

**Financial Regulations for the
Cairngorms National Park Authority (CNPA)**

(April 2005)

DRAFT

FOREWORD

To conduct its business effectively, an organisation needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations and procedures which set out the financial policies of the organisation.

Financial regulations make good business sense. The Financial Memorandum between our Sponsoring Department, the Scottish Executive Environment and Rural Affairs Department (SEERAD), and the Park Authority makes it a condition of grant that the Authority ensures that it has a sound system of internal financial management and control and financial regulations and procedures are a core component of such a system. Similarly, our Auditors are required to give an assurance that we have fully documented financial procedures in place.

This set of Financial Regulations will continue to evolve as the Authority grows. Twice-yearly, additions and amendments will be consolidated into the manual and all staff advised. If you have any suggestions for additions, changes or clarification please advise either the Finance Manager, Head of Corporate Services or myself.

Jane Hope
Chief Executive

CONTENTS

TERMINOLOGY	1
FINANCIAL REGULATIONS	4
A GENERAL PROVISIONS	4
1 Background	4
2 Status of Financial Regulations	4
B CORPORATE GOVERNANCE	6
3 The Board	6
4 Committee Structure	6
5 Accountable Officer	7
6 Other Senior Managers with Financial Responsibility	8
7 Risk Management	9
8 Whistleblowing	11
9 Code of Conduct	11
C FINANCIAL MANAGEMENT AND CONTROL	13
10 Financial Planning	13
11 Financial Control	14
12 Accounting Arrangements	15
13 Audit Requirements	17
14 Treasury Management	19
15 List of Appendices	19
APPENDIX A: Expenditure approval grid and flowchart	●
APPENDIX B: Banking signatories	●
APPENDIX C: Tendering flowchart	●
APPENDIX D: Accounting codes	●

TERMINOLOGY

The following general terms have been used in this guide.

AUDIT COMMITTEE

A committee, independent of executive responsibility, which advises the Board on issues related to internal audit, external audit and financial control. It receives reports at least annually from both the internal and external auditors.

BOARD

The Authority's governing body is the Board comprising 25 members (10 members directly appointed by Scottish Ministers, 10 members appointed by Scottish Ministers following nomination by local authorities in the area; and 5 members elected by a postal ballot of the local electorate).

BUDGET HOLDER

A member of staff, other than a Head of Group, who has been assigned his or her own budget and is accountable to their Head of Group for it.

CORPORATE PLAN

A document that reflects the Authority's statutory duties , including priorities set from time to time by Scottish Ministers. It sets out the Authority's key objectives and performance targets for the coming years as well as reviewing the Authority's performance in the preceding year. This is formally adopted by the CNPA Board and the Scottish Executive Environment and Rural Affairs Department (SEERAD).

FINANCE COMMITTEE

A committee, independent of executive responsibility, with delegated responsibility for financial matters.

FUNDING BODY

The Authority receives its Grant in Aid funding from Scottish Executive Environment and Rural Affairs Department (SEERAD).

MANAGEMENT TEAM

The Management Team consists of the Chief Executive and Heads of Group and generally meets weekly.

NON-DEPARTMENTAL PUBLIC BODY (NDPB)

The Authority is an Executive NDPB, funded by and operating at arms length from the Scottish Executive.

OPERATIONAL PLAN

This sets out in detail key targets and milestones for the forthcoming year. It is derived from, and should be consistent with, objectives and performance targets set out in the Corporate Plan.

SPONSORING DEPARTMENT

For the CNPA this is the Scottish Executive Environment and Rural Affairs Department (SEERAD).

Each NDPB has a Sponsoring Department , a department of the Scottish Executive, with which it liaises closely and communicates with Ministers through. Ministers and the Sponsoring Department will set broad policy objectives and frameworks within which the CNPA is expected to work.

FINANCIAL REGULATIONS AND PROCEDURES

A GENERAL PROVISIONS

1 Background

1.1 The Authority is an Executive NDPB. Its statutory responsibilities and functions are set out in the National Parks (Scotland) Act 2000. The Authority is accountable to its Sponsoring Department who are in turn accountable to Scottish Ministers.

