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This document updates Sport Aberdeen Financial Regulations, Issue 7, February 2016.

Issue	Date	Amendments	Author
2	December 2012	Updated document	Donald Mackie
3	August 2013	Update	Alistair Robertson
4	January 2014	P3 – Amendment of 2.2 to reflect Funding and Services Agreement P6 – Addition of financial performance reporting requirement to Aberdeen City Council P6 – Budget preparation – inclusion of additional information P7 – Section 5 Borrowing – addition of ACC approval P8 – Section 88.2 Format of Accounts –addition of ACC approval	Jill Franks
5	January 2015	Throughout – Amend designation of Chief Executive to Managing Director P1 – Reference to Scheme of Delegation	Jill Franks
6	August 2015	P5 – Amendment to Committee Structure P6 / 7 – Reference to ALEO Governance Hubs P9 – Reference to Risk Management Strategy Throughout – references to Finance & Resources Sub Committee changed to Corporate Governance Committee	Jill Franks

7	February 2016	Throughout – change of designation of Finance & Resources Manager to Head of Finance & Corporate Resources	Jill Franks
		P9 – Deletion of reference to Customer Services Manager replaced with generic reference to Service Manager	
8	June 2017	Section 2.3 amended to reflect new Property and Asset Management Committee	Jill Franks
		Section 2.4 amended to reflect new reporting timescale requirements as a result of ACC admittance to stock exchange	
		Section 8.3 amended to reflect new reporting timescale requirements as a result of ACC admittance to stock exchange	

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GLOSSARY OF TERMS

Board of Directors	The Board of Directors of Sport Aberdeen Limited
Company	Sport Aberdeen Limited, a company limited by guarantee. Charity Number SC 040973 and Company Number SC350981

1. INTRODUCTION

- 1.1. The Financial Regulations of the Company form part of its overall system of financial and management control. The Scheme of Delegation includes financial matters.
- 1.2. Compliance with the Financial Regulations is compulsory for all employees and third parties providing services to the Company. It is the responsibility of the Managing Director and the Senior Management Team to ensure that all staff are made aware of the existence and content of the Company's Financial Regulations and that an adequate number of copies are available for reference within their area.
- 1.3. The Head of Finance & Corporate Resources is responsible for maintaining a continuous review of the Financial Regulations and advising the Board of Directors of any proposed additions or changes necessary.
- 1.4. The Company's detailed Financial Procedures guidance sets out how the Financial Regulations will be implemented and this is set out in a separate document. It is the Head of Finance & Corporate Resources's responsibility to maintain the Company's Financial Procedures, which is provided to all management level staff.

2. FINANCIAL CONTROL FRAMEWORK

2.1 The Board of Directors

The Board of Directors has ultimate responsibility for the Company's finances as outlined in the Scheme of Delegation. Any personal or business interests that may conflict with their responsibilities to the Company should be declared and recorded in the Register Declaration of Interests. Their financial responsibilities are:

- to ensure the solvency of the Company;
- to safeguard the Company's assets;
- to ensure the effective and efficient use of resources;
- to ensure that suitable controls are in place for the financial systems and that such systems operate effectively;
- to ensure that the Company complies with all Company legislation and requirements of regulatory bodies; and
- to approve annual and longer term budgets and to approve the annual financial statements.

2.2 The Board of Directors authority is limited in the following areas, which are defined as 'Restricted Matters' according to Sport Aberdeen's Funding and Services Agreement and which require the permission of Aberdeen City Council:

- to grant any security over the assets of the Company;
- to approve any significant borrowing in respect of, or refinancing of, the Company;
- forming any subsidiary of the Company;
- the purchase of shares in any other Company, or the acquisition of business or interest in a joint venture, legal partnership or similar undertaking;

- to approve a proposal to effect administration, liquidation, dissolution or winding-up of the Company;
- to approve a material change in the nature of the business of the Company, or the discontinuance or termination of the business of the Company;

2.3 Committees and Sub-Committees

There are three Committees of the Board of Directors which deal with specific areas of the business. These meet on a bi-monthly basis and have the role to consider in significant detail business activity and the general performance of the various elements that are within its scope. The Committees of the Board are as follows:

- Business Development;
- Corporate Governance; and
- Human Resources & Organisational Development.

The Property and Asset Management Sub-Committee of the Corporate Governance Committee meets at least 4 times per year with a specific remit in terms of considering business activity for asset management, facility investment proposals and asset management policy.

