



## Polasaí agus Nósanna Imeachta/Policies and Procedures

<b>Code</b>	QA313
<b>Title</b>	Recording and Recognition of Income Policy
<b>Policy Owner</b>	Bursar
<b>Date</b>	30 <sup>th</sup> November 2022
<b>Approved By</b>	University Team Member (UMT)

### 1.0 Purpose

This policy sets out information regarding the recording and recognition of income in the University. The policy exists to ensure that University income is properly recorded, and that accurate and consistent accounting treatment is applied to income recognition and reporting in the University's financial statements. The scope of this policy reflects cashless transactions only<sup>1</sup>.

### 2.0 Description

#### 2.1 Recording of income

All income received by the University should be supported by explanatory documentation e.g. a contract, grant letter or invoice. A contract or invoice is a legal document that creates a binding agreement between the University and its customers and should clearly outline the obligations of both parties. It ensures the customer pays the agreed price for goods or services rendered, in line with approved credit terms. Documentation such as a contract or invoice assist the University with the allocation of income to the correct unit and income category e.g. (recurrent, research, capital or pensions). Income received with no explanatory documentation such as an invoice or contract will be retained centrally.

#### 2.2 VAT

Supplies of education, and certain charges that are incidental to the provision thereof, are classed as VAT exempt. However, many activities that the University engages in will require VAT to be added. Prior to any invoice being issued, it must be established whether VAT is applicable for the particular supply of goods or services.

#### 2.3 Income Recognition

2.3.1 The accounting policies disclosed in the financial statements outline the appropriate accounting treatment and recognition of income in compliance with accounting standard FRS102.

2.3.2 Government sourced recurrent grants (including research grants) are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as grants received in advance within creditors and allocated between creditors due within one year and due after more than one year, as appropriate. Where Income is due but not yet received it is recognised as a Receivable within debtors.

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<sup>1</sup>Some cashless transactions such as print credit purchased with a credit card do not require an invoice. Refer to QAXXX Credit Card Processing.



2.3.3 Non-Government sourced recurrent grants (including research grants) are recognised in income when the University is entitled to the income and performance-related conditions (if any) have been met. Income received in advance of performance-related conditions being met is recognised as grants received in advance within creditors on the Statement of Financial Position and released to income as the conditions are met. Where Income is due but not yet received it is recognised as a Receivable within debtors.

2.3.4 Government sourced capital grants (in respect of the acquisition or construction of fixed assets) are treated as deferred capital grants and amortised in line with depreciation over the life of the related assets.

2.3.5 Non-Government sourced non-recurrent grants are recognised as donations and endowments. All donations and endowments represent non-exchange transactions. Non-exchange transactions include grants from private and charitable individuals or organisations including research grants. Non-exchange transaction income is recognised as follows:

- Transactions that do not impose specified future performance-related conditions on the University are recognised in income when the resources are received or receivable;
- Transactions that impose specified future performance-related conditions on the University are recognised in income only when the performance-related conditions are met.

A performance-related condition is defined as one that requires the performance of a particular level of service of units or output to be delivered, with payment of, or entitlement to, the resources conditional on that performance.

2.3.6 Fee income is recognised over the period in which the students are studying.

2.3.7 Interest receivable and similar income receivable on funds invested is recognised as it accrues, using the effective interest rate method.

2.3.8 Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

2.3.9 Rental income is recognised once our contractual obligations are deemed to have been delivered to customers. Services invoiced and paid in advance are deferred and are included in creditors.

2.3.10 Investment income is recognised on a receivable basis.

2.3.11 Income earned from subscriptions made to Seed and Early-Stage Equity Funds and MedTech Accelerator Funds are recognised as income when received.

2.3.12 Other recurrent income from the provision of services is recognised as receivable when the services are supplied to external customers, or the terms of the contract have been satisfied.

2.3.13 Movements on the pension receivable for Defined Benefit Pension schemes are recognised to mirror the underlying movement on the pension liability.