1.2 The Financial Memorandum between SEERAD and the Authority sets out the terms and conditions on which grant is made. The governing body is responsible for ensuring that conditions of grant are met. As part of this process, the Authority must adhere to the funding body's audit code of practice, which requires it to have sound systems of financial and management control. The financial regulations of the Authority form part of this overall system of accountability.

2 Status of Financial Regulations

2.1 This document sets out the CNPA's financial regulations and procedures. It translates into practical guidance the CNPA's broad policies relating to financial control. This document was approved by the Audit Committee on ● ● 2005. It applies to all work undertaken by any part of the Authority.

2.2 These financial regulations are subordinate to the Authority's founding legislation and to any restrictions contained within the Authority's Financial Memorandum.

2.3 The purpose of these financial regulations is to provide control over the totality of the Authority's resources and provide the Management Team and the Board with assurances that the resources are being properly applied for the achievement of

the Authority's aims:

2.4 In meeting the above aims the Authority needs to ensure it meets its obligations regarding:

- financial viability;
- achieving value for money;
- fulfilling its responsibility for the provision of effective financial controls over the use of public funds;
- ensuring that the Authority complies with all relevant legislation; and
- safeguarding the assets of the Authority.

2.5 Compliance with the financial regulations is compulsory for all staff connected with the Authority. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the Authority's disciplinary policy. The Board will be notified of any such breach through the Audit Committee. It is the responsibility of Heads of Group to ensure that their staff are made aware of the existence and content of the Authority's financial regulations.

2.6 The Audit Committee is responsible for maintaining a continuous review of the financial regulations, through the Head of Corporate Services, and for advising the Board of any additions or changes necessary.

2.7 Any departures from the detailed provisions herein shall be reported to the Board at the earliest opportunity.

2.8 The Authority's detailed financial procedures set out precisely how these regulations will be implemented and [are contained in the appendices].

B CORPORATE GOVERNANCE

3 The Board

3.1 The Board has corporate responsibility for ensuring the Authority fulfils the aims and objectives set by the Scottish Ministers and for promoting the efficient and effective use of staff and other resources of the Authority in accordance with the principles of Best Value. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall direction of the Authority;
- keep Scottish Ministers informed of any changes that are likely to impact on the strategic direction of the Authority or on the attainability of targets;
- receive and review regular financial information concerning the management of the Authority;
- demonstrate high standards of Corporate Governance at all times;
- provide commitment and leadership in the development and promotion of Best Value principles throughout the organisation; and
- appoint, with the Scottish Minister's approval, a Chief Executive and set performance objectives and remuneration terms which give due weight to both the proper management of public monies and to the delivery of outcomes in line with Scottish Minister's priorities.

4 Committee Structure

4.1 The Board has ultimate responsibility for the organisation's finances, but delegates specific powers and processes to the committees and Executive Officers detailed below. These committees are accountable to the Board and their remits set out below were agreed at the Board meeting on 27 June 2003.

4.2 Finance Committee

The Finance Committee's remit includes:

- a) overseeing the preparation of the annual budget;
- b) overseeing the preparation of the Corporate Plan and seeking approval of the

- whole Board prior to the Plan being submitted to Scottish Ministers;
- c) monitoring income and expenditure during the year against budget and reporting to the Board once a quarter; and
- d) seeking Board approval for the annual accounts.

4.3 **Audit Committee**

The Audit Committee's remit includes:

- a) agreeing the appointment of the internal auditor;
- b) monitoring the development of the Authority's internal audit plan;
- c) receiving reports by the internal auditor;
- d) monitoring the adequacy of the CNPA's internal control systems;
- e) considering reports by the external auditor on the CNPA's annual accounts;
- f) overseeing the CNPA's arrangements for ensuring resources are used economically, efficiently and effectively; and
- g) overseeing the CNPA's arrangements for risk management.

4.4 **Staffing and Recruitment Committee**

The Staffing and Recruitment Committee's remit includes:

- a) overseeing recruitment of the Authority's Chief Executive and Management Team including agreeing job descriptions, adverts and salary;
- b) interviewing and selecting the successful candidates and seeking the endorsement of the whole Board (Scottish Ministers approval in the case of the Chief Executive);
- c) overseeing and monitoring the Human Resources systems put in place for the Authority; and
- d) providing an interface between staff representative group(s) and the Board.

