given for any cash received by any individual or Department on behalf of the School. Individuals or Departments that are likely to receive cash must therefore request the Finance Division to provide an appropriate receipt book. Receipt books must be kept in a locked drawer or cupboard; a Department should delegate responsibility for their custody and use to an individual member of the

Department. Used receipt books should be retained for a period of six years for inspection by the internal and external auditors.

PR2.3 Petty Cash and Cash Floats retained outside the Finance Division

- (a) The Finance Director shall maintain a register of petty cash and other cash floats.
- (b) A member of staff granted a float is personally responsible for the safe custody of the float.
- (c) The float should be retained in a locked box for safe custody each evening. When this is not possible the box should be locked and placed in a locked cupboard or cabinet at night and whenever the office is left unattended. It is also essential that the office itself is locked, as Insurers will only accept a claim where there is evidence of forced entry into the premises.
- (d) The key to the box should be retained by the member of staff and not left in the office out of office hours or when the office is left unattended. A duplicate key should be placed in a sealed envelope and given to the Finance Division for safe custody. No spare key of either the cash box or the cupboard should be left in any position, concealed or otherwise, in the office.
- (e) Where cash is held in a safe the security rating must not be exceeded otherwise any insurance cover is invalid. A list of insurance security ratings is maintained within the Finance Division.
- (f) When money is handed over by one person to another the recipient will give a proper receipt to the person from whom it is received.
- (g) The Head of Department should arrange for general supervision of these arrangements.
- (h) Members of the Finance Division and the internal and external auditors will check the cash float from time to time. They shall report any discrepancies to the float-holder's manager who shall within one month report to the Finance Director the cause of the discrepancy and the action taken to remedy it.
- (i) At 31 July each year a certificate of the float should be completed by the member of staff and countersigned by a senior member of the department and sent on to the Financial Controller.
- (j) The establishment of any new floats has to be approved by the Director of the Finance Division or the Financial Controller.

- (k) When a float is to be closed, the float-holder shall prepare a certificate of the float for signature by the manager and transmission to the Financial Controller. S/he should bank the cash by the means that the unit uses for cash income.

PR2.4 Petty Cash Payments

Petty cash must be kept separate from other cash sources (e.g. takings).

The Finance Division has a Petty Cash float from which it will reimburse members of staff who have incurred items of expenditure in the course of their duties.

Official petty cash claim forms can be obtained from the Finance Division's Website and should be completed for each claim. The School Expense Policy applies to petty cash reimbursement therefore details should be given of the expenditure and receipts must be attached where appropriate. The form should be certified for payment by the holder of the budget which is being debited. Such certification is confirming:

- (a) that the money has been spent;
- (b) that the expenditure has been reasonably incurred given the details and responsibilities of the claimant;
- (c) that the type of expenditure is in accordance with the purposes for which the Finance Committee allocated the budget;
- (d) that a claim for the expenditure has not previously been made.

Claims of less than £50 will be met from the Finance Division float provided that the current balance in the float is sufficiently large; if the claim is in excess of £50 or the petty cash float is low, staff would fill out an expense claim form and payment will be made by bank transfer.

PR2.5 Cash Advance

The Finance Division arranges cash advances upon request before the members of staff travel overseas. The request should be made to the Cashier section at least one week before travel. The School travel insurance covers cash limit up to £5,000. Where a larger cash advance is requested, the authorised signatories need to explain the reasons for such amount. Staff who will be carrying the large cash advance are required to undertake a risk assessment associated with the cash advance. Additional insurance may

be purchased on the controller's cost centre to cover the risk associated with large amount of cash.

PROCEDURE PR3

DEBT COLLECTION

PR3.1 The Credit Control Department is responsible for generating sales invoices, in respect of the supply of goods and services, when requested by a School department.

All requests for payment from companies or individuals for goods or services provided by the School should be by official School invoices.

Customised arrangements can be made with the Credit Control Department for major trading areas to be given access to the Finance System and authority to produce School invoices in their own departments.

Responsibilities of requesting department

Under no circumstances are departments to raise their own manual invoices that have not been entered via the Finance system.

Where a department wishes to have a sales invoice raised to an external organisation for goods and services provided by the School they have the following responsibilities:

- Departmental authorised signatories to complete, authorise and send an invoice request form to the Credit Control Department
- Ensure that all contact details for the customer are included on the request
- Keep a copy or record, for audit purposes, of the invoice details sent for input and should check their budget statement (paper or electronic) to ensure the invoice has been correctly issued
- Ensure that all related paperwork, such as contracts, agreements, and any other documentation and correspondence is retained and that a log is kept of all staff members involved and dates of any action
- The initial responsibility for debt collecting lies with the originating department, who should use their personal contacts in debtor organisations to secure payment of overdue invoices.
- Any queries rising from the details of the supply are to be resolved by the department as quickly as possible to avoid delay in payment
- If any payments for invoices are received directly to the department, these should not be banked against the budget code. They should be sent to the Cashiers quoting the invoice number as listed on the budget report.

Further information on invoicing

- Once the invoice request form is received it will be checked to ensure all details have been included correctly and returned to a department if information is missing
- A unique customer account number will be allocated or created and the Credit Control Department will generate the sales invoice and mail to the customer. Invoices are automatically numbered and filed.
- The School's standard payment terms are 30 days from the invoice date
- When an invoice is generated, it is credited to the department budget quoted on the request, effectively giving the funds in advance. A record of the amount owed is debited to the customer's account number to show as an outstanding debt. When payment is received this is allocated directly to the customer, clearing the account. No further entry is made to the budget code.
- A remittance advice is included on invoices and offers customers several payment methods – online card payment, bank transfer or cheque. All payments are to be directed to the Finance Division only.
- Credit notes are raised centrally in the Finance Division for all trading areas except Summer School and Research Division. The Summer School credit notes are system-generated and are reconciled regularly. The Research Division has an internal authorisation process.

PR3.2 In the event that a department is unable to get recovery within 60 days from the invoice date then it must escalate the Credit Control team for formal debt chasing proceeding.

The Credit Control Department will attempt to make contact via the following methods:

- Email and letter using standard templates of increasing severity
- Telephone contact
- Copy invoices and monthly statements

If the Credit Control department is unable to recover the debt, the Credit Manager will write to the originating department so that further action can be decided. Normally this will be one of the following:

- (a) The originating department agree that the debt should be written off against their budget.

- (b) The originating department agree that use of an external collection agency and possible legal action should be taken by the Finance Division, taking account of the current and potential costs involved compared with the outstanding sum.

Any legal action or the use of bailiffs should be authorised by the Chief Financial Officer or the Finance Director.

- (c) The originating department makes a case in writing giving the reasons why they feel the "write off" should be debited to central funds rather than their budget.

The Finance Director has authority to "write off" outstanding general ledger debts where he/she considers that the debt is uncollectible or that the costs of collection will exceed the outstanding sum.

The authorities for writing off irrecoverable general ledger debts are as follows:

Credit Manager	up to £500
Finance Director	up to £20,000

Any amounts beyond these limits may only be authorised by the Finance Committee.

The authorities for writing off irrevocable debts in subsidiary companies are as follows:

Finance Director	up to £20,000
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Any amounts beyond these limits may only be authorised by Council and the Finance Committee.

All amounts written off should be reported to Council at the earliest opportunity.

PROCEDURE PR4

CREDIT CARD PAYMENTS – PDQ MACHINES AND ONLINE PAYMENT

PR4.1 PDQ Machines

The School is able to provide facilities for taking payments by Credit Card. The facility will be considered for those areas that take regular and substantial payments.

Requests for the use of Credit Card Machines (PDQ) should be sent in the first instance to the Systems Accountant, Finance Division.

All applications will be considered by the Finance Director, who will decide whether the facility should be authorised.

Dependent on the volume and type of payments expected the Finance Division may recommend an on-line payment alternative.

If the application for the use of a Credit Card Machine is granted, it will be ordered by the Finance Division and delivered direct to the Department. The Department will need to contact Telecoms, requesting a dedicated phone line to be installed for the use of a Credit Card Machine. Full instructions on the set up and use of the machine come with delivery, further assistance for this purpose can be offered by the Systems Accountant.

A Supervisor's Swipe Card will also be delivered. The card enables the Manager / Supervisor to carry out end of day banking and card refunds where applicable, it is therefore imperative that the card be kept in a secure place under the control of the Departmental Manager / Supervisor.

In the event of a refund being necessary, this refund must be made to the card from which the payment was taken. This is part of our merchant agreement.

A set of instructions issued by the Finance Division will be given to the Manager / Supervisor on how to manage daily takings, end of day banking, refunds and secure management of all relating paperwork.

PR4.2 Online Payments

Online Credit Card Payment covers collection and receipt of credit card transactions via the web interfaces, such as integration between LSE website pages and internet payment provider card authorisation website pages. It also covers any web interface used by the departments to collect credit card receipts, such as virtual PDQ terminals.

The Systems Accountant must approve new requests to collect money online, or changes to existing web pages dealing with income collection.

In order for the Finance Division to make a decision on whether or not the Online Credit Card Payment facility can be provided, departments must submit the following information to Systems Accounting section in the Finance Division -

- a) Reason for collecting payment online and the category of income for the department;
- b) Approval of head of department requiring online payment service;
- c) An authorised income School budget code to credit income and charge any related transaction costs;
- d) Disclosure of whether the department is currently using any form of payment collection facility, such as a PDQ terminal.

The final decision to provide an Online Credit Card Payment facility rests with the Finance Division and approval by the Finance Director.

All receipts from Online Credit Card Payment facilities are settled in the School's main bank account. Departments using the facilities are liable for all transaction charges such as merchant charges, online processing charges and any consequential charge-backs requests resulting from payment disputes.

Collection using Merchant Service or payment service providers outside of the current School standard requires the approval of the Finance Director.

Finance Division Systems Accounting team are responsible for maintenance and support of Online Credit Card Payment facility. However, any integration between the facility and departments' web pages or in-house systems will have to be managed by the Departments. All transactional queries by the customers who have paid via Online Credit Card Payment facilities will have to be dealt with by the Department and not the Finance Division. All refunds for Online Credit Card Payments are processed by the Finance Division, subject to authorisation by the Department's manager.

PR4.3 eShop

eShop is an additional payment facility provided by the Finance Division. It can only be used for sales of School and its subsidiary's goods and services. If a department wishes to provide goods or services using LSE eShop (<http://eshop.lse.ac.uk>), the authorisation of the departmental manager must be obtained in advance. Any services or goods provided

through the eShop must adhere to the LSE legal framework, copyright laws, rights clearances and the overall Financial Regulations guidelines. Any new services or foods or changes to existing items will be subject to the approval of the Finance Director. In case of doubt or for clarification on the above points, please contact the Systems Accountant, Deputy Systems Accountant or the Credit Control Manager.

PROCEDURE PR5

EXECUTIVE CREDIT CARDS

- PR5.1** The School has an arrangement to provide executive credit cards for use by members of staff to facilitate travel and other regular expenditure. Cards will be issued to all staff whose jobs involve regular and substantial expenditure on School business which it would be inappropriate to expect them to meet from their own resources.
- PR5.2** Applications for the issue of new cards will be considered by the Finance Director who will decide whether a card should be authorised, taking account of the expected spend in each case.
- PR5.3** Executive card holders must only use the card for the purchase of goods or services in connection with School business and against budgets for which they have authority to make commitments. Personal expenditure will not be reimbursed.
- PR5.4** Card holders are recommended to submit their reimbursement claims as soon as they incur expenses. The cardholder must then provide for each item of expenditure:
- a note of the reason it was incurred;
 - supporting vouchers (invoices/hotel bills, etc but note credit card slips are inadequate);
 - the budget code to which it should be charged.
 - approval from the senior manager.
- Self certification of executive card statement is not acceptable.
- PR5.5** The monthly statement from the card company on the 2nd of the month.
- PR5.6** On the 26th of the month the card company will apply the direct debit. Should the payment fail, the direct debit will be applied again 14 days after the first attempt.
- PR5.7** Failure to pay by the cardholder will be viewed as misconduct. The School will then reclaim the expense from the next monthly payroll of the cardholder.
- PR5.8** Should the cardholder fail to make future payments to the card company the facility will be withdrawn. The staff member will then be placed on the quarterly report to the Audit Committee.
- PR5.9** Future expense claims will not be reimbursed without prior approval of all costs by the Finance Division and the Audit Committee.
- PR5.11** These regulations apply to all executive cardholders including The Director, Pro-Directors and senior officers.

PROCEDURE PR6

PURCHASING

PR6.1 Purchasing Procedures – General Matters

- (a) All staff involved in the commitment of School funds (regardless of the source of the funding) are required to follow these Purchasing Procedures.
- (b) authorised signatories making purchases in connection with a grant awarded by an external body (e.g. Research Councils) must ensure that they comply with the awarding body's purchasing requirements in addition to the School's requirements.
- (c) If a authorised signatories delegates the task of buying goods or services to another member of staff or another department, the ultimate responsibility for ensuring that procedures are followed rests with the Budget Controller.
- (d) All goods and services must be purchased with a view to achieving the lowest whole-life cost for satisfactory quality within an acceptable delivery period and in line with the tenets of the School's Sustainable Procurement Policy which may be found at: <http://www.lse.ac.uk/intranet/LSEServices/financeDivision/purchasing/Home.aspx> www.lse.ac.uk.
- (e) For any purchase of goods or services (including the appointment of self-employed contractors) with a total value of over £8,000 (ex VAT), alternative quotations or tenders must be sought (see PR 6.2).
- (f) All purchases must be made from the list of LSE approved suppliers (see PR6.5).
- (g) Advice should be sought from the Finance Director before entering into any lease/buy agreements.
- (h) Purchases from LSE approved suppliers should normally be made directly by Budget Controllers with the following exceptions: purchases of IT equipment (see procedure PR12) and other agreements which are detailed in the "Purchasing Handbook".
- (i) Purchases made by individuals using their own finances and then claimed back from the School should be limited to small items of expenditure (e.g. rail travel) not covered by the School's normal purchasing arrangements.
- (j) All staff involved in the procurement process must follow School's policy on inducements, receipt of gifts and hospitality which is set out in the LSE Ethics Code.

