



FINANCIAL REGULATIONS

Revised June 2013

Foreword

- i. i. Inverclyde Leisure positively promotes the principles of sound corporate governance within all areas of IL's affairs.

Corporate governance is about the structures and processes for decision-making, accountability, controls and behavior throughout IL. It is based around the key principles of openness, transparency, equality, integrity and accountability.

- ii. The fundamental principles of corporate governance should be reflected in the various dimensions of IL's which should include;

- ♦ Ensuring that a community focus underpins IL's own vision and priorities;
- ♦ Ensuring there is a culture of openness and transparency
- ♦ Ensuring business planning is at the centre of the organisation purpose
- ♦ Ensuring the effective delivery of IL's services on a sustainable basis;
- ♦ Establishing effective management structures and processes which include clearly defined roles and responsibilities for officers;
- ♦ Developing and maintaining effective risk management systems
- ♦ Ensuring high standards of propriety and probity in the stewardship of IL's funds and the management of IL's affairs;
- ♦ Commitment to openness in IL's affairs and the provision of full, accurate and clear information to all stakeholders.

- iii. These Financial Regulations are an essential component of the corporate governance of Inverclyde Leisure.

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1. GENERAL INTERPRETATION

- 1.1.1 These Regulations are made in terms of Section 95 of the Local Government (Scotland) Act 1973 which requires every Local Authority Body to make arrangements for the proper administration of its financial affairs and to ensure that the proper officer of the Authority has responsibility for those affairs.

- 1.2 In order to comply with Company Legislation it is the responsibility of the Directors of the Company to approve and monitor compliance with a financial framework which will result in the protection of the assets and finance operated by the company.

The Chief Executive has been designated as "the proper officer" and shall be responsible for advising IL on financial matters including the determination of Accounting Policies, formally propose policy and budgets and discharge his executive functions in accordance with agreed policy and budget.

The Company's External Auditors will be entitled to review the adequacy of and may test compliance with the Financial Regulations as part of the annual audit.

- 1.3 These Regulations are designed to facilitate the smooth running of IL and to protect its interests and the interests of IL and the Board of Directors. The following regulations are made for the proper administration of IL's financial affairs and Trading Account.

- 1.4 It shall be the duty of the Finance & Resources Manager to ensure that Managers maintain adequate financial and accounting arrangements. Managers must comply with all guidance on accounting matters issued by the Finance & Resources Manager and no accounting arrangements shall be introduced, discontinued or amended without the prior agreement of the Finance & Resources Manager.

- 1.5 Each Manager shall consult with the Finance & Resources Manager on the financial implications of any proposals not provided for under the approved revenue budgets or capital programme before any commitment is made.

- 1.6 Each Manager shall ensure that proper internal controls are developed and maintained within financial and other operating systems of their Service. These controls shall be subject to review from time to time as part of the audit process but day to day monitoring of the adequacy and effectiveness of these controls is the responsibility of the Manager concerned.

- 1.7 Managers shall be responsible for ensuring that these financial regulations are complied with in respect of matters falling within their jurisdiction and that all Managers with responsibility for financial matters within their Services are aware of these regulations and comply with them.

- 1.8 Compliance with the Financial Regulations is compulsory. If any difficulty is encountered in practice with the Financial Regulations or no provision is applicable to a particular circumstance then the matter should be immediately raised with the Finance & Resources Officer and reported to the Board of Directors. Failure to observe the Financial Regulations may lead to disciplinary action being taken against the Officer responsible.

- 1.9 These Regulations have been approved by the IL Board of Directors and will be formally reviewed and approved every 2 years.
- 1.10 These Regulations may be jointly varied with the approval of the board of Directors at a General Meeting. Proposed amendments may be reviewed by the Company's External Auditors who are entitled to attend the General Meeting if they so wish.
- 1.11 All terms in these Regulations should be considered generic.
- 1.12 All monetary values within these Regulations are stated exclusive of VAT.
- 1.13 In all circumstances where a signature is required an electronic substitute will be considered appropriate within the authorisation procedures of the relevant system.

2. EMERGENCY AUTHORITY

2.1 Where due to an emergency it is not possible to obtain the necessary Committee approvals in terms of the Financial Regulations or Standing Orders prior to committing IL to expenditure the following action should be taken:-

1. Where there is immediate danger to life and limb and therefore a requirement for IL to safeguard life and property and the prevention of suffering or severe inconvenience, all necessary steps should be taken to remove the immediate danger. Homologations for action taken should be obtained from the next available Committee.
2. In other emergencies, a Board members and Chief Executive must be made aware of the following, prior to works being carried out or other appropriate action being taken, and prior to any commitment being entered into:-
 - (a) The nature of the problem;
 - (b) The likely consequences of delay;
 - (c) Approximate costs and timescale involved;
 - (d) Longer term solutions (where appropriate).

