

LIVE BORDERS

FINANCIAL REGULATIONS

Version Control

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1. Introduction

Live Borders is a Private Company Limited by Guarantee with Charitable status. This means that it has to fully comply with both Company and Charity legislation. As part of this duty Live Borders Trust’s Board of Directors have approved these Financial Regulations which sets out the framework for the company, including responsibilities for all financial matters for both the board of Directors and for all employees of the Company.

Standards are in place to help ensure that the work of Live Borders is conducted fully in accordance with the law and in an open and transparent manner. Governance refers to the systems, processes and standards we use to manage our work and help us deliver our services. Openness, integrity and accountability of individuals with Live Borders form the cornerstone of effective governance.

Compliance with Financial Regulations is compulsory for all staff, additionally; staff have a general responsibility for ensuring that the use of the Trust’s resources is legal, properly authorised and provides value for money. The Head of Business Services is responsible for issuing financial procedures which set out in more detail arrangements for dealing with all financial matters and are applicable to all staff and are also compulsory. Financial procedures are held at HQ, with copies held at all Live Borders centres and electronically on the shared directory.

2. Budgets and budgetary control

2.1 Business Plan

As set out in our Services Agreement with Scottish Borders Council (SBC), a business plan is agreed by Senior Management Team and reviewed by Finance and Property Committee prior to submission to SBC annually.

2.2 Budget

Budget preparation is the responsibility of the Heads of Service, delegated as appropriate, led and supported by the Head of Business Services.

Draft budgets with adequate supporting working papers are considered and agreed by the Senior Management Team. Following which, the draft budget is scrutinised by the Board, relevant budgetary implications will also be considered by Committee(s) prior to submission to the Board for approval.

2.3 Capital

A capital allocation is ring fenced by SBC, for plant replacement and refurbishment i.e. work to maintain the fabric of the building, where possible this is used to attract external funding. This arrangement supports the managed Sports facilities. **For Cultural Services properties, managed through landlord repair and maintenance lease, the Trust can bid to SBC capital budget for additional capital works.**

All proposals will be presented with business case and supporting papers for scrutiny by the Finance & Property Committee and approved by Board.

2.4 Monitoring

It will be the responsibility of the Area/Service Managers to manage and monitor their budget on an ongoing basis and ensure that adequate budgetary provision exists for all orders placed and in light of known future budget commitments. The Head of Business Services is responsible for ensuring that for each budget line, a budget holder is identified who is fully familiar with their budget responsibilities.

Monthly management accounts are a key control document used by Managers. The financial position, explanations of variances and full year forecast will be reported to every Finance and Property Committee and quarterly to Board.

For capital projects an audit will be carried out six months after completion, with further follow up audit after two years.

2.5 Final accounts

The Head of Business Services is responsible for ensuring that the statutory accounts are submitted to external auditors and appropriate statutory bodies and produced in compliance with relevant legislation and accounting requirements.

Draft final accounts will be presented to the Finance and Property Committee, who will meet with the external auditors. Final accounts will then be considered by Board along with the auditors report.

3. Controls of income

3.1 Income

The Head of Business Services is responsible for ensuring that appropriate procedures are in place to enable Live Borders to receive all income to which it is entitled.

Prices for all products and services will be reviewed annually and reported to Board.

Wherever possible, bookings should be paid in advance or at the time of booking. At no time should customers be given credit. Where credit agreement has been agreed by the Head of Business Services, bookings can be invoiced one month in arrears e.g. Club bookings.

The Head of Business Services is responsible for ensuring that all external grants are invoiced or otherwise received promptly and appropriately recorded in Live Borders' accounts. Where grants are to be ring fenced for a particular purpose this shall be noted. Where this involves more than one financial year the Head of Business Services shall ensure that appropriate arrangements are in place to identify these sums as restricted funds in Live Borders accounts.

3.2 Bank and cash controls

All cash received must be recorded at the time of the transaction, in line with our detailed procedures (Gladstone for Sports facilities). Monies must be banked in line with the financial procedures. No deductions for whatever reason may be made from cash receipts prior to banking (with the exception of our petty cash where no open cheque facility is available at the bank).

Where errors in handling cash occur, financial procedures for “overs/unders” should be followed. The Finance Manager will review over/unders on a regular basis and is responsible for investigating regular occurrences. Subject to these findings an employee may be subject to disciplinary action.

Safes are provided in a number of our facilities and must be used as per our financial procedures.

3.3 Banking arrangements

The Head of Business Services will be responsible for opening and maintaining the bank accounts needed to conduct properly the business of Live Borders. The Board will authorise account signatories.