PR6.2 Obtaining Competitive Quotations/Tenders

- a) To ensure that the School receives value for money, there is an obligation to seek pricing proposals from a range of contractors/suppliers and these should be obtained in written format on the following basis:
 - (i) Contracts estimated to cost from £8,000 to £49,999 ex VAT - at least 3
 - (ii) Contracts between £50,000 and £172,514 ex VAT - at least 4
 - (iii) Contracts above £172,515 ex VAT - at least 5 and may be subject to EU tendering regulations (see PR6.7)
- b) In circumstances where it is proposed to award a contract on fewer than the specified number of comparable quotations or tenders, the authority to do so must be obtained in writing from the Finance Director.
- c) It is the responsibility of Budget Controllers to ensure that these thresholds are not avoided by breaking down orders into smaller quantities. If there is a reasonable expectation that a supplier may be used regularly orders should be aggregated and alternative quotes sought.
- d) These requirements do not apply to -
 - (i) individual orders placed under London University Purchasing Consortium contracts or other pre-tendered contracts which have already been tendered.
 - (ii) situations where the requirement for the goods/services could not have possibly been known in advance and would place staff/students / property in jeopardy if a purchase were not made immediately.
 - (iii) expenditure such as business rates, fees to examining bodies, licences, or other such expenses.
 - (iv) situations regarding property work where, exceptionally, the type of work required (e.g. very urgent, specialist or extensively exploratory work) precludes the conventional tendering procedures. The work may proceed on a basis certified in writing by the Estates Division with the agreement of the Chairman of the Estates Management Committee.
 - (v) individual orders placed under Framework or Measured Term Contracts (e.g. legal services, buildings maintenance, etc.) which have been subject to a tendered contract that is still valid.

PR6.3 Tendering Procedures

- a) All tenders for contracts whose total value will be in excess of £50,000 ex VAT will be issued and managed through the Bravo e tendering system by the LSE Purchasing Section.
- b) Detailed tendering procedures are available to view at <http://www.lse.ac.uk/intranet/LSEServices/financeDivision/purchasing/Home.aspx>
- c) Tenderers should be verified to ensure they are *bona fide*, supported by credit checks. The value of a contract awarded to a supplier may not be greater than 30% of the supplier's total turnover.
- d) Authorised signatories must ensure that the list of tenderers to be invited is reviewed from time to time to safeguard against the formation of a cartel.
- e) Tenders must be conducted and evaluated in accordance with the tenets of the LSE Ethics Code. There is a requirement for each evaluator of tender responses to sign a Confidentiality and Conflict of Interest Declaration Form, which will be issued by the Purchasing Manager.
- f) Prices submitted shall remain confidential and not disclosed to other competing tenderers.
- n) The contract should normally be awarded to the tenderer submitting the lowest price although quality criteria will also be significant, particularly in relation to contracts for the provision of services.
- o) Tenders other than the lowest are to be accepted only on the written authority of the School Secretary via the Purchasing Manager.
- p) Authorised signatories who have prepared the tender specification for contracts in excess of £50,000 ex VAT are not permitted to formally accept the successful bid. In such circumstances a written report on the results of the tender exercise and the recommended supplier and price should be submitted to the Budget Controller or Line Manager who will formally authorise the acceptance of the winning bid.
- q) Copies of all Tender Offers received together with all correspondence, evaluation and contract award decisions should be retained for 5 years after the contract has ended.
- r) The budget holder shall make a written application to the Finance Director if any of the following is proposed:

- a. The design and management functions to be carried out by the same organisation, for any form of building procurement or development, or
- b. Post-tender negotiations to vary the extent or nature of the work or service to be undertaken by the Contractor, or
- c. On-site variations to the contract that exceed 10% of the original price, or
- d. Contracts for the supply of goods, services and works following a tender exercise that cover a period greater than four years

PR6.4 Purchasing Consortia

There is an obligation to use suppliers which hold pre tendered agreements through consortium bodies such London University Purchasing Consortium, UK Government (Crown Commercial Service) or other such framework agreements unless it can be clearly shown by means of comparative quotations or tenders that it is not in the School's best interests to do so.

PR6.5 List of Approved Suppliers

- a) The Purchasing Manager shall be responsible for producing, updating, and distributing lists of all suppliers approved for use at the School. Budget Controllers shall only be authorised to use these suppliers.
- b) Budget Controllers shall advise the Purchasing Manager of any suppliers they wish to nominate for inclusion on the list, prior to entering into a commitment with any new company, providing the Purchasing Manager with a completed supplier set-up form with the required details.
- c) The Purchasing Manager shall review all such requests, taking into consideration any existing suppliers of a similar nature on the list and any national or LUPC contracts for similar goods or services or works.
- d) In situations where there may be a potential conflict of interest, the Purchasing Manager shall inform the School Secretary of the circumstances surrounding the request; The request to set up the supplier will not be actioned until the written approval of the School Secretary has been received.
- e) Budget Controllers must ensure that the contractor nominated holds, and can produce evidence of, insurance cover and provide to the School proof of insurance cover for damage to buildings, fixtures and fittings, and provide the School proof of public liability insurance cover up to a value suitable for the size of contract as defined by the Estates Director or the Finance Director.
- f) The Purchasing Manager shall advise the Chief Financial Officer of any situations where a satisfactory application is not received.

- g) Budget Controllers shall advise the Purchasing Manager of any suppliers to be removed from the list for reasons such as failure to perform satisfactorily, or are no longer used, or have gone into receivership or believed to be in financial difficulties etc.

PR6.6 Post-tender Contract Management

It is the responsibility of the Controller, working closely with the Contracts Manager (of the Purchasing Section), to ensure that the terms of the contract are met.

PR6.7 EU Tender Regulations (Public Contracts Regulations 2006)

- a) All purchases or groups of purchases, whether bought as one order or over the period of a financial year or over the life of the contract, which exceed;
- £172,514 ex VAT for goods and/or services or
 - £4,322,012 ex VAT for buildings and works

must be advertised and tendered through the Official Journal of the European Union (OJEU). These thresholds are valid from 1 January 2014 for a period of 2 years.

- b) Under certain circumstances where the procurement process will deviate from this process, a written approval should be obtained from the Purchasing Manager.
- c) Only the Purchasing Manager will publish notices in the Official Journal of the European Union. All tenders to be issued in line with the EU directives shall be issued and managed by the Purchasing Section.
- d) The Purchasing Manager will determine which particular EU regulation applies for various procurement situations.
- e) It is the responsibility of Budget Controllers to comply with EU regulations by notifying the Purchasing Manager of any purchase that is likely to exceed the thresholds.
- f) The application of the EU procurement regulations must not be avoided by breaking down requirements into smaller quantities or by letting contracts for shorter periods.

PR6.8 Confidentiality

Information of a commercial nature such as prices submitted, tender offers, and prices currently paid shall be treated as confidential under the Freedom of Information Act and

not disclosed to any party outside the School including suppliers. Disclosing such information may lead to disciplinary action.

PROCEDURE PR7

MAJOR CAPITAL PROJECTS – FINANCIAL APPROVAL PROCESS

PR7.1 Authority to proceed with any capital project over £1 million rests with the Council.

PR7.2 In the case of capital projects over £1 million the Finance Committee, if a meeting can be arranged or its Chairman must be consulted about the type of financial advice to be obtained. If an ad hoc group is set up to deal with complex capital acquisitions, it should include the Chairman of the Finance Committee or his/her nominee as a member, and an expert on the property market if the Director considers it appropriate. The recommendations of such ad hoc groups must be confirmed either by the Council or by the Chairman and Director, acting on behalf of the Council as described in the above paragraph.

The Finance Committee should receive annually an appraisal of the general financial implications for the School of the capital acquisition policy.

PR7.3 Capital projects proposed (i.e. projects not charged to recurrent maintenance) are to be supported by:

- (a) an initial budget for the project presented to the Finance Committee. Such a budget should include a breakdown of costs including professional fees and VAT and the funding sources from which the projected expenditure will be met, together with;
- (b) an evaluation of the plans in financial terms and their effect upon future revenue; together with advice on the effect of alternative plans;
- (c) an investment appraisal (including risk assessment) for the project setting out the reasons for undertaking the work and the economic and other justifications thereof and recommendations on financial objectives where appropriate;
- (d) compliance with all normal tendering procedures and regulations laid down by HEFCE;
- (e) forecast of cash flow;
- (f) outline of the proposed accounting treatment of the project and an assessment of its impact on the School's annual accounts;
- (g) a final report to the Finance Committee reporting actual expenditure against agreed budget and reconciling funding arrangements where a variance occurs.

Where substantial projects are planned from recurrent budget and/or earmarked funds an investment appraisal should also be provided.

PROCEDURE PR8

BUILDING CONTRACTS

This procedure should be read in conjunction with the Purchasing Procedure (PR6) and the Major Capital Projects – Financial Approval Procedure (PR7). Adherence to this procedure is mandatory.

PR8.1 Building Projects

- (a) All building contracts are administered by the School's Director of Estates.
- (b) All planned maintenance and replacement works are initiated by the Estates Division after approval through the annual budgetary process. Minor building works and major redevelopment projects are initiated either by users or in response to the School's agreed Estate Strategy.
- (c) Management of capital contracts should be based on the Procurement Guidelines for Building Projects in Higher Education issued by the UUK's Joint Procurement Policy and Strategy Group.
- (d) For complex projects a formal risk assessment must be carried out from the outset so that the boundaries of risk can be reasonably established, and formal approval must be obtained in accordance with Procedure PR7.
- (e) External professional design consultants are appointed for building projects where size and scope of work dictates this is necessary.
- (f) Proposals for building projects are presented in the form of detailed feasibility studies with investment appraisals where appropriate (including risk assessment) to the Estate Strategy Committee.
- (g) Following approval of submissions, approval may also be required from HEFCE for Capital Grant funding. If such funding is secured, the HEFCE procedural rules are to be followed.
- (h) For major redevelopments, formal tenders must be sought for the appointment of consultants in accordance with the School's procedures.
- (i) Formal tendering for the appointment of building contractors must be undertaken (on the basis of the guidelines set out in PR6.3) except where special dispensation has been agreed with the Finance Director. The number of tenders required for contracts of different sizes (and the caveat attached) is as set out in Procedure PR6.2(a).

- (j) Revisions to (or caveats around) the standard conditions of engagement of consultants or building contract should be negotiated where it is advantageous to the School to do so, with appropriate legal advice. All major building contracts are to be signed on the School's behalf by the School Secretary (or his/her nominee).
- (k) All contracts will aim to ensure value for money. Contracts are to be adequately monitored and supervised including, where appropriate, the use of external Project Managers. Regular reports about progress and expenditure compared to agreed budget are to be provided from the appropriate internal or external contract supervisors.
- (l) For capital projects of less than £1M the School will, depending on the circumstances, either undertake a formal tender exercise, or appoint advisers on the basis of knowledge of range and quality of work previously undertaken, external advice, and judgement of ability to carry out effectively the specific project.
- (m) The School will continue to seek professional advice without recourse to formal tendering, when advice is required in advance of a decision to proceed with acquisition of a property likely to require conversion or renovation.

PR8.2 Capital Building Project Management and Delivery

Capital projects are often complex requiring the coordination of numerous internal and external parties, tight timescales and a range of uncertainties in need of active management. They require careful planning particularly in the initial stages to ensure that the appropriate authorities and budgetary approvals are obtained. This procedure focuses on that task and is intended to apply to all contracts of £500,000 or more.

1. Project identification stage
 - a) The need is identified and defined.
 - b) Scope and objectives of the project are defined as part of an outline business case.
 - c) Possible solutions sought, in consultation with all key users.
 - d) Consideration given to the appropriate procurement process.
 - e) Consideration given to whole life cost and sustainability issues.
2. Project design stage
 - a) Identify 'Client' to lead planning stage.

- b) Develop a more detailed business case and if necessary identify budget required for design stage and seek authorisation of the budget (either from ESC or from APRC/FC).
 - c) Produce an initial listing of risks associated with the project (including those that might arise if the project was not given authority to proceed).
 - d) Liaise with the Purchasing Manager over selection of design consultants and procurement process and timing constraints.
 - e) Tender and select for design.
3. Capital project approval phase
- a) Revise and develop a final business case for the project.
 - b) Business case to be approved by ESC.
 - c) Finance Committee to authorise capital budget and approve the monitoring and control process to be followed during the implementation phase.
 - d) If total cost is >£1million the project will require Council's explicit approval.
 - e) Tender and select project management, architects and main contractor.
4. Monitoring and control during the project delivery phase
- a) Larger projects (i.e. those over £1million) should normally have a Project Board normally comprising representatives of the end user ('the client'), the Estates and Finance Divisions, the project managers, the architects and the cost consultants. The Project Board will meet regularly and report to the Estates Strategy Committee periodically.
 - b) The Board will take decisions on contract strategy (i.e. how the design and construction elements of the project are to be related) and contract type (i.e. fixed price, lump sum plus variations, etc.).
 - c) Other areas in which the Board will have significant influence include contractor selection, contract terms, payment arrangements and timetable planning.
 - d) During the course of all significant projects, their risk registers must be updated and reviewed by the Board regularly.

- e) The Board will review progress against construction plans and devise means of resolving any emerging problems.
- f) Any question of variations to the contract or timetable will be considered by the Board and where changes are necessary the appropriate approvals will be sought.

5. Post project review, assessment and reporting

- a) For all projects of £1million or more there is a requirement for formal evaluation and review of their outcomes.
- b) Such reviews will cover whether project objectives were achieved, the suitability of contract strategy and type, the performance of consultants and contractors, the success or otherwise of project management arrangements and the financial outcome against budget.
- c) The Project Board will carry out that review in each case and report on to ESC and FC as appropriate.

PR8.3 Business Case Checklist to Support Capital Investment Proposal

- Describe how the initiative/project advances the School's strategic plan.
- Quantify the potential risk in delay for (i) 1 year and (ii) the do nothing option.
- Describe how this project fits with the School's estates strategy.
- How much grant and fundraising income will be available to fund this project?
- What other sources of funding have been considered?
- What competitive advantage will result or be reinforced?
- Who are the intended beneficiaries of the project?
- Describe how they have been consulted over the project and the changes that their views have made to this proposal.
- How will the scope and risks of the project/change be managed?
- How will whole life cost and sustainability issues be addressed?

In addition to the specific responses to these questions the following should also be provided.

1. A full financial analysis of the proposal, at least one alternative* and the do nothing option.
2. A timetable of the approval process necessary for this project that has been approved as feasible by the Purchasing Manager and the Finance Director

* not required for small projects but if you plan to omit this option please discuss with the Purchasing Manager first.

PROCEDURE PR9

RESEARCH GRANTS AND CONTRACTS

PR9.1 Assessment of Cost

RD can assist with establishing the full economic cost of an individual project and then provide advice on how to translate this into the funding level, or price, which will form part of the project proposal submitted to the sponsor.

In accordance with each sponsor's requirements, it may be feasible to submit a single costing showing only the level of funding sought but, in order to comply with TRAC requirements, an additional costing showing the fEC will also need to be generated and retained within RD for inspection on request.

Staff intending to submit applications for research funding to sponsors must discuss their proposal in detail with the RD to enable an assessment of the likely areas of cost to be made.