The Chief Executive must be advised at the earliest opportunity of the above and of the actions taken.

2.2 In all cases the Chief Executive is authorised to approve or not to approve the carrying out of the works. In all such situations quotes shall be obtained if at all possible. A retrospective advisory report must be submitted to Committee at the earliest opportunity.

3. REVENUE BUDGET - PREPARATION AND MONITORING

- 3.1 The full Board is responsible for agreeing the Company's budgets and agreeing variations to these budgets. The Chief Executive will put arrangements in place to ensure that the financial affairs of the Company are properly planned, monitored and reported taking account of all relevant legislation, the Company's Memorandum and Articles, Funding Agreement, Standing Orders and Financial Regulations.

The Chief Executive is responsible for ensuring that a 3 year rolling Business Plan period from 1st April each year is prepared, reviewed and submitted in draft form to a Board Meeting each year. The draft Business Plan will be submitted to Inverclyde Council for consideration and no later than 1st March, the Business Plan for the next 3 year period will be approved by the Board.

- 3.2 The Chief Executive shall provide the Board of Directors with financial statements of income and expenditure compared with the approved budget on a regular basis and the Board shall be entitled to receive any clarification deemed necessary on any item of expenditure or income.
- 3.3 Responsibility for ensuring that Revenue Budget provisions are not exceeded shall rest with the Chief Executive concerned,
- 3.4 If it appears that expenditure under any budget head may be exceeded or that an income estimate may not be achieved and if the shortfall cannot be accommodated by the Chief Executive exercising powers of virement in terms of Financial Regulations, the Chief Executive, after consultation with the Finance & Resources Manager, shall report fully to the Board concerned. In the event that the Board is unable to find the amount required elsewhere in its budget, the matter shall be referred to Inverclyde Council who deficit fund Inverclyde Leisure.
- 3.5 Any proposal which would involve incurring revenue expenditure which is not allowed for in the Revenue Budget shall be reported to the Board. The report prepared in consultation with the Finance & Resources Manager, shall give reasons why the additional funding is necessary and, where appropriate, make proposals for virement in terms of Financial Regulations 4.
- 3.6 Board Members shall be entitled to seek explanations for any figure in the monitoring reports.

4. VIREMENT

- 4.1 The term virement refers to the transfer of budgetary provision from one budget head to another.
- 4.2 Manager may vire between subjective headings within a Service to a maximum of £10,000 with the approval of the Chief Executive. Any virement above £10,000 requires initial approval of the Board.
- 4.3 All virement requested is deemed to be permanent, ie to be carried forward into future Financial Years, unless specifically highlighted as being “one-off” at the time of submitting the virement request.
- 4.4 Virement cannot be used to reinstate an item deleted by IL during budget considerations unless with the prior approval of the Board

5. AUTHORITY TO INCUR EXPENDITURE

- 5.1 Each Manager at each location will have authority to incur expenditure included in the approved Revenue Budget for the Services for which they are responsible. Each manager should incur this spend by raising a relevant purchase order. This purchase order will be authorized by a member of the EMT.
- 5.2 For this purpose a Chief Executive may delegate the processing of expenditure to authorised employees within a Service but the Chief Executive will retain ultimate responsibility for the related budget unless that budget has been formally delegated as part of Inverclyde Leisure's Budget Delegation process.
- 5.3 As the Landlord, Inverclyde Council are liable for major repairs on our buildings. Regular maintenance costs will be incurred by Inverclyde Leisure Except where specific arrangements exist within a Service Level Agreement.
- 5.4 Budget Holders shall comply with the Standing Orders for Contracts when incurring expenditure.
- 5.5 Inverclyde Leisure have a list of authorised signatories together with specimen signatures, details of the areas of responsibility and financial limits of authorisation of each employee and shall also promptly advise in writing of any additions to or deletions from the list. An annual review will be undertaken to ensure this is up to date.
- 5.6 Managers seeking approval to lease non-property assets must obtain advice from the Finance & Resources Manager and Chief Executive.
- 5.7 Any consultants considered for appointment must have the appropriate Professional Indemnity/Public Liability Insurance which must be evidenced to the Finance & Resources Manager before appointment.

