

SCOTTISH CHILDREN'S REPORTER ADMINISTRATION

# FINANCIAL REGULATIONS

Regulations to be read in conjunction with:	Disposal of Fixed Asset Guidance Note
	Financial Instructions

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## *Financial Regulations*

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## **1 Introduction**

The Financial Regulations are a key element in SCRA's system of internal financial control. The Regulations, which are supplemented by Financial Instructions and Work Instructions link directly to the Scottish Public Finance Manual, the Schedule of Delegated Authority and Procurement Policy. The Regulations set out the key controls which apply to each core financial process.

## **2 Responsibilities**

### **2.1 Financial Responsibilities**

- 2.1.1 The Board will be responsible for setting the overall policies to be followed by the Administration and for ensuring that all actions undertaken by officers of the Administration are in accordance with procedures determined by the Board.
- 2.1.2 Under the terms of reference approved by the Board, SCRA's Audit & Risk Committee is responsible for general oversight of audit related matters. Internal Audit reports to Line Managers and the Audit & Risk Committee on the SCRA's system of internal control and recommends improvements to the systems as necessary.
- 2.1.3 The Principal Reporter/Chief Executive of the Administration is formally designated as SCRA's Accountable Officer by the Accountable Officer of the Scottish Government Directorate with responsibility for sponsorship of SCRA. The role of the Accountable Officer is defined in the Framework Documents.
- 2.1.4 The Principal Reporter/Chief Executive has nominated the Head of Finance & Resources as the Depute Accountable Officer. The Head of Finance and Resources is responsible for providing support to the Principal Reporter/Chief Executive in carrying out the Accountable Officer responsibilities.
- 2.1.5 The Principal Reporter/Chief Executive, Head of Practice & Policy, Senior Operational Managers, Head of Human Resources, Head of Finance and Resources, Head of Strategy, Digital Programme Director and Locality Reporter Managers referred to in these Regulations as "Budget Holders", are responsible for the resources under their control. It will be for them to ensure that such resources are managed in accordance with the provisions of the Financial Regulations and any procedures or other instructions, as may be approved from time to time, by the Board and/or the Principal Reporter/Chief Executive.
- 2.1.6 The Board may delegate certain powers to Budget Holders and other specified officers. With the exception of the Accountable Officer function, these officers may further delegate the powers they have been given, within the limits of the Schedule of Delegated Authority, but they retain ultimate responsibility for the exercise of the delegated authority.
- 2.1.7 All staff shall comply with the terms of these Financial Regulations.

## 2.2 Financial Instructions

2.2.1 The Head of Finance and Resources will, after consultation with the Budget Holders, issue Financial Instructions. The purpose of these instructions will be to amplify, in greater detail, the instructions set out in these Financial Regulations.

2.2.2 All staff shall comply with the terms of the Financial Instructions.

## 3 **Planning and Authorisation**

### 3.1 Planning and Budgeting

3.1.1 The Board is responsible for determining, monitoring and approving the medium/long term policy and resource framework for the future development of SCRA's policies and programmes. The Board will provide guidance as may be considered appropriate on the policies to be followed in the preparation of the Administration's Corporate and Business Plans and estimates of revenue and capital expenditure.

3.1.2 In each financial year the Executive Management Team (EMT) will, following receipt of advice from the Head of Finance & Resources, determine the detailed procedural arrangements for the ensuing financial years as may be considered appropriate for the preparation of the annual revenue and capital estimates to be followed by Budget Holders.

3.1.3 Budget Holders will prepare detailed estimates in respect of both capital and revenue expenditure for the ensuing financial year in accordance with the procedural arrangements approved from time to time in terms of paragraph 3.1.2 above.

3.1.4 The Head of Finance & Resources will submit draft revenue and capital estimates to the Board with such recommendations as appear to be necessary. After considering the overall estimates and any recommendations, the Board will revise the estimates as it may consider appropriate, approve them as so revised, authorise the expenditure and the delegated budgets to Budget Holders and pass such resolutions as may be required.