Points considered during assessment process:

- Length of project - it is important to allow sufficient time for completion of work as most sponsors dislike requests for extensions of time;
- When assessing the costs of an application, it is essential to read carefully the sponsor's guidelines in order to establish whether the budget profile is likely to meet with the sponsor's approval;
- LSE Research Ethics Policy;
- Head of Department approval/space constraints where there is the possibility that additional space will be required to 'house' the staff on the grant. A request will need to be made and approved by the Space Management Group;
- Applicants are advised of appointment procedures and the likely additional time necessary if Selection Committees are involved;
- Possible work permit implications;
- The rate and treatment of VAT depending on the type of supply and the location of the sponsor
- Where additional resources such as library journals, IT facilities or AV equipment will be required they must be included in the direct cost budget and approved by the relevant service leader

The full economic cost of a project, including:

Direct costs

- Number of staff/level of appointment, e.g. Research Assistant or Research Officer, etc.;
- Travel and Subsistence;
- Computer equipment, time and software;
- Printing, photocopying, post and phone;
- Books/specialist publications;
- Typing/secretarial support;
- Advertising;
- Including all staff costs, pay progression, pension, National Insurance, full range of scale for contract,
- Contingency funding for redundancy and maternity costs

Directly Allocated costs

- Principle investigators time
- Pooled staff
- Estates costs

Indirect Costs

The level of funding obtainable from the sponsor also needs to be considered.

PR9.2 Research Costing

When the assessment process is complete, detailed costings including estates costs and indirect costs are prepared by the RD, again in collaboration with the applicant.

Staff Costings are prepared using the School pay spine, and include provision for employer's NIC and pension costs, maternity and sick pay, redundancy costs, pay progression, National Insurance, full range of scale for contract, contingency funding for maternity and redundancy costs and annual increments where appropriate. The RD maintains spreadsheets of these scales.

In certain cases (e.g. applications to overseas foundations, commerce and industry) provision is made for the anticipated costs of pay awards which may become effective during the period of the project. UK charitable foundations, Government Departments and the Research Councils generally supplement for pay awards, but it is important to take advice from the RD in each case.

Travel costings should be assessed on the basis of likely actual costs of air and train fares, with a per diem subsistence figure added where appropriate. In the absence of subsistence guidelines from the sponsor, School UK subsistence rates should be used. Overseas subsistence rates can best be assessed in discussion with the applicant, who may have previously visited the countries involved, or using past experience as a

guideline. The RD subscribes to the H M Revenue & Customs subsistence rate tables which covers almost every eventuality.

Any applicant intending to purchase IT equipment should discuss their requirements with Information Management and Technology Division prior to an application being submitted. All purchases must be made through Information Management and Technology Division in order to comply with sponsors' best value principles.

Printing and photocopying costs should be discussed with the Reprographic Services Office, so that full budget provision may be made. Note that LSE indirect costs are not intended to cover such costs, but only "day to day" routine usage of such facilities.

Applicants envisaging substantial usage of the School's post and telephone facilities (e.g. for mailshots, overseas phone calls, telephone interviewing etc.) should discuss their needs with Telecomms and the Post Room, which will be able to assist with budgeting.

Expense claims should be made following the procedures for travel, subsistence and hospitality.

PROCEDURE PR10

DONATIONS MADE TO THE SCHOOL

PR10.1 Proposed donations to LSE, unless these are for research grants to be administered via Research Division, must be coordinated through the LSE Advancement to ensure the School's processes for financial approval and ethical review are completed. All donation and gift agreements require signature of the School Secretary.

PR10.2 The LSE Advancement will notify the Finance Division once a month of all donations received and will produce a spreadsheet outlining individual donations received and pledged broken down into separate accounting years derived from the donations database. The Office of Development and Alumni Relations should ensure that the donor has considered the most tax efficient methods of giving, e.g. Gift Aid. The Office of Development and Alumni Relations is responsible for ensuring that all promised donations and instalments are received by the due date. Claims to HM Revenue & Customs for refunds of tax under Gift Aid will be submitted by the Finance Division.

PR10.3 In order to keep the donation information correctly, all money receipts of donations should be paid into the Second Century Campaign Bank Account immediately. The Finance Division will transfer the money to the School's main bank account on a weekly basis. For stock donations, the Office of Development and Alumni Relations will ensure the stock declaration form is completed by donors for the stock broker to initiate the transfer. Once the transfer is complete, the stock will be sold immediately.

The funds will be credited to the appropriate trust accounts every month according to the information provided by the Office of Development and Alumni Relations. If the donations warrant investment in the School's endowment investment scheme, they will be invested every quarter according to the investment allocation set by Investments Sub-committee.

PR10.4 Any proposed virement of donations and change of purpose should be discussed with the LSE Advancement in the first instance. Approvals from both LSE Advancement and Finance Division are required before the proposals take effect. The approved virement and change of purpose will be reported to the Finance Committee on an annual basis.

PROCEDURE PR11

VALUE ADDED TAX

VAT is a broadly based tax on general consumer expenditure and is charged upon the sale of goods and services made in the course of business by taxable persons. The basic feature of the tax is that organisations must charge tax at the standard rate on supplies of goods and services unless they are the subject of specific relief contained in the law. The VAT Act 1994 provides for three forms of relief:

Reduced rating e.g. domestic (student residences) fuel and power charges;

Zero rating e.g. books, children's clothes;

Exemption e.g. education and some types of research.

The majority of organisations supply goods and services which are either standard rated or zero-rated; in both cases they can recover the VAT that they have suffered on their purchases, so that the result is that they are both buying and selling at prices that are net of VAT.

The majority of the supplies that the School makes are supplies of education, and research. These supplies are VAT exempt which means that the School cannot recover the VAT incurred on the majority of its expenditure on goods and services: the full cost including VAT, will therefore represent a charge to the relevant School budget.

However, certain supplies e.g. vacation lettings, consultancy, bars, staff catering are standard rated and therefore subject to VAT at standard rate. Other supplies e.g. academic journals and publications are zero-rated. The VAT that is incurred on the purchase of goods and services directly related to these activities can be recovered from HMRC (formerly HM Customs and Excise).

a) When the VAT on a purchase invoice is recoverable, the Budget Controller must ensure that this is clearly indicated by writing "VAT Recoverable" along with the budget code and authorising signature on the invoice. The Aptos accounting system will post that VAT element to the VAT control account so that only the "net" figure is charged to the relevant budget.

The School can recover a percentage of the VAT incurred on its overhead expenditure i.e. that proportion which related to the generation of taxable supplies, through its VAT Partial Exemption Scheme, but the income from this accrues centrally and is included in School general income.

An oft-heard comment in relation to VAT is "Higher Education is exempt". What this actually means is that the fees charged to students are not subject to the addition of VAT. It is very much in the interest of universities that this situation does not change as the UK HE Sector's international competitiveness would otherwise be weakened. However there is a downside to the exempt status of tuition fees, which is that the VAT suffered on the purchase of goods and services to enable the Teaching and Research to be performed cannot be recovered. The School is therefore paying VAT on certain items of expenditure e.g. premises, including refurbishments, heat, light, computer equipment, professional fees etc., with no way of recovering the cost.

b) Where the School receives the services of consultants, lawyers, accountants, data processing and other similar services from outside the UK, then under the Reverse Charge rules, the School has to charge itself VAT on these services. These rules are designed to stop UK businesses from avoiding VAT by obtaining all their legal and accounting services, etc. from abroad.

c) When goods, e.g. computers, CDs are imported from another EU Member State, they may appear to be VAT free but under EU Legislation, the School will have to charge itself VAT on those items. This is known as Acquisition VAT, and where such VAT is paid over to HM Revenue and Customs (HMRC, formerly HM Customs and Excise) it will be charged to the relevant School budget.

d) The Finance Division are responsible for submitting quarterly VAT returns to HMRC (formerly HM Customs and Excise).

e) The Finance Division are also responsible for submitting calendar quarterly European Sales Lists of VAT Reverse Charged Sales made by the LSE VAT Group, quoting the customers' valid European VAT numbers. These VAT numbers should be validated in the Europa website VIES portal to ensure entitlement to reverse charge such sales, and correct Aptos procedure followed relating to reverse charged sales. The Credit Control Department in Finance Division is available for advice on this.

Further, some supplies are defined as "Non- Business", e.g. (unfettered) donations, and some are regarded as "Outside the Scope of UK VAT", e.g. supplies where the place of supply is deemed to be outside the UK. In these two latter cases no VAT is charged as there is no supply for UK VAT accounting purposes, but in some cases VAT may be due in the Foreign Jurisdiction, either by the customer or the supplier.

New business areas opening up in the School may have VAT implications and therefore VAT advice on new areas of activity must be obtained from the Tax Manager in the Finance Division prior to commencement.

PROCEDURE PR12

IT PURCHASES

PR12.1 Principles of procurement

Information Management and Technology Division should be consulted on all matters of IT procurement, be that for ICT equipment (see definition below), for all software, for any mobile phone or similar device, and/or for any other peripheral the value of which exceeds £200.

PR12.2 Purchase procedure

Stage 1 – Justification and authorisation

Staff requiring a new IT equipment or software should seek the appropriate authority and permission from their senior manager of the department or unit (Heads of Department and Division) before proceeding the purchase procedure.

In the first stage of the process, departments and units should review the purchase request and its associated contract (if any) considering:

- a) The demonstrated business need for each specific user;
- b) The most economical contract associated with the purchase for each user;
- c) That personal use of equipment and software should be insignificant.

Stage 2 - Advice

In this stage of the process, the user (or perhaps a representative of the user such as an IT Representative or Departmental Manager) contacts their IT support contact. The user will either suggest a product to purchase or ask for advice on a suitable product.

Information Management and Technology Division will aim to agree a suitable product with the user from a recommended supplier (see PR12.5 below) and if so the process passes to Stage 4.

If Information Management and Technology Division cannot suggest a suitable product from a recommended supplier or the user does not accept the recommendation then the process passes to Stage 3.

Stage 3 – Business Case

Where a product from a non-recommended supplier is requested, a brief business case will need to be submitted. A template for which can be found here on Information Management and Technology Division website.

The case and the recommendation is passed to the Service Delivery Manager, the Service Development Manager or the Assistant Director of Information Management and Technology Division (User Services) who will:

- Approve the case (possibly with suggested amendments) and it passes to Stage 4;
- Reject the case and pass it back to the user with comments and where possible advice on an alternative purchase. The case passes back to Stage 2;
- Ask the user further questions before approving or rejecting the case.

Stage 4 – Budget Approval

Departments and divisions are responsible to determine the budgetary impact of the purchase and its associated long term costs (contract), and to determine whether or not an employee's job requires use of such IT equipment or software. Approval for the purchase is sought from the department/unit Budget Controller or authorised signatories. Once granted the purchase is ordered in the usual way.

Appeals

Where a case is not approved the user can ask for it to be re-considered by the Assistant Director of Information Management and Technology Division (User Services) if the decision is made by the Service Delivery or Service Development Managers or by one of the other Assistant Directors of Information Management and Technology Division if the decision is made by the Assistant Director of IT Services (User Services).

Urgent Cases

If neither the Service Delivery Manager, nor the Service Development Manager nor the Assistant Director of Information Management and Technology Division (User Services) is available and the purchase is urgent the case can be approved by one of the other Assistant Directors in Information Management and Technology Division.

PR12.3 Purchase of Computer Software

Computer software differs from the procurement of other goods and services in that the purchase typically only results in a right to use the software rather than outright ownership. As a result, only current members of the School are licensed to use such software. There are often strict terms relating to the use of software – especially software discounted for academic use, breach of which can have significant adverse consequences to the School (e.g. legal action/financial penalty). For those reasons, all software should be obtained only through Information Management and Technology Division.

Wherever possible, IT Services will obtain site-licenses (i.e. the right for all current staff/students to use on campus) using the appropriate academic channels and/or

consortium discounts (e.g. EduServ/CHEST) but will always negotiate the best-value solution.

Information Management and Technology Division procures and maintains computer software on behalf of the School. Computer software typically falls into four categories:

- a) Software used to support teaching and learning and typically installed onto PCs in teaching classrooms and public-access rooms;
- b) Software used to support the administrative functions of the School, including for example the finance system, the human resources system and the student records system;
- c) Individually installed software applications to support additional functions/activities.
- d) Applications developed specifically for mobile devices such as tablets and smartphones.

A list of School-provided software is maintained by Information Management and Technology Division and Purchasing Services. The purchase of new software will not be condoned where software performing the same or similar function already exists.

A list of preauthorised mobile device applications through third part resellers (such as iTunes / Amazon) is maintained by Information Management and Technology Division and is available on the website. These applications may be purchased independently of IT Services and reimbursement will be made through petty cash or expenses when accompanied by a printed receipt. If you wish to purchase a mobile application that is not currently authorised for independent purchase please contact IT Support prior to making your purchase. (Note: this personal procurement exception for mobile phones is subject to change. If enterprise licensing is made available on these mobile platforms the School will adopt a similar centralised model as other software purchases in order to gain best value.

Requests for new computer software should be discussed with your IT support contact in and/or by completing the request form, which can be found on the IT Services website.

The purchase of all *new* software will comply with the School's standard purchasing procedure as set out in PR6.

Renewal of *existing* computer software licenses will be permitted *without the need for competitive tender only where the following conditions are met:*

- The software is included in the current list of supported software. The list will be updated with newly procured software and when software is no longer required

but it will only be approved annually in July of each year. The Finance Director shall approve the list.

- There is a continued business need for the software renewal, i.e. the software supports the core activities of the School (e.g. is used for teaching, is used for research purposes, and/or supports the administration).
- Not renewing the software licence would cause detriment to the School or would incur subsequent increased cost.
- That the renewal ensures best value by utilising appropriate academic licensing arrangements, consortium pricing structures and volume discounts.
- Adequate budget is available to fund the renewal (i.e. no additional resources are required).

If any of these conditions are NOT met, then the renewal must conform to the Purchasing Regulations set out in PR7 and may require a business case to be made.

PR12.4 Definition of IT Equipment

IT equipment is defined as:

- (a) ALL IT equipment forming part of the School's infrastructure
- (b) ALL IT equipment installed in lecture theatres, classrooms and open access computer areas
- (c) ALL desktop and Laptop PCs;
- (d) ALL monitors, printers and scanners;
- (e) ALL mobile devices including laptops, netbooks, phones, mobile phones, smartphones, PDAs, eReaders and tablets ;
- (f) Any other IT peripheral costing £200 or more.