6. PROCUREMENT AND PURCHASING

- 6.1 All procedures for approval of contractors, inviting and receiving tenders and all other arrangements affecting contracts shall comply with relevant legal requirements including those set out in legislation dealing with EC procurement Directives and associated regulations. In the financial regulations the word "Contractor" means all suppliers of goods, service and works.
- 6.2 Unless specified within a formal contractual arrangement approved by the Chief Executive and Finance & Resources Manager no purchases shall be paid for in advance of receipt of goods or services ordered. In general terms, purchases over the Internet or telephone are acceptable using an Inverclyde Leisure purchasing card but must be in accordance with the approved Purchase Card Policy.
- 6.3 Orders shall be in a format approved by the Finance & Resources Manager. All orders shall be signed by an authorised signatory (see paragraph 5.5).
- 6.4 Managers are required to ensure that there is adequate segregation of duties of employees between the ordering of goods and the approval of payment.
- 6.5 All Managers incurring expenditure covered by the exemptions clause in the Standing Orders for Contracts shall ensure that due consideration is given to securing Best Value.
- 6.6 Excepting Corporate Purchasing card, petty cash and other payments made from Imprest Accounts the normal method of payment of monies due by Inverclyde Leisure shall be by electronic funds. A secondary and more expensive approach is to use cheques or other instrument drawn on Inverclyde Leisure's bank account however this requires prior approval by 2 authorized signatories.
- 6.7 All invoices will be input directly by Finance staff to the Financial Management System from where a member of EMT shall authorise the invoice for payment
- 6.8 Before certifying an account the certifying officer shall be satisfied that:-
1. The works, goods or services to which the account relates have been received, carried out, examined or approved and the relevant expenditure has been properly incurred;
 2. The prices, calculations, trade discounts, other allowances, credits and value added tax are correct;
 3. Appropriate entries have been made on stores records or asset records as required;
 4. The account has not been previously passed for payment and it is a proper liability of Inverclyde Leisure.
- 6.9 Managers shall be responsible for procuring works, goods or services in accordance with the procurement limits set out below.

6.10 Inverclyde Leisure will seek a full tender process in accordance with EC regulations for contract values in excess of £25,000. The tender process will include the following:

- (a) Proposed expenditure / contract period and the tendering process to be used.
- (b) Comparison of the latest estimated costs with the approved available budget.
- (c) How the tender is to be evaluated including Price/Quality split.

Where, following evaluation of tender documents, the tender costs cannot be met from within the approved budget, the matter shall be referred back to the Chief Executive.

During this process, consideration will be given to local companies who can meet the requirements of each tender while still providing best value.

For purchases from £500 - £25,000 Inverclyde Leisure will obtain a minimum of 3 quotes and select the best based on quality and price.

For purchase less the £500, managers should be able to demonstrate that best value has been achieved.

Where purchases are in place that are less than £25,000 but can be seen to be regular payments over a time period of 2-3 years that breach the £25,000 limit, A full tender should be conducted to place these payments under a contract that can demonstrate best value.

For exceptional purchases of goods and services that can only be carried out by one supplier, Inverclyde Leisure can purchase these items without the normal tendering process being adhered to as long as IL can demonstrate that there is no other supplier who can provide the particular service or quality.

These exceptional items must be approved by both the Chief Executive and Finance & Resources Manager prior to purchase.

The following thresholds apply to requirements for the external supply of goods, services or works:

Up to £500	At least one quote in advance. Best efforts to secure probity and value for money should be made.
£500 to £25,000	At least three written quotes in advance using procedures as prescribed
£25,000 up	Full tendering exercise, following advertisement by public notice, to be carried out as prescribed
From 01.01.12 Over £173,934 for goods or services; or Over £4,348,350 for works	Formal tendering in line with Regulations implementing EU legislation

- 6.12 Where a Manager decides that a contract shall be ended, a report on the circumstances prevailing shall be prepared in consultation with the Chief Executive & Finance Manager and submitted to the Board.
- 6.13 Payments to contractors shall be made on an approved payment request document authorised by the appropriate authorized signatory. Where contracts provide for payments to be made by instalments, the Chief Executive shall ensure that a Contract Register is being properly maintained to show the state of account on each contract between Inverclyde Leisure and the Contractors together with any other payments and related professional fees.
- 6.14 All instructions to contractors for variations to approved capital works or major revenue projects shall be instructed by the architect/engineer using an appropriate technical instruction form as relevant to the type of contract.
- 6.15 Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to Inverclyde Leisure's Lawyers for consideration of Inverclyde Leisure's liability and, where necessary, to the Finance & Resources manager for financial consideration before attempting a resolution.
- 6.16 Where there is an unreasonable delay in completion of a contract, it shall be the duty of the Chief Executive concerned to consult the relevant Statutory Officers prior to determining any action in respect of claims for liquidate or other damages.
- 6.17 If, during the course of a contract, a variation or accumulation of variations to the contract or other cause will result in the approved cost being exceeded by over £10,000, the Chief Executive shall report to the Board.
- 6.18 Final accounts must be agreed as early as practicable after expiry of the defects liability period.
- 6.19 Duly certified accounts must be processed, authorised, coded and passed as soon as possible to the Finance & Resources Manager who shall arrange for the examination to the extent that is considered necessary. For this purpose they shall be entitled to make such enquiries and to receive such information and explanations he considers necessary.
- 6.20 Payment will only be made on a duplicate or copy invoice when the certifying officer is satisfied that the copy has not previously been paid.
- 6.21 All amendments to payment request vouchers (CRI's) shall be in ink and initialed by the certifying officer. Tax Invoices must be returned to the creditor for alteration.
- 6.22 The Finance & Resources Manager shall have authority to pay duly certified accounts/vouchers.
- 6.23 Each Manager shall, after the end of each financial year, notify the Finance & Resources Manager of all outstanding expenditure relating to that year in accordance with the year-end guidance notes.