5 **Accountable Officer**

5.1 The Chief Executive is the Authority's Accountable Officer responsible for the financial administration of the Authority's affairs. The Accountable Officer is personally liable for safeguarding the public funds for which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the Authority.

5.2 Specific responsibilities of the Accountable Officer are detailed in the Authority's

Management Statement. Although the Chief Executive can delegate the day-to-day administration of his/her Accountable Officer responsibilities to other Authority employees, he/she shall not assign absolutely any of the responsibilities set out in the Management Statement.

6 Other Senior Managers with Financial Responsibility

6.1 Head of Corporate Services

Day-to-day financial administration is controlled by the Head of Corporate Services, who is responsible to the Chief Executive for:

- preparing annual budgets and financial plans;
- preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;
- preparing the Authority's annual accounts and other financial statements and accounts which the Authority is required to submit to other bodies;
- ensuring that the Authority maintains satisfactory financial systems;
- providing professional advice on all matters relating to financial policies and procedures; and
- day-to-day liaison with internal and external auditors in order to achieve efficient processes.

[Appendix • shows, for the main areas in which advice is sought, details of the key contacts within the finance department.]

6.2 Heads of Group

Heads of Group are responsible to the Chief Executive for financial management for the areas or activities they control. They are advised by the Head of Corporate Services in executing their financial duties. The Head of Corporate Services will also supervise and approve the financial systems operating within their departments, including the form in which any accounts and financial records are kept. Heads of Group are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved to budget holders, they are accountable to their Head of Group for their own budget.

Heads of Group shall provide the Head of Corporate Services with such information as may be required to enable:

- compilation of the Authority's financial statements;
- implementation of financial planning;
- implementation of audit and financial reviews, projects and value for money studies; and
- appropriate action to be taken in the event of identifying any potential financial liabilities for the organisation arising from their area of responsibility.

All members of staff

All members of staff should be aware of and have a general responsibility for the security of the Authority's property, for avoiding loss and for due economy in the use of resources.

They should ensure that they are aware of the Authority's financial authority limits (see Appendix A) and the values of purchases for which quotations and tenders are required (see Appendix C).

They shall make available any relevant records or information to the Head of Corporate Services or his or her authorised representative in connection with the implementation of the Authority's financial policies, these financial regulations and the system of financial control.

They shall provide the Head of Corporate Services with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the governing body.

They shall immediately notify the Head of Corporate Services whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the Authority. The Head of Corporate Services shall take such steps as he or she considers necessary by way of investigation and report, as set out in the Fraud Policy and Response Plan contained in the Staff Handbook.

7 Risk Management

7.1 The Authority acknowledges the risks inherent in its business, and is committed to

managing those risks that pose a significant threat to the achievement of its business objectives and financial health. Detailed guidance on the level of risk considered to be acceptable/unacceptable by the Authority will be set out in a separate risk management strategy.

7.2 The Board has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the Authority, through the development and implementation within the organisation of a formal, structured risk management process.

7.3 In line with this policy, the governing body requires that the risk management strategy and supporting procedures include:

- the adoption of common terminology in relation to the definition of risk and risk management;
- the establishment of Authority-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis;
- a decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes (see above);
- detailed regular review at department or support function level to identify significant risks associated with the achievement of key objectives and other relevant areas;
- development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question;
- regular reporting to the governing body of all risks above established tolerance levels; and
- an annual review of the implementation of risk management arrangements.

The strategy and procedures must be capable of independent verification.

7.4 Heads of Group must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the Authority may be exposed. The Head of Corporate Services' advice should be sought if required to ensure that this is the case.

8 Whistleblowing

8.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory.

8.2 The full procedure for whistleblowing is set out in the Authority's Staff Handbook which all employees have a copy of. [Further details of the Public Interest Disclosure Act are set out at Appendix E.]