IT equipment for this purpose does NOT include:

- Personal media equipment (such as desktop projectors, DVD players, digital cameras)
- Consumables such as CDs, DVDs, memory sticks (although these may but do not have to be purchased through IT Services using IT budgets)

All IT equipment as defined above must be purchased through IT Services and will be added to the Asset Inventory. IT Services will ensure the safe and legal disposal of such equipment including:

- a) Ensuring environmental damage is not cause by disposal (and following appropriate regulation);
- b) Ensuring data security (making sure that data is destroyed before disposal);
- c) Protecting the reputation of the School by ensuring environmental and data security is maintained.

PR12.5 Recommended Suppliers

Information Management and Technology Division recommends the purchase of IT equipment from recommended suppliers. The current recommended suppliers can be found on the Purchasing Services website. We make this recommendation because:

- a) We are able to better support these products;
- b) We have favourable and automatic warranty agreements in place;
- c) We can obtain swift delivery;
- d) We obtain good discounts and value for money for the School.

PR12.6 Purchase from Non-Recommended Suppliers

Information Management and Technology Division understands that there are occasions where a machine from a non-recommended supplier might need to be sourced (for example, a particular size and weight of machine might be required that a recommended supplier cannot supply). In these cases the requesting department must submit a brief business case justifying the purchase for approval by the Service Delivery Manager, the Service Development Manager or Assistant Director of Information Management and Technology Division (User Services) in advance of the order being placed.

Once approved, equipment from a non-recommended supplier must be purchased through Information Management and Technology Division in the normal way (and in accordance with the Purchasing Procedure set out in PR6). Information Management and Technology Division will do what it can in order to obtain as fast a delivery as possible and to make appropriate warranty arrangements.

If you do wish to make a purchase from a non-recommended supplier, please discuss this with your IT Support contact who will be able to provide appropriate advice.

PR12.6 Purchasing independently of IT Services

It is possible to make very *exceptional* purchases independent of IT Services (for example where a machine is stolen abroad and needs to be urgently replaced). In these cases staff need to make a business case to Finance justifying why an independent purchase is/was necessary.

In these cases please contact your IT Support contact (the Service Delivery Manager or the Service Development Manager) for advice prior to making a purchase.

PR12.7 Additional Information relating to the purchase of Mobile Devices

Information Management and Technology Division has published a policy and guidance on the use of mobile devices. The guidance can be found on the Information Management and Technology Division website.

When procuring a mobile device, Information Management and Technology Division will now show the total cost of ownership of the device over the duration of any mobile telephony contract (for voice and/or data) that might apply. Budget Controller approval will be sought before any device is ordered.

End-users will also be asked to complete an *End-User Declaration* which will acknowledge their responsibility to:

- a) Be wholly responsible for the use of the mobile device and liable for all call and other costs incurred (and will not allow others to use their device);
- b) Use their device for work-related use only. (Occasional and low-cost personal use will
- c) be permitted when related to work activity (for example, when working away from the office or outside of normal working hours);
- d) Surrender the handset before leaving the employ of the LSE or on demand by the Head of department/service/division (Note: retaining the telephone number for subsequent use is normally not permitted);
- e) Use the device outside of the UK (for either voice calls or data use) only when absolutely necessary;
- f) Maintain the security of the device;
- g) Abide by the School's terms and conditions of use of IT facilities.

PR12.8 Recommended Suppliers

The process for ordering from a recommended supplier is straightforward and there is no need for a brief “business case” although User Support will still offer purchasing advice.

Where a product from a non-recommended supplier would better meet the needs of the user then this is the advice that we will give.

We anticipate the vast majority of IT purchases will be made from recommended suppliers.

When recommending suppliers, Information Management and Technology Division will ensure that the Financial Regulations with respect to Purchasing (as set out in PR7) are adhered to.

SCHOOL POLICY SP1

PRIVATE WORK

The regulations governing private work undertaken by School staff are set out where necessary in the appropriate conditions of service and in the LSE staff handbook on the LSE website.

The School recognises that outside activities, such as lectures, broadcasts and consultancy are usually of benefit to the School and its staff. They enhance the image of the School and help create collaborative links. Clearly, however, the School needs to ensure that outside activities do not compromise the normal activities of the School.

With certain exceptions, in the case of full-time appointments, no outside work with other parties outside the School, or personal business activities may be undertaken without the prior permission of the Director.

The following activities will not normally require prior permission –

- External examining
- Work arranged via the Research Division or Enterprise LSE
- Occasional lectures and broadcasts
- Authorship of books and other learned publications
- Occasional teaching
- Consultations etc. in response to ad hoc requests (if such work is found to lead to significant and continuing activity greater than 5 days then permission of the Director will be required.)

Outside Work Undertaken as a Purely Private Activity

When a member of staff is granted such permission, the work undertaken is regarded with the exception of work arranged via the Research Division or LSEE as being outside the course of their employment by the School.

Applications for permission to undertake work as a purely private activity must be submitted to the Director and include the following information:

- (a) the name of the member(s) of staff concerned;
- (b) the title of the project and a brief description of the work involved;
- (c) the proposed starting date and duration of the work;
- (d) full details of School facilities required (for the calculation of the full economic cost);
- (e) an undertaking that the work will not interfere with the teaching and other normal School duties of the member(s) of staff concerned.
- (f) the written approval of the relevant Head of Department.

Further details are available from the Research Division.

SCHOOL POLICY SP2

TRAVEL, SUBSISTENCE, HOSPITALITY AND TAXATION ISSUES

General

Claims for reimbursement of expenses incurred in the course of School business need to be submitted within 6 months of the date that the expenditure was incurred and describe its purpose.

All claims must be supported by receipts or vouchers.

The Accounts Payable user guide, available at the Finance Division website

<https://www2.lse.ac.uk/intranet/LSEServices/financeDivision/internal/staff/accountsPayable/APuserguide.pdf> , provides further guidance.

Travel

Method of Travel

- The normal methods of travel for School business will include -
 - walking
 - cycling
 - public transport – buses, underground, railways, coaches, ferries, etcetera
 - commercial airlines
- Taxis may only be used where there is a clear requirement (such as the need to transport bulky materials or to meet tight schedules) or where they are the most economic practical means of transport.
- Within London, travel on bus, tube or similar will be reimbursed at the Oyster card “pay as you go” rate. Persons with School funded Annual Season tickets may not claim reimbursement for journeys covered by their Season ticket. Claims will only be allowed for journeys not covered by season tickets.
- Private cars may only be used as part of a journey (such as travel to a railway station) or where they are the most economic practical means of transport. In any event, private vehicles may only be used for School travel where appropriate insurance cover is in place (business use, in the UK.)
- Commercial airlines may only be used where railways or other land travel do not provide an economic practical alternative.

Class of travel

The normal class of travel is standard economy or second class in the UK. The regulations for foreign travel are approved by the Director and are available on the Finance Division website at <https://www2.lse.ac.uk/intranet/LSEServices/financeDivision/internal/staff/pdf/TravelPolicy.pdf>

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Approval of travel

Travel is recognised as a necessary and beneficial element of operating a Social Science institution with global reach. However, travel also consumes resources (staff time and money) and has harmful effects on the environment. Therefore it is appropriate that each request to travel is fully considered to ensure that the benefits for the School outweigh the costs. Alternatives, such as telephone or video conferences, might be appropriate in some circumstances. Similarly, it is appropriate that consideration is given to the number of people that travel to any event.

The authority to approve travel rests with the budget controller to which the expense is to be charged. For major foreign events with multiple attendees, care should be taken to ensure that the travel of each attendee is required. Supplementary approval requirements may be put in place on a case by case basis for events with large numbers of travellers.

The School will not reimburse the cost of home to work travel.

In accordance with HEFCE guidelines, where staff members undertake sufficient regular travel on School business to enable subsequent School flights to be obtained using any air miles (or similar benefits) thereby accruing, staff are expected to use those air miles for School business. Where staff members travel on a one off or irregular basis, there is no efficient or economic means of using or transferring any accrued air miles for School business, or where air miles would expire before a necessary School trip arises, then there is no School restriction on use of such air miles.

When in doubt, please seek advice from Finance Division and Research Division (when applicable) before booking your travel.

Details of car mileage allowances are available on the Finance Division website.

Subsistence

Receipts and vouchers must support all claims. The general principles of reasonableness and economy combined with efficient working practices should be borne in mind particularly in relation to hotel and meal costs where practicable. Benchmark rates for overseas allowances can be obtained from the HMRC's website. Members of staff are encouraged to use benchmark

information to ensure that value for money is secured when incurring travel related expenses overseas.

Entertaining and Hospitality

Reasonable amounts of expenditure for hospitality and entertaining, where necessarily incurred in the course of the School's business may be charged to School administrated funds. Hospitality for visitors will normally be provided in the Senior Common Room and recharged internally.

Where this is not practicable entertaining on the scale of a normal business lunch is permissible.

All claims for reimbursement of such expenses must contain the following information:

- The purpose of the hospitality/entertainment.
- The names of those present and the organisations they represent.

Claims not including this information will be returned unpaid.

Authorisation of Expense Claims

- The claimant may not authorise his/her own claim.
- The relevant Budget Controller should authorise all claims.
- All claims relating to research contracts should also be authorised by the Research Division.

TAXATION ISSUES

Taxation legislation will take precedence over these regulations in case of challenge or conflict.

The School has a dispensation from HM Revenue & Customs that allows the re-imbursement of legitimate and actual business expenses relating to travel/subsistence/telephone calls/entertaining of business contacts. All valid receipts (not credit card receipts) should be included in the reimbursement claims.

Reimbursement of other expenditure in the name of the individual rather than the School will be returned to the HM Revenue & Customs on form P11D's, and may be subject to tax.

Christmas Parties and Other Staff Entertaining

Departments may allocate modest funds to Staff Christmas parties or other similar functions. It is a Revenue & Customs requirement that tax will be paid by employees on the cost of such events except where they are open to staff generally in a department and are not limited to particular grades or categories of staff.

The cost of other hospitality for staff for social reasons should not be charged to School budgets, Research projects, or Outside Funds. A recent Revenue & Customs Inspection has raised a tax assessment on the following examples of expenditures: staff breakfasts, staff lunches, staff parties, birthday cakes, alcohol, birthday gifts and leaving gifts.

Taxis for late Night Working

The HM Revenue & Customs will allow cost of transport (for up to 60 journeys in a year) which an employer provides or reimburses to take an employee home if either –

- The employee is occasionally required to work late (9pm or later) or very early but those occasions are not regular, and
- By the time the employee can go home, either public transport between the employee's place of work and home has ceased, or it would not be reasonable in the circumstances for the employer to expect the employee to use it.

Accommodation

HM Revenue & Customs will allow the reimbursement of reasonable cost of overnight accommodation due to late night working, meetings etc.

The cost being limited to the following –

- Cost of the room, evening meal and drink, plus incidental expenses up to £5 per night (£10 overseas).

Broadband Internet Connection at Employee's Home for Business Use

HM Revenue & Customs rules are that where an employee is the subscriber for Internet access to their home, and the employer reimburses the employee for these costs, then this is a taxable benefit.

Internet packages, especially for Broadband access, usually provide unlimited access and no separate billing procedure to separate business use from private use. Therefore, it is up to the individual department to decide whether they will incur the income tax and national insurance contributions on this expenditure or instruct the Finance Division to complete a P11D for the employee concerned.

Further information can be obtained from Accounts Payable, AH300 (ext. 7878), paymentqueries@lse.ac.uk

SCHOOL POLICY SP3

PURCHASING POLICY

This statement sets out the School's Purchasing Policy and the relative responsibilities of the Purchasing Manager and Budget Controllers. It will be reviewed annually by the APRC on behalf of the Council on the basis of a report on purchasing activity prepared by the Purchasing Manager which will include Value for Money and benchmarking performance measurements.

Objective

The objective of the Purchasing Policy is to obtain value for money purchasing across all areas of the School through the application of best practice purchasing management.

This will be achieved by the management by the Purchasing Manager of purchasing activity within all areas of the School:

- (a) The use of whole life costing as a basis for comparing goods and services.
- (b) To obtain goods and services at the lowest possible whole life cost consistent with quality and delivery requirements.
- (c) Dissemination of the School's Approved List of Suppliers and Contracts.
- (d) The promotion of the use of existing National, LUPC (London Universities Purchasing Consortium) and locally negotiated purchasing agreements.
- (e) The measurement of value for money savings and benchmarking against other institutions.
- (f) Appropriate training for personnel involved in purchasing activity so that they may fulfil the School's purchasing policy.
- (g) The identification of goods and services which are common to more than one unit and the negotiation of centralised contracts to take advantage of bulk discounts.
- (h) The periodic review of suppliers and supply agreements against a defined timetable.
- (i) Establishment and maintenance of a central contracts register.

Responsibilities

The APRC is the body responsible for exercising committee oversight of School wide purchasing arrangements.

The Purchasing Manager is responsible for: -

- (a) The central co-ordination of purchasing activity in all areas of the School.
- (b) Providing the primary focus of professional advice and guidance on purchasing for all areas of the School.
- (c) Ensuring compliance with all provisions of the School's agreed purchasing policy.
- (d) Ensuring that value for money is obtained through use of best practice purchasing procedures in all areas of the School.
- (e) Working with Budget Controllers to collate information, produce a timetable for the competitive tendering of all suppliers within a three year period where applicable, arrange framework agreements, assist with the evaluation of the associated tenders, and disseminate the contract information for any goods and services which are common to more than one Unit, against which Units will place orders.
- (f) The dissemination of the School's Approved List of Suppliers and Contracts.
- (g) Final responsibility for all tendering exercises which exceed the EU threshold.
- (h) Involvement in the activities of the LUPC.
- (i) The setting up and maintenance of Purchasing performance indicators and the benchmarking of these against other institutions.
- (j) Providing Units with advice on training of staff involved in purchasing activities.
- (k) The submission to the APRC of an annual report on purchasing and related savings.
- (l) Ensuring that an unimpeachable standard of integrity is maintained in all business relationships with suppliers.
- (m) Ensuring that all Units of the School are made aware of their responsibilities in regard to the Purchasing Policy.
- (n) The achievement of agreed performance targets and indicators.

Budget Controllers are responsible for:

- (a) Complying with the School's Purchasing Policy and Procedures and Financial Regulations.

- (b) Purchasing goods and services for which they hold the budget under contracts contained in the School's Official List and reporting to the Purchasing Manager any transactions which deviate from the Official List.
- (c) Ensuring that the School's tendering procedures are followed where the value of the goods/ services is likely to exceed the School's threshold, including agreeing a 3 year review plan with the Purchasing Manager that ensures that all suppliers are subjected to the competitive tendering process where applicable.
- (d) Ensuring that EU tendering procedures are followed where the value of the goods/ services is likely to exceed the EU threshold.
- (e) Notifying the Purchasing Manager in advance of any tendering exercise.
- (f) Ensuring that appropriate training is provided for staff involved in purchasing or negotiation of contracts.
- (g) Keeping to a minimum the value of stocks held within the Unit.
- (h) Providing the Purchasing Manager with the information required for preparation of the annual report to the APRC.
- (i) Awareness of their responsibilities with regard to the School's Purchasing Policy.
- (j) Maintaining an unimpeachable standard of integrity in all business relationships with suppliers.
- (k) Where possible being involved in the work of the LUPC through membership of commodity groups and other committees.
- (l) Providing the Purchasing Manager with the information required for the preparation of framework agreements for goods and services which are common to more than one area of the School.