7. CONTROL OF INCOME

- 7.1 The processes for the collection and banking of all monies due to the Council shall be subject to the approval of the Finance & Resources Manager. Changes to processes cannot be made without first obtaining the approval of the Finance & Resources Manager.
- 7.2 Income due to Inverclyde Leisure for work done, goods supplied or services provided and not paid for at the time must be the subject of accounts being rendered, which record the service delivery date. Managers must ensure preparation and issue of such accounts in order to record and collect the amounts correctly. Accounts must be raised no later than 30 days after the last day of service delivery specified on the account. In rendering charges, Managers shall ensure value added tax is applied at the appropriate rate.
- 7.3 The Finance & Resources Manager shall be notified as soon as is practicable of all monies due to Inverclyde Leisure and of all contracts, leases and other arrangements entered into which involves a receipt of money by Inverclyde Leisure and the Finance & Resources Manager shall have the right to inspect all documents in this connection as may be required.
- 7.4 All receipt forms, books, tickets and other such items shall be designed, ordered, supplied and obtained subject to a consultation with and approval of the Finance & Resources Manager. No Officer shall give a receipt on behalf of Inverclyde Leisure on any form other than that of an official receipt form or ticket.
- 7.5 All money, cash or otherwise, received by an Officer on behalf of Inverclyde Leisure shall without delay be paid to the Finance & Resources Manager or as they may direct to Inverclyde Leisure's bank account. No deduction may be made from such money save to the extent that the Finance & Resources Manager may specifically authorise. Each Officer who directly banks money shall complete a corresponding income analysis sheet and forward it together with the bank pay-in slip and counterfoil to the Finance & Resources Manager or to the Waterfront Admin team.
- 7.6 All offices or establishments receiving income by post shall secure appropriate mail opening procedures involving clear separation of duties wherever possible. All cheques and postal orders received shall be suitably crossed. Personal cheques shall not be cashed out of money held on behalf of Inverclyde Leisure.
- 7.7 Each transfer of official cash from one employee to another will be evidenced in the records of the Service concerned by the signature of the officer receiving the funds. Arrangements shall be developed at each office to secure all income collected on behalf of Inverclyde Leisure until such time as these funds are banked.

- 7.8 Not less frequently than once per year scales of charges or tariffs (not fixed by statute) shall be reviewed for inclusion in the Revenue Budget of the following year. Any such review to comply with Inverclyde Leisure's Budget Strategy.

- 7.9 The Finance & Resources Manager shall maintain a debt management procedure to secure effective recovery of all sums due to Inverclyde Leisure. This procedure shall be applied for all monies due to Inverclyde Leisure for services provided. No debt due to Inverclyde Leisure once correctly established shall be discharged otherwise than by payment in full or by write off following the certification of the Finance & Resources Manager.
- 7.10 The Finance & Resources Manager shall where necessary act on advice from External Auditors, Inverclyde Leisure's Lawyers and/or Sheriff Officers when determining debts to be written off for accounting purposes. Details of debts written off in terms of this Regulation shall be retained for credit control purposes and to allow the debts to be pursued at any stage until they become time prescribed.
- 7.11 A separate cash handling procedure is in place to supplement this area of the financial regulations.