9 Code of Conduct

9.1 The Authority is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. These principles are set out at Appendix F. In addition, the Authority expects that staff at all levels will observe its code of conduct, contained in its detailed financial procedures, which covers:

- probity and propriety;
- selflessness, objectivity and honesty; and
- relationships.

9.2 Additionally, members of the Authority and all staff are required to disclose interests in the Authority's register of interests maintained by Corporate Services. They will also be responsible for ensuring that entries in the register relating to them are kept up to date regularly and promptly.

9.3 In particular, no person shall be a signatory to an Authority contract where he or she also has an interest in the activities of the other party.

9.4 Receiving gifts or hospitality

It is an offence under the Prevention of Corruption Act 1906 for members of staff to accept corruptly any gift or consideration as an inducement or reward for doing, or refraining from doing, anything in an official capacity or showing favour or disfavour to any person in an official capacity. The guiding principles to be followed by all members of staff must be:

- the conduct of individuals should not create suspicion of any conflict between their official duty and their private interest; and
- the action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

Thus, members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the Authority would be likely to provide in return.

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant Head of Group or the Head of Corporate Services. For the protection of those involved, the Head of Corporate Services (or other designated officer) will maintain a register of gifts and hospitality received where the value is in excess of £ 10. Members of staff in receipt of such gifts or hospitality are obliged to notify the Head of Corporate Services promptly.

C FINANCIAL MANAGEMENT AND CONTROL

10 Financial Planning

10.1 The Management Team prepares a rolling three-year Corporate Plan which sets out the goals and actions of the Authority in delivery of its statutory objectives; meeting Ministerial frameworks; and in pursuance of the Board's overall strategy direction. Detailed action plans are evolved from this into an annual Operational Plan. Financial plans should be consistent with the above documents approved by the Sponsoring Department.

10.2 Budget objectives

The Authority will, from time to time, set budget objectives for the Authority. These will help the Head of Corporate Services in preparing his or her more detailed financial plans for the Authority.

10.3 Resource allocation

Resources are allocated annually by the Board on the recommendation of the Management Team, on the basis of the above objectives and in line with agreed Corporate and Operational Plans. Heads of Group are responsible for the economic, effective and efficient use of resources allocated to them.

10.4 Budget preparation

The Head of Corporate Services is responsible for preparing each year an annual budget for consideration by the Finance Committee on behalf of the Authority. The budget should also include monthly cash flow forecasts for the year. The Head of Corporate Services must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Heads of Group as soon as possible following their approval by the Sponsoring Department.

During the year, the Head of Corporate Services is responsible for submitting revised budgets to the Finance Committee for consideration.

10.5 **Major expenditure**

Any new aspect of business which will require an investment in cash resources of more than £3,000 should be presented for approval to the Management Team (with subsequent review by the Finance Committee, Board or SEERAD where appropriate – see Appendix A).

The Head of Corporate Services will establish protocols for these expenditures to enable them to be considered for approval by the Board. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet. They are summarised at Appendix ●.

11 **Financial Control**

11.1 **Budgetary control**

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible to their Head of Group for the income and expenditure appropriate to their budget.

Significant departures from agreed budgetary targets must be reported immediately to the Head of Corporate Services by the Head of Group concerned and, if necessary, corrective action taken.

11.2 **Financial information**

The budget holders are assisted in their duties by management information provided by the Finance Manager. The types of management information available to the different levels of management are described in Appendix ●, together with the timing at which they can be expected.

The Head of Corporate Services is responsible for supplying budgetary reports on all aspects of the Authority's finances to the Finance Committee on a basis determined by the Finance Committee and subject to any specific requirements of the funding body.

11.3 **Changes to the approved budget**

Changes proposed to the approved budget will be first considered by the Management Team and Finance Committee.

11.4 **Virement**

Where a Head of Group is responsible for more than one budget within the same Operational Plan goal, virement is permitted.

Virement between different goals is permitted in cases where the additional spend is less than the greater of £3,000 or 20% of budget providing the spending Head of Group and Head of Corporate Services identify available resources. The Head of Corporate Services is also responsible for maintaining an up-to-date record of underspent funds that may be used in this way.

