



ABERDEEN PERFORMING ARTS

TRADING COMPANY

&

CHARITABLE COMPANY

FINANCIAL REGULATIONS

Version Date	July 2018
Owner	Director of Finance & Corporate Services
Date of Review	July 2018
Date of FAP Review	2021/2022

Introduction

The purpose of the Financial Regulations is to facilitate financial transactions and to provide a framework for the conduct of the organisation's financial affairs. They are written taking cognisance of legal requirements under the legislation and regulation governing companies, financial transactions and charitable bodies and also of our policies including APA's Anti-Bribery Policy and Data Protection Policy.

1. Bank Arrangements

- 1.1 Approval must be sought from the Board of Aberdeen Performing Arts (APA) via the Finance, Audit and Property Sub Committee (FAP) for all bank accounts operated by APA.
- 1.2 The Chief Executive (CEO) of APA is responsible for the operation of all bank accounts in accordance with approvals made by the APA Board.
- 1.3 The Director of Finance and Corporate Services will ensure that adequate controls exist over access and signatories and that all bank accounts are effectively monitored and reconciled.
- 1.4 The Director of Finance and Corporate Services will ensure effective Treasury Management is in place to maximise interest received and minimise interest payable.

2. Budgetary Control

- 2.1 Annual Revenue Budgets will be prepared by the Director of Finance and Corporate Services in consultation with the Leadership Team (LT) and subsequently presented for approval by the Board. This will normally be done prior to the start of each financial year or as soon as practicable thereafter.
- 2.2 The Director of Finance and Corporate Services will ensure that Revenue Budgets are effectively monitored, and at least quarterly results reported to the CEO, LT, FAP and Board.
- 2.3 Budget holders must ensure that there are adequate remaining resources within the relevant approved budget before committing to expenditure.

3. Income

- 3.1 The relevant budget holders are responsible for the identification and maximisation of all income due to APA.
- 3.2 The relevant budget holders in conjunction with the Director of Finance and Corporate Services must ensure that fees and charges are regularly reviewed. This will normally be done annually for signing off by the FAP.

- 3.3 The Director of Finance and Corporate Services is responsible for ensuring that complete and accurate records are maintained for all income received and that all monies are banked promptly and completely.
- 3.4 The Director of Finance and Corporate Services is responsible for ensuring that adequate internal controls exist with regard to the collection, checking and banking of income.
- 3.5 Under no circumstances may personal cheques be cashed out of monies held on behalf of APA.
- 3.6 Sales invoices must only be raised to Local Authority establishments and companies with an approved credit history. Under any other circumstances the approval of the Director of Finance and Corporate Services is required to process any credit sales. A list of companies approved for credit sales will be maintained by the Finance section.
- 3.7 The Director of Finance and Corporate Services has the authority to write off bad debts up to £5,000, and the CEO up to £10,000, in the following cases:
- a) Insolvency, receivership, liquidation and sequestration.
 - b) Ceased trading / defunct company.
 - c) Unable to trace.
 - d) Recommendation of the Sheriff Officer.
 - e) Small balances that are uneconomic to pursue.

In all other cases approval of the FAP must be sought. Any significant write offs will be reported to the Board for noting.

4. Expenditure

- 4.1 The relevant budget holders are responsible for ensuring that value for money is achieved and demonstrated in all purchases of goods and services. In the procurement of goods and services, managers must also consider reliability of service, after care service / warranty and quality of service and be able to demonstrate that a fair and transparent procurement process has been undertaken.
- 4.2 The controls of expenditure are broken down into 3 main sections – Approval to Commit to Purchase/Shows, Method of Procurement and Method of Ordering/Placing and Payment of Goods and Services. A table setting out each with delegated limits is attached as App1.
- 4.3 The main control over expenditure is in the budgeting process, which will initially be signed off by the LT before going to the FAP and then to the Board for approval. This sets the overall budget parameters within which each Team and Director operates. However, individual purchases or deals need to be considered in more detail as they are not specified in this detail in the budget.

