



Review of Financial Regulations, Scheme of Delegation of Financial Authority and Travel and Expenses Policy

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| <p>Outcome requested:</p> | <p>Council is invited to note:</p> <ul style="list-style-type: none"> [a] the change to the Scheme of Delegation of Financial Authority approved by chair's action; [b] the planned work to refresh the Financial Regulations, Scheme of Delegation of Financial Authority and Travel and Expenses Policy. |
| <p>Executive Summary:</p> | <p>Chairs action to increase the Agresso purchase order self-approval limit from £100 to £1,000.</p> <ul style="list-style-type: none"> [a] At a recent meeting the Principal attended with Heads of School/ Institutes, a frustration was raised about unnecessary bureaucracy. An example they provided was the approval limits of Agresso purchase orders. Under the Scheme of Delegation the self-approval limit is £100, however there are a high volume of transactions under £1,000, which then require a second approval. In practice the second approval has become a tick box exercise and just slows the process, colleagues are quite rightly focussing their attention on the higher value orders and have requested that the self-approval limit is raised to £1,000. [b] During 2016–17 62,470 purchase orders were raised with a total value of £122m, of this 21,239 (£1m) related to purchase orders less than £100 and a 30,321 (£10.8m) related to purchase orders between £101 and £999. (This separately highlights work our procurement team need to undertake to reduce the volume of low value transactions). [c] The change was discussed with our KPMG internal audit partner, to ensure that our financial control environment would not be compromised. He advised that our limit was low compared to other universities and that the work undertaken by KPMG for a recent internal audit of Core Financials (to be reviewed by Audit and Risk Committee in June 2018) had demonstrated a strong control environment for Accounts Payable activities. He also noted we had other controls in place to mitigate the risk of inappropriate orders e.g. <ol style="list-style-type: none"> 1. the supplier set up process is completely independent of this, colleagues can only place orders against approved suppliers; 2. expenditure is monitored through the monthly management accounts process at school, faculty and university level. [d] We shall also spot check a small sample of orders on a regular basis. |

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| | <p>[e] Following review by the Chair of Audit and Risk Committee and a recommendation from the Chair of Finance and Investment Committee to the Chair of Council, the Chair of Council approved the amendment on 1st June 2018 to enable implementation as soon as possible.</p> <p>Financial Regulations, Scheme of Delegation and Travel and Expenses Policy Refresh</p> <p>[f] It is clear from recent meetings the Principal has attended with colleagues across the university that there is a strong view that our administrative policies and processes are bureaucratic and are written on the basis that colleagues are not trusted with compliance. We therefore intend to commission an accountancy firm to refresh these documents to:</p> <ul style="list-style-type: none"> • Obtain best practice in terms of limits / processes without compromising appropriate financial control. • Ensure completeness • Ensure the tone is appropriate • Ensure the document is clear, concise and user friendly. • Enables us to hold people to account when we need to. <p>[g] Once these documents have been approved by QMSE and the committees of Council, they will be relaunched alongside financial training for target groups, e.g. new starters, budget holders, purchasers etc.</p> |
| QMUL Strategy: | Strategic Aim 6: to achieve and sustain financial strength to enable our academic ambitions, through a balanced portfolio of activities. |
| Internal/External regulatory/statutory reference points: | OfS Memorandum of Assurance and Accountability QMUL Delegation Framework Charter and Ordinances |
| Strategic Risks: | 12 – Cost control, VFM and expenditure 13 – Maintain effective and constructive governance |
| Equality Impact Assessment: | Not required |
| Subject to prior and onward consideration by: | QMSE 5 June 2018 Audit and Risk Committee 14 June 2018 Finance and Investment Committee 19 June 2018 |
| Confidential paper under FOIA/DPA | No |
| Timing: | The revised documents will be submitted to the November 2018 meeting of Council. |
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