2.4 Audit requirements

The Head of Finance & Corporate Resources is responsible for drawing up a timetable for final accounts preparation and audit purposes and also for liaising with liaise with appropriate staff and external auditors accordingly. The timetable is to accord with reporting deadlines specified by Aberdeen City Council as part of compliance arrangements associated with their stock exchange listing.

The audited accounts and management letter should be reviewed by the Board of Directors and approved subject to necessary actions being taken, if required. External auditors and internal auditors shall have authority to:

- access the Company's premises at reasonable times;
- access all assets, records, documents and correspondence relating to any financial and other transactions of the Company;
- require and receive such explanations as are necessary concerning any matter under examination;
- require any employee of the Company to account for cash, stock or any other association property under his / her control; and
- access to records belonging to third parties, when required.

Whenever any matter arises which involves, or is thought to involve, irregularities or fraud concerning cash, stock or other property of the Company, or there is any other suspected irregularity in the exercise of the activities of the Company, the manager concerned shall notify the Head of Finance & Corporate Resources or Managing Director.

The Head of Finance & Corporate Resources or Managing Director will then take steps as necessary by way of instigating an appropriate investigation and will report the matter to the Board where required. The Company will also ensure that a procedure for whistle blowing is in place and operating effectively. The Board will be advised, as necessary, of any issues reported under the whistle blowing policy.

2.5 External Audit

A review of the appointment of external auditors will take place annually at a meeting of the Board of Directors [AGM]. The Board of Directors will then make recommendations following advice received from the Head of Finance & Corporate Resources and Managing Director.

The primary role of external audit is to report on the Company's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the code of audit practice and the Auditing Practices Board's auditing standards.

Each year the Head of Finance & Corporate Resources and Board of Directors will review the effectiveness of external audit and, provided the auditors' work is of a sufficiently high standard and reasonably priced, they are likely to be reappointed, subject to a maximum of seven years.

If the Board of Directors decides not to reappoint the external auditors, a competitive tendering exercise will be performed to appoint new auditors.

2.6 Internal Audit

The main responsibility of internal audit is to provide the Board of Directors, the Managing Director and the Head of Finance & Corporate Resources with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation and has direct access to the Board of Directors, Managing Director and Head of Finance & Corporate Resources.

The internal auditor will comply with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*.

If the Board of Directors decides not to reappoint the internal auditors, a competitive tendering exercise will be performed to appoint new auditors.

2.7 Other Auditors and Regulatory Bodies

The Company may, from time to time, be subject to audit or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access and also by ACC through its Arm's Length External Organisation (ALEO) Governance Hub and Audit & Risk Committee.

3. RESPONSIBILITIES

3.1 The Managing Director is responsible for the operational management of the Company's affairs. He or she must assist the Board of Directors in determining its strategic objectives and promote the achievement of such objectives through the effective deployment of the Company's resources.

3.2 The Head of Finance & Corporate Resources

The day-to-day financial administration is the responsibility of the Head of Finance & Corporate Resources. He or she, supported by the other members of the company SMT will be responsible to the Managing Director for:

- financial and business planning;
- preparing 3 year rolling budget forecasts;
- preparing monthly management accounts and information, monitoring and control of income and expenditure against budgets and all financial operations;
- reporting to the Corporate Governance Committee at each meeting on the Company's financial position;
- reporting to Aberdeen City Council the monthly management accounts and information, including a forecast to the end of the current financial year;
- preparing submissions and reporting to Aberdeen City Council's ALEO Governance Hub on a 6-monthly basis;
- preparing the Company's annual accounts and other financial statements and returns which the Company is required to submit to other authorities;
- ensuring that the Company maintains satisfactory financial systems and financial control;
- establishing and maintaining clear lines of responsibility within the Company for all financial matters.

3.4 The Senior Management Team

- The Senior Management Team is responsible to the Managing Director for the financial management in their own areas of business. They are advised and supported by the Head of Finance & Corporate Resources in executing their financial duties.
- The Head of Finance & Corporate Resources will also approve and oversee the financial systems operating within their areas including the form in which financial records are kept.
- The Senior Management Team is responsible for establishing and maintaining clear lines of responsibility within their areas for all financial matters.
- Where resources are devolved to budget holders, the budget holder is accountable to their line manager within the Senior Management Team for his or her own budget.

3 BUDGETING & BUDGETARY CONTROL

4.1 Budget Preparation

The Head of Finance & Corporate Resources is responsible for ensuring that an income and expenditure budget for a period of three years is prepared annually for consideration by the Board of Directors and ACC, in accordance with the requirements of the Funding and Services Agreement. The budget should also include full working papers, costed assumptions and sensitivity analysis.

