

# The University of Manchester

## Contracts Governance Policy

### 1. Introduction

The University of Manchester ('the University') (which includes its subsidiaries) routinely enters into a wide variety of contracts in relation to, for example:

- Research, Collaborations etc.
- Estates
- Finance
- Employment
- Procurement
- Students
- Grants (sub-contracts)
- Consultancies
- IT

Such arrangements can, either individually or taken as a whole, have a material effect on the financial / legal exposure and operations of the University.

The purpose of this document is to record the University's procedures and responsibilities in relation to entering into, and compliance with, contracts (excluding gifts and donations).

All University staff are required to comply with this Policy.

The General Counsel is responsible for legal matters in the University and as such he (or nominee) shall be consulted on major issues relating to external contacts, as defined below, and will oversee the provision of legal advice in relation to the areas covered by this Policy.

### 2. Guiding Principles

In establishing this Policy, the following guiding principles apply throughout the University (including UMI<sup>3</sup> and other subsidiaries):

1. All contracts must have a clear rationale.
2. All contracts must be appropriately reviewed through this Policy by the applicable professional team (for example, HR, Estates, Procurement, Contracts Team, Legal, Finance, Research Governance, IT, Information Governance Office) before signature.
3. All contracts must be properly approved according to University's applicable Finance Regulations, principles of sustainability, and other governing documents. When applicable the 'Management of External Partnerships' Procedure (see Appendix 1) should be followed. Appendix 2 summarises the approval process.
4. All contracts must be signed only by an approved signatory, either under hand or under seal.
5. All contracts must have a clear "owner" (for example a PSS function, or where Faculty-based, responsible Academic e.g. Principal Investigator).
6. The responsible owner is responsible for ensuring compliance with the contract.

7. All applicable contracts must be properly approved according to the University's information security and data protection policies and procedures.

Memoranda of Understanding are commonly regarded as not legally binding, and may be signed on the basis that a full legally binding agreement will be entered into in due course. Notwithstanding this, the provisions contained in Memoranda of Understanding can adversely affect the University and prejudice subsequent negotiations. Accordingly, all Memoranda of Understanding are subject to the same principles and requirements of this policy.

### **3. Specific Contracts**

Taking into account the guiding principles referred to in paragraph 2 above, the following specific responsibilities apply:

1. Research, Collaborations. All Research contracts and collaborations are the responsibility of the Contracts Team, Research and Business Engagement Support Services (and must be handled, approved, and signed by the Research and Business Engagement Support Services ('RBESS')).
2. Estates. All matters relating to Estates (including purchase / sale / lease; construction; surveying; title; refurbishments) are the responsibility of the Directorate of Estates and Facilities.
3. Finance. Finance has a critical role to play in ensuring that the financial aspects of all contracts (including profit / loss analysis; FEC analysis; financial projections; cashflow analysis; tax; compliance with Financial Regulations) are adhered to. Finance is specifically responsible for relationships with banks and associated borrowing and other financial arrangements.
4. Employment. HR is responsible for all aspects of employment and staff related contracts.
5. Procurement. The Procurement Office, Directorate of Finance, is responsible for setting policy for all contracts relating to the purchase of goods and services for the University and for ensuring compliance where applicable with the UK/EU procurement regime.
6. Students and Teaching. Matters relating to the student contract and student accommodation licences are the responsibility of Directorate for the Student Experience. Contracts concerning PhD and CASE studentships are the responsibility of the Contracts Team, RBESS. Teaching contracts and collaborations are approved by the Vice President Teaching, Learning & Students in accordance with the Policy on Transnational Education.
7. Grants.
  - a) Research and Teaching and Learning Grants. Grants are the responsibility of the applicable Head of School. See para 10 for grants relating to Clinical Trial Investigational Medicinal Products and Human Tissue.
  - b) EU Grants. There are distinct external regulations related to EC grants. Advice on all paperwork associated with EC bid preparation should be sought from the EU Funding and Development Manager in RBESS in the first instance.
  - c) The PI is responsible for taking advice from Finance, the Research and Business Engagement Support Services Contracts Team / Office of the General Counsel etc. as applicable.

