sport aberdeen
Charity no SC040973

Financial Regulations

Issue 16, May 2026

Contents

Glossary of Terms

Term	Definition
ACC	Aberdeen City Council
ALEO	Arm's length external organisation
Board of directors	The Board of Directors of Sport Aberdeen Limited
Company	Sport Aberdeen Limited, a company limited by guarantee. Charity number SC040973 and company number SC350981
Notifiable events	An event that has a significant impact on the charity
Restricted matters	Matters that require the approval of Aberdeen City Council under the company's Commissioning Framework Agreement

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 Chief Executive and the senior leadership 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 Chief Executive 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 Chief Executive's responsibility to maintain the company's financial procedures, which are provided to all staff.

2 Financial Controls 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 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, including controls relating to cyber security, and that such systems operate effectively;
- to ensure appropriate oversight of fundraising activity, including compliance with the company's charitable purposes and relevant legal and regulatory requirements;
- to approve the counter-fraud policy, including any material changes to it, and to receive periodic assurance reporting on fraud risks, incidents and control effectiveness;
- to ensure that the company complies with all company legislation and requirements of regulatory bodies;
- 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 Commissioning Framework Agreement and which require the permission of Aberdeen City Council (ACC):

- 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**
The board of directors may establish committees and sub-committees in accordance with the articles of association and the scheme of delegation to support the discharge of its responsibilities. Any delegated responsibilities relating to financial oversight, audit, risk or control shall be set out in the relevant remit and approved by the board of directors.

2.4 **Audit Requirements**
The Chief Executive is responsible for drawing up a timetable for final accounts preparation and audit purposes and for liaising with appropriate staff and external auditors accordingly. The timetable is to align 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.

Any suspected fraud, irregularity or other wrongdoing affecting the company's funds, assets or activities shall be reported without delay and investigated appropriately. Significant matters shall be reported to the board of directors and, where required, to relevant external bodies or regulators. The company shall maintain effective whistleblowing arrangements, and the board shall be advised as necessary of issues raised under that policy.

2.5 **External Audit**

A review of the appointment of external auditors will take place annually by the board of directors. The board of directors will then make recommendations following advice received from the Chief Executive.

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 an opinion on the statements and to report on the appropriate use of funds. Their duties will be carried out in accordance with applicable law, the relevant code of audit practice and International Standards on Auditing (UK).

Each year, the Chief Executive and board of directors will review the effectiveness of the external audit service. Subject to satisfactory performance, value for money and compliance with any applicable procurement requirements, the external auditors may be reappointed for a period of up to seven years.

If the board of directors decides not to reappoint the external auditors, a competitive procurement exercise will be performed to appoint new auditors.

2.6 **Internal Audit**

The internal audit service is outsourced. Its main responsibility is to provide the board of directors and the Chief Executive with independent assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements.

The internal audit service shall remain independent in its planning and operation and shall have direct access to the board of directors and the Chief Executive.

The internal audit provider will carry out its work in accordance with the Global Internal Audit Standards and any applicable UK public sector application note or successor standard.

If the board of directors decides not to reappoint the internal audit provider, a competitive procurement exercise will be carried out to appoint a new provider.

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 by ACC through its arm's length external organisation (ALEO) assurance hub and Audit, Risk and Scrutiny Committee.

3 Responsibilities

3.1 The Chief Executive is responsible for the operational management of the company's affairs. They 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 **Chief Executive**
The day-to-day financial administration is the responsibility of the Chief Executive. They, supported by the other members of the company SLT, will be responsible for:

- financial and business planning;
- preparing three-year rolling budget forecast (or annual in line with Aberdeen City Council budget planning requirements);
- 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 assurance hub on a six-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;
- ensuring the provision of a suitably protected ICT infrastructure to protect the company and its assets, including financial, digital and data, as far as is practicable from cyber-attacks.
- ensuring that an annual fraud risk assessment is carried out, covering staff and relevant third parties acting on behalf of the company, and that the outcomes inform the strategic risk register and assurance reporting, including to ACC where required.

3.3 **The Senior Leadership Team**
The senior leadership team is responsible to the Chief Executive for the financial management in their own areas of business. They are advised and supported by the Chief Executive in executing their financial duties.

The Chief Executive will also approve and oversee the financial systems operating within their areas including the form in which financial records are kept.

The senior leadership 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 leadership team for his or her own budget.

