

## FINANCIAL ADMINISTRATION OF GIFTS AND DONATIONS FRAMEWORK

### 1. INTRODUCTION AND SCOPE

- 1.1 This framework sets out the University's requirements in respect of financial control, recording, accounting disclosure and investment of donations.
- 1.2 The framework applies to all gifts of monetary and non-monetary assets and should be read in conjunction with the University's Donations Policy.

### 2. DEFINITIONS

- 2.1 **Donation** - Is a monetary or non-monetary gift which is freely given, with no consequent obligation on the University to provide goods or services, rights or benefits to the donor. A full definition and description of a donation is contained in paragraph 4 of the University's Donations Policy.
- 2.2 **Donor** - An individual, association, body corporate or other legal entity that makes a donation to the University.
- 2.3 **Endowment** - A donation given under terms that restrict its use, which are imposed by the donor.
- 2.4 **Permanent Endowment** - An endowment whose terms require its capital to be preserved and invested to generate income which may be applied in support of the University's charitable activities. The purpose to which the income is to be applied may be restricted or may be unrestricted under the terms of the endowment.
- 2.5 **Expendable Endowment** - An Endowment whose terms allow its capital to be spent but restrict the purpose to which it may be applied.

### 3. DELEGATION

- 3.1 Under this framework the Chief Financial Officer and the Director of Advancement (Office for Advancement) may delegate their responsibilities to others. Delegations must be made in writing and notified to the Chief Financial Officer.

### 4. RECEIVING DONATIONS

- 4.1 Money may be donated in a variety of ways including, but not limited to, cash, cheque, payment card, bank transfer. Any person accepting donated money for the University must have regard to the University's Anti-Money Laundering Policy and, in particular, should not accept or agree to accept cash in excess of £500 sterling or equivalent in foreign currency.
- 4.2 Money must be banked promptly in accordance with provisions of the University's Financial Regulations relating to the receipt and banking of income.

The receipt of Non-monetary assets must be approved by the Chief Financial Officer. Assets that are given with terms that prevent their disposal by the University, or which do not have a readily accessible market in which they can be sold, will not normally be accepted but there will be exceptions (for example in the case of works of art or academic collections and resources). Voluntary services may be accepted but an estimate must be made to value both voluntary services and non-monetary assets to determine the appropriate level of due diligence in respect of the donor and the correct approval route for acceptance of the donation. Where a commercial organisation provides free services, the Head of Procurement must be consulted to confirm that there is no conflict of interest or unfair trading advantage.

- 4.3 Where the acceptance of non-monetary assets is approved, the Director of Advancement in the Office for Advancement is responsible for ensuring that appropriate steps are taken and, where necessary, specialist advice received before assets are accepted, in respect of the valuation, risks and encumbrances, ownership and subsequent disposal of assets including but not limited to, land and buildings, stocks, shares and other investment assets, intellectual property.
- 4.4 The Director of Advancement in the Office for Advancement must be notified as soon as possible in the event of a potential donation. Any individual who is approached with regard to the donation of money or non-monetary assets should have regard to provisions of the Donations Policy which specify who is authorised to accept Donations for the University.
- 4.5 Any request by a donor for disclosure, other than disclosure under UK GAAP, of the donation and/or the donor's identity in the University's published financial statements must be approved by the Chief Financial Officer prior to the acceptance of the donation.
- 4.6 The receipt of donations from overseas donors may require specific arrangements and/or structural measures for transactions to comply with the legal and tax environment of a particular geography or territory. Any such arrangements or structural measures must be approved by the Chief Financial Officer.
- 4.7 Donations from overseas donors will be the subject of additional checks by the Office for Advancement, as part of the due diligence arrangements set out in the main Donations Policy, to ensure they do not contravene international sanctions, embargoes and restrictions which the University must comply with. Procedural guidance on sanctions checking is provided by the Finance Division.