SCHOOL POLICY SP4

ACADEMIC ACCOUNTS AND RESEARCH ALLOWANCES

a) DEPARTMENTAL OUTSIDE FUNDS

All Academic Departments and some other units of the School run, in addition to School funded budget accounts, accounts known as "outside funds" accounts. The following credits and other adjustments can be made to these accounts:

- (i) Department profit shares generated by Summer Schools, External Study, other external courses and School publications;
- (ii) any revenue such as conference fee income, consultancy fee income, generated and administered by the Department or unit, which is beyond the normal expected activities of the Department;
- (iii) substitute teaching funds received by a Department from an external sponsor to fund a replacement for a member of staff engaged on a research contract. These funds are administered by RD and should not be confused with replacement teaching funds, which are School budgets given to fund replacements for members of staff serving as Pro Director or Dean or on certain School Committees.

Transfers should **not** be made into outside funds from any School funded budgets (including Departmental Allocations and premium fees) or externally funded budgets (including RTSG and other research council and HEFCE budgets) - though transfers the other way from outside funds into School funded budget accounts are permitted.

Outside funds may be spent on the following:

- (i) Employment of staff who are not funded by MSLs (either because the Department does not have sufficient MSLs or because it wishes to save MSLs);
- (ii) enhancing a Department's School funded budgets (including Departmental Allocations and MSLs);
- (iii) student support such as Scholarships and prizes;
- (iv) support for academic visitors;
- (v) purchase of equipment or furniture additional to that provided by the school;
- (vi) funding seminars and conferences held internally;

(vii) funding of conference attendance not funded by the staff Research Fund element of the Departmental Allocation;

(viii) staff entertainment on a reasonable level (see School Policy SP2).

b) CENTRALLY ALLOCATED BUDGETS

The following budgets are allocated to academic departments:

- i) The allocations budget consists of three elements; core departmental allocation based on a per capita measure of Academic and Administrative staff FTE; student hospitality – hospitality for each student registration and Staff Research Funds – costs incurred while undertaking research or to aid research.
- ii) The special factor allocations must be used for the purposes for which they have been specifically allocated. Special factor allocations are mainly awarded for special language training and double degree travel and hospitality.
- iii) The premium fee allocations can be used for any activities which benefit the students on Premium Fee programmes. This can include field trips, residential courses, course packs, furnishing student space, student hospitality and staff costs (where the staff are specifically involved with improving the offering to premium fee students);
- iv) Replacement Teaching is allocated to provide compensation to Departments in the following circumstances; Academic Office Holders, eg VCAB, VCAC, Deans, Chairs of certain School Committees; staff with UCU responsibilities; Academic staff on sabbatical leave (in exceptional circumstances) and commutation of Heads of Department sabbatical leave entitlement into cash payment. (the offices are listed on School website,
<http://www.lse.ac.uk/intranet/staff/humanResources/joiningLSE/recruitingContracting/internal/essentialInformation/replacementTeachingBudget/Home.aspx>).

c) RESEARCH ALLOWANCES

Research Allowance accounts are used to keep all research incentives not taken as remuneration, LSE-E funds and other research allowances in one account in each Academic's name.

These can be used in the following ways;

- To support research activity by academic staff;
- For equipment purchased for research purposes. All equipment must be purchased in accordance with PR6 and PR12, and must be 'etched' and insured through the School;
- Unused Research Allowances balances are usually carried forward from year to year.
- They are not transferable when academics leave the School, unused balances will be transferred to central School funds.

SCHOOL POLICY SP5

ACADEMIC JOURNALS AND PUBLICATIONS

Guidelines to academic staff for journals with a connection to the LSE:

(i) New journal ideas:

Colleagues are advised that the LSE has expert in-house advice available for the negotiation of journal contracts with publishers. The aim of this advice is to ensure that an equitable agreement is entered into with journal publishers, so that the department or centre in which new journals originate will benefit in the long term from the potential revenue generated by successful academic journals. If a new journal is viable, a substantial return on this revenue will be ploughed back into funding for research in the relevant department or centre.

The LSE Journals Sub-Committee (JSC), a sub-committee of the APRC, also has funds available for investment in the editorial costs of new journals that are wholly owned and supported by the School. It is therefore recommended that all proposals or ideas for new journals, at however early a stage, should be discussed with the Head of Academic Publishing, and with the Chair of the Journals Sub-Committee.

All new journals with significant LSE editorial input which are to be based in the LSE will require the approval and express permission of the JSC.

Further benefits of routing new journal ideas/proposals via the JSC include:

- Editorial honoraria: individual editors will receive a more appropriate reward and support for themselves as well as in the long term for their centres or departments;
- Assistance can be provided for the setting up of organisational and administrative support for the journal, which can substantially remove the burden of administration from the academic editor/s - support which would otherwise not be available;
- Legal issues: potentially litigious issues are likely to be avoided;
- Quality assessment: routing journals via the JSC will ensure effective peer evaluation of the intended purposes of the journal.

If the school's policy is ignored or contravened then appropriate charges will be made by the School for the running and other costs of the journal including accommodation.

(ii) External journals: Existing journals not owned by the LSE but intending to be based in the LSE temporarily or permanently:

In accordance with JSC policy, colleagues planning to base the office of an external journal temporarily or permanently in the LSE are required to take the following steps:

- To seek the formal endorsement of the relevant Head of Department.
- To contact the Head of Academic Publishing (HAP), enclosing this endorsement and providing an estimate of the accommodation and infrastructure services required.
- The HAP will discuss the accommodation and resource implications with the Estates and Finance Divisions and determine charges for these provisions jointly with Estates and Finance.
- The HAP will then submit each proposal to the JSC for its consideration and approval with regard to academic quality.

In each case, a Memorandum of Understanding will be signed between the owner of the journal and the LSE clarifying the tenancy arrangements.

Budgetary Control

The Head of Academic Publishing (HAP) and the Chair of the JSC are budget controllers for all funds associated with the School's journals.

Individual editors are authorised signatories for the following funds relating to their journals, in accordance with budgets to be proposed to and approved by the JSC in March of every year-

- office equipment and sundries, including expenditure of up to £1,000 p.a. on non-permanent staff support costs;
- travel of editors to editorial board meetings;
- editorial board expenses/committee expenses;
- public lectures and /or conferences promoted by the journals;
- attendance by the editors at conferences relevant to the journal;
- short training courses for journal managers;
- hospitality for editors, publishers and meetings.

Each journal has a reserve or contingency fund generated by 10 per cent of each journal's annual surplus. The contingency fund is understood to be for unexpected/unforeseen expenditure over and above the annual budget. The editors have the authority to use this fund for legitimate journal expenses, provided funds are available, up to a maximum of £5,000 in any one financial year.

Requests to spend in excess of £5,000 in any one financial year from the journal's reserve or contingency fund will need to be submitted to the JSC for approval.

The maximum amount each journal may retain in its journal reserve or contingency fund at the beginning of each financial year (1 August) shall be £15,000.

Fund transfers between cost centres (i.e. transfers between different Aptos 1-CC1-CC2 codes as opposed to transfers within a single 1-CC1-CC2 code) must be approved in writing by the HAP or Chair of JSC.

SCHOOL POLICY SP6

MAJOR ACADEMIC INITIATIVES POLICY

1. The Major Academic Initiatives (MAI) process provides a structure for the evaluation of the service requirements of new major teaching, research and other academic initiatives. It ensures that:
 - i) the initiative is in line with both the School's regulations and the School's strategic priorities;
 - ii) resource plans take into account the full costs of undertaking the new initiative;
 - iii) separate resource plans are established so the financial impact of the MAI is clear;
 - iv) due diligence is applied on a consistent basis;
 - v) Professional Service Divisions can plan for any additional or bespoke requirements.
2. **Definition of a MAI:** The MAI process is primarily intended for use in relation to non-standard teaching activities, the establishment of new academic entities and large scale research ventures, although it has been applied to other initiatives which have an impact across the School (e.g. the implications of the change in the structure of the teaching year).
3. **Non-standard teaching activities:** Standard teaching programmes are of a defined length (three years for undergraduate, one or two years for taught postgraduate) and are delivered by LSE academic staff during the day in term time on the LSE campus. Teaching programmes falling outside of these parameters can be considered non-standard and the MAI process is likely to apply. Examples of non-standard programmes include executive MSc programmes, joint degrees, part time undergraduate programmes and ancillary programmes that deviate from the model already in use.
4. **New academic entities:** The MAI process can be used to evaluate the impact of new academic entities such as new Departments and Institutes.
5. **Large scale research ventures:** Research ventures involving substantial levels of funding (i.e. more than £5m total income or more than £1m income per annum) or placing significant demands on School resources (e.g. space for more than 5 FTE research staff) are likely to be subject to the MAI process. The establishment of a new research centre is the most common example of a large scale research venture. Please refer to the flowchart in **Annex A**. All such proposals must comply with the conditions set out in section C7.5 of the Financial Regulations.
6. **MAI Process:** The main features of the MAI process are:
 - i) The appointment of a facilitator to assist the academic and administrative leads in the development of the MAI proposal and guide it through the consultation, review and approval process.
 - ii) Consultation and input from contacts across the Service Divisions.
 - iii) Documentation of the proposal and consultation process through completion of a comprehensive checklist.
 - iv) Completion of a resource plan pro-forma with full economic costs.
7. There are five stages in the MAI process; these are summarised in the MAI process diagram and described in detail below.
 - **Stage 1 – Support in principle from senior management for a new MAI:** The MAI is proposed by an individual, an academic unit or via a School committee. Based on a brief description (akin to question 1 of the MAI checklist), the Directorate assesses the strategic fit of the MAI with the School's priorities and gives support in principle. A member of the Director's Management Team (DMT) will be nominated to act as the senior management sponsor for the MAI; this will entail representing the views of DMT through the development of the MAI proposal and guiding the

proposal through committees when it reaches stage 4. Ideally the MAI will be discussed by the Directorate and appropriate head(s) of academic units during the Annual Monitoring meetings in Michaelmas Term. If this is not possible then the proposal should be considered at one of the regular meetings of the DMT. If the MAI proposal originates from the Directorate or from a committee then the head(s) of the appropriate academic unit(s) will be consulted and must take the proposal to a departmental meeting to ensure strategic fit with the unit's plans. The head(s) of the academic unit(s) must confirm their support in principle for the MAI.

- **Stage 2 – Development of proposal, consultation with Service Areas and production of resource plan pro-forma:** A facilitator from the central administration will be identified to work with an academic lead and administrative lead nominated by the academic unit. For non-standard teaching activities and new academic entities, the facilitator will usually be a member of the Planning Unit. For large scale research ventures, the facilitator will usually be a member of the Research Division. Facilitation for other initiatives will be determined on a case-by-case basis by the Head of Planning and Finance Director. In consultation with the academic and administrative leads, the facilitator will: (i) complete the MAI checklist (note that there are different versions of the checklist depending on the nature of the initiative and the facilitator will advise on the appropriate checklist to use), (ii) set up a meeting with staff in the Professional Service Divisions to discuss the MAI and feed into the checklist, (iii) establish a timetable for approval and implementation, and (iv) suggest how success of the MAI will be assessed. The representatives from the academic unit must liaise with Finance to complete a resource plan pro-forma for the MAI (with involvement from the facilitator as necessary). The resource plan must include all relevant direct and indirect costs and adhere to the principles of full economic costing, as advised by the Finance Director. Typically external deadlines for research funding can be extremely tight and many applications for funding will be unsuccessful. The facilitator for research initiatives must liaise with Finance regarding the resource plan and ensure that all potential costs are included, but can be selective in communicating with other Service Divisions in the completion of the MAI checklist depending on the nature of the proposal (this is reflected in the MAI checklist for research initiatives).
- **Stage 3 – Senior management sign-off:** For research initiatives, the Pro-Director (Research) will confirm to DMT that (a) Research Committee, or the Research Development Panel (RDP) to which it has delegated authority, has supported the MAI proposal and (b) the Finance Director has reviewed an outline resource plan, any issues raised in that review have been addressed satisfactorily and that any obvious one-off costs have been identified within the resource plan. For proposals for other initiatives, a cover paper should be prepared for consideration by DMT alongside the checklist and any other pertinent information. Drawing on the completed checklist the cover paper should summarise:
 - How will the MAI contribute to the existing priorities and plans of both the School and the academic unit(s) involved?
 - Will there be any impact on existing School activities in this area?
 - Who will set up the MAI and who will run it on an ongoing basis?
 - What governance arrangements will be in place for the MAI?
 - How will success be measured and reported on?
 - What are the financial implications – what are the School's expected investments and returns and have these been signed off by the Finance Director?
 - What are the key risks (including, but not limited to, proceeding versus not proceeding)?
 DMT will then determine if the proposal can progress to the committees.
- **Stage 4 – Progress through committees:** The facilitator will advise on the route through the School's committee structure. MAIs relating to teaching activities must be supported by the APRC (via a sub-group where relevant) and the appropriate subcommittee of the ASC. MAIs relating to research activities must be supported by the RDP. All proposals must be supported by the Finance Committee and receive final approval from the Council (this may be through specific consideration of an individual MAI or via approval of the overall School budget). As Council meetings are infrequent and the schedule for applying for research funding is often tight, it will not always be possible for proposals to be presented to Council prior to their final agreement; where

this is the case the Pro-Director (Research) will ensure that Council is informed of the decisions taken and provide assurance that due diligence has been observed. The involvement of other committees (such as the Academic Board and the Department Heads Forum) will depend on the nature of the MAI proposed.

- **Stage 5 – Operation and review of new initiative:** The academic lead will agree (and document) the individuals with responsibility for taking the initiative from launch through to steady-state operation; this should cover at least one cycle of activity or the first 12 months of a programme of activity. The facilitator will advise on a schedule for review of the MAI and the assessment of its success. Documents relating to the proposal will be available to senior management and those involved in the MAI process via SharePoint.
8. The MAI process was approved by the Academic Planning and Resources Committee (APRC) in June 2012. The ongoing development of the MAI process is managed by the Head of the Planning (Wayne Tatlow) and overseen by the MAI Project Board. Any queries regarding the MAI policy and process should be directed to w.n.tatlow@lse.ac.uk in the first instance.

