

UNIVERSITY OF LIMA
ECONOMIC REGULATIONS
2019

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TITLE I **GENERAL PROVISIONS**

- Article 1** The University of Lima carries its economic activities with non-profit purposes. The surplus resulting at the end of the fiscal year must be invested in favor of the institution and in scholarships. Such surplus may not be distributed among its members or used by them either directly or indirectly.
- Article 2** The economic activities of the University are aimed at achieving its objectives by complying with its principles of efficiency, effectiveness, legality and transparency.
- Article 3** The economic resources of the University of Lima come from:
- a) Its own income, the lease of its properties and valuables, and the income resulting from the provision of services, as well as from the production of economic assets.
 - b) Donations from individuals and legal persons.
 - c) Funds resulting from the disposal of properties.
 - d) State's contributions, whenever they occur.
 - e) Funds resulting from national or international cooperation.
- Article 4** Those responsible for the economic activities of the University of Lima control its activities, duties and responsibilities in accordance with the provisions of its Bylaws and these Regulations, as well as with the applicable legal provisions.

TITLE II **ECONOMIC ACTIVITIES AND GOVERNANCE**

- Article 5** The following are responsible for the economic activities of the University:
- a) The Board of Trustees, which approves the Operation and Development Plan and the General Budget, controls and supervises compliance with its implementation, and resolves all matters relevant to its economic operation.
 - b) The president, who directs the economic and financial management of the University, and proposes the Operation and Development Plan to the Board of Trustees.
 - c) The vice president, when entrusted with economic or financial activities.
 - d) The Business Administration and Finance Bureau, which administers and implements income and expenses.
 - e) The budgetary units, which propose the Operation and Development Plan of their respective units, and implement the approved budget and supervise the properties and economic resources made available to them.
- Article 6** The following take part in the economic activities of the University:
- a) The Budget Committee
 - b) The Procurement Committee
 - c) The Works Committee
 - d) The Activities Committee
 - e) The special committees appointed by the Board of Trustees
 - f) The Internal Audit Office

Article 7 The fiscal year lasts twelve months. It begins on January 1 and ends on December 31 each year. Within such term, income and expense transactions concerning the economic funds are carried out in no less than three (3) banking entities of recognized solvency and efficiency in the provision of services. Such entities must be supervised by the Superintendency of Banking, Insurance (SBS) and Private Pension Fund Management Companies (AFP) or included in the Circular Letter issued by the Central Reserve Bank of Peru, which provides a list of first-class foreign banks.

Article 8 For the purposes of the provisions of Article 7 hereof, banking transactions are signed by the president or vice president, or the person appointed by the Board of Trustees, and by the joint signature of the director of the Business Administration and Finance Bureau or those appointed by the Board of Trustees.

Article 9 Tangible assets of the University are insured against all risks. For such purpose, the Business Administration and Finance Bureau complies with the procedure set forth in these regulations.

Article 10 The Budget Committee is in charge of defining the economic assumptions, prioritizing the distribution of expenses and assessing the budget for each fiscal year on a quarterly basis.

Article 11 The Budget Committee is formed by:

- a) The president, who presides over the Budget Committee.
- b) The director of the Business Administration and Finance Bureau.
- c) The dean of the Faculty of Business and Economics.
- d) The director of the Planning and Accreditation Bureau.
- e) A student representative.
- f) Other members appointed by the Board of Trustees, as proposed by the president.

The Business Administration and Finance Bureau acts as an executive secretary of the Budget Committee.

The internal auditor attends as an observer.

Article 12 The Procurement Committee is formed by:

- a) The president, who presides over the Procurement Committee.
- b) The director of the Business Administration and Finance Bureau.
- c) The director of the Planning and Accreditation Bureau.
- d) The head of the Legal Counsel Office.
- e) A student representative appointed by the Board of Trustees.

The head of the Supply Department acts as secretary of the Procurement Committee and, as such, is in charge of the meetings minutes and their incorporation to the corresponding file.

The internal auditor attends the Committee meetings as an observer.