8. TRAVEL & SUBSISTENCE ALLOWANCES

- 8.1 All payments in respect of employees travel and subsistence allowances shall be at the discretion of Inverclyde Leisure EMT and must be made when working to promote and be in the best interest of Inverclyde Leisure.
- 8.2 All claims for payment of subsistence allowances, travel and incidental expenses shall be submitted in a form approved by the Finance & Resources Manager. All claim forms shall be signed by an authorised signatory (see paragraph 5.5).
- 8.3 Certification by or on behalf of the Chief Executive shall be taken to mean that the certifying officer is satisfied that the journeys have been authorised, the expenses properly incurred wholly, necessarily and exclusively for Inverclyde Leisure's purposes and that the allowances are properly payable by the Inverclyde Leisure
- 8.4 Claims forms other than those relating to journeys made by the Chief Executive must always be authorised for payment by an officer senior to the claimant.
- 8.5 Claims shall be submitted promptly, and on a regular basis. Claims applicable to a financial year shall be submitted within one month after 31 March that year.
- 8.6 Requests by employees and Councillors to travel outwith the United Kingdom on Inverclyde Leisure business (being funded from Inverclyde Leisure's budget) must be considered and approved by the Chief Executive. Where such approval is granted it is for Inverclyde Leisure to determine reasonable limits for travel and subsistence expenses and the Finance & Resources Manager shall advise employees on an individual journey basis.
- 8.7 Except in cases where a spouse or partner forms part of an approved group or delegation, their travel costs and additional accommodation costs shall not be met by Inverclyde Leisure.
- 8.8 In exceptional cases, where employees have incurred expenditure and require an advance on expenses before the next available payroll processing date approval shall first be obtained from the Finance & Resources Manager. Advances made will be recovered when the claim for expenses is processed which shall be no later than one month following the advance.
- 8.9 Where an advanced payment is required in order to fund expenses which have not yet been incurred e.g. for attendance at an overseas conference, employees may request an advanced payment of expenses. Such a request shall be made to the Finance & Resources Manager. Any advance agreed shall not exceed a reasonable estimate of the expenses to be incurred. Where an advance is granted, a claim form detailing actual expenses incurred, together with receipts, must be submitted to the Finance & Resources Manager within one month of the completion of the event.

9. SALARIES, WAGES AND ESTABLISHMENTS

- 9.1 With the general exception of pensions to former employees the payment of salaries, wages, compensations and other emoluments to all employees Inverclyde Leisure shall be made by Inverclyde Council and recharged to Inverclyde Leisure on a 4 weekly basis.
- 9.2 Without the authority of the Council on the recommendation of the Policy & Resources Committee:-
- ♦ No permanent employee shall be employed in excess of the approved establishment.
 - ♦ Amendments to the permanent establishment require approval from the Extended Manager Team.
 - ♦ Employees shall normally be appointed to the first incremental point of the salary scale of the post. Where there are extenuating factors e.g. experience, existing salary require the placing can be reviewed and determined by the Chief Executive.
 - ♦ The appropriate Conditions of Service shall apply to all employees.
- 9.3 Alterations to rates of wages and salaries and to Conditions of Service for employees agreed by the relevant National Negotiating Bodies, shall be applied from the effective dates specified, subject to the reference to Inverclyde Leisure of any matter in which there is a discretion.
- 9.4 Each Manager shall ensure that EMT is informed immediately and upon the prescribed form of all matters affecting the payment of such salaries and wages and in particular:-
- ♦ Appointments, resignations, dismissals, suspensions, secondments and transfers;
 - ♦ Changes in remuneration, other than normal increments and pay awards and agreements of general application;
 - ♦ Absences from duty for sickness or other reason, apart from approved leave;
 - ♦ Information necessary to maintain records of service for superannuation, income tax, etc.
- 9.5 Appointments of all employees shall be made in accordance with the regulations of Inverclyde Leisure and approved establishments, grades and rates of pay.
- 9.6 All individuals employed by Inverclyde leisure shall be paid through the payroll system and no "self-employed" person shall be appointed without the specific prior written approval of the Chief Executive or relevant Corporate Director.

9.7 All time records or other "pay" documents shall be in a form prescribed or approved by the Finance & Resources Manager and shall be certified in manuscript by or on behalf of the appropriate Manager and returned timeously to Inverclyde Council's Payroll department highlighting:

- ♦ Hours claimed have been worked;
- ♦ Where applicable, overtime hours have been correctly calculated;
- ♦ Summations are correct.

10. CAPITAL PROGRAMME - PREPARATION AND MONITORING

- 10.1 Capital expenditure at Inverclyde Leisure is normally in the form of property upgrades and purchase of new equipment as opposed to building and asset acquisitions.