The Finance Manager shall ensure that proper control is exercised over unused and cancelled cheques.

3.4 Reconciling bank statements

The Finance Manager is responsible for the bank reconciliation on a monthly basis. Any discrepancies identified will be investigated. Any unresolved discrepancies will be reported to the Board.

3.5 Fund raising and public collections

Where fundraising, sponsored events or public collections are carried out employees must ensure that the necessary licensing arrangements are in place prior to the activity taking place. It is the responsibility of the Head of Business Services to ensure the activity is properly licensed.

3.6 Collection of debts

The Head of Business Services shall have overall responsibility for the collection of monies due to Live Borders and to ensure that systems are in place so that:

- Debtors invoices are raised promptly in respect of income due to Live Borders
- Debtors are raised on official Live Borders invoices
- Swift and efficient action is taken to collect overdue debts in accordance with Live Borders procedure
- Any concerns regarding outstanding debts will be reported to Senior Management Team.

4. Controls of expenditure

Controls on expenditure are required to ensure that only necessary and authorised purchases are made and that funds exist within approved budgets to meet the expenditure. Controls also ensure that payments are only made for goods and services actually received at the price and/or quality agreed.

4.1 Authorisation levels

The Chief Executive Officer will manage a list of authorised signatories and authorisation levels. Purchases over £25,000 require to be approved by Board. Second signatory/authorisation by the Chief Executive Officer or Director of Business Services required for all purchases over £10,000.

Authorised bank signatories are in place for three Officers; Chief Executive, Director of Business Services and Finance & Performance Manager and two Trustees, Chair of the Board and Chair of Finance and Property.

Some Service Level Agreements will exceed the above authorisation limits, subject to budget being agreed by Board and signed agreement in place, authorisation of these payments will be delegated to the Chief Executive.

Tenders with an annual value over £25,000 will be reported to Board.

See section 3 for details of quotes, tenders and bank signatories.

Officers can sign annual Service Level Agreements/contracts within their authorisation limit. Multi-year agreements require approval by the Chief Executive Officer.

4.2 Quotes and Tenders

At all times, staff should ensure they can demonstrate value for money. In order to ensure the best value for money and transparency, staff responsible for ordering goods and services, are required to conform to the Live Borders's procedures. It is the responsibility of all staff to ensure they comply with these requirements.

Suppliers with an annual spend in excess of £10,000 for goods and services will be reviewed annually and become the subject of a tendering process when contracts are coming to an end. The tender process will be either:

- open tendering using Public Contracts Scotland, allowing any contractor to apply
- selective tendering allowing pre-selected list of suppliers to tender, or
- negotiated tendering where a single supplier may be appropriate for specialised contracts or extending existing contracts, this route may be used in exceptional circumstances with prior approval by the Head of Business Services

Contracts over £10,000 per annum must be reviewed, at least, every three years.

Competitive quotes should be sought for all substantial work, however, all purchases with a value of more than £1,000 must have competitive quotes.

4.3 Ordering goods and services

The fundamental control principle in place is that at least two employees are involved in ordering and certifying invoice payments. This is a key control measure for Live Borders and will protect individual employees.

Any expenditure outside the agreed budget should be authorised by the Finance Manager.

The order system, currently Redro, holds details on our preferred suppliers and these companies should be used where possible. If goods cannot be purchased from our current supplier database, a new supplier request form should be submitted.

There may be exceptional circumstances when there is no option but to use personal credit/debit cards for goods or services, if this is the case prior authorisation from SMT is required.

Invoices must be in the name of Live Borders Trust.

4.4 Supplier Invoice payment

Cheque/BACS payments will be made weekly. Two authorised signatories (section 2.5) must sign the payment paperwork. Cheques/BACS signatories shall take such steps as necessary to satisfy themselves that proper procedures have been followed to ensure that payment requests are supported by appropriate documentation.

4.5 VAT

It is the responsibility of the Head of Business Services to ensure quarterly VAT returns are submitted within the required timescales and all associated correspondence is dealt with. Copies of all returns form part of the company's accounting records.

4.6 Company Credit cards

The Chief Executive holds a company credit card. Payments made by this card must only be made in connection with goods or services wholly incurred for business purposes.

Where this card is used prior authorisation is required by submitting Payment Request Detail Form for authorisation. Prior to engaging in this transaction checks shall be made to ensure that the transaction is being undertaken on a secure interest site. Receipts will be held and matched against the monthly statement and the VAT position clarified prior to processing payment. Any discrepancies will be brought to the attention of the Head of Business Services.

