

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 Director of Business Services is responsible for issuing financial procedures that set out in more detail arrangements for dealing with all financial matters, are applicable to all staff, and are compulsory. Financial procedures are held at HQ, with copies held at all Live Borders centres and electronically on the shared directory.

Borders Sport and Leisure Enterprises, the wholly owned trading subsidiary, is also covered by these regulations.

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 approved by Board prior to submission to SBC annually.

2.2 Budget

Budget preparation is the responsibility of the Directors of Service, delegated as appropriate, led and supported by the Director 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 Finance Committee 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.

Capital projects under £25k will be presented for information to Committee. All other proposals will be presented with business case and supporting papers for scrutiny by the Finance Committee and approved by Board.

2.4 Monitoring

It will be the responsibility of the 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 Director 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 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.

No unspent balance of budget will be permitted to be carried forward to the next financial year unless income has been received for a restricted purpose.

2.5 Final accounts

The Director 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 Audit and Governance Committee, who will meet with the external auditors. Board will then consider final accounts along with the auditor's report prior to submission to OSCR and Company House

3. Controls of income

3.1 Income

The Director 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. Where the Director of Business Services has agreed credit agreement, bookings can be invoiced one month in arrears e.g. Club bookings.

The Director 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 Director of Business Services shall ensure that appropriate arrangements are in place to identify these sums as restricted funds in Live Border's 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. Monies must be stored on site and 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 and Performance 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 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 Service Manager to ensure the activity is properly licensed.

3.4 Collection of debts

Service Managers are responsible for recording and identifying debt due and raising appropriate sales invoices.

The Director 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 and 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.

The Finance and Performance Manager has authority to write-off bad debt to the value of £3,000 reporting all write-off 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. No member of staff is authorised to commit the Trust to expenditure without first ensuring sufficient budget is in place. 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 and Performance Manager and two Trustees, Chair of the Board and Chair of Finance Committee.

Some contracts (including approved capital works), Service Level Agreements and contracted software applications will exceed the above authorisation limits. Subject to the budget being agreed by Board and signed agreements being 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.

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 Director 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 should have competitive quotes.

Decisions on award are evaluated and made in accordance with the most "economically advantageous" terms, taking into account price, quality, delivery, terms, and conditions.

4.3 Ordering goods and services

Segregation of duties is a fundamental control principle and ensures 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. This is managed through the Financial Management System.

All goods and services should have a Purchase Order, without which the invoice will not be paid. The financial management system holds details on our preferred suppliers and internal catalogues 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.

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 and Tax

It is the responsibility of the Finance and Performance Manager to ensure HMRC, PAYE, VAT and tax 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 and Directors hold a company credit card. Payments made by these cards must only be made in connection with goods or services wholly incurred for business purposes. Staff agree to comply with the guidance provided.

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 internet 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 Finance and Performance Manager.

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 most facilities. Responsibility for their use, reimbursement and safekeeping rests with the Imprest Holder. Petty cash may only be used for small value purchases (less than £20.00). Receipts must be provided for every transaction.

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

4.8 Grant applications and claims

The Director 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 Officer.

The Director of Business Services will ensure appropriate grant registers are maintained and guidance available to service managers.

4.9 Cash floats

Cash floats will be allocated to a single responsible officer, for the purposes of pop-up bars and similar activity only.

4.10 Gifts, hospitality and tips

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

The Director 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.

No tip bowls/jars are to be on display in any sites, staff should not accept tips from customers.

5. Asset management

5.1 Stock

It is the responsibility of the Directors 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.

Service Managers should carry out regular and ad hoc stock checks. 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 Border's asset register is held on the WAM (Online property management database). The Property and Asset Manager is responsible for keeping this up to date.

The Fixed Asset register includes all improvement works and capital spend on the Trust.

Assets are depreciated in line with the capitalisation policy.

The Finance and Performance Manager is authorised to dispose of assets with zero net book value. Disposal of other assets require approval by Chief Executive Officer.