The Procurement Committee may invite a representative of the budgetary unit requesting the procurement and request advice from officers and specialists it deems appropriate.

- Article 13** The Works Committee is formed by:
- a) The president, who presides over the Works Committee.
 - b) The director of the Business Administration and Finance Bureau.
 - c) The director of the Planning and Accreditation Bureau.
 - d) The head of the Legal Counsel Office.
 - e) The head of the Infrastructure Development Department of the Business Administration and Finance Bureau.
 - f) The secretary-general of the University.
 - g) A student representative appointed by the Board of Trustees.

The secretary-general acts as secretary of the Works Committee and is in charge of the meetings minutes and their incorporation to the corresponding file.

The internal auditor attends the Committee meetings as an observer.

- Article 14** The Activities Committee is in charge of assessing and approving extracurricular activities proposed by the units organizing them.

Extracurricular activities are those not included in the curriculum of the General Studies Program, the Faculties or the Graduate School, but that effectively complement the academic and cultural training of students, graduates, professors and the general public.

- Article 15** The Activities Committee is formed by:

- a) The president, who presides over the Activities Committee.
- b) The director of the Business Administration and Finance Bureau.
- c) The director of the University Staff Bureau.
- d) Other members appointed by the Board of Trustees as proposed by the president.

The Business Administration and Finance Bureau acts as executive secretary of the Activities Committee.

- Article 16** The president may appoint the vice president so that the latter may preside over the committees.

TITLE III BUDGET AND FINANCE

CHAPTER I BUDGET

- Article 17** The Business Administration and Finance Bureau is in charge of the preparation and assessment of the budget in consistency with the guidelines established in the institution's plans. It prepares the economic assumptions and submits them to the Budget Committee for approval.

The Planning and Accreditation Bureau receives and consolidates all the information for the preparation of the Annual Operation and Development Plan.

The president submits the University's General Budget to the Board of Trustees for approval.

- Article 18** The budget is arranged by items and by budgetary units in order to identify the

corresponding income and expenses.

Article 19 The budget increase is only carried out when surpluses are available.

The priority of budget increase requirements must be established by the Budget Committee in order to submit it to the Board of Trustees for approval.

Article 20 The request for budget increase submitted by the budgetary unit must be processed before the Budget Committee through its executive secretary.

CHAPTER II FINANCE

Article 21 Funds generating temporary liquidity can be invested in:

- a) Savings accounts in local and foreign currency.
- b) Fixed-term deposits in local and foreign currency, without affecting the economic operation of the University.
- c) Other financial instruments and products.

Article 22 Under no circumstances does the University of Lima make high-risk investments or investments in private or public company shares, except those that may be promoted by the University.

Article 23 The University must back its foreign currency commitments with a reserve in the same currency in order to offset exchange rate variations.

Article 24 The financial management of the University must be carried out with the guarantees and assurances for the proper use of its resources or, otherwise, the corresponding penalties may be applied in case of failure to comply with the duties inherent to the corresponding positions.

The administration of economic and financial resources is centralized.

All funds in favor of the University are deposited in the corresponding bank accounts.

Article 25 The Business Administration and Finance Bureau develops an information system that allows to be constantly familiar with the economic and financial status of the University through reports, monthly statements and other financial indicators.

TITLE IV ECONOMIC RESOURCES

CHAPTER I EDUCATION FEES

Article 26 Economic matters related to enrollment and tuition fees, payment of other fees, the determination of education fees and their methods of payment, as well as the refund and waiver of such fees are identified in the Students' Economic Regulations.

CHAPTER II DONATIONS

- Article 27** The University may receive the following forms of donation:
- a) Unconditional donation, when it is granted to the University to be freely used by it.
 - b) Conditional donation, when the donor directs or limits its use to specific purposes.
- Article 28** In the event of a donation of assets or services, it is essential that the pertinent budgetary units prepare a previous assessment and report, and that the corresponding authority carries out their valuation.
- Article 29** The receipt of donations begins with donors' written intention to make a donation, which must be submitted to the Board of Trustees for consideration, through the Office of the Secretary-General.
- Article 30** Donations are registered in the form of a notarial instrument when so required by their nature and amount.