SCHOOL POLICY SP7

STANDARD FEC RECOVERY RATE (RESEARCH PRICING POLICY)

1. This policy sets out the standard fEC recovery rates for research grants and contracts. It sets out the authority for approving grant and contract prices, but has no bearing on issues relating to the signing of contracts.

Background

2. Financial regulation C7.8 states, 'The Finance Committee will review and agree standard fEC recovery rates periodically'.
3. Financial regulation C7.4 requires the Director of the Research Division or the Deputy Director to authorise all applicable research grant applications or contract bids (i.e. all applications or bids that are not deemed Major Academic Initiatives). It also requires that, 'all contracts where income is less than the direct cost including estates cost and any one-off cost will require Research Division (in consultation with the Finance Division) to determine which budgets any shortfall is to be financed from and, where no existing budget is available, to present a full business case to DMT and Finance Committee for approval.'
4. This policy defines the circumstances in which the Director of the Research Division and the Deputy Director of the Research Division are authorised to approve the prices of research grant applications and contract bids that do not cover all the direct costs of research (including estates costs).

Principles

5. The School is responsible for operating its research activities in as financially sustainable a basis as possible. The use of the full economic costing model devised by the Higher Education Funding Council for England and the policies of the principal research funders has made transparent the under-funding of research activity across the sector. The introduction of efficiency savings (the so-called 'Wakeham efficiencies') to drive down research costs has only exacerbated the School's deficit on research activity, as measured and reported to Finance Committee annually.
6. The School has introduced the Research Incentives Policy in an attempt to substitute funded research activity for so-called 'unfunded' research activity, and in so doing to reduce the School's research funding gap (on an aggregate basis, not on a project basis).
7. Funding is valued by the School for the high-quality research it supports which would not otherwise be possible. The benefits of this are reaped through the School's performance in the Research Excellence Framework (in terms of reputation and QR funding), through the premium tuition fees the School can command and through the other surplus-generating activities the School is able to undertake.

Standard fEC recovery rates

8. The following are the average historical recovery rates of research for each of the main categories of funder¹ and the target recovery rates based on those historical averages. Costs and prices are established using the full economic costing (fEC) methodology except where deemed a Major Academic Initiative, in which case the School Full Cost method is used.

Average Historical Overhead Recovery Rates based on live contracts from 1 Aug 2011- 31 July 2014

Award Type	Indirect cost recovery rate % ⁽ⁱ⁾	Category Target
British Academy Fellowship (funded on fEC basis)	82%	82%
British Academy Small grants and other non-fellowship schemes	0%	0%
ESRC Research Centre	49%	
Royal Society	45%	45%
Standard RC award	85%	85%
Sub Contracted via other institutions ⁽ⁱⁱ⁾	116%	85%
UK Research Councils (sector total)	68%	
Joseph Rowntree Charitable Trust	0%	
Joseph Rowntree Foundation	0%	
Leverhulme Trust	0%	
Nuffield Foundation	9%	
Wellcome Trust	0%	
UK Charity Other	6%	
UK Charities & Foundations (sector total)	3%	0%
Department for International Development (DFID)	27%	
Department of Health	33%	
Other Government Departments	61%	
Local Government	23%	
National Health Service (NHS)	34%	
NHS Trusts and Hospital Authorities	25%	
NIHR	49%	
UK Government, Local Auth & Health Authorities (sector total)	41%	40%
EC Directorates General ⁽ⁱⁱⁱ⁾	9%	
EC Research & Innovation (ERC, FP7, Marie Curie Actions)	59%	
EU Governments	49%	
European Government Bodies (sector total)	49%	50%
EU and Other Overseas Foundations & Charities	16%	16%
International Organisations ^(iv)	45%	15%
UK, EU and Other Overseas Commerce & Public Corporations	26%	30%
Knowledge Transfer Partnerships ^(v)	79%	50%
Overseas (Non EU) Government Body	17%	20%
EU Other	10%	10%
Overseas (Non EU) Other	33%	35%
Other Sources	12%	15%

⁽ⁱ⁾ Grant income - directly incurred costs/grant income

⁽ⁱⁱ⁾ These mostly tend to be small awards where there is only DA and DI costs

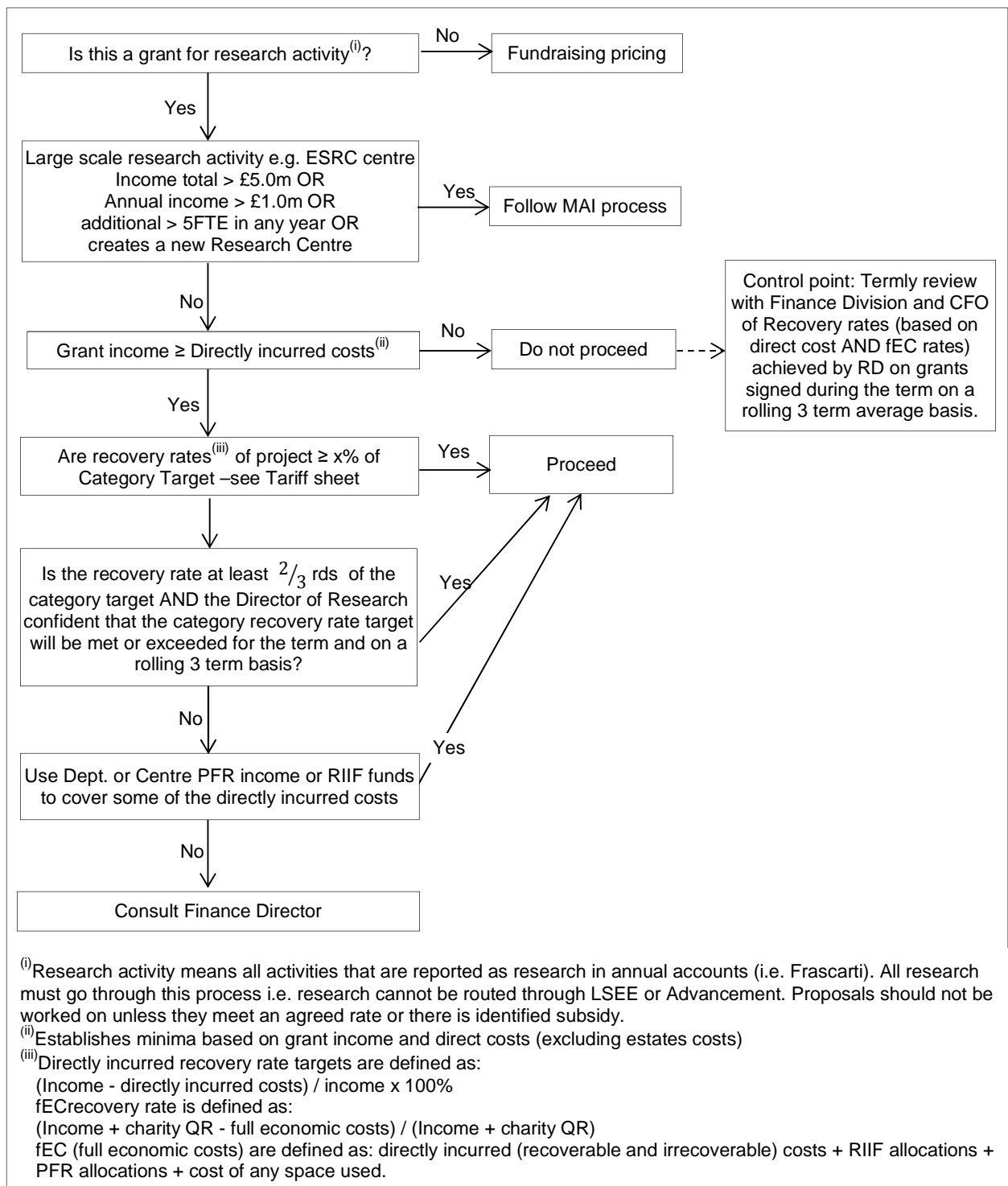
⁽ⁱⁱⁱ⁾ Only pay 7-20%

^(iv) This is high due to Vernon Hendersons two World Bank awards (without these the recovery rate would be 2%)

^(v) One off award

¹ Current recovery rate reflects the actual recovery rate over the previous three full financial years

9. The Director of the Research Division and the Deputy Director of the Research Division are hereby authorised in the context of Financial Regulations C7.4 and C7.8 to approve prices that are above two-thirds of the category target where they can expect the category target to be met across the range of grants/contracts. Where grants or contracts are deemed to attract QR charity support, this income will be calculated by the Research Division on the basis of the latest known rate and included in the price (direct costs should be read to mean directly incurred costs):



10. In all cases, the Director of the Research Division and the Deputy Director of the Research Division will adhere to internal controls in place to ensure the quality of the research to be supported by the grant application.
11. In accordance with the financial regulations C7.8, 'Any research grant awards that do not provide for recovery of Full Economic Costs, or a prearranged proportion thereof [as established above], shall require the approval of the Finance Director.'

Controls

12. Adherence to this policy will be tested on a termly basis through review by the Finance Director and CFO/Pro-Director (Planning and Resources) under the auspices of the Finance Division, and may be subject to internal audit.

APPENDIX A

THE SEVEN PRINCIPLES OF PUBLIC LIFE FROM THE REPORT OF THE COMMITTEE FOR STANDARDS IN PUBLIC LIFE (THE NOLAN REPORT)

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that may influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all their decisions and the actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

APPENDIX B

THE SIX PRINCIPLES FROM THE LSE ETHICS CODE AND GUIDELINES

Responsibility and Accountability

Integrity

Intellectual Freedom

Equality of Respect and Opportunity

Collegiality

Sustainability

Please refer to School's Ethics Code and Guidelines at

<http://www.lse.ac.uk/intranet/LSEServices/policies/pdfs/school/ethCod.pdf>

APPENDIX C

PROCEDURES FOR THE ETHICAL SCREENING OF GRANTS AND DONATIONS

A. Guidance to members of the School seeking grants or donations

1. No individual, centre or department should request a donation on their own initiative without first consulting ODAR or the Research Division at an early stage. This does not apply to discussions with the Economic and Social Research Council and similar grant giving bodies over potential competitive bids for funds.
2. The School's selection criteria for admissions are based exclusively on academic achievement and potential, and are fully independent of philanthropic support of the institution. In addition any gift or grant will not affect the academic record of any current or future students nor have a bearing on any dispute between a student and the School about the outcome of his/her programme of study.

B. Guidance and procedures for officers in the assessment of the sources of grants and donations

1. In principle, trustees of a charity are expected to accept money given to that charity for purposes consistent with the charity objects, but the trustees have discretion to consider other factors relevant to the charity's best interests.
2. For any grant or donation, members of the School, and in particular staff in the Office of Development and Alumni Relations (ODAR) and the Research Division, will balance the benefits of funding against reputational risks, taking into account the legal framework and other considerations which will inform the decisions of the Ethics (Grants and Donations) Panel.
3. The School accepts donations on the clear understanding that the funder can have no influence over the academic freedom and independence of the LSE. This principle covers decisions relating to student admissions, supervision and examinations, and where relevant, the conduct of research and publications of results.

Within this context the procedures for assessment will be:

4. Donations and grants of any size from charitable foundations registered with the regulatory authorities in the UK, USA and Canada, or from funding councils or related bodies within the UK, USA or EU, will not be subject to ethical review and can be progressed to the signing of an appropriate agreement with the funder.
5. Proposals for grants, donations or sponsorship from sources not excluded at paragraph B.4 above or not previously approved by the Ethics (Grants and Donations) Panel, which

together with prior grants, donations or sponsorship amount to more than £250,000, will have undergone a full ethical screening (see section C.3) and should automatically be referred to the Ethics (Grants and Donations) Panel by the Director of ODAR or Research Division. Care should be taken to consider whether there are any secondary funders (the 'funder behind the funder') that may require scrutiny.

6. Proposals for donations or sponsorship from sources not excluded at paragraph B.4 above which together with prior donations managed by ODAR total over £100,000, as recorded on the Advance database, will be subject to a full ethical screening by the Director of ODAR and may be referred to the Ethics (Grants and Donations) Panel where the Director of ODAR believes that the screening raises questions requiring the Panel's consideration. Proposals for donations or sponsorship from sources not excluded at paragraph B.4 above which together with prior donations managed by ODAR amount to between £10,000 and £100,000, as recorded on the Advance database, will be subject to a request for an initial ethical screening by the Director of ODAR and may be referred to the Ethics (Grants and Donations) Panel where the Director of ODAR believes that the screening raises questions requiring the Panel's consideration.
7. Proposals for research grants totaling over £100,000 will be referred for a full ethical screening by the Director of Research Division and may be referred to the Ethics (Grants and Donations) Panel where the Director of Research Division believes that the screening raises questions requiring the Panel's consideration. All potential grants amounting to less than £100,000 are exempt from any screening unless common sense dictates that a screening should be undertaken. Hence, no automatic initial screenings are undertaken for research grants of less than £100,000 in the Research Division.
8. Where the Director of ODAR is the principal involved in a proposal screening under section B.6 or B.7 above, the review will be submitted to the Director of the Research Division. Where the Director of Research Division is the principal involved, the review will be submitted to the Director of Development and Alumni Relations.
9. The Director of ODAR or the Director of Research Division will either (i) approve the progression of the grant, donation or sponsorship or (ii) reject it or (iii) escalate the case to the Ethics (Grants and Donations) Panel under the guidance in section E.2 below.
10. ODAR will record all research it undertakes on sources of grants, donations and sponsorship, and any decisions made on the basis of that research, against the record of the source held on the Advance database that ODAR manages on behalf of LSE.
11. In the light of experience, consideration will be given to the extent and timing of screenings applied to previous donors (see section E.3 below), depending on assessment of whether the circumstances may have changed and the lapse of time from the previous donation.

C. Procedures for types of Screening

1. Exclusions from ethical review. For the United Kingdom this means charities regulated and scrutinised by the Charity Commission for England and Wales, the Office of the Scottish Charity Regulator, and the Charity Commission for Northern Ireland, or entities considered an 'exempt charity' by HMRC. For the United States of America this means tax-exempt, non-profit corporations or associations under section 501(c) regulated and scrutinised by the Inland Revenue Service (IRS). For Canada this means charities regulated and scrutinised by the Canada Revenue Agency (CRA). Also excluded are funding councils or related bodies within the UK, USA or EU. There will be careful monitoring of experience concerning whether this category of exclusion carries any risk of insufficient thoroughness.
2. Initial Screening. The aim is to explore whether there are any concerns that raise issues of ethical or reputational risk. During an initial screening, reasonable attempts are made to establish whether a donor has any links to an application to study at the School (the objective here is to ensure that admission as a student and acceptance of donations are kept entirely separate). A standardised search string is also used on Lexis Nexis (and/or any subsequent due diligence product or news database) and the internet designed to highlight potential areas of concern. The research screening and the decision making process are stored and logged on the Advance database.
3. Full screening. The individual requesting the screening, typically a fundraiser, is sent a set of standard questions which cover the subject's relationship with the School and the requester. The questions also provide an opportunity for the requester to raise any potential issues or concerns. The full screening uses the resources set out in an initial screening, plus additional sources such as material held at Companies House and more extensive searches online. The information is then summarised with sources cited in footnotes. The responses to the standard questions are set out at the beginning of the report along with a summary of any concerns noted in the document.