3.1.5 The final budget requirement as approved by the Board will be in line with the annual cash limit as notified by the Scottish Ministers.

3.1.6 The detailed form of the capital and revenue estimates will be determined by the Head of Finance and Resources after consultation with the Budget Holders, the form to be consistent with statutory requirements.

3.1.7 New developments or initiatives which have not been included in the level of grant in aid agreed by the Scottish Government and which cannot be accommodated within the agreed level of funding will be considered by the Principal Reporter/Chief Executive. This may result in a bid for supplementary funding to the Scottish Government.

### 3.2 Authority

3.2.1 The inclusion of items in approved revenue and capital budgets will constitute authority to the Budget Holders to incur such expenditure subject to any reservations put in place by the Board and the Schedule of Delegated Authority.

## 4 **Monitoring and Control**

### 4.1 Budgetary Control

4.1.1 The Head of Finance and Resources will inform Budget Holders of their financial allocation for the forthcoming year once this has been approved by the Board.

4.1.2 It will be the duty of each Budget Holder, to monitor and control expenditure within the financial allocation provided in the Revenue and Capital Budgets.

4.1.3 The Head of Finance and Resources will provide Budget Holders with all financial information necessary to manage budgets and where necessary, access to the Financial Systems..

4.1.4 It will be the duty of each Budget Holder to inform the Head of Finance and Resources, within agreed time-scales, where it is forecast that the total expenditure within their control is likely to be outwith agreed parameters. The Head of Finance and Resources will, if necessary, advise the Principal Reporter/Chief Executive and prepare a report for the Board.

4.1.5 The Head of Finance and Resources and Principal Reporter/Chief Executive will promptly inform the Board and the Scottish Ministers if it becomes apparent that expenditure is likely to exceed the level of grant-in-aid.

### 4.2 Incurring Capital Expenditure

4.2.1 When the capital estimates for any year have been appraised and formally approved projects included may proceed on the authority of the Budget Holder i.e. the project sponsor, provided that:

(a) the scope of the project is consistent with the original capital estimates.

(b) should the recommended tender for a project exceed the sum contained in the Capital Budget the recommended tender may be accepted by the Principal Reporter/Chief Executive provided that the extra costs are deemed essential or unavoidable and sufficient budget is available within the overall Capital Budget. Board approval will be obtained in other cases. Notwithstanding, in an emergency situation the Chair and/or Principal Reporter/Chief Executive may take such steps as are necessary to safeguard life, health or property or safeguard the interests of SCRA.

(c) should a new project be substituted for an approved project, approval of the Board will be required.

4.2.2 It will be the duty of each Budget Holder, to monitor and control expenditure within the financial allocation for each project under their control.

#### 4.3 Budget Transfers

4.3.1 Regulation 4.1 states that the Budget Holder is responsible for ensuring that the approved expenditure under each heading is not exceeded. Where, however, an expenditure code is or is likely to be exceeded, the Budget Holder, must:

(a) attempt to make good the deficiency from other savings;

(b) where that cannot be achieved the extent of the over/underspend should be submitted to EMT as part of the budget monitoring process detailing the reasons for the budget variance and outlining the corrective actions to be taken.

4.3.2 Variance from original approved budget plans including the introduction of a new policy or a variation of existing policy which may have a significant impact upon the corporate plans of the Administration will be subject to the approval of the Board.

4.3.3 In exceptional circumstances, some budget transfer may be submitted to the EMT or Board for approval provided:

(a) the transfer is greater than £5,000;

(b) the level of transfer is no more than 10% of the prescribed expenses heads (i.e. Staff, Property, Travel etc.)

(c) the transfer does not create an additional financial commitment into the future financial years which cannot be accommodated within existing grant in aid levels;

4.3.4 Transfers of budgetary provision between the different classifications - resource Departmental Expenditure Limits (RDEL), capital DEL (CDEL) and Ring-fenced (non-cash) (RfDEL) - require the prior approval of the SG Finance Directorate. Transfers of provision within the classifications may be undertaken without reference to the SG, subject to any constraints on specific areas of expenditure e.g. the approved pay remit.