CHAPTER III SERVICES TO THIRD PARTIES

- Article 31** The University of Lima, pursuant to the provisions of its Bylaws and in accordance with its purposes and principles, may provide services to third parties.
- Article 32** Any implementation unit providing services to third parties is required to submit to the Business Administration and Finance Bureau an income and expense budget, which must be strictly observed or, otherwise, the corresponding penalties may be applied in case of failure to comply with the duties inherent to the corresponding positions.
- Article 33** The provision of services to third parties must not affect the regular income of the University and must be self-financed.

The income is mainly meant to satisfy the budgeted expenses. Any surplus may be used freely by the University.

CHAPTER IV OTHER INCOME

- Article 34** Extra income is revenue resulting from the disposal of its assets.

All extra sales are approved by the Board of Trustees.
- Article 35** The following are part of the economic resources of the University:
- a) The leases and concession rights resulting from services offered by an external supplier.
 - b) Agreements generating income.
 - c) Income received by the University in respect of other services.

TITLE V PROCUREMENT

CHAPTER I PROCUREMENT NATURE

Article 36 The University may procure the following:

- a) Real property
- b) Personal property
- c) Permanent services
- d) Non-permanent services
- e) Rights

Article 37 The procurement of real property is approved by the Board of Trustees.

The procurement transactions referred to in Article 70, paragraphs b), c), d) and e) are conducted in accordance with the provisions of these regulations.

Article 38 The Procurement Committee holds meetings as needed and the required quorum is three (3) members.

Decisions are adopted by a simple majority of the attending members. Single votes must be recorded in the corporate minutes, as well as the corresponding grounds. Voting is mandatory and members of the committee may not abstain from it. The chairman has the casting vote.

The minutes of each meeting are approved and signed before the next meeting for their subsequent incorporation into the corresponding minute book.

Article 39 Requests for personal property, services and rights must be submitted to the Business Administration and Finance Bureau through the procurement management system in order to assess and approve them, if applicable.

Under no circumstances, budgetary units are authorized to directly engage to procure or directly procure personal properties, permanent services and rights or, otherwise, the corresponding penalties may be applied in case of failure to comply with the duties inherent to the corresponding positions.

Article 40 Procurement processes are conducted through the Procurement Department, with copy to the Procurement Committee, preferably based on the register of University suppliers, which is permanently updated by the Business Administration and Finance Bureau.

Article 41 Procurement transactions are carried out through minor purchases, direct purchases or by sealed bidding.

In order to determine the procurement form, the total amount of the purchase made from a supplier is taken as a criterion. The following are procurement forms:

- a) Minor purchase: Procurement transactions not exceeding a tax unit (UIT) are approved by the director of the Business Administration and Finance Bureau with no need of three (3) pro forma invoice.
- b) Direct purchase: Procurement transactions greater than one UIT and less than twenty (20) UITs are approved by the Director of the Business

Administration and Finance Bureau. For such purpose, three (3) pro forma invoice specifying the prices offered under the same characteristics or technical specifications for each purchase must be submitted.

- c) Sealed bidding: Procurement transactions exceeding twenty (20) UITs are approved by the Procurement Committee based on at least three (3) valid bids.

Article 42 The director of the Business Administration and Finance Bureau or the Procurement Committee may, exceptionally, waive the submission of the three (3) minimum pro forma invoice for the procurement of personal properties, services and rights under the following circumstances:

- a) Accreditation of the non-existence of said number of suppliers in the local market.
- b) Existence of exclusive suppliers or a main representative, duly verified.
- c) Standardization of goods, equipment and others, for technical or qualitative reasons.
- d) Acquisition of goods with no equivalents in the local market.

Procurement transactions exempted from the submission of the three (3) pro forma invoice must be backed with the corresponding report.