All proposed capital major £10,000 expenditure at Inverclyde Leisure requires Board approval before proceeding to purchase

A report seeking the consideration of a project to be included shall include the following:-

- (a) Details of the facilities it is proposed to provide.
 - (b) The need for the project and the benefits which will accrue to Inverclyde Leisure. The benefit should be quantified wherever possible and linked to the Corporate Plan.
 - (c) The total estimated Capital Costs of the project including fees, equipment and other ancillary costs.
 - (d) Details of any other proposed funding sources including partner contributions.
 - (e) The estimated future revenue implications (or savings) arising from the project and the proposed source from which any additional costs (excluding loans charges) are to be met.
 - (f) A detailed phasing of Capital costs over financial years on the basis that the project will be approved as part of the next budget round.
- 10.4 The EMT shall submit the report outlined in 10.3 to the Board for discussion and consideration.
- 10.5 For significant Capital Projects an option appraisal should be incorporated within the report highlighting funding options, risks and sustainability implications.
- 10.6 It shall be the responsibility of each Manager to ensure that approved projects proceed in line with approved timescales and the expenditure does not exceed the sum allocated for each project.
- 10.7 Where it appears that the actual cost of projects or group of projects (where a general budget allocation has been agreed) is likely to vary from the approved cost, it shall be the duty of the Manager concerned after consultation with the Finance & Resources Manager to seek the instructions of the Board as soon as possible.
- 10.8 The Finance & Resources Manager shall report each cycle to the project to the Board updating the financial position of the approved Capital Projects

11. SECURITY

- 11.1 Each Manager is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash etc under their control. The Chief Executive and the Finance & Resources Manager must be notified in any case where it is considered that special security arrangements may be needed.
- 11.2 Maximum limits for cash holdings shall be agreed with the Finance & Resources Manager and shall not be exceeded without specific written permission.
- 11.3 Keys to safes and similar receptacles are to be kept in the custody of persons with delegated responsibility at all times. The loss of any such keys must be reported to the Finance & Resources Manager immediately.
- 11.4 Each Manager shall arrange for registers to be kept of pre numbered accountable stationery e.g. receipt books, order books, tickets, vouchers and other such items under their control.
- 11.5 A separate Safe Policy and Procedure must be adhered to at all times to minimize the risk of theft in Inverclyde Leisure.

12. POLICY ON VOLUNTARY FUNDS

- 12.1 Employees within Inverclyde Leisure are involved in the handling of money for and on behalf of Inverclyde Leisure. Employees can also be responsible for other monies as a consequence of their employment by Inverclyde Leisure either directly or indirectly as treasurer of a representative body relating to Inverclyde Leisure activities. These other monies are known as voluntary or unofficial funds.
- 12.2 Voluntary funds maintained by or at an establishment can be defined as "any fund other than an official fund of Inverclyde Leisure, which is controlled wholly or in part, by an Officer of Inverclyde Leisure by reason of his or her employment".
- 12.3 The aims and objectives of these funds are mainly complementary to and sometimes are not easily distinguishable from those of the Inverclyde Leisure. Thus, to protect the interests of not only the persons to whom the funds belong but also to safeguard the employees who administer and are responsible for them, suitable financial records must be maintained.
- 12.4 These regulations do not prescribe the detailed form and content of records to be maintained but in all cases written records shall be kept to show the nature and value of all receipts and disbursements. These records shall be kept up to date, be accessible to all parties connected with the funds and be subject to annual audit by a suitable independent person.
- 12.5 Advice on the adequacy of any Voluntary Funds arrangement should be sought from the Finance & Resources Manager.

13. ASSET REGISTER

- 13.1 An Asset Register for “accounting purposes” shall be compiled by the Finance & Resources Manager via External Audit which records an adequate description of property plus items of equipment, plant and machinery which exceed the minimum thresholds. The extent to which the owned and leased property of Inverclyde Leisure shall be recorded and the Asset Register is to be kept in accordance with the recommended Chartered Institute of Public Finance and Accountancy guidance.
- 13.2 Each Manager shall be responsible for maintaining a regular check on all items on the Asset Register for recording and taking action in relation to surpluses or deficiencies and informing the amendment of the Asset Register accordingly. Deficiencies shall be reported to the Finance & Resources Manager. A copy of the Asset Register at the end of the financial year will be compiled by the Finance & Resources Manager.
- 13.3 Inverclyde Leisure property shall not be moved otherwise than in accordance with the ordinary course of Inverclyde Leisure’s business or used otherwise than for Inverclyde Leisure’s purposes except in accordance with specific directions issued by the Manager concerned. Where Officers are authorised to retain equipment at home for the purposes of home working (either during or outwith normal working hours) each Manager shall maintain a register giving details (including serial numbers where applicable) of equipment held by each employee.