D. Criteria for deciding whether there should be a referral to the Ethics (Grants and Donations) Panel

1. The following criteria will be considered when deciding whether to refer a matter to the Panel:
 - (a) All proposed funding at or above the threshold, which shall be £250,000 or such other figure as shall be approved by Council from time to time;
 - (b) Cumulative funding held on the record from a single source equal to or exceeding, in total, the threshold, in order that a decision be taken at the point when it is proposed that the threshold might be crossed;

- (c) Any proposed funding under the threshold referred to the Panel's attention by the Director of Development and Alumni Relations or the Director of Research Division;
- (d) Any other matter connected with acceptance of proposed funding or ongoing relations with a funder that raises issues of a legal, reputational, ethical or similar nature;
- (e) Cases in which material information is received about a funder or funding (including a series of funds) after the funding has been given which might breach the guidelines;
- (f) Funding shall only be accepted if the identity of the funder is known and acceptable to the Panel. Funding will not generally be accepted if an intermediary negotiates a benefaction on behalf of the funder who requires complete anonymity. Whilst the School may agree that it will not publicly acknowledge the name of the funder, the identity of that funder must be explicitly known to ODAR in order to carry out the necessary ethical screening and must be acceptable to the Ethics (Grants and Donations) Panel;
- (g) Funding or proposed funding from the organisations and funding bodies falling within the exclusions noted in section C.1 will not be referred to the Panel unless in the view of either the Director of Development and Alumni Relations or the Director of Research Division, the source raises issues which warrant screening and subsequent review by the Panel; or the matter is referred to the Panel by the Ethics Policy Committee or by Council.

E. Criteria to be drawn to the attention of the Ethics (Grants and Donations) Panel

1. In presenting cases to the Panel the following criteria should be taken into account:

- (a) any possibility that the funding under consideration is or might be associated with illegal activities under the Proceeds of Crime Act, the Bribery Act or anti-terror financing legislation.
- (b) any possibility that acceptance of the funding or any of its terms may not be in the best interests of the School on account of any one or more of the following:
 - i. where the activities of a funder are in conflict with the objectives and agreed policies of the School or its beneficiaries;
 - ii. where conditions imposed by a funder run counter to standard academic practice or would impose on the School academic objectives contrary to those already agreed by the school;
 - iii. where there is evidence that the reputational cost to the School of accepting the funding will be disproportionate to the value of the donation itself;

- iv. where the offer of support is dependent on the fulfillment of conditions placed upon the School which are perceived to be too onerous or counter to the School's objectives;
 - v. where acceptance would be unlawful or otherwise counter to public interest;
 - vi. where the money derives from a source counter to the School's objectives;
 - vii. where acceptance of the funding is likely to deter a significant number of supporters from future support;
 - viii. where a funder has had a reputation compromised in some way, and the behaviour which led to the funder's reputation being compromised has not clearly ceased or the reputation remains compromised.
 - ix. where for any of the above or some other reason the acceptance of the funding would involve an unacceptable risk of reputational damage to the School.
2. The Panel will be informed by briefings from the Director of Development and Alumni Relations or the Director of Research Division which should always include:
- (a) confirmation that procedures regarding grants and donations under other relevant School regulations have been or are being complied with;
 - (b) a full report under the procedure for screening for ethical and reputational risk;
 - (c) a summary of any concerns leading to a referral to the Committee whether arising from the screening process, the grants and donations approval procedures or otherwise.
3. Where the funder has previously been approved, there will be an assumption that any subsequent funding will also be approved unless:
- (a) the proposed funding will reach the threshold requiring review by the Committee; or
 - (b) in the interim there has been a change in circumstance that might affect the School's decision as to whether to accept the subsequent funding.

F. Procedure if the Panel needs to refer a case to another body

1. The Panel shall refer to the Ethics Policy Committee for final decision:
- (a) any matter on which it is unable to reach unanimous agreement and may refer to it any other matter which raises particular difficulties setting out its recommendations and the reasons for them, or
 - (b) any matter which it considers raises issues falling outside its terms of reference.

2. The DMT may be consulted if the Director of the School's views on management implications of a case are needed; and the Research Committee may be consulted about matters within its remit, particularly the purpose of a grant.

APPENDIX D

GENERIC BUSINESS CASE CHECKLIST TO SUPPORT A PROPOSAL FOR ADDITIONAL RESOURCES OR CHANGE OF USE OF RESOURCES

- How does the initiative/project 'fit' with the 'unit's' plans, Service Development Review, previous Annual Monitoring review and the School's strategic plan?
- Why was this (critical) priority not highlighted at the last Annual Monitoring review (or if it was, how have circumstances changed to lead to its resubmission)?
- Why it does not displace any existing priorities for funding – to include demonstration that the existing allocation of resources to the broad area have been examined fully and rigorously for possible redeployment or refocusing of resources?
- What is potential risk in delay for (i) 1 year and (ii) until the next scheduled APRC review?
- Clearly define the deliverables for the School community from the project and quantify the financial benefits (i.e. additional income and/or cost savings) – both directly or indirectly.
- What other sources of funding have been considered?
- What competitive advantage will result or be reinforced?
- Quantify impact on the following areas:
 - Teaching and Research activities and capacity
 - Funding
 - Resource requirements –short, medium and long term
 - Workload and work practices
 - Organisational structures and management accountability
 - Current and future policy and strategy
- Who are the intended beneficiaries of the project and have they all, explicitly subscribed to the project, its scope, terms and benefits as quantified?
- How will the scope and risks of the project/change be managed?
- How, when and by whom will success be measured?
- Is this supported by the School Secretary, Finance Director, and LISC (where appropriate)?

APPENDIX E

SUBSIDIARY COMPANY/JOINT VENTURE/COLLABORATION EVALUATION CHECKLIST

Preamble

This template is intended to cover all significant issues relating to new subsidiary companies/joint ventures/collaborations with which it is proposed that the School should engage. The intention is that before being asked to approve such initiatives, the Council should be assured that all relevant matters have been considered and resolved. A paper addressing each of the points set out in this template should be attached as an appendix to the formal paper to Council proposing that a new venture should be approved.

HEFCE 00/58 related companies: recommended practice guidelines provide a useful set of checklists that should be considered covering Preliminary considerations/Company formation/Management/Review/Exit.

1. BACKGROUND

- Name of proposed venture
- Basic purpose of venture
- Proposed partner(s)
- School officer or unit primarily involved in the initiation and development of the venture
- Proposed starting date of venture
- A financial plan for the project setting out, by year cash in and outflows and an assessment of the full economic cost of the project and net financial return to the School general reserves. This plan is to have been reviewed by the director to the Finance division prior to submission to Council.

2. ACADEMIC MATTERS

- 2.1 Have the relevant School committees and officers been satisfied that there are suitable measures in place to ensure that School inputs to the venture are of the highest quality? Describe those measures briefly.
- 2.2 Have the relevant School committees and officers been satisfied that appropriate measures are in place to ensure the high quality of academic inputs to the venture by the other partner(s)? Describe those measures briefly.
- 2.3 If the venture results in the award of a formal degree or other form of accreditation have the assessment methods and criteria been examined and approved by the relevant School committees?
- 2.4 Have the relevant senior officers confirmed that the proposed arrangement is not in conflict with the requirements of national bodies such as the QAA?

3. CONTRACTUAL MATTERS

- 3.1 Has the proposed contract for this venture been reviewed by experts to ensure that the School's interests are appropriately represented and protected?
- 3.2 Does the contract adequately cover such topics as intellectual property rights, the basis of each partner's inputs to the project, the basis on which any financial surpluses will be shared, the arrangements on the winding up of the project, etc?
- 3.3 Does the contract impose any limitations on the School's ability to engage in other similar undertakings? If so, please specify.
- 3.4 After the project has been approved by Council and the formal contract signed, what procedures are proposed for the subsequent alteration of terms of the contract and withdrawal?
- 3.5 Has a Memorandum of Understanding been drafted to ensure that all parties fully understand and agree on the purpose and control framework of the company? (HEFCE 00/58 related companies: recommended practice guidelines Appendix D (ii) and Appendix E provide examples of matters to be considered.
- 3.6 Does the contract provide for payments to staff that are additional to their School salaries, or any deviation from standard terms and conditions of employment. If so have these payments been approved by the HR Director?
- 3.7 Are those involved in negotiating the terms of the contract due to receive additional direct or indirect payments for services rendered and if so how has the negotiation process been organised in order to remove this potential conflict of interest?
- 3.8 Set out in an attached schedule, all payments to existing staff and any recruited as a result the contract that are to be paid in addition to their standard salary. Narrative explaining the purpose, justification and level of these payments should also be included.

4.

BUSINESS AND FINANCIAL MATTERS

- 4.1 Is the venture within the powers of the School's constitution i.e. it cannot be considered to be ultra vires?
- 4.2 What is the most suitable legal framework for the venture? Subsidiary company joint venture or partnership?
- 4.3 Has a business plan been developed to the satisfaction of the representatives of the proposed partners and reviewed by the relevant School committee? Please

attach a copy.

- 4.4 What effect is the venture envisaged to have on promotion of the LSE brand?
- 4.5 Have financial projections been produced and assessed based on alternative future scenarios? Describe briefly the model on which it is proposed that detailed planning should proceed.
- 4.6 What arrangements are proposed for the setting and approval of annual budgets?
- 4.7 Will the financial management of the project be subject to the School's Financial Regulations? If not, what regulations will apply?
- 4.8 Have taxation, insurance, VAT and other technical aspects of the venture been reviewed and approved by the Finance Division (taking professional advice as appropriate)?
- 4.9 Has the accounting treatment of the venture been reviewed by the Finance Division (and agreed with the external auditors, if necessary)?
- 4.10 What arrangements are proposed in relation to audit?
- 4.11 Which designated officer will be the 'Nominated Officer'? The Nominated Officer will be responsible for reporting to the School in Extraordinary and Annual General Meetings.
- 4.12 What arrangements have been put in place to review on a regular basis the performance of the company/joint venture/partnership?
- 4.13 What is the anticipated lifespan of the venture and is there an exit/realisation strategy?

5. RESOURCE ISSUES

- 5.1 Has the relevant officer or committee confirmed that the academic and/or support staff necessary to participate in the venture from among existing staff will be available?
- 5.2 Where the venture involves existing LSE staff, will it form a part of their normal expected duties, or create a conflict with the delivery of their existing substantive duties?
- 5.3 Where it involves additional payment to an existing member of School staff, has it been discussed and agreed with HR, and approved by the appropriate unit

Head, in advance and an adequate budget approved or explicitly included in the plans?

- 5.3 Will it be necessary to engage new staff to work on the venture? If so, specify by whom they will be employed and for what term.
- 5.4 Which School unit will administer the venture? Has it been confirmed that adequate resource exists for this extra task to be taken on? If additional resource is required, please quantify it and indicate how it is to be funded.
- 5.5 Have the needs of the venture for access to any of the School's general resources such as space, Library, IT facilities, etc been assessed and provided for? Please specify any requirements and confirm they have been approved by the relevant body within the School.

6. RISK

- 6.1 Indicate the main risks of the project failing and the steps that can be taken to minimise the likelihood of that occurring.
- 6.2 If the venture was not given approval to proceed, what opportunities would be foregone?

APPENDIX F

SUMMARY OF PROTOCOLS FOR PROPOSED MAJOR DEVELOPMENTS

The proposal should be supported by a business plan for three years which sets out:

- a demonstration of the proposal's consistency with the strategic plans approved by the Council and with the School's powers under current legislation;
- details of the market need and the assumptions (based on reference data) of the level of business available;
- details of the business and what product or service will be delivered;
- an outline plan for promoting the business to the identified market and achieving planned levels of business;
- details of the staff required to deliver, promote and manage the business, together with any re-skilling or recruitment issues;
- details of any premises and other resources required;
- a financial evaluation of the proposal together with its impact on revenue and surplus, plus advice on the impact of possible alternative plans and sensitivity analyses in respect of key assumptions;
- contingency plans for managing adverse sensitivities;
- consideration of taxation and other legislative or regulatory issues;
- a three-year financial forecast for the proposal including a monthly cash flow forecast and details of the impact on the institution cash flow forecast for the financial years in question.

APPENDIX G

Information Technology: Investment and Replacement of Infrastructure and Business Software

1. The allocation of School resources to technology projects is managed by the IT Portfolio Board (ITPB). The ITPB reviews business cases and allocates available resources on the basis of the merits of each case, both individually and in comparison to other cases. This process replaces both the Infrastructure Replacement and the ITS Roadmap processes.

2. The process for assessing the requirement for a business case, and the steps to complete one, are set out on the ITPB web page at:

<http://www.lse.ac.uk/intranet/LSEServices/IMT/ITProjects/documents/Programme-Management-Office-Process-Aug2013.docx>

Proposals will initially be reviewed by the Project Review Board, who will decide whether the proposals are appropriate from a technology perspective, and if so, whether then can be delivered from within existing resources or if they should proceed to the ITPB, with an accompanying business case. This process is set out in more detail in the document “PMO Process Design” which can be found on the PMO webpage at

<http://www.lse.ac.uk/intranet/LSEServices/IMT/ITProjects/documents/PMO-Process-2013.pdf>

3. The ITPB is responsible for allocating ITPB funds to business cases. Prior to review by the ITPB all business cases will be reviewed by the Director of Finance who may either:

- Approve the business case (though this does not necessarily mean that ITPB will approve the case).
- Approve the business case subject to ITPB obtaining satisfactory answers to one or more questions
- Notify ITPB that the case is not approved due to either a lack of a robust case, or incomplete documentation

All business cases require authorisation by both the Director of Finance and ITPB before the project can commence.

5. Any changes that have implications for the collection or maintenance of financial data require the prior approval of the Finance Director (C3.8)
6. The Director IMT will be the budget controller for all ITPB projects
7. The project owner or sponsor has overall responsible for:
 - ensuring the business case is robust and complete
 - The project benefits are delivered. Projects may be subject to periodic post-implementation review.