The Head of Finance & Corporate Resources is responsible for submitting revised budgets for the three year period to the Corporate Governance Committee and ultimately to the Board of Directors, at their regular meetings, for their approval.

4.2 Capital Expenditure

Capital expenditure will be authorised in accordance with the company's authorisation limits.

The Managing Director and the Head of Finance & Corporate Resources are responsible, in consultation with the relevant budget holder, for providing information concerning all capital expenditure to the Corporate Governance Committee for monitoring purposes as part of the budget process. No expenditure chargeable to any capital budget shall be incurred unless it has been specifically approved and provided for in the capital expenditure programme.

The approval of the Board of Directors is required when the nature of any capital project from that envisaged when originally included in the capital programme.

4.3 Financial Planning

The Head of Finance & Corporate Resources is responsible, in consultation with the Managing Director and Senior Management Team, for preparing the financial input to business plans, for ultimate approval by the Board of Directors and for preparing financial forecasts.

4.4 Budgetary Control (Revenue & Capital)

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day to day monitoring is undertaken effectively. The designated budget holders will report to the appropriate member of the Senior Management Team, who in turn will report to the Head of Finance & Corporate Resources on all budgetary control matters.

4.5 Variances Against Budget

Where it becomes clear that actual income or expenditure is anticipated to fall out with approved budget estimates, then the budget holder must immediately inform his/her line manager and also a member of SMT. Proposals for corrective action, including from other budget headings, will be discussed with the Head of Finance & Corporate Resources, who in turn will include the proposals and his/her recommendation within the regular financial monitoring reports to Corporate Governance Committee.

5. BANKING, CONTROL OF INCOME, BORROWING

All arrangements with the Company's bankers shall be made by the Head of Finance & Corporate Resources, including;

- Official bank accounts carrying the Company's name will only be opened or closed by written confirmation from the Managing Director and Head of Finance & Corporate Resources.
- Income received shall be paid into the Company's bank account at such intervals as determined by the Head of Finance & Corporate Resources.
- All company borrowings shall be undertaken in the name of the Company, and all arrangements for borrowing funds shall be made by the Head of Finance & Corporate Resources, with the prior approval of Aberdeen City Council.
- The Head of Finance & Corporate Resources shall report to the Corporate Governance Committee on a regular basis on the Company's borrowing requirements.

6. STORES AND INVENTORIES

The Head of Finance & Corporate Resources will issue guidance and instructions on stores and inventory control.

The security, safe custody and level of stores shall be the responsibility of the relevant Service Manager.

Every stores location must maintain a full and accurate inventory record, as determined by the relevant Director.

7. INSURANCES AND RISK MANAGEMENT.

The Managing Director is responsible for the identification and control of risk within the Company. This will form part of Sport Aberdeen's Risk Management Strategy. A Corporate Strategic Risk Register shall be maintained by the Business Development Director and presented on a monthly basis to the Corporate Governance Committee.

The Head of Finance & Corporate Resources is responsible for arranging all insurance cover as deemed necessary, after consultation with the Senior Management Team, and the assessment of risk within the Corporate Risk Register.

The Head of Finance & Corporate Resources, having regard to premium levels and claims experience may decide not to insure for certain risks, or self-insure.

All managers shall immediately notify the Head of Finance & Corporate Resources of any actual or potential loss, liability or damage which is likely to lead to an insurance claim by, or against, the company.

8. ACCOUNTING POLICIES

8.1 Basis of Accounting

The Financial statements shall be prepared on the historical cost basis of accounting and in accordance with the Companies Act 2006 and applicable accounting standards

8.2 Format of the Accounts

The accounts are prepared for the financial year ending 31 March, in the format required by the United Kingdom accounting standards and Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005).

The accounting reference date may only be changed by the Board of Directors, in accordance with company law and with the prior approval of Aberdeen City Council.

8.3 Accounting Returns

The Head of Finance & Corporate Resources is responsible for consolidating and dispatching financial returns and other periodic financial reports to the regulatory body and other external agencies as required. They are also responsible for ensuring that all grants notified are received.

The accounts will be approved by the Board of Directors and submitted to the Registrar of Companies, Companies House. The submission will be within nine months of the year end, i.e. by 31 December the following year. Notwithstanding this, accounts must be prepared and approved by the Board of Directors in accordance with Aberdeen City Council's own reporting requirements.

8.4 Accounting Records

The Head of Finance & Corporate Resources is responsible for the retention of financial documents and these should be kept in a form acceptable to the relevant authorities.

The Company is required by law to retain prime financial documents for six years. These include:

- accounts raised
- copies of receipts
- payroll records
- VAT records