14 DISPOSAL OF ASSETS

- 14.1 All surplus plant, vehicles, equipment (other than IT equipment, see 14.3) and furnishings where no suitable trade-in arrangements have been made and with a value estimated as over £500, shall be offered for sale by the appropriate Manager on the basis of public auction or a sealed offer to be sent to the Chief Executive. In any case where any other method of disposal is thought to be advantageous, the prior consent of the Finance & Resources Manager shall be obtained before such method is adopted.
- 14.2 All land and buildings on becoming surplus to requirements by a particular service will be returned to the control of Inverclyde Council.
- 14.4 Details of any IT equipment which a Manager deems surplus to requirements shall be advised to the EMT. Where such equipment is considered no longer suitable for use within Inverclyde Leisure and there is not a secondary ICT market then, these items may be offered to associated companies, Community Councils in terms of Section 55 of the Local Government in Scotland Act 1973 or to any recycling scheme. All such donations shall be recorded by the Head of Customer Services & Business Transformation.

15. STOCKS AND STORES

- 15.1 Managers shall be responsible for the custody of the stocks and stores in their Services which shall not exceed levels agreed between the Chief Executive and the Finance & Resources Manager.
- 15.2 The Finance & Resources Manager shall arrange for periodic examination of stocks by persons other than storekeepers and shall ensure that all stocks are checked at least once in every financial year. No adjustment of stock valuation (for writing off, writing down, obsolescence etc) shall be made without the approval of the Finance & Resources Manager.
- 15.3 The Finance & Resources Manager shall be entitled to receive from each Manager such information as he requires in relation to stores for accounting, costing and financial recording purposes.
- 15.4 Surplus material, stores or equipment (including scrap) shall be disposed of in terms of Financial Regulation 14 unless otherwise agreed with the Finance & Resources Manager. Payment must be received before such items are removed by the purchaser.
- 15.5 Stocks and stores records must be kept in a form approved by the Finance & Resources Manager.

16. IMPRESTS

- 16.1 The Finance & Resources Manager shall provide such imprests as they considers appropriate for those Officers of Inverclyde Leisure who may need them for the purposes of defraying petty cash and other expenses.
- 16.2 The Finance & Resources Manager shall open bank accounts where considered appropriate. In no circumstances shall the imprest holder overdraw the account.
- 16.3 No income received on behalf of Inverclyde Leisure may be paid into an imprest account. It must be banked or paid to Inverclyde Leisure as provided under Regulation 7.5.
- 16.4 Payments from an imprest account shall be limited to minor items of expenditure and to such other items as the Finance & Resources Manager may approve and shall be supported by a receipted voucher to the extent that the Finance & Resources Manager may require.
- 16.5 Any officer responsible for an imprest account shall maintain a proper account and shall provide a certificate of balance when requested.
- 16.6 Any officer ceasing to be entitled to hold an imprest, for any reason, shall account for the amount advanced in full. A formal record of this accounting shall be prepared and retained in the Service concerned for inspection.

17. ANNUAL ACCOUNTS

- 17.1 Managers shall provide all information requested in the year end accounting instructions issued by the Finance & Resources Manager and comply with the timetable in order to ensure that the annual accounts can be completed in line with the statutory deadline.
- 17.2 A draft of the Abstract of Accounts shall be submitted to the Board for review prior to formal submission to Audit Scotland.
- 17.3.1 The Accounts together with the Auditor's report, shall be submitted to the Board for final approval following completion of the external audit.

Inverclyde Leisure should submit their annual accounts (via their external Auditors) to Inverclyde Council on an annual basis as Inverclyde Leisure's accounts form part of Inverclyde Council's consolidated accounts.

18. BANKING ARRANGEMENTS

- 18.1 Inverclyde Leisure's main bank account will be kept with the Bank approved by the Inverclyde Leisure and where required the Finance & Resources Manager shall arrange for subsidiary accounts to be kept with that Bank.
- 18.2 All bank accounts shall be in the name of, or incorporate the name of, Inverclyde Leisure.
- 18.3 Except where in special circumstances it is not possible to borrow on or gain access to the money market, the bank account shall not be drawn in excess of the sum authorised by Inverclyde Leisure and agreed with its bankers.
- 18.4 All bank accounts shall be reconciled to supporting records at regular monthly intervals and copies of reconciliations, if requested, shall be forwarded to the Finance & Resources Manager for review.
- 18.5 All cheques issued shall bear the signature of 2 of the authorised signatories agreed by Inverclyde Leisure. The control of cheques shall be the responsibility of the Finance & Resources Manager. .
- 18.6 Arrangements for electronic funds transfer shall be authorised by The Finance & Resources Manager or his nominee. (the Head of Leisure & Community Facilities).