#### 4.4 Provision of Monitoring Information

4.4.1 The Head of Finance & Resources will, quarterly or at intervals determined by the Board, provide the Board with a monitoring report on revenue and capital expenditure and forecasts of out-turn figures.

4.4.2 The Head of Finance & Resources will, quarterly or at intervals determined by EMT, provide EMT with a monitoring report on revenue and capital expenditure and forecasts of out-turn figures.

4.4.3 The Principal Reporter/Chief Executive shall provide the Scottish Ministers with financial statements on a resource and cash basis every month for the

purposes of budget monitoring and grant-in-aid drawdown. The statement shall also contain a variance analysis of full year outturn against forecast for each main budget heading.

#### 4.5 Reports to Board and Management Groups

- 4.5.1 All reports to the Board, management group or sub-group must identify and explain the financial implications of any commitment, action or change to policy proposed.
- 4.5.2 Reports must include a comprehensive costing of financial implications and an outline of options considered.
- 4.5.3 Financial implications should differentiate between capital expenditure and revenue expenditure.

### 5 **Assets**

#### 5.1 Asset Management

The Head of Property is responsible for developing and delivering the organisation's Property Strategy.

#### 5.2 Security

- 5.2.1 Each Budget Holder is responsible for maintaining proper security at all times for all SCRA assets under their respective control including buildings, stocks, furniture, equipment, cash, records and information. The appropriate officers shall consult with the Head of Property or Digital Programme Director in any case where security is thought to be defective or where it is considered or it has been advised that security may be inadequate or that special security arrangements may be required.
- 5.2.2 Maximum limits for cash holdings shall be agreed with the Head of Finance and Resources and shall not be exceeded without the prior approval of the Head of Finance and Resources.

#### 5.3 Estates

- 5.2.1 The Head of Property will maintain a database of all properties owned or leased by the Administration recording the purpose for which held, location, extent and plan reference, purchase details, lease obligations, particulars or nature of interest and rents payable.
- 5.2.2 The Head of Property will have the custody of all title deeds under secure arrangements.
- 5.2.3 SCRA must comply with the SPFM requirements for acquisition, disposal and management of property. Any acquisition of a new lease, continuation of an existing lease, decision not to exercise a break option in a lease or purchase of property for accommodation / operational purposes must be signed off by Scottish Ministers. The Scottish Government's Property Division should be consulted about relevant proposed disposals of property that SCRA holds for operational purposes (rather than investment) at the earliest opportunity so it may be advertised internally.

#### 5.4 Stores and Equipment

- 5.4.1 The safe custody of stocks, furniture, fittings, plant and equipment shall be the responsibility of the Budget Holder concerned.
- 5.4.2 Budget Holders will perform physical inventories in a form and frequency agreed by the Head of Property, Digital Programme Director and Head of Finance and Resources. The Budget Holder will supply the Head of Finance and Resources with such information relating thereto as he may need for the financial records of the Administration.
- 5.4.3 The Budget Holder will report any physical differences to the Head of Finance and Resources, and after consultation with the Head of Finance and Resources, take the necessary action in relation to such.
- 5.4.4 The procedure for Losses and Special Payments must be adhered to for the treatment of any losses.
- 5.4.5 The Administration's property will not be removed otherwise than in accordance with the ordinary course of the Administration's business or used otherwise than for the Administration's purposes except in accordance with specific directions issued by the Budget Holder concerned.
- 5.4.6 Where an item on an inventory is surplus to operational requirements, the appropriate Budget Holder will, in accordance with the Financial Instructions, before disposing of the item, consult the Head of Property or Digital Programme Director. Depending on the class of asset and the circumstances, the relevant Head of Department will provide disposal guidelines.