The Head of Corporate Services is responsible for submitting requests for virement of resources above £3,000 or 20% of budget to the Management Team for consideration. Appendix A includes a flowchart summarising expenditure decisions.

12 **Accounting Arrangements**

12.1 **Financial year**

The Authority's financial year will run from 1 April until 31 March the following year.

12.2 **Basis of accounting**

The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

12.3 **Format of the financial statements**

The financial statements are prepared under the historical cost convention modification in a form determined by Scottish Ministers. Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act 1985 and accounting standards issued and adopted by the Accounting Standards Board in so far as those requirements are appropriate.

12.4 **Capitalisation and depreciation**

New land and buildings will be recorded in the balance sheet at actual build or acquisition cost. Buildings will be depreciated in equal instalments over their estimated remaining useful life. Land will not be depreciated.

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £750+VAT or more. Assets with a lower value may be capitalised with the prior approval of Corporate Services. IT assets will be depreciated over a period of 3 years commencing in the month of acquisition. Other office equipment will be depreciated over 5 years.

12.5

Accounting records

The Head of Corporate Services is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

The Authority is required by law to retain prime documents for [seven] years.

These include:

- official purchase orders;
- paid invoices;
- accounts raised;
- bank statements;
- copies of receipts;
- paid cheques; and
- payroll records.

The Head of Corporate Services will make appropriate arrangements for the retention of electronic records.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations.

Additionally, for auditing and other purposes, other financial documents should be retained for three years or as specifically determined by the funder.

12.6 Taxation

The Head of Corporate Services is responsible for advising Heads of Group, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues relevant to the Authority. Therefore the Head of Corporate Services will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance, and Corporation Tax.

The Head of Corporate Services is responsible for maintaining the Authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

13 Audit Requirements

13.1 General

External auditors and internal auditors shall have authority to:

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

The Head of Corporate Services is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

Once the financial statements have been agreed with the external auditors they should be reviewed by the Board.

13.2 External audit

The accounts of the Authority are audited by an auditor appointed by the Auditor General for Scotland in accordance with paragraph 25 (2) of the National Parks (Scotland) Act 2000.

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

13.3 Internal audit

The internal auditor is appointed by the Authority on the recommendation of the Audit Committee.

The Authority's financial memorandum with the funding body requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with the Treasury's Government Internal Audit Standards. The main responsibility of internal audit is to provide the Authority, the Accountable Officer and senior management with assurances on the adequacy of the internal control system.

The internal audit service remains independent in its planning and operation but has direct access to the Accountable Officer and Audit Committee. The formal responsibilities of internal audit are detailed at ●. The internal auditor will also comply with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*.

13.4 Fraud and corruption

It is the duty of all members of staff, management and the Authority to notify the Head of Corporate Services immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

The Head of Corporate Services shall immediately invoke the fraud response plan, which incorporates the following key elements (see the Staff Handbook, section 4.26 (December 2004 version) for fuller details):

- he or she will notify the Accountable Officer and the Audit Committee of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report;
- the Accountable Officer shall inform the police if a criminal offence is

suspected of having been committed;

- any significant cases of fraud or irregularity shall be reported to the funding body in accordance with their requirements as set out in the audit code of practice;
- the Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate; and
- the internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the audit committee on the suspected irregularity. Such report shall include advice on preventative measures.

If the suspected fraud is thought to involve the Head of Corporate Services and/or the Accountable Officer, the member of staff shall notify the Convenor or Chair of the Audit Committee direct of their concerns regarding irregularities.

13.5

Value for money

It is a requirement of the Financial Memorandum that the Authority is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by the funding body or other relevant third parties e.g. Audit Scotland, Auditor General for Scotland.

Internal audit is to have regard to value for money in its programme of work. This will be used to enable the Audit Committee to refer to value for money in its annual report.

13.6

Other auditors

The Authority may, from time to time, be subject to audit or investigation by external bodies such as the funding body, National Audit Office, European Court of Auditors, HM Customs and Excise and the Inland Revenue. They have the same rights of access as external and internal auditors.

