

# **FINANCIAL POLICIES: EXPENDITURE ON GOODS AND SERVICES (OTHER THAN THROUGH PURCHASE ORDER PROCESSING)**



*Version 2: September 2019*  
Implemented: 15<sup>th</sup> September 2019

## **EXPENDITURE POLICY**

- 1.1 Maynooth University seeks to manage expenditure to ensure value for money and safeguarding the use of public funds. These expenditure policies apply to all individuals including employees, students and visitors acting on behalf of the University and to all funds administered by the University regardless of the funding source (core, research, self financing). Only where funds are subject to more stringent rules imposed by external bodies will any other rules be considered to override those of the University.

The payments system is open to audit by the University's internal auditor, the Revenue Commissioners and the Comptroller & Auditor General.

The submission of a false or exaggerated payment request is a serious matter which will be investigated and may lead to disciplinary action being taken by the University under the Statutes. The University Auditors, under the Criminal Justice (Theft & Fraud Offences) Act, 2001, are required to inform An Garda Síochána of any cases of fraud, irrespective of value, which come to their attention.

### **Responsibilities of Authorising Officers**

- 1.2 Responsibility for financial management in the University is delegated through a decentralised structure with appropriate limited authority vested in university Budget Holders and Senior Officers ("Authorising Officers"). Authorising Officers are responsible for ensuring that **all** payment requests including invoices, expense reimbursement claims, non staff payment requests and credit card summary spreadsheets are appropriate, legitimate and in accordance with University policies and rates. By signing-off a payment request the Authorising Officer takes full responsibility and accountability for the expenditure. Payment requests must be scrutinised by the Authorising Officer to ensure the expenditure is reasonable, provides value for money, is within budget, includes detailed supporting documentation and is of a standard whereby it can be audited by an internal or external auditor.
- 1.3 Specimen signatures of all budget holders must be sent to the Payments Office for audit purposes. A 'signature stamp' may be used in exceptional circumstances in larger departments if approved by the Bursar. Such stamps must only be used for 'high volume-low value items. Signature stamps will not be accepted for individual values in excess of €5,000. A schedule detailing all invoices approved using a signature stamp must be signed with an original signature by the Authorising Officer weekly.

### **Responsibilities of Claimants**

- 1.4 It is the responsibility of every representative of the University to act in a prudent and reasonable manner when incurring expenditure on behalf of the University. Expenditure must not be excessive, must provide value for money and must always stand up to reasonable external scrutiny. Claimants must comply with University expenditure policies and procedures and provide supporting documentation and explanations where required for all items of expenditure.

<b>Approval Matrix</b>	
<b>Expense Claimant</b>	<b>Approver</b>
President	Chair of Governing Authority or nominee
Deans (including faculty Deans)	Vice-President Academic, Registrar and Deputy President
Other member of University Executive	Secretary, Governing Authority
Head of Department	Faculty Dean
Director of Research Institute	Vice President of Research
Research Budget Holder	Head of Department/Director of Research Institute
Research Staff	Research Budget Holder
Department staff	Head of Department
Institute staff	Director of Research Institute
School staff	Head of School

## **PAYMENT OF SUPPLIER INVOICES FOR GOODS OR SERVICES**

1.5 Payment will only be made against an original invoice that has been certified for payment by an Authorising Officer. Before signing an invoice, the budget holder must ensure that:

- the invoice is addressed to the University;
- the invoice is the original or a certified copy (supplier statements are not accepted for payment);
- the invoice is matched to a previously approved purchase order;
- the goods are recorded as having been received, examined and approved with regard to quality and quantity, or that the services rendered, or work is satisfactory;
- the invoice details (quantity, price, VAT) are correct;
- the Business Unit and Object codes are appropriate. Object codes must correspond with the types of goods or service described on the invoice Miscellaneous or general consumable codes should only be used as a last resort;
- there are sufficient funds in the relevant budget;
- available discounts have been received.

### **Matching of Invoices**

1.6 Authorised signatories must ensure that the invoice details are correct and have been reconciled to the manual purchase orders and delivery docket for the supply of goods and services before approving the invoice for payment.

1.7 The University operates a clearly defined segregation of duties policy within the campus. In this regard the person authorising the invoice for payment must never be the same as the individual who raised the purchase order. It is the responsibility of the relevant Head of School, Department or Institute to nominate an Administrator or other responsible staff member within their area and

delegate to such staff member the raising of purchase orders. The resulting invoice must be authorised by the relevant Head of School, Department or Institute.

- 1.8 It is vital that all invoices are matched and forwarded to the Payments Office on a timely basis to ensure that the Finance Ledger reflects the true amount owed to its suppliers at any one time. It is also vital that the University benefits from any discounts available. In addition, delays in processing payments may result in prompt payment interest.
- 1.9 If an invoice is received that appears not to be related to a valid requisition or purchase order, budget holders should be aware that such invoices may be the consequence of fraud or error. Such invoices must not be authorised for payment. Post facto requisitions or purchase orders must never be used to pay such invoices.