- d) Non Research Grants. A University “owner” for each grant must be identified. It is the responsibility of that owner to take advice from Finance, RBESS, Contracts Team / Legal Faculty/School Research Manager as applicable.
- e) Clinical Trial Investigational Medicinal Products and Human Tissue. See 10, below.
- 8. Consultancies. All consultancies which are entered into on behalf of the University must be referred to the Contracts Team in RBESS. The detailed procedures for consultancies are specified in the University’s Outside Work and Consultancy Policy.
- 9. UMI3 Contracts. Certain contracts relating to the exploitation of intellectual property (e.g. licences, assignments, options) are the responsibility of UMI3 and must be negotiated, approved, and signed by UMI3.
- 10. Clinical Trials of Investigational Medicinal Products and studies involving Human Tissue. All matters relating to Clinical Trials of Investigational Medicinal Products and studies of Human Tissue must be reviewed by the Head of Research Governance, Ethics and Integrity and the Contracts Team, both in RBESS, to determine what contracts/agreements need to be negotiated.
- 11. IT Contracts relating to IT (such as software licenses and systems connecting to networks) are the responsibility of the Director of IT and the Head of Information Governance, with the involved PSS Directorate and as applicable academic input, taking advice from the Contracts Team as applicable.
- 12. 12. Strategic Contracts. Some proposals of strategic significance may require a bespoke specific Steering Group/Project Management approach. This will be established on a case by case basis.
- 13. Person Identifying Information. Contracts which involve sharing, transfer (including international transfer), disclosure or the provision of access to person identifying information must include appropriate data protection clauses.

#### **4. Contracts Negotiation and Approvals**

As noted above, all contracts must be properly approved before signature. Appendix 2 outlines approval processes and limits. Further advice can be sought from the Directorate of Finance.

#### **5. Compliance**

As noted above, compliance with contracts is an essential part of ensuring that the University gain appropriate value and avoids adverse consequences. There must be a continuing chain of compliance, particularly where for example contract owners leave the University or transfer to other roles. Where this happens, it is a line management responsibility to ensure that refreshed compliance arrangements are put in place, including the appointment of a new owner. The same applies in respect of key support functions (e.g. Finance/RBESS/Contracts Team/Office of the General Counsel/IGO) where such functions are closely involved with continuing compliance. It is the role of Compliance & Risk and UNIAC from time to time to conduct audits into compliance with this Policy, and to report accordingly.

#### **6. Contracts Archiving / Retention**

Responsibilities for archiving / retention are as follows:

1. For contracts which are the direct responsibility of a PSS Directorate, that Directorate is responsible for ensuring that all contracts are appropriately archived/stored and logged so as to be readily available.
2. The responsibility for ensuring that all Faculty/School-based grants are appropriately archived/stored and logged so as to be readily available rests with the appropriate Faculty.
3. For research contracts, RBESS are responsible for ensuring that all contracts are appropriately archived / stored and logged so as to be readily available.

In all cases, contracts should be retained in original form in accordance with the University's Records Retention Schedule: <http://documents.manchester.ac.uk/display.aspx?DocID=6514>.

## **APPENDIX 1**

### **University of Manchester**

#### **MANAGEMENT OF MAJOR EXTERNAL PARTNERSHIPS**

##### **SENIOR LEADERSHIP TEAM PROCEDURE**

### **Introduction**

This Procedure describes how certain business proposals, involving the University and its subsidiaries (e.g. MBSW), should be progressed at Senior Leadership Team (SLT) level. As such it is an operational document for guidance. Other governance processes and approvals may apply, and this document does not alter or displace them. Major External Partnerships are defined for these purposes as those with significant strategic implications, with major University costs and/or assets implications, with potentially significant risks and liabilities, with sensitivities (e.g. for other funders, students, staff) or with outcomes that may have significant financial or reputational impact. A value of £5M+ will normally fall to be considered under this Procedure.

In general, partnerships that involve multiple parts of the University, even where costs are more modest, should follow the process below.

### **Context**

We aim to increase our engagement in major external partnerships with companies, universities, government (local, national, transnational e.g. EU), charities and donors and other organisations. These are likely to be increasingly complex, involving multiple partners, in the UK and overseas, especially as UK government funding declines. We need to be particularly focussed and well prepared to meet the diverse challenges posed, and to ensure that partnerships we enter into are successful in terms of shared expectations and the delivery of outcomes.

The key features of success (for us and others) include:

- A clear and articulated strategic as well as operational 'fit' in the context of the University's mission and objectives.
- Identification of a clear champion on the SLT.
- Formulation of a detailed business case and plan with clear deliverables, milestones and costed exit arrangements.
- Development of clear lines of communication within the University and with partners.
- Shared goals and objectives that are fully owned and understood by all partners.
- An agreed structure for management and monitoring progress including lines of responsibility and accountability and links to our own internal structures.
- Early identification of risks and processes for their mitigation.
- Engagement with relevant parts of the University at a sufficiently early stage to ensure commitment.
- Clear policy on contingencies, changes in direction and exit strategy.
- Positive, managed external announcement and communications strategy.

## **Process**

The applicable SLT member ('the Sponsor') should notify the President & Vice-Chancellor in advance of proposals which may fall within this procedure. The SLT Sponsor will refer on any projects considered to the relevant Committee for approval – CPSC for capital expenditure, FSC for revenue expenditure and if >£10m to Finance Committee. Should the collaboration involve IT expenditure, whether capital or revenue, approval of CITPC is required.