## 5. RECORDING AND CONTROL OF DONATIONS

- 5.1 All donations must be recorded in the External Relations donations database as defined in the Donations Policy, which sets out the threshold above which a gift agreement must be established.
- 5.2 The Vice-Chancellor, Chief Operating Officer, Deans of Faculty and Directors of Service are authorised by this framework to spend donated funds in accordance with the terms of the donation where they are established by the Director of Advancement in the Office for Advancement as the nominated custodian of the donation. The authority to spend a donation may be delegated under the Financial Regulations, which allow the delegation of budgetary authority. Any such delegation must be done in accordance with the Financial Regulations. The Vice-Chancellor may delegate authority to spend or control the allocation

and spending of a donation or category of donations to a formally convened group or committee.

- 5.3 The Director of Advancement in the Office for Advancement is responsible for:
  - 5.3.1. Notifying the University's Finance team of all donations received and of pledges in excess of £100k.
  - 5.3.2. Claiming gift relief, including maintaining accurate and compliant records of gift relief declarations.
  - 5.3.3. Reconciling the alumni database to the University's financial ledgers.
  - 5.3.4. Establishing and recording the specific person, persons or group under paragraph 4.2, authorised to spend a specific donation and notifying the Finance team of this - including any delegations of authority exercised.
- 5.4 All donation income and expenditure must be posted to a central donation budget which must be set up under the control of a person as specified under paragraph 4.2.
- 5.5 Donation funds may be transferred from the central budget to a school or other budget in certain exceptional circumstances as follows:
  - 5.5.1. The donation is controlled by a person who allocates funds to a variety of purposes with spending delegated to a number of people.
  - 5.5.2. The responsibility for spending a donation rests with more than one school or department and requires multiple budget holders.
  - 5.5.3. The donation is funding a complex project which must be controlled through an appropriately structured budget which is beyond the capability of a central donation budget.
- 5.6 Where a donation is transferred in accordance with paragraph 5.5, the central donation budget will be set up under the control and authority of the Director of Advancement in the Office for Advancement or their delegate.
- 5.7 A donation that is transferred to a school or other budget must be recharged using a donation recharge account code and any unspent funds at the end of each financial year must be returned to the central donation subproject. Donation income must not be accrued but may be re-allocated at the beginning of a new financial year.
- 5.8 Donations should be spent at the earliest opportunity and should not be saved for the future or treated as contingency funds. The Chief Financial Officer may re-allocate to another purpose any fund which is not being spent, having regard to the terms of the gift agreement, relevant Charity Law and the Charity Regulator.

## 6. ACCOUNTING FOR DONATIONS

6.1 Donations must be accounted for in accordance with Financial Reporting Standard 102 (FRS102), the Statement of Recommended Practice for Higher and Further Education (SORP2019) and the University's Accounting Policies approved by Audit and Risk Committee.

6.2 Donations are accounted for as expendable endowments where they are in excess of £50,000 and likely to be spent over two years or more, and they meet the definition of an expendable endowment in paragraph 2.

6.3 Donations are accounted for as permanent endowment where they are in excess of £50,000 and meet the definition of permanent endowment in paragraph 2.

6.4 Donations which are accounted for as Permanent and Expendable endowments will be held in restricted endowment fund reserves and will attract an investment return the rate of which will be determined annually by the Chief Financial Officer. All other donations are held in unrestricted reserves which do not attract investment returns.

6.5 Under this framework the University will always aim to preserve the capital of a permanent endowment in real terms having regard to the rate of inflation as measured by the consumer prices index (CPI).

6.6 Endowment funds are invested in accordance with the University's Treasury and Investment policy.

Review / Contacts / References	
Title:	Financial Administration of Gifts and Donations Framework
Document owner:	Chief Financial Officer
Lead contact / author:	Assistant Director of Finance – Finance Corporate Services
Date approved:	September 2024
Approving body:	Chief Financial Officer
Review interval:	3 yearly, or on changes to relevant legislation or guidance
Related internal policies, procedures, guidance:	<a href="#">Financial Regulations</a> <a href="#">Anti-Money Laundering Policy</a> <a href="#">Anti-Bribery Policy</a> <a href="#">Counter Fraud Policy</a> <a href="#">Anti-Facilitation of Tax Evasion Policy</a> <a href="#">Guidance: Principles of Public Life</a> <a href="#">Policy on the Registration and Declaration of Interests</a> <a href="#">Donations Policy</a> Treasury and Investments Policy
Delegation:	Under this framework the Chief Financial Officer and the Director of Advancement may delegate their responsibilities to others. This must be recorded.