4.7 Petty Cash

Payments made in cash by Live Borders should be kept to a minimum.

Under no circumstances can cash payments be made from incoming cash receipts or by way of direct withdrawal from Live Borders bank accounts.

Petty cash is held at each facility. Responsibility for their use, reimbursement and safe keeping rests with the Imprest Holder. Petty cash may only be used for small value purchases (less than £20.00). Where expenditure is over this limit alternative forms of payment must be used.

The petty cash will be checked bi-annually as part of the internal audits, as per section 9.1.

4.8 Grant applications and claims

The Head of Business Services must be engaged in the drafting of all grant applications and formally sign these off prior to submitting for authorisation by the Chief Executive.

The Head of Business Services will ensure appropriate grant registers are maintained.

4.9 Gifts and hospitality

The acceptance of gifts and hospitality must be carefully considered to protect employees and the reputation of Live Borders.

The Head of Business Services will be responsible for maintaining the register of gifts and hospitality, including gifts and hospitality offered but declined.

It is the responsibility of all employees offered gifts and hospitality to follow the guidance in the Employee Handbook.

5. Asset management

5.1 Stock

It is the responsibility of the Heads of Service to implement appropriate stock control procedures.

All stocks should be held securely, with access to stocks limited to designated employees. The minimum stock level, as agreed with the Service Manager, at which economies of scale for purchasing can be achieved commensurate with the demand for stocks according to operations should be maintained.

Regular and ad hoc stock checks should be carried out by Service Managers. These should be recorded. Where discrepancies are noted between recorded and actual stock levels, these should be investigated as a matter of urgency.

A note on damaged or obsolete stock should be entered onto the monthly stock sheets. The Finance Department will not value the items, but will instruct the centre on whether goods should be returned to supplier or destroyed.

Where employees are found to be misusing or removing stocks for personal use, this may be the subject of disciplinary action.

Third party stock: The same stock control and checks must be in place for any third party stock held on site. In addition, compliance with stock procedure note is essential.

5.2 Fixed asset register

Live Borders's asset register is held on the WAM (Online property management database). The Technical Manager is responsible for keeping this up to date.

The Fixed Asset register is improvements and capital spend on the Trust.

5.3 Live Borders equipment

It is recognised that in order to effectively carry out their job role, certain employees will be provided with Live Borders equipment which will be taken away from an employee's main place of work. An employee's line manager will make clear during an induction process the assets an employee is authorised to remove from their main place of work.

In the event of loss or damage to Live Borders assets, where it can be demonstrated that the employee has taken all reasonable steps to take care of the asset, it will be replaced and no further action taken. Where it cannot be demonstrated that reasonable steps have been taken the employee will be required to repair/replace the asset at their own expense.

5.4 Computer equipment

Where employees are provided with computer equipment and are authorised to remove these from their main place of work, employees are responsible for ensuring that they take all

reasonable steps to protect the computer equipment from theft e.g. where it is necessary to leave a laptop in a locked car it must be placed out of sight in a locked boot.

Storage of data on portable memory sticks, external hard drives or other storage systems may expose Live Borders and staff, partners, suppliers and customers to the risk of theft, fraud, identify theft and loss. Employees must take care of such devices and should always ensure that devices taken away from Live Borders premises are encrypted or password protected. Any member of staff who has reason to believe that a storage device may have been lost shall immediately report the loss to the Head of Business Services. Loss of any external memory device may be treated as a disciplinary offence.

Disposal of all equipment needs to be authorised by the Head of Business Services, who will ensure all data cannot be retrieved.

5.5 Mobile phones

Where employees are considered to have a requirement to use a mobile phone in the course of their employment this will be provided by Live Borders. It will be the responsibility of the Senior Management Team to identify such employees. Reference should be made to the “mobile and office telephone policy” in the Employee handbook.

5.6 Data security

Employees must not hold data on Live Borders customers in their personal phones/computer equipment. All contact with customers must be through formal Live Borders channels.

6. Management of Funds and Reserves

6.1 Treasury Management

Management of cash resources will be done in line with the Treasury Management procedure (to be drafted).

6.2 Loans

Where consent is given for Live Borders to borrow money the Head of Business Services is responsible for taking out the loan which shall be in the name of Live Borders. Full details of all loans must be reported to Board.

7. Payroll and expenses

7.1 Establishment

The Chief Executive is responsible for determining the staff establishment (structure) for Live Borders. This will identify the number of employees (FTE) for each service area, their salary grade, other enhancements that may be payable.