Article 43 The Procurement Committee may procure goods, services or rights through import, when the conditions of the local market are not favorable or when the interest of the University so requires it.

Article 44 The University does not procure used capital assets, unless expressly justified by the Procurement Committee through relevant reports.

CHAPTER II PROCUREMENT THROUGH SEALED BIDDING

Article 45 The Business Administration and Finance Bureau, through the Procurement Department, is in charge of calling for bids.

Article 46 The bidding terms must specify the following: date of delivery of the sealed bids, and specific requirements of the required materials and elements. In case of machinery, vehicles, equipment and tools, the following must be specified: their intended purpose, permitted tolerances with respect to the technical specifications, conditions of sale and delivery terms, term of validity of the bids, method of payment and, in general, all information contributing to the clarification of the needs to be covered.

It is up to the requesting budgetary unit to provide the bidders with the technical specifications of the required goods, which should neither restrict nor limit the participation of bidders on equal terms.

Article 47 Bids are submitted in a sealed envelope containing the information and documentation established in the bidding terms.

Bids with amendments are not taken into consideration.

Article 48 The participation in a sealed bidding implies that the bidder must comply with the bidding terms and documents attached thereto.

Bidders' bids that are not prepared in accordance with the bidding terms are considered not submitted.

Article 49 Bids submitted by legal persons must be signed by their legal representative. Bids submitted by individuals must be signed by themselves.

Article 50 If, during the opening of sealed bids, it is noted that a document does not completely meet the bidding terms and conditions or is missing, but it does not affect the technical or economic bid, then the supplier may be requested, prior agreement with the Procurement Committee, to correct it within a term not to exceed five (5) business days. If the supplier fails to meet said deadline, the bid is rejected.

Article 51 Once the financial bids are reviewed, they are signed by the members of the Committee and are recorded in the corresponding minutes.

During such process or in a subsequent meeting, the members of the Procurement Committee decide on the best interests of the University, based on the submitted bids.

Article 52 For the awarding of the contract, the following are particularly taken into account:

- a) Quality of the offered good or service.
- b) Time and conditions of delivery.
- c) Price and payment or financing conditions.
- d) Guarantees offered by the supplier company.
- e) Guarantee for maintenance services.
- f) Additional proposed services or benefits.

The foregoing list does not imply an order of priority or limitation.

Article 53 The University does not assume any payment in favor of the bidders for the expenses incurred by their participation in the bidding.

Article 54 The Procurement Committee declares that the contract has not been awarded in the following cases:

- a) When the number of submitted bids or the number of competent bidders is less than three (3).
- b) When the bids are not reasonable in accordance with the market prices.

Once the Committee declares that the contract has not been awarded, a second call for bids may be made. In such case, the Procurement Committee may award the contract even if the minimum number of bidders is not met.

CHAPTER III PERMANENT SERVICES

Article 55 To conduct its activities, the University requires the following permanent services:

- a) Professional and technical services.
- b) Insurance services.
- c) Infrastructure and equipment maintenance services.
- d) Security services.
- e) Communications services.

Exceptionally, when the needs and interests of the University so requires it, the Procurement Committee assigns a permanent status to other services.

Article 56 The term of service contracts, as a result of the awarding of the contract, must not exceed three (3) years and may be renewed for one (1) additional year at most if the requesting unit submits a favorable report duly substantiated to the Procurement Committee.

CHAPTER IV NON-PERMANENT SERVICES

Article 57 Non-permanent or occasional services are hired when the corresponding requests are submitted by the requesting units.

In response to such requests, the individuals or legal persons who carry out the required repairs or maintenance are hired.

Article 58 The pertinent individual or legal person is hired once at least three (3) bids have been submitted, except in those cases in which the repair or maintenance of equipment or goods is performed by the representative company.

TITLE VI RETIREMENT OF ASSETS

Article 59 The Procurement Committee proposes to the Board of Trustees to retire the assets once a corresponding request including all relevant technical reports has been assessed.

Retiring an asset consists in retiring it from the inventory of the budgetary unit and the University's equity.