3.4 **Procurement**

All procurement of goods, services and works shall be carried out in accordance with the company's procurement strategy and financial procedures, ensuring compliance with relevant legislation and the achievement of value for money.

The Chief Executive and Senior Leadership Team are responsible for ensuring appropriate procurement governance.

4 Budgeting and Budgetary Control

4.1 **Budget Preparation**

The Chief Executive is responsible for ensuring that an income and expenditure budget, is prepared annually for consideration by the board of directors and ACC, in accordance with the contract requirements of the council. The budget should also include full working papers, costed assumptions and sensitivity analysis.

The Chief Executive is responsible for submitting revised budgets for the 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 Chief Executive is 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. Projects wholly or partly funded through developer obligations and grants are subject to the same reporting process.

The approval of the board of directors is required when the nature of any capital project varies from that envisaged when originally included in the capital programme.

4.3 **Financial Planning**

The Chief Executive is responsible, in consultation with the senior leadership team, for preparing the financial input into business plans, for ultimate approval by the board of directors and for preparing financial forecasts.

4.4 **Budgetary Control (Revenue and 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 leadership team, who in turn, will report to the Chief Executive on all budgetary control matters.

4.5 **Variances Against Budget**
Where it becomes clear that actual income is anticipated to be substantially below or expenditure is anticipated to be substantially above approved budget estimates, then the budget holder must immediately inform their line manager and a member of SLT. Proposals for corrective action, including from other budget headings, will be discussed with the Chief Executive, who in turn will include the proposals and their recommendation within the regular financial monitoring reports to Corporate Governance Committee.

4.6 **Business Continuity Management Plan – Emergency Expenditure**
When there is a requirement to enact the company's business continuity plan which sets out the arrangements for dealing with unplanned loss of access to its headquarters, loss of services, staff or systems, the Chief Executive, senior leadership team and the incident management team leader and deputy leader are authorised to incur expenditure which may be required to deliver the plan effectively and to respond to the given situation.

Where such expenditure is incurred, this shall be recorded on the incident management log and reported to the board / corporate governance committee at its next meeting.

5 Banking, Control of Income and Borrowing

5.1 All arrangements with the company's bankers shall be made by the Chief Executive, including:

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

6 Stores and Inventories

6.1 Appropriate arrangements shall be in place for the control, security, safekeeping and use of stores and inventories.

The Chief Executive shall ensure that supporting guidance and procedures are issued for the management and control of stores and inventories.

Relevant senior managers shall be responsible for ensuring that appropriate controls are in place within their areas of responsibility, including secure custody, proper use, and the maintenance of stock at appropriate levels.

Accurate and up-to-date inventory records shall be maintained for stores and inventories where required by the company.

Stores and inventory records shall be subject to periodic checking and verification, in accordance with the company's procedures.

Any material loss, discrepancy or irregularity relating to stores and inventories shall be reported promptly in accordance with the company's financial procedures.

7 Insurances and Risk Management

7.1 The Chief Executive is responsible for the identification and control of risk within the company. This will form part of Sport Aberdeen's risk management strategy. A strategic risk register shall be maintained by the Customer and Corporate Support Manager and a formal review presented on a six-monthly basis to the Corporate Governance Committee. The outcomes of the annual fraud risk assessment will be used to inform the strategic risk register and related assurance reporting.

Sport Aberdeen will set proportionate counter-fraud expectations for relevant third parties acting on the company's behalf, including suppliers, contractors and partners. This will include appropriate due diligence, clear contractual requirements where relevant, and proportionate contract management and oversight arrangements.

The Chief Executive is responsible for arranging all insurance cover as deemed necessary, after consultation with the senior leadership team, and the assessment of risk within the strategic risk register.

The Chief Executive, having regard to premium levels and claims experience may decide not to insure for certain risks, or self-insure.

All managers shall report promptly any actual or potential loss, liability or damage likely to lead to an insurance claim, in accordance with the company's procedures.

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 United Kingdom accounting standards and the Charities SORP 2026 (Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102).

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 Chief Executive 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 must 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 Chief Executive 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; and
- VAT records.

9 Review of Financial Regulations

9.1 These financial regulations will be reviewed every two years unless an earlier review is required due to a material change.

9.2 Any significant changes will be subject to approval by the corporate governance committee or board of directors.

sport aberdeen
Charity no SC040973

creating opportunities, inspiring people and changing lives through sport and physical activity.

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