

TECHNICAL REVIEW OF THE STATUTES, AND ORDINANCES: CONSULTATION PAPER 5: FINANCE, AUDIT, PLANNING AND RESOURCE ALLOCATION, PROPERTY AND BUILDINGS (REVISED STATUTE F)

30 June 2011

FINANCE, AUDIT, PLANNING AND RESOURCE ALLOCATION, PROPERTY AND BUILDINGS

This paper is issued as part of the process of technical review of the Statutes, and Ordinances, authorised by Grace 10 of 21 July 2010, following the Report of the University Council dated 14 June 2010 (*Reporter*, 2009–10, p. 992). The paper has been considered and approved by the Technical Advisory Group chaired by Professor David Yates.

Summary

This paper makes suggestions about Statute F and related matters. An exposure draft of the suggested new Statute is set out.

Comments

Comments are welcome and should be sent to the Administrative Secretary at the University Offices, The Old Schools, Cambridge (email: Alan.Clark@admin.cam.ac.uk) if possible by 14 November 2011. All comments will be considered and a draft Report of the Council to the University will then be prepared for Discussion and eventual submission for approval in principle, through the ordinary University processes.

Explanation of the changes suggested

No substantive changes are suggested for the statutory arrangements for financial management, though the proposed Statute presents the present basic provisions in up to date direct language. A duty to make financial regulations is introduced.

New provision is introduced requiring the Council to establish machinery for planning and resource allocation, and for buildings, and for the composition of any principal committees established for these purposes to be approved by Grace. (The present Planning and Resources and Buildings Committees are examples of such principal committees.)

The requirement for approval by Grace for the erection, demolition or substantial alteration of a University building is maintained, clarifies to indicate that this applies to “operational” buildings.

Suggested explanatory note to appear with the revised Statute if approved

(This note does not form part of the Statute)

Section 1 of Chapter 1 defines the Council’s principal responsibilities for financial matters, requiring it among other things to make an annual budget report, and to arrange for the preparation of ‘true and fair’ accounts to be externally audited. Sections 2 to 4 make detailed provision for the Chest and other accounts. Section 5 provides for the appointment by Grace of the principal external auditors, and section 6 for the audit of the Local Examinations Syndicate.

Chapter II requires the Council to establish machinery (which may be joint with the General Board) for planning and resource allocation and for buildings. The constitution of any principal committees established for either of these purposes is to be submitted for approval by Grace. Section 2 includes the provision that the erection or demolition of or substantial alteration to a University operational building requires approval by Grace.

[If retained in Statute F]. Chapter III sets out the University’s powers about property, and provision for Ordinances, including for ‘collective investment’ (such as Cambridge University Endowment Fund).

Suggested draft revised Statute**STATUTE F****FINANCE, AUDIT, PLANNING AND RESOURCE ALLOCATION, PROPERTY AND BUILDINGS****Chapter I****Finance, The Chest and Audit****Financial matters**

1. The Council, supported by the Finance Committee, must:

(a) exercise general supervision over the financial situation of the University including reserves and investments and the income and expenditure of the Chest, and over the finances of all institutions in the University other than the University Press (which is subject to the provisions of Statute J);

(b) keep under review the University's financial position and make a budget Report to the University at least once each year, recommending allocations from the Chest;

(c) arrange for the preparation and publication of the annual accounts of the University (as audited by a duly appointed external auditor) in accordance with UK applicable accounting standards such that the accounts give a true and fair view of the state of the financial affairs of the University.

(d) recommend Bankers to the University, for appointment by Grace;

(e) make financial regulations.

The Chest and accounts

2. Unless otherwise provided by or under the Statutes or Ordinances, all income accruing to the University must be credited to the Chest, which is the principal treasury account of the University.

3. Separate accounts must be kept in such form as the Finance Committee directs for special funds established by the Council or by Ordinance, and for funds arising from grants from external sources or from grants or gifts from other bodies or persons for special work carried out in the University.

4. Any money received by any University body or officer for the purpose of any School, Faculty, Department or other institution, or for any other University purpose, must be included in the appropriate account.

Audit

5. Except as provided by Statute J in respect of the Press and by section 6 below, the accounts of the University must be audited annually by external auditors appointed by Grace on the recommendation of the Council.

6. The accounts of the Local Examinations Syndicate must be audited annually by external auditors appointed by the Council. The requirements of section 1(c) of this chapter apply to these accounts. The Council must every year appoint one or more members of the Finance Committee to examine the accounts, confer with the external auditors, and report to the Committee and to the Council.

Chapter II**Planning and Resource Allocation, Buildings****Planning and Resource Allocation**

1. The Council must establish machinery for planning and resource allocation within the University, and can do so jointly with the General Board. The constitution of any principal Committee established for this purpose must be submitted for approval by Grace.

Buildings

2. The Council must establish machinery for the management and development of operational University buildings, and maintenance of operational buildings, and can do so jointly with the General Board. The constitution of any principal Committee established for this purpose must be submitted for approval by Grace.

3. Approval by Grace is required for the erection of a new University operational building or for the demolition or substantial alteration of such a building.

Chapter III

[This Chapter may be amalgamated with the provisions in Statute A about the powers of the University]

Property, financial powers and investment

1. The University shall have all the powers of a natural person to acquire, manage, charge, deal with, and dispose of property, both real and personal, and to enter into and carry out any transaction relating to its property or otherwise in connection with the management of its affairs, so that it may exercise any power and may enter into and carry out any kind of transaction without limitation. These powers may be exercised at the absolute discretion of the University and apply to investment as well as to any other activity or function of the University. They apply to property, both real and personal, of which the University is trustee, save that, in the case of a trust of which the University is not sole trustee, where the trust instrument creating the trust expressly provides to the contrary and less than sixty years have elapsed since that instrument came into operation, the powers must not be exercised without the consent of the other trustees.

2. The University can make Ordinances providing for:

(a) exercise and delegation of the above powers; and/or

(b) the collective investment of any property, real or personal, held by or for the University, with or without any other property. Such Ordinances shall be read with, and shall have the same force as, the Statutes to the extent that they are consistent with the Statutes, Ordinances, and any Act of Parliament or other legislation binding on the University.

3. In favour of any person having dealings with the University, a certificate signed by the Registry that any Ordinance made under section 2 above has been complied with is conclusive.