## **STATUTORY LEGAL REGULATIONS**

- 1.10 Invoices will be paid in accordance with the Statutory Legal Regulations governing Public Bodies, as prescribed by the Revenue Commissioners as follows.

### **Professional Services With holding tax**

- 1.11 Chapter 1, Part 18 of the Taxes Consolidation Act 1997 provides for 20% withholding tax to be deducted from payments made by the University in respect of professional and consultancy services provided to the University. Withholding tax applies on a world-wide basis and is not limited to Irish taxpayers. Where a supplier is not liable to tax in the state, the tax deducted may be reclaimed from the International Claims Section of the Revenue Commissioners. The Payments Office sends out a F45 form with each payment and a letter explaining how to obtain a tax credit/repayment.

### **Tax clearance certificates**

- 1.12 Tax clearance compliance is confirmed by the Revenue in regard to supplier's tax affairs. Suppliers will be required to hold valid Tax Clearance or C2 for all contracts in excess of €10,000 in a 12-month period. Payment in excess of €10,000 in a 12-month period cannot be made to suppliers unless valid tax clearance is held or C2.
- 1.13 It is the responsibility of the budget holder to ensure that new suppliers engaged have a valid tax clearance. The Payments Office checks each payment run with Revenue Online Services in order to confirm a supplier's tax clearance status.

## **Late Payment in Commercial Transactions**

- 1.14 In accordance with EU legislation the University is obliged to pay interest on invoices which are overdue by more than 30 days. The rate of interest is the ECB rate plus (currently) a margin of 8% and is calculated from the date of receipt of invoice or delivery of goods whichever is later. In the case of a disputed invoice, the value date will be the date the dispute was resolved. All disputed invoices should be accompanied by a memo indicating the reason why late payment interest should not apply. Penalties may be passed on to departments.
- 1.15 Also, all public sector bodies are committed to paying suppliers within fifteen days of receipt of a valid invoice pursuant to Government Decision S29296 of 2 and 8 March 2011 and 28 March 2017.

## **Construction Tax (Relevant Contracts Tax)**

- 1.16 The University is obliged to operate Relevant Contracts Tax on payments to sub-contractors. Full details of the operation of the tax are available on the Payments office webpage.

## **Value Added Tax**

- 1.17 The National University of Ireland Maynooth is registered for VAT under registration number **IE.9587715A**. As a general rule, the University cannot recover VAT incurred on expenditure and the VAT component of purchase invoices represents a cost to the University.

## **Inter community purchases**

- 1.18 Budget holders should ensure that invoices received from suppliers for goods and services within the European Community, are on a VAT exclusive basis. The University VAT number should be provided to the supplier when placing the order. The University must then self-account for VAT at the appropriate rate and pay the tax to the Irish Revenue. This self-assessment process is carried out by the Payments Office.

## **Purchases outside the EU**

- 1.19 Purchases from outside the EU should be invoiced on a VAT exclusive basis, but VAT will be payable at point of entry to the country. In certain cases, the VAT will be paid to the Irish Revenue by the freight forwarder (e.g. DHL, FedEx) and subsequently invoiced to the University.

## **Payment to suppliers**

- 1.20 Payments to suppliers will normally be made through Internet Business Banking (IBB). The Bursar must approve in advance any request to make payments by standing order or direct debit. All such payments must be supported by information to allow the identification of payments made from the University's bank account.

## **PETTY CASH**

- 1.21 The Payments Office is responsible for issuing petty cash floats to Schools, Departments and Institutes. The University is aiming to minimise the level of cash held in petty cash floats. Petty cash floats will be issued on an imprest basis. This is based on the Payments Office specifying a maximum float that might be held in a School, Department or Institute at any one time and replenishing the float to the prescribed maximum.
- 1.22 Petty cash must only be used for small cash payments (€50 maximum), to pay for *bona fide* University expenditure. It must not be used to purchase goods or services that can be obtained through the main University procurement system.
- 1.23 Petty cash must never be used for cashing cheques.
- 1.24 Heads of Schools, Departments and Institutes must ensure that procedures are in place, within their sections, to record all petty cash transactions. The records kept within Schools, Departments and Institutes must include:

### **Income**

- The date and amount of the initial imprest float issued by the Payments Office;
- The date of request to the Payments Office for reimbursements to the imprest float;
- The level of reimbursement issued by the Payments Office.

### **Expenditure**

- The date petty cash was issued, the name of the responsible Officer in the School, Department or Institute and the name of the member of staff to whom it was issued;
- Full and complete details of the reason for each petty cash claim made together with original receipts.