2.3.14 Income not collected will be recognised as a bad debt and charged to the relevant unit.



### 3.0 Responsibilities

Name	Responsibility
Bursar	<ul style="list-style-type: none"> <li>• Policy Owner</li> <li>• Approve the write-off bad debts</li> </ul>
All Policy Owners	<ul style="list-style-type: none"> <li>• Compliance with University income related policies and procedures</li> </ul>
UMT Members	<ul style="list-style-type: none"> <li>• Compliance with annual fee price setting assumptions and process.</li> <li>• Ensure that goods or services are delivered as per agreed contract or letter of award.</li> </ul>
Director Financial Accounts (DFA)	<ul style="list-style-type: none"> <li>• Preparation of financial statements ensuring accurate recognition of University income in compliance with accounting policies.</li> <li>• Ensure appropriate policy and procedural guides are in place to receive and record all University income including documented roles and responsibilities.</li> <li>• Ensure Income related policies and procedures are made available to all staff so that they are aware of the requirements and implement them consistently.</li> <li>• Ensure income received by the University is supported by explanatory documentation e.g. a contract, grant letter or invoice.</li> <li>• Ensure all income related accounts are reviewed and reconciled on a timely basis with evidence of review.</li> <li>• Ensure adequate documentation is retained for audit purposes.</li> <li>• Operate an efficient and effective debt control and collection system.</li> <li>• Ensure appropriate annual fee price setting assumptions and process is in place</li> </ul>
Fees Office	<ul style="list-style-type: none"> <li>• Compliance with annual fee price setting assumptions and process.</li> <li>• Ensure fees are accurately reflected for all courses on the student records system and the University website.</li> <li>• Ensure accurate billing and prompt collection of student fees for students registered on the student records system.</li> <li>• Implement and manage internal controls which underpin the billing and collection of fee income.</li> <li>• Reconcile fee income accounts to the student records system with evidence of review and sign off.</li> <li>• Prepare monthly report of fees outstanding and reconciliation of fee balance sheet accounts including fees bank a/c reconciliation with evidence of review and sign off.</li> <li>• Ensure accurate reporting and analysis of fee income, fees received in advance, student fee debt and related bad debt provision in the annual financial statements.</li> </ul>
Acadamh/CALPD	<ul style="list-style-type: none"> <li>• Compliance with annual fee price setting assumptions and process.</li> </ul>



	<ul style="list-style-type: none"> <li>• Billing and collection of student fees for courses managed by Acadamh/CALPD if not billed via the Student Records system.</li> </ul>
<p>Financial Accounts</p> <p>Accounts Receivable (AR) and Treasury Section</p>	<ul style="list-style-type: none"> <li>• Implement University Invoicing and Debt Management Policy.</li> <li>• Provision of training including training material for invoicing on the University Financial system (Agresso Sales Order Processing).</li> <li>• Set up and maintenance of income account codes on the accounting system.</li> <li>• Ensure income received is supported by explanatory documentation e.g. a contract, grant letter or invoice.</li> <li>• Prepare monthly aged debt reports and distribute to local units to action.</li> <li>• Prepare Non-fees income analysis and reconciliation of balance sheet accounts with evidence of review and sign off.</li> <li>• Complete analytical review of income compared to prior year with explanations for material variances and evidence of review and sign off.</li> </ul>
<p>Pensions and Investments Office</p>	<ul style="list-style-type: none"> <li>• Compliance with University investment strategy.</li> <li>• Manage allocated funds in line with University treasury management procedures.</li> <li>• Monitor investible funds in conjunction with the Bursar and the Investment sub-committee.</li> <li>• Ensure investment income is accurately reflected in University financial statements and management accounts.</li> <li>• Reconcile Pension and Investment accounts and retain evidence of review and sign off.</li> <li>• Complete analytical review to prior year with explanations for material variances and evidence of review and sign off.</li> </ul>
<p>Vice President for Research &amp; Innovation</p>	<ul style="list-style-type: none"> <li>• Compliance with University policy for the management of research funding lifecycle.</li> <li>• Ensure that contracts (letters of commitment) are in place for all externally funded research.</li> <li>• Complete effective due diligence on all research funders prior to contract signature.</li> <li>• Consideration of all taxes prior to contract signature and research account set-up.</li> <li>• Ensure that all prices quoted for the provision of goods or services are in compliance with state aid rules.</li> </ul>
<p>Director Research Accounts</p>	<ul style="list-style-type: none"> <li>• Compliance with University policy for the management of research funding lifecycle.</li> <li>• Compliance with research funder's financial reporting terms and conditions.</li> <li>• Ensure research income is accurately reflected in University financial statements and management accounts, including both</li> </ul>