19. INSURANCES AND INDEMNITIES

- 19.1 The Finance & Resources Manager shall effect all insurance cover and negotiate all claims in consultation with other officers where necessary.
- 19.2 Managers shall notify the Finance & Resources Manager without delay of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 19.3 Managers shall notify the Finance & Resources Manager in writing of any loss, liability or damage or any event likely to lead to a claim and inform the Police where appropriate.
- 19.4 All employees of Inverclyde Leisure shall be included in a suitable fidelity guarantee insurance.
- 19.5 The Finance & Resources Manager shall review all insurance arrangements in line with the contract term and report thereon to the Board.

20. INVESTMENTS, LOANS AND TRUST ETC FUNDS

- 20.1 The Finance & Resources Manager shall manage these funds in accordance with the limits and conditions imposed by statute, by the Deed of Trust etc and by Inverclyde Leisure and shall ensure the proper and safe custody of funds.
- 20.2 All investments of monies under its control shall be made in the name of Inverclyde Leisure or in the name of nominees approved by Inverclyde Leisure; bearer securities shall be excepted from this regulation but any purchase of such security shall be reported to the Board.
- 20.3 All securities, which are the property of, or in the name of Inverclyde Leisure or its nominees shall be held in the custody of the Finance & Resources Manager or according to his instruction.
- 20.4 All Trust Funds shall wherever possible be in the name of Inverclyde Leisure, all monies left in Trust to Inverclyde Leisure or to be administered by its officials shall be notified as soon as possible to the Finance & Resources Manager.
- 20.5 All officers acting as Trustees by virtue of their official position shall deposit all securities etc relating to the Trust with the Finance & Resources Manager unless the Deed otherwise provides.
- 20.6 The Finance & Resources Manager has a duty to prepare Annual Accounts in an appropriate format and submit these accounts to Trustees for approval.
- 20.7.1 Inverclyde Leisure reserve the right to sub-let the properties that they operate from in accordance of full approval from the landlord (Inverclyde Council)
Inverclyde Leisure must fully adhere to letting arrangements of Inverclyde Council (e.g. Common good grounds) and seek full discussions and approval prior to entering into any contractual agreement.

21. INTERNAL AUDIT / CORPORATE GOVERNANCE

- 21.1 Inverclyde Leisure works to ensure that it operates a robust set of Internal controls when operating the business.
A continuous Corporate Governance and audit operation under the control and direction of the Finance & Resources Manager is maintained at Inverclyde Leisure. The Finance & Resources Manager will invite Inverclyde Council Internal Audit to carry out an independent examination of the adequacy and effectiveness of financial and operational controls of Inverclyde Leisure, including governance arrangements on an annual basis.
- 21.2 The Finance & Resources Manager from shall be consulted on any significant proposed changes to Inverclyde Leisure's internal control mechanisms.
- 21.3 The Finance & Resources Manager or relevant authorised representative, shall have authority to:-
- ♦ Enter at all reasonable times any Inverclyde Leisure premises or land;
 - ♦ Have access to all records, documents and correspondence relating to any financial and other transactions of Inverclyde Leisure where such access is necessary to investigate the financial propriety of the transaction;
 - ♦ Require and receive such explanations as are necessary concerning any matter under examination; and
 - ♦ Require any employee of Inverclyde Leisure to produce cash, stores or any other Inverclyde Leisure property under their control which is relevant to any investigation being carried out.
- 21.4 Whenever any matter arises which involves or is thought to involve fraud or irregularities concerning cash, stores or other property of Inverclyde Leisure or any suspected fraud or irregularity in the exercise of the functions of the Authority, any employee having knowledge thereof shall as soon as possible notify the Finance & Resources Manager.
The Finance & Resources Manager will notify The Chief Internal Auditor at Inverclyde Council about any such matters for consultation.

- 21.5 The Finance & Resources Manager shall investigate any such matters to combat fraud and corruption. If appropriate the Finance & Resources Manager with notify the Chief Internal Auditor and refer the matter to the Police.
- 21.6 Inverclyde Leisure are committed to reviewing their Corporate Governance arrangements annually to ensure that they comply with all recommendations of our yearly Internal Audit report and take corrective action on any recommendations.
- 21.7 Inverclyde leisure is largely funded by Inverclyde Council, which is responsible for ensuring that public funds distributed to third parties such as Inverclyde Leisure are used for the intended purposes. It is therefore possible that officers of the Council may wish to undertake such reviews that will satisfy them that the funding has been appropriately used under the terms of the funding agreement have been fully complied with.
It is the responsibility of the Chief Executive to ensure that officers of the Council are given access at all reasonable times to such information and explanations that they consider necessary to so satisfy themselves as to the appropriateness of the use of public funds.