14 Treasury Management

14.1

Appointment of bankers

The Authority is responsible for the appointment of the Authority's bankers on the

recommendation of the Finance Committee. Banking arrangements should be regularly reviewed (at least biennial) to ensure that the arrangements continue to meet the Authority's needs in the most economical, efficient and effective manner.

14.2 **Banking arrangements**

The Head of Corporate Services is responsible, on behalf of the Finance Committee, for liaising with the Authority's bankers in relation to the Authority's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Head of Corporate Services, who shall make proper arrangements for their safe custody.

Only the Head of Corporate Services may open or close a bank account for dealing with the Authority's funds. All bank accounts shall be in the name of the Authority or one of its subsidiary companies.

All cheques drawn on behalf of the Authority must be signed in accordance with the authorised signatory list (Appendix B). All automated transfers on behalf of the Authority, such as BACS or CHAPS, must be authorised in the appropriate manner. All payments require two signatories.

The Head of Corporate Services is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

14.3 **Banking services**

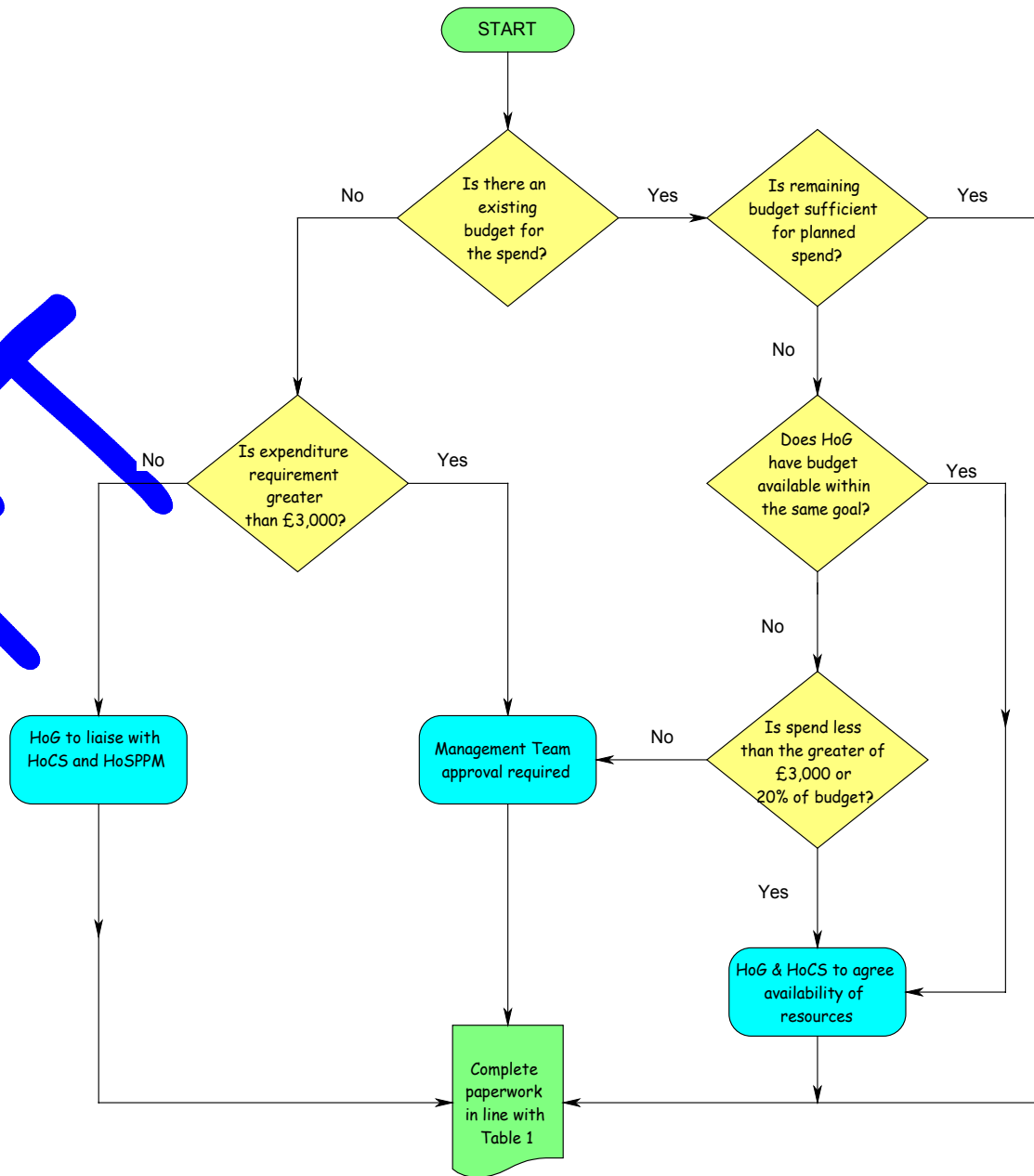
The Authority is not allowed to run an overdraft, and must therefore ensure that it always has sufficient funds to meet planned expenditure.