- 4.4 **Approval to commit expenditure (Supplies/Services/Shows)** – This is the first and most crucial control and the delegated limits are set out in App 1. In general terms, approval for purchases of goods and services below £50,000 is delegated to the CEO or in turn to members of the LT or Extended Management Team (EMT) dependent on amount. For shows where the guaranteed weekly fee is less than £100,000, approval is delegated to the CEO or members of the LT or Programming Team.
- 4.5 **Method of Procurement of Goods and Services and Sign Off** – Again delegated limits are shown in App1 but in general terms, to ensure APA receives best value, any purchase above £1,000 must wherever possible have some sort of competitive quote or tender action. The sign off of the recommended supplier must follow the same delegated limits as set out at 4.4 above. Only in exceptional cases may a sole supplier be awarded a contract above £10,000 and only when signed off by the Director of Corporate Services.
- 4.6 **Ordering, Placing and Payment of Goods/Services** – The majority of orders must be set up and approved (placed) on the Sage Finance system and again delegated limits are set out at App1. As this is the administrative part of the process, delegated limits appear higher, with all the higher value orders being placed by a member of the LT. However, this must only happen after the earlier mentioned approvals have been obtained.
- 4.7 In exceptional cases, petty cash may be used but receipts need to be supplied. This will normally be for very small value items or small show payments to artists. For other small value items (generally under £200) or items required to be purchased on-line, a company credit card may be used. Again, full receipts must be provided to allow sign off of the credit card statements.
- 4.8 Orders for goods, materials and services over £150,000 (with the exception of Theatre / Music Hall contracted shows) must be placed in accordance with European Union (EU) procurement notices. The Director of Finance and Corporate Services will control the submission of any EU notices.
- 4.9 In all cases budget-holders must ensure that they have sufficient budget provision remaining before placing an order for goods, materials or services.
- 4.10 In procuring equipment, particularly ICT equipment, regard must be had to business continuity and the need for documented and tested back up arrangements should the equipment fail at some future point.
- 4.11 Orders must be issued for all goods and services, except for the following:
- where a written contract is required or is in existence
 - utility services
 - rent or rates
 - petty cash or small value items (under £200)
 - food and drink orders, which may be placed by phone with recognised suppliers and followed up by a purchase order number.

- 4.12 The Director of Finance and Corporate Services is responsible for maintaining an up to date list of APA authorised signatories for purchase orders. This may be done electronically, given that the majority of orders will now be placed on-line using the recognised finance system.
- 4.13 Budget holders are responsible for the prompt examination, verification and certification of all invoices, vouchers and accounts. Certified accounts must be processed for payment in accordance with credit terms.
- 4.14 No employee may authorise an account for his/her own reimbursement or that of a family member or business associate.

5. Gifts and Hospitality

- 5.1 Employees and Board Members need to be aware that it is a serious criminal offence to receive or give any significant gift, loan, fee, reward or advantage for doing or not doing anything, or for showing favour or disfavour to any person, in the course of work for APA.
- 5.2 Insignificant gifts are classified as diaries, calendars, pens and similar tokens. Working lunches or dinners can be a proper way of doing business provided that no extravagance is involved. Likewise, it can be reasonable for an employee or Board Member to represent APA at external social functions or events, but approval from either the CEO or Chairman of the Board should be sought before accepting such an invitation.
- 5.3 Any gifts or hospitality must be recorded in the Gifts and Hospitality Register.

6. Security of Assets.

- 6.1 The CEO is responsible for the care, custody and proper use of all buildings, furniture, equipment, plant, cash, documents, data, safes, safe keys and other APA property.
- 6.2 No APA property may be removed or used except on APA official business.
- 6.3 An Inventory of items of moveable property, furniture and equipment valued at over £500 must be maintained and regularly updated for acquisitions and disposals by the Operations Manager.
- 6.4 Before disposal of an Inventory item it must be determined that it is beyond economic repair or there is other good reason for disposal. A disposal of equipment form must be completed to record the disposal.
- 6.5 The Director of Finance and Corporate Services may approve the disposal of items up to the value of £3,000, the CEO for items between £3,001 and £20,000 but Board approval must be sought for disposal of any item with a value above this limit.

6.6 The Director of Finance and Corporate Services is responsible for the secure storage of all bar and catering stocks.

7. Internal Controls

7.1 APA will adopt a Risk Management Strategy that will put in place effective risk management systems and ensure compliance with all applicable statutes, regulations and relevant statements of best practice.