## **6 Income and Expenditure**

### **6.1 Income**

- 6.1.1 The Finance Team will raise the appropriate invoice for all accounts for services and income (shared services delivered and outward secondments/externally funded staff time, conferences, sale of publications, costs of expenses incurred by families attending hearings) upon notification by Budget Holders other than for property letting income which is undertaken by the Head of Property. The Head of Finance and Resources shall issue the necessary detailed instructions regarding the issue of these accounts, the use of credit notes and the collection of the income.
- 6.1.2 All money received by an employee on behalf of the Administration will, without delay, be paid intact to the Head of Finance and Resources, or as may be directed, to the Administration's banking account. No deductions may be made from such money unless specifically authorised by the Head of Finance and Resources.
- 6.1.3 Personal cheques will not be cashed out of the money held on behalf of the Administration.



6.1.4 Every transfer of official money from one member of staff to another shall be evidenced in the records of the office concerned by the signature of the receiving officer.

6.1.5 No income or other debt due to the Administration over the limits specified in the Framework Documents will be written off without the approval of Sponsor Team. Sums up to that amount may be written off with the written approval of the Principal Reporter/Chief Executive.

## 6.2 Procurement Policy

6.2.1 The Principal Reporter/Chief Executive will issue a Procurement Policy which will apply to all contracts for works of building or civil engineering construction and maintenance and the supply of goods, materials or services but excluding contracts of employment.

## 6.3 Banking Arrangements and Control of Cheques

6.3.1 The Head of Finance and Resources will ensure the Administration's banking arrangements comply with the SPFM requirement to use the Government Banking Service.

6.3.2 Subject to any directions given by the Board, the Head of Finance and Resources shall be authorised to operate such bank accounts as may be considered necessary.

6.3.3 All cheques and other forms enabling payment to be made from any Administration bank account will be ordered only on the authority of the Head of Finance and Resources, who will ensure that proper arrangements have been made for their safe custody and that adequate controls exist over the usage and production of cheques.

6.3.4 Payments from Administration bank accounts, using the Bankers Automated Clearing Services (BACS), Faster Payments or other financial instruments, are authorised by the signature of two designated officers of the Administration. For this purpose there will be a panel of signatories of not less than three persons. The use of debit cards to allow Petty Cash to be locally withdrawn from a separate Petty Cash bank account is permissible on the authority of the Head of Finance and Resources.

## 6.4 Contracts and Orders for Goods and Services

6.4.1 The Budget Holder as designated by the Principal Reporter/Chief Executive, shall be responsible for all goods and services ordered within the operational Area, Locality or Head Office Team and shall also be responsible for ensuring that the approved expenditure under each heading of the budget is not exceeded.

6.4.2 The purpose of procurement is to meet the user's requirements. The Administration's Procurement Policy requires that all purchases of works, equipment, goods and services are based on value for money, i.e. the optimum combination of whole-life cost and quality (or fitness for purpose) and other issues such as delivery against price, to meet the user's requirements. It would not be consistent with value for money, or the equal

treatment of supplies, for procurement to be used to pursue aims unrelated to the subject of the contract. As far as possible, requirements should be expressed in terms of output and performance to provide scope for innovation solutions and avoid suggestions of favouritism.

- 6.4.3 Contracts for goods and services should be awarded following competition unless there are convincing reasons to the contrary to promote economy, efficiency and effectiveness in public expenditure. Contracts of an ongoing nature should be regularly reviewed and subjected to competition at appropriate intervals (usually no more than every 3 years, unless economic arguments clearly justify a longer contractual relationship). The form of competition chosen should be consistent with any legal requirements and appropriate to the value and complexity of the goods or services being acquired.
- 6.4.4 All external consultancy contracts over the value of £100,000 or any proposal to award a contract without competition (non-competitive action) over the value of £10,000 must be endorsed in advance by the Principal Reporter/Chief Executive.
- 6.4.5 Potential contractors should be assessed on grounds of suitability, for example in respect of their financial standing and ability to perform the contract (i.e. technical expertise). SCRA should, wherever possible, seek opportunities to collaborate with others in respect of common requirements. This will help avoid unnecessary duplication of effort and gain the benefits of aggregation of requirements and economies of scale. If SCRA wishes to enter into contracts under framework agreements put into place by others, it must seek advice as to whether the framework agreement has been awarded in accordance with the Scottish Government rules on behalf of other potential users.
- 6.4.6 Before entering into any lease SCRA must demonstrate that the lease offers better value for money than purchase.
- 6.4.7 Official orders will be issued for all significant work, goods or services, including consultancy services to be supplied to the Administration except as follows:-
- (a) work, goods or services which are covered by a prior written agreement which prescribes that payments will be made at certain intervals or under certain conditions.
  - (b) the metered element of telephone, gas, water and electricity services but not the installation, alteration or repair of such services.
  - (c) periodic payments such as rates.
  - (d) purchases in cash for which reimbursement is made through a petty cash account.
  - (e) where the specific approval of the Head of Finance and Resources has been obtained.