For any of these (prior to signing of any contracts):

- Early engagement of SLT is essential to give approval to proceed, with a specific Sponsor on SLT as above.
- Governance, management and reporting structures to be agreed by SLT, and regular reports given to SLT on progress.
- Governance will usually include establishment of a Project Team with relevant functions represented.
- All major legal contracts must have an appointed project champion and should be discussed with the General Counsel, the Director of Finance, the Contracts Office and other relevant functions, as appropriate, early in the process.
- Proposed business case (covering all aspects including Finance, Estates, HR, Legal, Intellectual Property) to be reviewed at Finance Sub-Committee and PRC. May for complex arrangements include a project manager/team. See attached 'Business Case for Review'.
- The external partnership may also need approval by the Board of Governors, at the discretion of the President & Vice-Chancellor.
- Time needs to be built in for handling of complex agreements, while recognising that expediency may be required in some cases.
- All contractual arrangements must comply with the University's Contracts Governance Policy. This procedure for Major External Partnerships supplements and is complementary to that Policy.

Note: Proposals may have to be considered on a paper basis if Committee meetings are not in synch.

**Professor Dame Nancy Rothwell, President & Vice-Chancellor**

**April 2016**

**University of Manchester**  
**Major External Partnerships**  
**Business Case for Review**

To be completed by or on behalf of proposing SLT member ('Sponsor'), with input from PSS. For context see 'Management of External Partnerships', April 2016

**1. Summary**

Description of Proposal, including counterparty(ies), duration, principal obligations, financials, principal benefits, exit.

**2. Project management**

Sponsor to appoint project champion, lead negotiator and lead academic (may be the same).

Confirm appointment of Project Manager and other project team members (Academic & PSS).

Confirm extent of Due Diligence carried out on the partner.

**3. Financial Aspects (Director of Finance)**

**4. Estates Aspects (Director of Estates)**

**5. HR Aspects (Director of Human Resources)**

**6. IT Aspects (Director of IT)**

**7. Legal Aspects (General Counsel and Head of Contracts Team)**

**8. Risk and Risk Mitigation (Project Team, Project Manager to lead)**

**9. Other Aspects**

Describe any other key aspects and University functions which should approve or be consulted: e.g.

UMI<sub>3</sub>/IP issues.

Consider reputational implications.

Consider Communications implications.

**9. Approvals**

1) The proposing Sponsor

2) SLT

3) Specify who should approve in addition to SLT: e.g. Planning & Resources Committee? Finance Sub-Committee? Board Committee(s)? Board (at the discretion of the President & Vice- Chancellor)?

**April 2016**

## APPENDIX 2

### University of Manchester Contract Approval Processes and Limits

The Approvals Matrix summarises University policies regarding expenditure, budgets, research grants and contracts and related areas, with each section cross referenced to the relevant provision in the Financial Regulations and Procedures.

Below is a brief guide to the main areas covered by the Approvals Matrix, covering the processes and limits prescribed in the Financial Regulations and Procedures.

**General Rule:** *“Only the Registrar, Secretary and Chief Operating Officer (or approved nominee) may accept contracts for the purchase or receipt of goods or services on behalf of the University.”* (Financial Procedure 10.53)

**Advice and Evaluation of Contracts:** The Registrar, Secretary and COO has devolved responsibility for advising on and evaluating terms and conditions to the Contracts Team in the Directorate of Research and Business Engagement Support Services (for research and sales) and the Procurement Office (for purchases). All relevant contracts must be approved by the appropriate Office prior to signature.

The Procurement Office must approve the terms and conditions of all contracts for the purchase of goods or services, and will liaise with the Contracts Team and/or the Office of the General Counsel where appropriate. (Financial Procedures 10.54)

**Contracts for the supply of goods or services to a third party:** Deans of Faculties and Heads of Schools must confirm that the contract conforms to the strategic objectives of the Faculty and School. The Head of School must also confirm that Quality Assurance is satisfactory, and the Head of Faculty Finance will review the adequacy of costings and all other financial information. Contracts shall be authorised as follows:

- The Directorate of Research and Business Engagement Support Services shall authorise all contracts with a total value of less than £500,000 (excluding VAT).
- The Registrar, Secretary and COO (who may delegate this role to the Director of Finance) shall authorise contracts between £500,000 and £1 million (excluding VAT).
- The University’s Senior Leadership Team (who may delegate this role to the Vice-President for Research and Innovation) shall approve contracts in excess of £1 million (excluding VAT) prior to authorisation by the Registrar, Secretary and COO.

The sums quoted above refer to the expected value over the whole life of a contract.