	<p>direct and indirect research income including evidence of review and sign off.</p> <ul style="list-style-type: none"> <li>• Collection of research income.</li> <li>• Calculation and disbursement of research overhead income.</li> <li>• Complete analytical review of research income compared to prior year with explanations for material variances and evidence of review and sign off.</li> <li>• Provide advice and assistance on the applicability of VAT on the provision of goods or services. Ensure that all prices quoted for the provision of goods or services are in compliance with state aid rules.</li> </ul>
Research Accounts Office	<ul style="list-style-type: none"> <li>• Compliance with University policy for the management of research funding lifecycle.</li> <li>• Implement University Invoicing and Debt Management Policy.</li> <li>• Ensure income received is supported by explanatory documentation e.g. a contract, grant letter or invoice.</li> <li>• Implement the University's Research Overhead Allocation Policy.</li> <li>• Calculation of research activity in line with FRS102 reporting.</li> <li>• Provide advice and assistance on the applicability of VAT on the provision of goods or services.</li> </ul>
Academic Council's Standing Committee	Responsible for approval of new programmes, including fee price and fee structure.
Technology Transfer Office (TTO), Professional Support Units	<ul style="list-style-type: none"> <li>• Implement University Invoicing and Debt Management Policy.</li> <li>• Ensure income received is supported by explanatory documentation e.g. a contract, grant letter or invoice.</li> <li>• Ensure that goods or services are delivered as per agreed contract or letter of award.</li> <li>• Ensure staff with responsibility for raising invoices at local level have received training.</li> <li>• Provide advice and assistance on the applicability of VAT on the provision of goods or services.</li> </ul>
Director Management Accounts	<ul style="list-style-type: none"> <li>• Ensure income is accurately reported in University management accounts.</li> <li>• Calculation and distribution of incentivised fee income under the University's RIGRAM model.</li> <li>• Ensure University budget reflects approved fee prices and related fee income.</li> <li>• Perform monthly and annual variance analysis with evidence of review and sign of</li> </ul>
College Finance and Business Managers	<ul style="list-style-type: none"> <li>• Compliance with annual fee price setting assumptions and process.</li> <li>• Ensure income received by the University is supported by explanatory documentation e.g. a contract, grant letter or invoice.</li> </ul>



	<ul style="list-style-type: none"><li>• In conjunction with service providers, ensure goods or services are delivered as per agreed contract or letter of award. · Implement University Invoicing and Debt Management Policy.</li><li>• Ensure staff with responsibility for raising invoices at local level have received training.</li><li>• Provide advice and assistance on the applicability of VAT on the provision of goods or services.</li><li>• Ensure that all prices quoted for the provision of goods or services are in compliance with state aid rules.</li></ul>
Budget Holder / Head of School / Research Account Holder	<ul style="list-style-type: none"><li>• Ensure income received by the University is supported by explanatory documentation e.g. a contract, grant letter or invoice.</li><li>• Ensure that goods or services are delivered as per agreed contract or letter of award.</li><li>• Ensure that all prices quoted for the provision of goods or services are in compliance with state aid rules.</li><li>• Ensure that the applicability of VAT has been considered and seek advice where necessary.</li><li>• Raise invoices as soon as the goods or services have been delivered</li></ul>

#### 4.0 Related Policies

- QA307 Student Fee Liability
- QA312 Course Fee Establishment
- QA510 Management of the Research Funding Lifecycle
- QA311 Research Overhead Allocation
- QA325 Pension Control Account
- QA327 Investment Strategy
- QA305 Invoicing and Debt Management Policy
- QAXXX Cash Handling and Petty Cash
- QAXXX Credit Card Processing