- 6.4.8 Except as specifically agreed in writing with the Head of Finance and Resources, all orders will be given to the supplier in advance of any work, goods or service being provided to the Administration. However, in an emergency arising from circumstances outside the control of the Administration, an oral order may be given which will be confirmed in writing as soon as possible thereafter.
- 6.4.9 All orders for goods and services must be on authorised order forms and signed by an authorised signatory. Orders for goods and services must be checked against central contracts before being issued to suppliers. Where appropriate orders shall be placed in accordance with any central purchasing arrangements but in all cases, all prospective purchases must be in accordance with the Financial Instructions.
- 6.4.10 The Head of Finance and Resources will maintain a register of authorised signatures and additions and deletions must be notified to the Head of Finance and Resources by Budget Holders.
- 6.4.11 The person authorising any orders will ensure that the expenditure to be incurred is not "ultra vires" and that funds have been provided in the budget to cover such expenditure. The order should indicate clearly the nature and quantity of goods etc. to be supplied, any contract or agreed price relating thereto, and the budget head (cost centre and account code) to which it is to be charged.
- 6.4.12 The cash limits for the ordering of goods and services shall be those stated in the Administration's Schedule of Delegated Authority.

## 6.5 Payment of Accounts

- 6.5.1 The Budget Holder is responsible for the certification of revenue and capital expenditure. This covers:-
- (a) correctness of prices, discounts and arithmetic.
  - (b) receipt of goods as in accordance with the order.
  - (c) non-duplication of payments.
  - (d) expenditure is within the estimates.
  - (e) accurate coding in terms of cost centre, expenses and job code where appropriate.
  - (f) invoice is in the name of SCRA.
  - (g) the charge is a proper liability of SCRA.
- 6.5.2 Such certification will be via the Finance Process Manager (FPM) system by or on behalf of Budget Holders in accordance with prescribed delegated authority levels. Requests for amendments to the Schedule of Delegated Authority should be made to the Head of Finance and Resources on the appropriate form and updated as necessary by the Budget Holder.

6.5.3 Certified invoices will be passed without delay to the Head of Finance and Resources for payment and may be examined to the extent that is considered necessary by him. For this purpose the Head of Finance and Resources shall be entitled to make such enquiries and to receive such information and explanations as may be required.

6.5.4 The Head of Finance and Resources shall reinforce to all Budget Holders and FPM users that payments made be made within contracted terms or within 10 working days.

## 6.6 Payment of Salaries, Wages and Pensions

6.6.1 Budget Holders will keep such records and provide such information in regard to salaries, wages and other emoluments required by the Head of Human Resources in consultation with the Head of Finance and Resources. Budget Holders will be responsible for the accuracy and authenticity of such information.

6.6.2 The Head of Human Resources is responsible for payment of all salaries, wages, pensions, compensations and other emoluments to all employees of the Administration and all other payments made to employees as a consequence of their employment by the Administration. Payments will be in accordance with arrangements made by the Head of Finance and Resources, after consultation with Budget Holders. All payments will be made at the rates approved by the Administration after making all appropriate deductions for income tax, national insurance, superannuation, agreed voluntary deductions and other statutory or contractual deductions.