Article 60 The following are causes to retire assets:

a) Impairment

a.1) It occurs when the asset falls into disuse or is useless, when it is deteriorated, or if its repair is expensive and the expense is not justified.

a.2) Due to obsolescence, if the asset has lost its practical or operational value due to technical or scientific progress, in spite of being in good condition.

b) Loss of assets

b.1) When the asset has been stolen.

b.2) When the asset has been lost.

b.3) When the asset has been destroyed by accident or other cause.

In the event of loss of an asset, the provisions of the corresponding insurance policy and the laws in force must be applicable.

Article 61 All authorized retirements are registered in the registry of retirements, under the custody of the Business Administration and Finance Bureau.

- Article 62** Once the assets have been retired, the Business Administration and Finance Bureau proceeds to dispose or donate them as instructed by the Procurement Committee and the Board of Trustees.
- Article 63** The University donates the retired assets after they have been identified as such by the Procurement Committee, according to criteria of obsolescence, social responsibility or as deemed convenient for the institution. The Board of Trustees approves such donation.

TITLE VII **CONSTRUCTION WORKS**

CHAPTER I **WORKS**

- Article 64** The University, as part of its general development policy, executes the following works:

- a) New buildings
- b) Renovations
- c) Extensions

Part of the works includes the provision of equipment and facilities that make up its infrastructure according to the technical-administrative bidding file.

- Article 65** The Works Committee is responsible for the following activities:

- a) Call for bids for construction works.
- b) Choose the contractor companies.
- c) Invite, through the president, the selected companies to submit their financial bids based on the technical-administrative bidding file prepared by the Infrastructure Development Department of the Business Administration and Finance Bureau.
- d) Award the contract to the best financial bid and report it to the Board of Trustees.
- e) Declare that the contract has not been awarded.
- f) Rescind or terminate the construction contract and report it to the Board of Trustees by means of the corresponding technical and legal reports.

- Article 66** The Works Committee holds meetings as needed, and the required quorum is half plus one of its members.

Call for committee meetings are made in writing by the secretary-general of the University.

Decisions of the Works Committee are adopted by a simple majority of its attending members. Single votes, as well as their corresponding grounds, must be recorded in the minutes.

Voting is mandatory and committee members may not abstain from it. The chairman has the casting vote.

At the end of the meeting, the minutes are approved and signed by all committee members.

- Article 67** The technical-administrative bidding file is prepared by the Infrastructure Development Department of the Business Administration and Finance Bureau

or, otherwise, the corresponding penalties may be applied in case of failure to comply with the duties inherent to the corresponding positions.

The Infrastructure Development Department of the Business Administration and Finance Bureau prepares and supervises engineering projects.

Article 68 Civil construction contractors are registered by the Infrastructure Development Department of the Business Administration and Finance Bureau

The registration and identification of contractors are carried out when they meet the requirements established by the University.

CHAPTER II **SELECTION OF CONTRACTOR COMPANIES**

Article 69 For the construction of new buildings, approved renovations and extensions, at least three (3) contractor companies are invited. As for the provision of equipment and facilities for the work infrastructure, a minimum of three (3) bidders are invited.

In the event of bidding processes for the provision of equipment and facilities for the infrastructure, the rules and regulations established for sealed bidding are applicable on a supplementary basis.

Article 70 The Infrastructure Development Department of the Business Administration and Finance Bureau prepares the technical-administrative bidding file, which must be delivered to the bidders, and must include the following documents:

- a) The bidding terms and conditions
- b) The implementation of the project
- c) Technical specifications
- d) Descriptive reports
- e) A sample proposed letter
- f) A sample contract
- g) Other special instructions

Article 71 Submitting a bid implies that the bidder submits itself to the provisions set forth in the technical-administrative bidding file.

Bids that are not prepared in accordance with the technical-administrative bidding file are considered as not submitted.

Article 72 Bids submitted by contractor companies must be signed by their legal representative, and must include the required information and documentation.