**Research and Teaching and Learning Grants:** The Head of School accepts all such Grants on behalf of the University. Grants with a total value in excess of £5 million must be approved by the President and Vice-Chancellor, Deputy President and Deputy Vice-Chancellor or the Vice-President for Research or the Vice President ,Teaching , Learning and Students (as appropriate). Those with a value between £2 million and £5 million may be approved by the Dean of the Faculty. (Financial Procedures 5.4 and 5.6)



**Research and Teaching Contracts:** The Registrar, Secretary and COO (or approved nominee, usually the Director of the Directorate of Research and Business Engagement Support Services) accepts all Research Contracts on behalf of the University. All Research contracts with a total value in excess of £5 million must be approved by the President and Vice-Chancellor, Deputy President and Deputy Vice-Chancellor or the Vice-President for Research. All Teaching contracts with a total value in excess of £5 million must be approved by the President and Vice-Chancellor, Deputy President and Deputy Vice-Chancellor or the Vice President Teaching, Learning & Students (Financial Procedures 5.4 and 5.6).

**European Grants:** As for Research Contracts above, but the School must consult staff in the Research Office who specialise in European funding issues.

**Memoranda of Understanding:** Any Memorandum of Understanding with an outside organisation must be approved by the relevant primary budget holder.

Before signature, the financial and legal consequences of the Memorandum must be appraised by the Director of Finance (acting through the relevant Head of Faculty Finance) and the Registrar, Secretary and COO, (acting through the Office of the General Counsel and/or University Contracts Team in the Directorate of Research and Business Engagement Support Services, as appropriate). (Financial Regulation 5.5)

**Confidentiality Agreements:** Any confidentiality agreements with an outside organisation must be reviewed by the Contracts Team prior to signature and also should take account of the requirements of Freedom of Information legislation. (Financial Regulation 5.6)

**Non-Research Grants and Contracts:** These do not meet the usual definition of “research” (see Financial Regulations 5.1 to 5.3). All such applications must be reviewed and approved by both the budget holder, (after appraisal by the Head of Faculty Finance), and the Director of Finance. Any application with a total value in excess of £1 million must also be approved by the Registrar, Secretary and COO. (Financial Regulation 5.7)

**Procurement:** Approval limits for ordering goods and services: The Head of Procurement or his/her nominee (acting on behalf of the Director of Finance) must review and approve all requisitions that exceed £25,000 (excluding VAT) before an order is placed. Where the cost of goods or services is expected to exceed £100,000 (exclusive of VAT) the Procurement Office must be informed before the purchasing procedure begins. (Financial Procedures 6.17 to 6.18)

**Capital Expenditure:** Must be approved as per the Approval Process for Capital and Special Revenue Expenditure. (Financial Procedures 2.25 to 2.30)

- Projects <£0.25m subject to Dean of Faculty/Director of Finance approval
- Projects >£0.25m or any value relating to buildings subject to CPSC approval
- Projects >£10m require approval by Finance Committee

Business cases required for all projects.

Where IT expenditure is anticipated, whether capital or revenue, approval by CITPC is required.

**Sale and Purchase of Land and Property:** The purchase, sale, lease or rent of land or buildings or fixed plant must be undertaken by the Director of Estates.

- The Director of Estates shall authorise all contracts for the purchase or sale of land or property with a total value of less than £10,000.
- The Registrar, Secretary and COO (who may delegate this role to the Director of Estates) shall authorise all contracts between £10,000 and £100,000.
- The Chair of the Board of Governors and the Chair of the Finance Committee shall approve all contracts between £100,000 and £1 million prior to authorisation by the Registrar, Secretary and COO (who may delegate this role to the Director of Estates).
- The Chair of the Board of Governors and the Chair of the Finance Committee shall approve all contracts over £1 million prior to authorisation by the President and Vice-Chancellor (who may delegate this role to the Deputy President and Deputy VC).

All the sums quoted above exclude VAT (if charged). A single purchase or sale of land or property must never be divided artificially into two or more separate transactions so that individually they fall below the approval limits above. (Financial Regulations 8.1 to 8.4)

**Sale or transfer of investments valued in spin-out companies:** The Director of Finance, on the recommendation of the UMI<sup>3</sup> Chief Executive or Director of Finance and Business Services and following approval by the UMI<sup>3</sup> Investment Committee, has authority to approve the sale or transfer of investments valued at up to £1 million in spin-out companies.

Finance Committee must approve the sale or transfer of investments in floated companies and those worth in excess of £1 million.

## Links

Financial Regulations: <http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=1741>

Financial Procedures: <http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=1742>

Capital: <http://www.finance.manchester.ac.uk/compliance/capitalexpenditure/>

Approvals Matrix: <http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=23094>

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#### Version control

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1.2	January 2018	Minor GDPR changes and inclusion of IG Office in review process