The Admin Support Manager will manage the establishment on an ongoing basis, ensuring all appointments are made within the agreed establishment.

7.2 Staff salaries

Responsibility for the management of the payroll system rests with the Head of Business Services.

The Chief Executive Officer is responsible for authorising the payroll run. In the absence of the Chief Executive Officer, the Finance Manager or Admin Support Manager is authorised to undertake this function.

The Chief Executive authorises staff salaries, and these are approved by the Board through the budget. The Board authorises the Chief Executive's salary.

All timesheets and payroll records must be submitted by 3rd of each calendar month.

Only in exceptional circumstances, approved by the Chief Executive, will emergency payments be made.

Falsification of time sheet claims either by a claimant or an authorising line manager will be subject to disciplinary action.

No employee, contracted or casual, will undertake any work until confirmation from the Admin Support Manager that all recruitment paperwork, including Disclosure checks, are satisfactory and complete.

7.3 Professional Fees

Live Borders will reimburse staff for professional fees identified as an essential requirement for their role.

7.4 Expenses

Travel expenses incurred in the course of undertaking activities in connection with an employees work will be reimbursed on production of a properly completed and authorised travel expenses claim form, supported by relevant receipts.

Mileage expenses will be reimbursed where they have been incurred wholly in connection with work activities, at the current HMRC rates. Staff should consider the most economical mode of transport.

It is the responsibility of the individual employees using their own vehicle for work to ensure appropriate business mileage insurance is held.

Accommodation and subsistence expenses incurred in the course of undertaking activities in connection with an employees work will be reimbursed on production of a properly completed expenses form, supported by relevant receipts.

Expenses claim forms should not be used to claim for goods and services, which should be purchased through our order processing system, as per section 3.2.

7.5 Salary sacrifice schemes

Details of salary sacrifice schemes are available in the Employee Handbook.

7.6 Self-employed coaches/instructors

Only bona fide self-employed coaches/instructors shall be used to delivery Live Borders' programmes. This is to ensure that self-employed coaches/instructors are properly accounting for HMRC NI and tax requirements and insurance.

Employees responsible for engaging self-employed coaches/instructors will ensure that they are provided with appropriate documentary evidence to confirm self-employed status and accounting for HMRC contributions. Suitable documentary evidence includes photocopies of their self-assessment return, evidence of Ltd Company ownership or confirmation from their accountant.

In addition, evidence of their professional qualifications for the activity/ies in question, public liability / professional indemnity insurance and PVG check shall be obtained by the employees engaging such self-employed coaches/instructors. These records shall be retained by Admin and Support Manager.

The process for engaging coaches/instructors is as per section 3.2 ordering goods and services.

8. Fraud and Irregularity

8.1 Fraud Prevention

Financial fraud and abuse may arise from a number of different activities: bribery, fraud, theft and money laundering or the loss of electronic data may result in significant loss for Live Borders but also may damage our reputation. Live Borders' code of conduct is to be followed at all times by all employees and volunteers.

8.2 Breaches of financial procedures

All employees should comply with the code of conduct and act with honesty and integrity. However it is recognised that at times genuine mistakes may be made, as such, Live Borders will not automatically treat an initial breach of these financial procedures as a disciplinary matter.

Where a breach of financial procedures has occurred the Head of Business Services is responsible for undertaking an investigation and for reporting the breach and actions subsequently to the Board.

8.3 Whistleblowing (Public Interest Disclosure policy)

Where employees or volunteers suspect fraudulent or other criminal activity they are encouraged to report their suspicions to their line manager, or in the event of their line manager being implicated or otherwise uncomfortable with raising the issue with their line manager, they should report the matter to an appropriate member of the Senior Manager Team. This policy applies to all employees, including any concerns about the conduct of Senior Managers or Board Directors.

Reference should be made to the Public Interest Disclosure policy as part of the Employee Handbook.

8.4 Reporting to OSCR (The Scottish Charities Regulator)

In the event that is known or suspected that Live Borders has been the victim of fraud (financial crime) the Head of Business Services is responsible for reporting the matter to Police Scotland and as a matter of best practice to OSCR immediately under a serious incident reporting regime.

9. Audit

9.1 Internal Audit

It is the responsibility of the Head of Business Services to ensure bi-annual internal audits are carried out at all facilities and findings documented. Findings will be reported to SMT, and Board where required.

9.2 External Audit

External audit support is tendered every 3 years, with auditors approved at every Annual General Meeting.

Auditors report and final accounts will be presented to each Annual General Meeting.