Guidance for Completing Business Cases

Where the Project Review Board advises that a business case is required, the following guidance must be followed:

- a) Business cases must be completed using the latest templates available on the IMT website. The documents comprise a word document which captures all aspects of the proposal, and an associated excel based financial summary.

- b) The preparation of the Business Case will be led by the Project Manager or Business Analyst assigned to the project by IMT.
- c) To help ensure that the all issues are addressed, business cases should be discussed with the Head of Financial Planning and Analysis at the earliest opportunity.
- d) The financial business case must consider all implications of the proposal across a five year period, including:
 - a. one-off costs,
 - b. financial benefits (income or cost savings)
 - c. recurrent costs (including support, licences etc)
 - d. replacement and upgrade costs,
 - e. indirect costs (for example space costs if additional staff were required).

If the achievement of benefits is contingent on other changes, for example changes in business processes, then this should be highlighted in the case.
- e) The case should include:
 - i. A summary of the proposed scheme: what does it do, what are the costs (both one-off and recurrent), what are the business benefits, what are the costs.
 - ii. A clear description of the deliverables associated with the project and an outline of milestones both during, and post, implementation. The case should set out how the benefits will be measured.
 - iii. An explanation of the available alternatives, including both a financial appraisal and a risk assessment. Alternative should always include the “do-nothing” option.
 - iv. An explanation of the lifecycle of the proposal. How and when will replacement or upgrades be required and what are the expected costs?
 - v. An assessment of the amount of internal resource time that will be required and confirmation from the relevant service leader that the business case includes appropriate costs for any temporary staff that will be required.
- f) In some cases it may be necessary to request funds to enable a full business case to be developed (for example to cover the costs of external consultants). In these cases a business case should be submitted to ITPB requesting these funds but with an outline of the wider project and its potential costs.
- g) In developing a business case, colleagues who will be affected by the proposed must be consulted and evidence of their support of the proposal, including the provision of project resources and the delivery of any associated benefits must be included.
- h) Any purchase of goods or services with a total value of over £8,000 (ex VAT) alternative quotations or tenders must be sought (see PR 6.2).
- i) If the business case involves obtaining permission to go to tender, please email Purchasing at purchasing@lse.ac.uk so that they are aware of the forthcoming request, and consult the *Guide to Buying Software* available at <http://www.lse.ac.uk/intranet/LSEServices/financeDivision/purchasing/Home.aspx>
- j) The proposal should outline the contractual obligations relevant to both any existing and proposed provision (whether hardware or software). The advice of the School's Purchasing Manager should be sought on this and related matters.

- k) Further process guidance can be found by contacting the PMO at imt.programme.office@lse.ac.uk

APPENDIX H

REGISTER OF SIGNATORY AUTHORITIES

The office holders below are authorised to sign as follows and authorised on behalf of the School –

Council Members

- Annual Accounts
- School Seal

Director

- Annual Accounts
- School Seal

Pro-Directors and Provost and Deputy Director

- School Seal

School Secretary (Company Secretary)

- Official company documents
- School Seal
- Non-standard contracts
- Approval of the standard terms of an agreement in accordance with C17.5
- Instruct solicitors
- Research grants and contracts
- Company Secretarial documents
- Lease contracts

When unavailable, the Deputy Secretary is authorised to act on the School Secretary's behalf in these matters.

Chief Financial Officer

- Bad debts up to £20,000 (including subsidiary companies)
- Instruct solicitors
- Money market deposits
- Lease contracts
- Refunds greater than £10,000

Finance Director

- Bad debts up to £20,000 (including subsidiary companies)
- Instruct solicitors
- Money market deposits
- Issue of School credit cards
- Issue of purchasing cards
- Refunds greater than £10,000

Director of Global Advancement

- Gift agreements
- Instruct solicitors

Director of Research Division

- Routine research grants and contracts
- Instruct solicitors

When unavailable the Deputy Director of the Research Division is authorised to act on the Director of the Research Division's behalf in these matters.

Financial Controller

- School Seal
- Money Market Deposits

Deputy Secretary and Director of Governance, Legal and Planning Division

- Instruct solicitors

Legal Fees Authorised Signatory

- Instruct solicitors

Director of Academic Services

- Instruct solicitors

Human Resources Director

- Instruct solicitors
- Letters of appointment or variations of conditions of service

Head of Employee Relations

- Instruct solicitors

Director of Estates (Management & Development)

- Instruct solicitors

Director of Residential Services & Catering

- Instruct solicitors

Purchasing Manager

- Purchase contracts (following a tender)

Credit Manager

- Bad debts up to £500

APPENDIX I

PURCHASING CARDS

The operation and control of the School's purchasing cards is the responsibility of the Finance Director. Purchasing cards are issued for specific purchasing situations, usually where there is a large volume single supplier. They must only be used for the purchase of goods and services in connection with School business, not personal use.

- (a) The School has an arrangement to provide Visa Purchasing Card facilities in appropriate circumstances. This is a scheme aimed at reducing the amount of administration associated with purchasing.
- (b) Application forms are available from the Financial Controller within the Finance Division. Requests for the issue of Purchasing Cards are considered by the Finance Director, who will decide whether a card should be authorised, taking account of the circumstances in each case.
- (c) Purchasing Card holders must only use the card for the purchase of goods or services in connection with School business. Use of the card for personal expenditure is prohibited.
- (d) Purchasing Card holders must only use the card for the purchase of goods or services against budgets for which they have authority to make commitments unless prior written approval is given by the Budget Controller concerned.
- (e) The Finance Division will send each cardholder a copy of the monthly statement from the card company detailing the expenditure incurred during the period. The cardholder must then provide for each item of expenditure, a note of the reason why it was incurred, supporting vouchers (i.e. invoices etc.) and a completed Purchasing Card Log detailing the supplier's name, the amount, and the budget code to which it should be charged. See C10.2 Payments.
- (f) Every monthly Purchasing Card Log must be signed by the card holder and authorised by the cardholder's line manager or more senior officer (self-certification of Purchasing is not acceptable).
- (g) Statements, logs, and receipts must be returned to the Finance Division by the date specified.
- (h) When a Purchasing Card is first issued, the holder will be asked to sign a written undertaking to abide by the conditions on which the card is issued, as described above.
- (i) **These regulations apply to all cardholders including the Director, Pro-Directors and senior officers, and failure to keep to them will normally result in withdrawal of the**

facility.

APPENDIX J

Relocation Policy for New Staff

1. Purpose of the policy

A relocation package may be offered to job applicants on a **discretionary** basis, subject to availability of funding and where there is a Head of Department recommendation and HR Director approval. The package can be used to cover the costs of relocation such as the cost of moving house, shipping personal effects, temporary accommodation, travel to the School and accessing a range of relocation services.

Expenses claimed against the relocation package are authorised and administered by the Relocation Co-ordinator who is based in the Finance Division – contact Kristy Rottenberry on +44 (0)20 7955 6659.

For any queries or applications related to offers being made prior to 1 May 2013, please contact your relevant HR adviser through Human Resources reception on +44 (0)20 7955 6659.

2. Eligibility for relocation package

Where offered to be eligible for an LSE relocation package, you must meet all criteria (i) to (v):

- i. Hold an academic faculty position, ie, associate professor, assistant professor, full professor or with a permanent appointment to undertake research, teaching and civic duties (and where relevant with the highest research output quality, ie, GPA of at least 3.5)
OR
Hold a senior administrative, teaching and research posts (salary bands 9 and 10).
- ii. Hold a full time position or part time position of at least 0.50 full-time equivalent hours.
- iii. Be relocating your place of work from outside London to London – see definition under (v).
- iv. Be relocating your principal residence from outside London to London – see definition under (v).
- v. Be relocating from more than 1 hour travel time to less than 1 hour travel time with a reduction in travel time of more than 30 minutes (as per tfl.gov.uk or nearest equivalent available measure of travel time by public transport.). Exceptionally, the HR director may waive the requirement for the new residence to be within 1 hour by public transport for residences marginally greater than 1 hour travel time that are within the M25, but the travel time reduction of more than 30 minutes will not be waived.

3. Value of Package Available

The value of the package will be:

- up to 10% of starting salary (excluding any variable earnings, allowances or other payments) for relocations from within Europe (based on OECD definition);
- up to 20% of starting salary (excluding any variable earnings, allowances or other payments) for permanent academic faculty appointments only relocating from outside Europe (based on OECD definition).

In all cases the total package value is limited to £25,000.

The School is developing a range of services, in association with external providers, to support new faculty during their and their family's relocation to ensure the process goes as smoothly as possible. These services are set out below. Some of these services may have an associated cost in which case a charge will be made against your relocation package.

4. Eligible expenditure

a) Tax free claims (up to £8,000) per HM Revenue and Customs (HMRC) relocation scheme

HMRC guidance on relocation expenses and benefits can be found on the [HMRC Website](#).

- (i) **Temporary accommodation** - including staff accommodation booked through the School's Accommodation office. HMRC regulations state 'Temporary living accommodation' is allowable only where the employee intends to move to permanent accommodation to complete the relocation. Contributions towards the cost of such accommodation will not be eligible for exemption from tax where a person is posted to a new location and moves into accommodation which they occupy for a considerable period as their main residence. If you elect to stay in School owned accommodation and wish to claim the cost of this as part of your Allowance please ask the Residences Booking office to invoice the LSE Coordinator direct.
- (ii) The cost of **packing, transporting, delivering and insuring your household contents** from your existing main residence to your main residence located within the Reasonable Travelling Distance.
- (iii) **Storage** of your household contents for up to 6 months.
- (iv) **Professional fees** incurred in the sale of your existing main residence outside of the Reasonable Travelling Distance and/or the purchase of a new main residence located within the Reasonable Travelling Distance. Professional fees include estate agent fees, surveyor fees, conveyancing fees and stamp duty.
- (v) Reimbursement of **Visa application fees for your Dependants**. Visa application fees for Tier 1 and Tier 2 Visas for new staff members are normally met by the HR Division and do not need to be claimed under this Policy as part of your Allowance.
- (vi) The **professional fees incurred on the initial letting of a property** on an assured shorthold tenancy, such as letting agency fees, where you are a named tenant and the property will be used as your main residence within the Reasonable Travelling Distance. **Security deposits and other refundable deposits related to rental accommodation may not be claimed under this Policy.**
- (vii) The services of a **relocation company** for the removal and related insurance of household effects. The Relocation Co-ordinator can supply details of relocation companies approved by the School. You will need to obtain 3 quotes for removal and supply these to the Relocation Co-ordinator. The removal company that supplies the

lowest quotation will normally be chosen, unless you have expressed strong reasons to the Co-ordinator to choose another supplier.

- (viii) **Single fares** by the most economical means in standard class for you and your dependants to move from your existing main residence to the London area. If return fares are booked the School will meet 50 per cent of the cost of the fare unless you can supply evidence that the return fare was cheaper than a single fare. Transportation of pets is not an eligible expenditure under this policy.
- (ix) Other travel costs (flight and accommodation) related to preliminary visits to London.

Relocation expenses for the above in excess of £8,000 will incur income tax and National Insurance Contributions.

b) Non-qualifying expenses relating to relocation

You may claim reimbursement for the below expenses however they are considered non-qualifying relocation expenses according to HMRC and will incur income tax and National Insurance Contributions regardless of the £8,000 tax free threshold:

- (i) **Office Moves** – the HMRC relocation scheme applies to personal effects only and does not cover the removal of office items. Therefore any claims relating to office moves will incur income tax and National Insurance Contributions.
- (ii) **Orientation** – initial consultation followed by an accompanied area orientation tour with a specialist consultant, including discussion of residential suitability, schooling, housing, transportation, healthcare and other amenities.
- (iii) **School search** – explanation of the UK education system and consultation of child's/children's needs, provision of information on best performing schools, published league tables, written report on availability and appropriate schools. Relocation service providers can arrange appointments for family viewing of school and guidance of application process.
- (iv) **Home search** – Relocation service providers can provide property consultation, research and assist short-listing of property selection, prepare a full itinerary to visit properties and co-ordinate accompanied tour of properties, assist with negotiations for terms of lease, attend inventory check-in with a written report and arrange transfer of gas, electricity, water and council tax.

5. Conditions

Under the Relocation Scheme applications can only be made for one relocation allowance per household.

Timescale for incurring relocation expenses

The HMRC guidelines that govern the Relocation Scheme set an allowable timescale within which relocation expenses need to be incurred. In order to qualify, expenses must be incurred before the end of the tax year following the one in which the new appointment is taken up (current tax year +1). As such, applications for relocation package must be made to the

Relocation Co-ordinator within 12 months of the date of commencement of the appointment. However, if it is not possible to move within the defined timescale, applicants are required to in the first instance to contact the Relocation Co-ordinator explaining the reasons for the delay. This will then enable the School to seek permission for an extension from HMRC. Only when HMRC grants an extension, will the applicants be eligible for the Relocation Scheme.

Timescale for seeking reimbursement

Once expenses are incurred applications for reimbursement must be made to the Relocation Co-coordinator within 6 months as per LSE Financial Regulations. Claims can be submitted as each expense is incurred, or all together, and must include detailed receipts for each claimed item. No payments will be made beyond the limit of your allowance. The School reserves the right to reclaim any accidental overpayments made to you under this policy from your net salary.

Income tax

Applicants should be aware that under UK tax law, sums paid in connection with relocation are treated by HMRC (the UK tax authorities) as a benefit in kind and may be treated as earnings and subject to taxation. The School will pay the relocation expenses covered by this scheme without deduction of tax but will be obliged to submit returns (P11D) to HMRC at the end of each tax year of any expense paid regardless of tax free threshold. The Relocation Co-coordinator can advise on the treatment of such items and potential implications for the claimant.

Repayment

Should a member of staff in receipt of a relocation package voluntarily leave LSE within 3 years of appointment, a proportion of the package will be repayable based on each full year worked (ie 100% repayable under one year, 66.67% repayable after one year, 33.33% repayable after two years). Any amounts repayable will be deducted directly in equal installments from your net salary during your notice period. Any outstanding sums that are not recovered by the School from your net salary by the end of your employment with the School will remain your liability and will be invoiced to you with 15 day payment terms. After this period, interest will accrue at the official HMRC interest rate on any outstanding sum.

Discretion

Any costs incurred by the staff member through the use of the School's relocation services will be paid directly by the School charged against the staff member's relocation package.

On application to the Finance Director an advance of 50% of the relocation expenses may be made up to six weeks before the date of taking up appointment on production of satisfactory evidence of expenditure.

In exceptional circumstances some support may be available to staff who do not meet all the criteria set out in this policy. Such cases will be considered by the Finance Director based on a case made by the department head and HR.

Policy changes

The School reserves the right to change this policy without notice. The latest version is available on the School's website at [LSE Human Resources](#) and should be referred to directly.