7.2 The Board will appoint independent internal auditors who will report directly to the Board via the FAP.

7.3 The Risk Management Strategy will provide effective input for the audit planning process.

7.4 The LT must regularly assess and ensure adequate insurance cover emulating from statutory obligations and the APA Risk Management Strategy.

7.5 It is the responsibility of all employees to advise the CEO of any suspected fraud, theft, irregularity, improper use or misappropriation of APA property or resources. The CEO will investigate this as appropriate with the assistance of Internal Audit where necessary.

7.6 All employees must inform the CEO immediately of any circumstances which may suggest an irregularity affecting the finances, services or policy of APA. The CEO will investigate this as appropriate with the assistance of Internal Audit where necessary.

7.7 Liability or damage that is likely to lead to an insurance claim by or against APA must be notified immediately to the Director of Finance and Corporate Services.

7.8 Any loss due to burglary or theft must be reported to the appropriate Head of Service and Police immediately.

7.9 The CEO will ensure the retention of documentation in accordance with legal and government guidelines.

7.10 The Director of Finance and Corporate Services will ensure effective ICT security and best practice in the use of APA ICT resources as documented in the APA ICT Usage and Security policy.

7.11 The Director of Finance and Corporate Services will ensure adequate cash security arrangements are in place to safeguard cash held and in transit to and from APA. The arrangements and risk assessments will be regularly reviewed by the Director of Finance and Corporate Services to ensure the safety of staff involved in cash handling.

- 7.12 The Director of Finance and Corporate Services will ensure that periodical physical checks of cash floats and imprests are carried out by an independent member of staff and that imprest accounts are regularly reconciled.
- 7.13 The Director of Finance and Corporate Services will ensure that regular physical checks are carried out on bar stocks by an independent stock-taker. The Director of Finance and Corporate Services will authorise any stock write off, which must be documented giving details of the stock to be written off and the reason.

8. Personnel related expenditure

- 8.1 The Director of Finance and Corporate Services (via the Head of Organisational Development) will ensure the correct completion and authorisation of appointment, termination, overtime, flexitime and sickness absence forms.
- 8.2 The Director of Finance and Corporate Services will ensure that all employees are paid through an appropriate payroll system.
- 8.3 The Director of Finance and Corporate Services will ensure that employees adhere to their contracted terms and conditions.
- 8.4 The LT will ensure that Health and Safety Risk Assessments are maintained and regularly reviewed.
- 8.5 Travel out with the UK must be approved by the Chief Executive and by the FAP Chair in the case of the Chief Executive; any travel within the UK must be approved by the relevant member of the LT in advance of the journey.
- 8.6 All travel and accommodation must be booked centrally to achieve best value. Actual authorised expenditure on subsistence supported by receipts will be reimbursed up to the subsistence limits set in relation to the time away from the workplace. A receipt must be provided as evidence of any other expenses.
- 8.7 If an employee uses his/her motor vehicle on APA business, he/she must provide insurance cover for such use.
- 8.8 With the exception of hospitality, no re-imburement is payable for expenditure on alcoholic drinks in relation to APA business.
- 8.9 Expense claims must be signed by the claimant and authorised by the relevant line manager. All claims should be submitted timeously.

Appendix 1 – Delegated Authorities

1. Approval to Commit to Purchase/Shows

Purchases

Up to £5,000	Member of the EMT
£5,000-£25,000	Member of LT
£25,000 -£50,000	CEO
£50,000-£100,000	FAP
Above £100,000	Board

Shows

Guaranteed weekly fee up to £15,000	Member of Programming Team
£15,000- £50,000	LT (usually Director of Programming)
£50,000 - £100,000	CEO
Above £100,000	Chair FAP and Member FAP (Board Chair if FAP chair unavailable)

2. Procurement/Purchase of Goods and Services (Methods)

Up to £1,000	Best Value	Team Member
£1,000 -£5,000	2 quotes	EMT
£5,000 - £10,000	3 quotes	LT
£10,000 - £25,000	Tender	LT
£25,000 - £50,000	Tender	CEO
£50,000 - £100,000	Tender	FAP
Above £100,000	Tender	Board

3. Ordering, Placing and Payment of Goods/Services

Less than £100	Petty Cash
Less than £200	Credit Card
Over £200 (unless food, drink, contract or services)	Sage System

Approving Orders (on Sage)	LT
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