Article 73 Bids are submitted in a sealed envelope and must contain the information and documentation specified in the technical-administrative bidding file, together with the financial bid.

Bids with amendments are not taken into consideration.

Article 74 If, for any reason, the contractor has not included in its bid some items that were expressly detailed in the technical-administrative bidding file, such items must be deemed included.

Article 75 The Infrastructure Development Department of the Business Administration

and Finance Bureau determines and includes in the technical-administrative bidding file the required information and documentation in accordance with the nature of the construction or work.

Article 76 The opening of sealed bids containing the financial bids is carried out as follows:

- a) The sealed bids are opened in the presence of the invited bidders and the members of the Works Committee.
- b) There must be at least three (3) bids on the table to start the opening of sealed bids.
- c) The secretary of the Works Committee opens the sealed bids and reads the bid of each bidder who has complied with the requirements of the technical-administrative bidding file.
- d) Only the bids that comply with the financial bid in the form and manner required in the technical-administrative bidding file are valid.
- e) The Works Committee awards the contract to the contractor company with the lowest financial bid.
- f) Finally, a comparative summary chart including the bids submitted is drafted. It must be signed by the committee members and by the representatives of the bidders as a sign of agreement and acceptance of the validity of the process. Said document is included in the bidding minutes.

The president formalizes in writing the awarding of the contract. By means of said official communication, the successful bidder is invited to sign the respective contract.

The Board of Trustees is informed of the result of the bidding.

Article 77 The University does not assume any payment in favor of the bidders for the expenses incurred by their participation in the bidding.

Article 78 The Works Committee may exceptionally entrust the same contractor company that was awarded the contract with new works if the following requirements are met:

- a) The contract is in full and force and the contractor is on campus.
- b) The new works do not exceed twenty percent (20%) of the updated amount of the contract.
- c) The percentages of overheads, technical direction and profit are the same as those contained in the original contract.

TITLE VIII CONFLICTS AND MISUSE OF FUNDS

Article 79 No member of the Board of Trustees, director and member of the different committees included in these regulations, as well as the teaching or administrative staff involved in the selection of suppliers or the awarding of contracts, nor their relatives by blood within the fourth degree or through marriage within the second degree, may directly or indirectly be suppliers of the University or bidders in bidding processes.

Failure to comply with the foregoing is sanctioned by the Board of Trustees or by the competent administrative body.

No company providing personal property, services, rights or work contracts

involved in the design or counseling of the points that make up the projects and technical-administrative bidding files may participate in the bidding processes.

Article 80 No member of the Board of Trustees, director and member of the different committees included in these regulations, as well as the teaching or administrative staff, may use the allocated funds to cover expenses other than those authorized.

Failure to comply with the foregoing is sanctioned by the Board of Trustees or by the competent administrative body.

TITLE IX INTERNAL AND EXTERNAL CONTROL

Article 81 The Internal Audit Office supervises and controls compliance with the provisions contained in these regulations in order to protect the interests and assets of the University. Additionally, it verifies the accuracy of the information and accounting documents submitted, as well as the acts carried out by the units responsible for the economic activities of the University.

Article 82 To fulfill such purposes, the Internal Audit Office has free access to the information and documentation of the different budgetary units of the University, which are obliged to provide the relevant assistance or, otherwise, the corresponding penalties may be applied in case of failure to comply with the duties inherent to the corresponding positions.

Article 83 The internal auditor informs the president and, if applicable, the Board of Trustees of his/her findings.

Article 84 The financial statements for each fiscal year are reviewed and assessed by a prestigious external audit firm selected through a bidding process. Under no circumstances does the same external audit firm review and assess the financial statements for more than two (2) consecutive fiscal years.

FINAL PROVISIONS

FIRST: All internal provisions and rules which are in conflict with these regulations must be rendered null and void.

SECOND: The text of these regulations becomes effective on September 19, 2019.

Approved by resolution of the Board of Trustees dated September 18, 2019

Effective as from September 19, 2019

President's Resolution (R.R.) 304/2019 dated September 18, 2019