6.6.3 Budget Holders are required to operate within the controls set out in the HR Scheme of Delegation. The establishment can only be exceeded with the prior approval of the Executive Management Team.

6.6.4 Any proposal by SCRA to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires consultation with Scottish Government and where appropriate the agreement of the Scottish Public Pensions Agency to promote the necessary amending legislation.

6.6.5 The Scottish Government Finance Pay Policy Team should be consulted prior to the implementation of any non-salary reward scheme.

6.6.6 Each Budget Holder will notify the Head of Human Resources as soon as possible, and in a prescribed form, of all matters affecting the payment of such emoluments, and in particular:

(a) appointments, including temporary and casual appointments, resignations, dismissals, suspensions, secondments and transfers;

(b) absences from duty for long term sickness or other reason, apart from approved annual leave or flexi-leave;

(c) information necessary to maintain records of service for superannuation, income tax, national insurance and sick pay.

(d) in all cases, payments to employees must be consistent with prevailing statutes as regards tax, national insurance etc.

6.6.7 The Head of Finance and Resources is responsible for the payment to the appropriate bodies of sums deducted from salaries and wages.

6.6.8 The Head of Human Resources will keep all Budget Holders informed as to changes in conditions of service, superannuation benefits and other matters relative thereto.

6.6.9 Appointments of all employees will be made in accordance with the procedure approved by the Administration and the approved establishments, grades and rates of pay.

6.6.10 The Head of Human Resources will determine the form of flexi-time sheets and other documents which form the basis of a payment to an employee of the Administration.

6.6.11 The Head of Human Resources will maintain a register of authorised signatures and Budget Holders must notify the Head of Human Resources of any additions and deletions.

#### 6.7 Travel and Subsistence

6.7.1 All claims for payment of car allowances, reimbursement of expenses, travelling and incidental expenses will be submitted to the Head of Human Resources, duly certified in an approved form, made up to a specified day of each month.

6.7.2 The certification by or on behalf of the Budget Holder, shall be taken to mean that the certifying officer is satisfied that the claim is in accordance with the approved policies of the Administration and the approved terms and conditions of staff. This means that journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Administration.

6.7.3 Employees' claims submitted more than 3 months after the expenses were incurred will be not be considered for reimbursement unless there were exceptional circumstances which prevented the submission of the claim.

6.7.4 The Head of Human Resources will make payments to Board Members who are entitled to claim travelling or other allowances upon receipt of the prescribed form duly completed and checked by the Governance Officer and authorised by the Principal Reporter/Chief Executive or Head of Finance and Resources. The claim must be in accordance with Scottish Government policies and procedures.

#### 6.8 Petty Cash Accounts

6.8.1 The Head of Finance and Resources shall make appropriate Petty Cash advances for such offices of the Administration as may need them for the purposes of defraying petty cash and other minor expenses.

- 6.8.2 The Petty Cash holder will draw from the Administration's bank account subject to such control limits as the Head of Finance and Resources may from time to time determine.
- 6.8.3 The Head of Finance and Resources shall arrange to his satisfaction the proper security of money advanced in this way.
- 6.8.4 An officer responsible for Petty Cash shall account on a regular basis, as determined by the Head of Finance and Resources, for the amount advanced. The Head of Finance and Resources will retain a formal record of this accounting.
- 6.8.5 All Petty Cash accounts will be maintained in accordance with financial instructions.

## **7 Special Provisions**

### **7.1 Gifts and Hospitality**

- 7.1.1 It is the duty of all Budget Holders to notify the Head of Finance and Resources of all gifts given and received.
- 7.1.2 The Head of Finance and Resources will maintain a register containing details of gifts given and received, along with estimates of value in each case.
- 7.1.3 With the exception of modest hospitality associated with a working lunch or dinner, the presumption should be against accepting offers of hospitality. For the avoidance of doubt all cases falling out with this category should be referred to the Principal Reporter/Chief Executive.