Direct debits should not normally be used since these involve a loss of control, which is likely to be incompatible with the Accountable Officer's responsibilities for safeguarding public funds.

15 **List of appendices**

- | | |
|------------|---|
| Appendix A | Expenditure approval grid and flowchart |
| Appendix B | Bank signatories |
| Appendix C | Tendering flowchart |
| Appendix D | Accounting codes |

APPENDIX A: EXPENDITURE APPROVAL GRID AND FLOWCHART



SAFE

The Table sets out who is required to authorise expenditure.

Signatories should ensure they have a authorised budget against which expenditure will be met.

Type of expenditure	Authority levels (internal)					Authority levels (external)		
	Budget holder	Heads of Group	Head of Corp. Serv.	Chief Executive	Management Team	Finance Committee	CNPA Board	Scottish Executive
Goods and services inc. consultants	Yellow requisition < £1,000	Yellow requisition > £1,000		Yellow requisition > £10,000	Prior M T approval required for all spend needing external approval. Expenditure justification form should be completed for all spend requiring external approval.	Quarterly meeting > £10,000	Monthly meeting > £25,000 (a)	Final approval > £10,000 (a)
Salaries (Board and employees)			Monthly memo All					
Expenses		Expense form Staff	Expense form Board	Expense form HoG				
Capital expenditure			Yellow requisition All	Expenditure justification > £10,000				Capex approval > £20,000 (b)
Grants/loans	Yellow requisition < £1,000	Expenditure justification < £10,000		Expenditure justification > £10,000		Quarterly meeting > £10,000		Final approval > £10,000

Table 1

The above guidelines relate to monetary limits only and are minimum requirements. It may be advisable to obtain higher approval for sensitive areas of expenditure, for example, EJF's can be used instead of the yellow requisition form to justify expenditure.

has been completed, for example, expenditure justification form or tender, these can be attached to the requisition form which only needs to have accounts information added.

The following types of expenditure/commitments have different authority levels and should not be entered into unless Corporate Services are aware of the expenditure and have given prior written approval:

expenditure on accomodation, lending, gifts, leases, investments, asset disposals, write-offs and losses.

(a) Board approval required for all expenditure on projects exceeding £25,000. We have delegated approval from SEERAD for project expenditure up to £50,000.

(b) Scottish Executive approval required for all expenditure on offices/accomodation.

APPENDIX B: BANKING SIGNATORIES

The Authority runs two bank accounts that are held with the Bank of Scotland.