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 that 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, comply with policy 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 Director 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 Director of Business Services, who will ensure no data can be retrieved.

5.5 Mobile phones

Live Borders will provide where employees are considered to have a requirement to use a mobile phone in the course of their employment this. 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”.

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.

Employees dealing with payment cards and direct debit mandates should ensure they are familiar with PCI (Payment card industry data security standard) and direct debit requirements.

5.7 Insurance

The Finance and Performance Manager is responsible for reviewing annually and arranging insurance. Records must be maintained for all insurance records.

The Finance and Performance Manager can negotiate claims on behalf of the Trust.

6. Management of Bank, Funds and Reserves

6.1 Banking arrangements

The Chief Executive Officer is responsible for arranging the appropriate banking facilities as required by the Trust and appointment of the Trust bank, following competitive tender process.

The Chief Executive Officer will be responsible for opening and maintaining the bank accounts needed to conduct properly the business of Live Borders, all accounts will be held in the name of the Trust or its subsidiary company. The Board will authorise account signatories.

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

Community Centre Management Committees hold their own bank accounts. As per the Financial Guidelines for Community Centres, no staff employed by Live Borders can be authorised signatories.

6.2 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.

6.3 Treasury Management

Management of cash resources will be done in line with the Treasury Management policy.

6.4 Loans

Where Board consent is given for Live Borders to borrow money the Head of Business Services is responsible for taking out the loan that 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 People 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 Director of Business Services.

The People Manager is authorised to make offers of employment and to appoint staff. Approval to fill new or existing posts should be sought in accordance with procedures.

The Chief Executive Officer is responsible for authorising the payroll run, ensuring all appropriate payments and deductions have been made. In the absence of the Chief Executive Officer, the Finance and Performance Manager or Director of Business Services is authorised to undertake this function.

Salaries are agreed through the job evaluation process, and benchmarked externally every three years.

Service Managers are responsible for submitting timely authorised records of payroll. 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 People team that all recruitment paperwork, including Disclosure checks, are satisfactory and complete.

7.3 Expenses

Travel expenses incurred in the course of undertaking activities in connection with an employee's 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 employee's 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.

7.4 Salary sacrifice schemes

Details of salary sacrifice schemes are available from the People team, who are authorised to make agreed deductions from salary.

7.5 Self-employed coaches/instructors

To ensure compliance with HMRC guidance (IR35) 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, the employees engaging such self-employed coaches/instructors shall obtain public liability / professional indemnity insurance and PVG check. Records shall be retained in line with the IR35 policy.

The process for engaging coaches/instructors is as per section 4.3 ordering goods and services.

8. Fraud and Irregularity

The Trust has a zero tolerance towards bribery and fraud, actual or attempted. All staff have a responsibility to report any suspicions of bribery or fraud to the Director of Business Services.

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. Specific guidance on anti-bribery and fraud is available.

8.2 Register of Interest

All staff are required to abide by the terms and conditions of their appointment. Any member of staff who, during the course of their work on behalf of the Trust, becomes involved in a situation where there is or might reasonably be deemed by others to be, a conflict of interest, shall report the matter to their Service Director or People team. All staff should complete a register of interest return on an annual basis, disclosing all secondary work or such commitments and relationships that may lead to conflict of interest.

8.3 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 Director of Business Services is responsible for undertaking an investigation and for taking appropriate action and reporting the breach and actions subsequently to the Board.

8.4 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.

8.5 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 Director 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.

The annual internal audit scheduled is based on risk matrix. Live Borders, many on occasion audit supported third party bodies.

9.2 External Audit

The primary role of external audit is to report on the Trust's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach that opinion and to report on the appropriate use of funds.

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.

10. Risk Management

Risks are defined as those activities that may impact adversely on the Trust achieving its objectives. The Chief Executive Officer is responsible for ensuring the Trust has a robust approach to management of risks.

Service Directors are responsible for identifying, managing and monitoring risks within their Service.

The corporate risk register is updated quarterly and reported to Audit and Governance Committee.