### **7.2 Losses and Special Payments**

- 7.2.1 It is the duty of all Budget Holders to obtain the approval of the Head of Finance and Resources for all losses and special payments. Payments may only be authorised in accordance with delegated authority levels after careful consideration of the facts. All reasonable action must have been taken to effect the recovery of losses.
- 7.2.2 The Head of Finance and Resources will maintain a record of all losses and special payments notified by Budget Holders.
- 7.2.3 The Head of Finance and Resources will report all losses to the Principal Reporter/Chief Executive who may write off such losses up to a maximum amount specified in the Financial Memorandum. Thereafter cases will be reported to the Board and, if necessary Scottish Government permission will be sought to write off.

### **7.3 Fraud, Theft, Corruption and other Irregularities**

- 7.3.1 It is the responsibility of Budget Holders to establish and maintain internal control so that the Administration's activities are conducted in an efficient manner. Internal control comprises the whole system of controls and methods, both financial and otherwise, which are established by management to:

- (a) Achieve organisational objectives.
  - (b) Safeguard its assets.
  - (c) Ensure reliability of records.
  - (d) Promote operational efficiency.
  - (e) Encourage adherence to policies and directives.
- 7.3.2 Any employee of the Administration who believes that an irregularity may have occurred involving any property or funds of the Administration, or for which the Administration has responsibility, must follow the procedures set out in the Administration's Fraud Policy Statement.
- 7.3.3 The Principal Reporter/Chief Executive must report any cases or suspected cases of fraud or theft to the Audit & Risk Committee and Scottish Government as soon as they come to light in accordance with the Schedule of Delegated Authority.

## **8 Accounting and Audit**

### **8.1 Accounting Procedures**

- 8.1.1 The Head of Finance and Resources will determine all accounting procedures and all accounting and related records of the Administration and its Officers. The Budget Holder is responsible for the maintenance and supervision of those accounting records in their Locality/Team under the accounting procedures specified by the Head of Finance and Resources.
- 8.1.2 All accounts and accounting records of the Administration will be compiled by or under the direction of the Head of Finance and Resources.
- 8.1.3 The Head of Finance and Resources shall submit to the Board and the Scottish Government not later than 30 September, in each year the draft Accounts for the Administration for the previous financial year. The Accounts will comply with the requirements placed upon SCRA in the Financial Memorandum, Government Financial Reporting Manual (FReM), Companies Acts and the Accounts Direction issued by the Scottish Government on behalf of Scottish Ministers.
- 8.1.4 The Auditor General Scotland audits, or appoints auditors to audit, the Administration's annual accounts and passes them to the Scottish Ministers who shall lay them before the Scottish Parliament before 31 October, together with the annual report. The Head of Finance and Resources shall instruct its auditors to send copies of all management letters and correspondence relating to those letters to Sponsor Division.

### **8.2 Internal Audit**

- 8.2.1 The Principal Reporter/Chief Executive shall commission an internal audit service to conduct a continuous and effective internal audit of the accounting, financial and other operations of the Administration. The

Internal Audit Service shall conform to the procedures and standards of the Public Sector Internal Audit Standards (PSIAS).

8.2.2 The internal audit service shall be an independent appraisal function serving all levels of management. It shall not be involved in, or responsible for, normal line management activities.

8.2.3 The Internal Auditor shall have authority, on production of identification, to:

- (a) enter at all reasonable times any Administration premises or land;
- (b) have access to all records, documents and correspondence including any data held on computer storage media, which relate to financial and other transactions of the Administration;
- (c) require and receive such explanations which are considered necessary concerning any matter under examination; and
- (d) require any employee of the Administration to produce and account for cash, stores or any other Administration asset under their control or to which they have access.

### 8.3 Rights of Access

8.3.1 The Principal Reporter/Chief Executive, Head of Finance and Resources, other designated staff and Internal and External Auditor shall be given access on demand, to all records, documents and correspondence including any data held on computer storage media, which relate to financial and other transactions of the Administration.

8.3.2 The records, accounts and papers of the Administration shall be open to inspection by the Scottish Ministers.