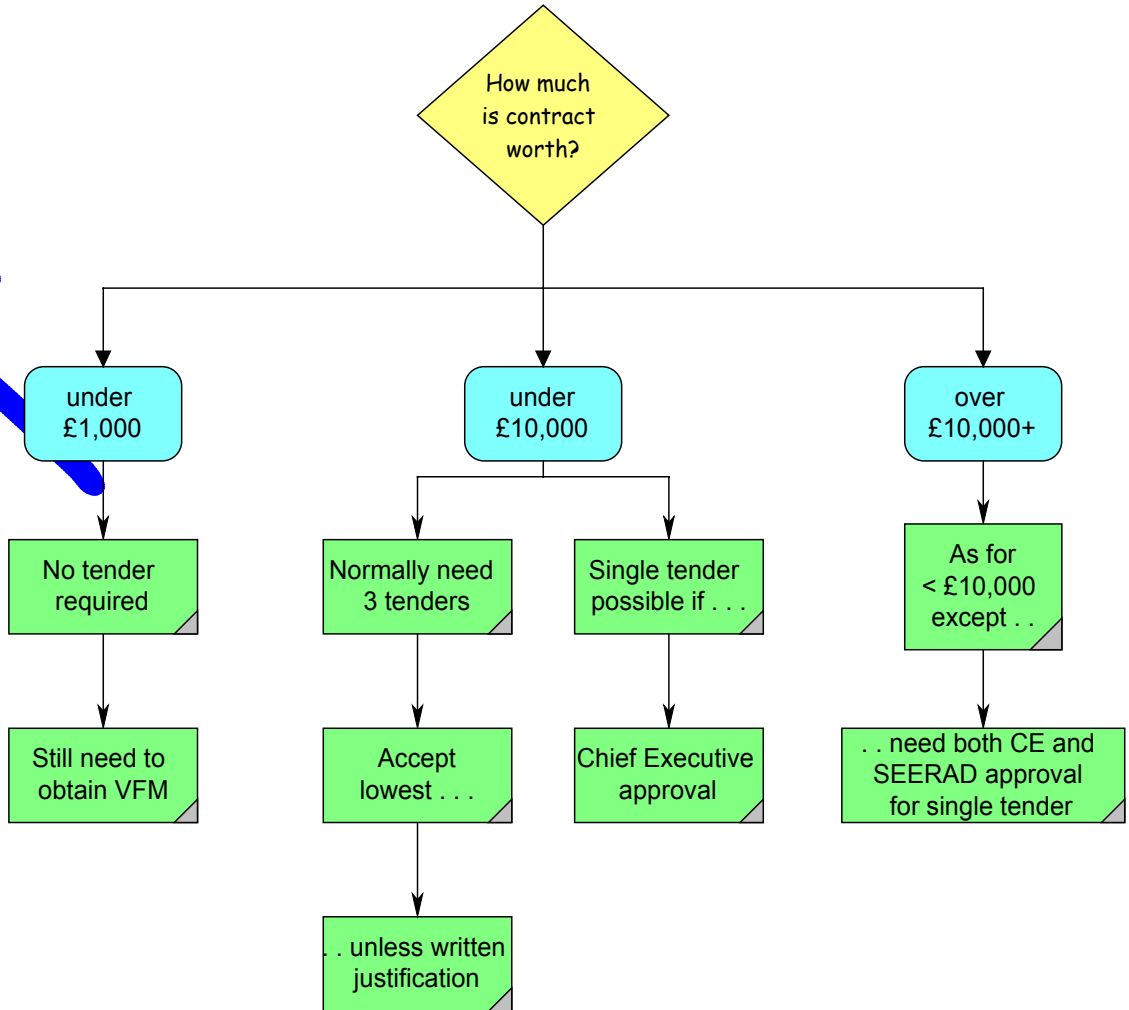
The Core bank account is used to receive our Grant in Aid funding from the Scottish Executive and any other income such as planning fees. Expenditure met from the Core accounts includes salaries, office running costs and Operational Plan expenditure.

The Project bank account receives income from funding partners and pays out all Project related expenditure.

The bank signatories are the same for both accounts. Two signatories are always required and if the payment exceeds £10,000 then one of the signatories must be either the Chief Executive or Head of Corporate Services. Signatories are:

1	Jane Hope	Chief Executive
2	David Cameron	Head of Corporate Services
3	Denby Pettitt	Finance Manager
4	Nick Halfhide	Head of Strategic Policy
5	Andy Rinning	Business Support Manager
6	Morag James	Finance Support Officer

APPENDIX C: TENDERING FLOWCHART



APPENDIX D: ACCOUNTING CODES

Accounting codes use the following structure:

[Table to be inserted]

The following tables show the accounting codes and departmental analysis as at June 2005.

These will change as new items of expenditure are incurred throughout the year and the current account codes listing can be obtained from Finance.

[Table to be inserted]

SAFE