

Financial Regulations

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1. Introduction

The Scottish Social Services Council (SSSC) has adopted these Financial Regulations. The Council and all SSSC officers must always follow our Financial Regulations.

The Chief Executive, as the Accountable Officer, is personally responsible to the Scottish Parliament for properly administering the SSSC's financial affairs. The Executive Framework requires that our Accountable Officer acts according to its instructions and those laid down within the Scottish Public Finance Manual (SPFM). They must act according to the Memorandum to Accountable Officers of Other Public Bodies.

Our Chief Executive delegates the day-to-day administration of our operational financial management processes to the Head of Finance who will make sure that we have suitable arrangements in place to protect the propriety and regularity of the SSSC's finances.

The Chief Executive will supply a draft budget to Council each financial year for consideration. The Council must approve the budget before the start of the financial year. The Audit and Assurance Committee will be kept informed about the administration and application of our budgeted resources through regular financial updates in our assurance reports.

Executive Management Team (EMT) can report any financial implications of any matter to Council and can further report to the Audit and Assurance Committee, if necessary, in the interests of the SSSC's financial affairs.

All Council and committee reports must highlight resource implications if any in the report. Any officer who intends to submit a report which has resource implications to Council or a committee meeting must first submit the report to the EMT for consideration and agreement. It is good practice for report authors to involve corporate support services as early as possible in a development to make sure financial, digital, human resource and communications implications are considered at an early stage.

Responsible officer must discuss financial implications with the Head of Finance or Senior Accountant to determine any impacts to be noted in the report. Officers must ensure they build this discussion into their timescales for submission of any such reports. Any observations on the report must be included in the author's report. EMT must consider all reports with resource implications before Council or committee considers them.

At all times, the SSSC will aim to secure the best value for the money we spend, making appropriate use of all contractual arrangements made and encouraging the use of the best management practices throughout the organisation.

As the Accountable Officer, the Chief Executive will receive regular information on revenue and any capital spend of the SSSC through budget monitoring assurance reports to EMT. The Chief Executive may ask for an update at any time.

The Chief Executive is responsible for our corporate and financial governance arrangements to make sure that proper financial control is exercised throughout the SSSC. Head of Finance is responsible for delivering the financial management processes to enable EMT members and their budget holders to make financial decisions and take corrective action to deal with under or overspending and achieve best value.

2. Revenue and capital budgets and budget monitoring

The Council must set a budget for our day-to-day expenditure before the start of each financial year. This is called the revenue budget and it is the amount of money we need to meet our strategic objectives during the year, taking into account grants we receive from the Scottish Government, registration fees and other income. Examples of revenue expenditure include staff salaries, digital costs, accommodation and other costs of running the organisation.

For capital budget purposes, capital expenditure is defined as expenditure on individual items valued at over £10,000 and with a life of more than one year. If in doubt, the the Head of Finance can give advice.

Expenditure is restricted to that included in the revenue budget or capital plan, unless we have followed a budget flexibility procedure (see section 4 below) or alternatively, the Council has approved proposals for extra expenditure.

2.1 Responsibilities

The Council will:

- review the recommendations, output and performance of the Audit and Assurance Committee:
- seek assurances/evidence that the requirements of SPFM have been met
- understand material variances between forecasted and actual income/expenditure
- set and agree tolerance bands for acceptable/unacceptable variances
- seek assurances on the integrity of forecasted income/expenditure for full-year outturn
- ensure that the monthly profiles of financial expenditure are consistent with monthly operational outputs
- approve/reject reports & raise specific concerns to the Sponsor Department
- ensure that the requirements of the SPFM are implemented
 - by considering the assurance report and recommendations of the Audit and Assurance Committee
 - instructing corrective action where necessary.

The Audit and Assurance Committee will:

- review the financial monitoring section of the Assurance Report at least every quarter
- seek assurances/evidence that the requirements of SPFM have been met
- understand material variances between forecasted and actual income/expenditure
- recommend tolerance bands for acceptable/unacceptable variances
- seek assurances on the integrity of forecasted income/expenditure for full-year outturn
- review and endorse/reject management plans for the achievement of financial objectives
- ensure that the monthly profiles of financial expenditure are consistent with monthly operational outputs
- endorse reports/raise specific concerns to the next Council meeting.

The Executive Management Team will:

- prepare annual income and expenditure estimates for their areas of responsibility
- supply all necessary information about their area's budget requirements to the Head of Finance
- as budget managers, hold overall responsibility for control of departmental expenditure. Budget managers can identify designated budget holders who are responsible for the detailed monitoring and control of income and expenditure within their delegated area of responsibility
- make sure budget holders that report to them carry out budget monitoring within the requirements and timescales required.

Budget holders will:

- make sure they have all the relevant financial and non-financial information to control the actual expenditure and income against the budget
- make sure they have budget before approving expenditure and make sure purchase orders are correctly raised for all expenditure.

The Head of Finance will:

- draft the revenue budget each year in consultation with EMT and OMT
- provide each budget holder with regular statements of receipts and payments under each approved budget heading and any other relevant information that they need
- prepare the budget monitoring reports through the assurance report process which detail the SSSC's income and expenditure position with enough information so that the committee can properly monitor the SSSC's up to date financial position.

3. Budget flexibility

Once the Council has approved a budget, we expect to authorise expenditure in line with that approved budget. However, it is sometimes necessary to change plans or respond to events therefore, we need controlled budget flexibility. Our budget flexibility procedures are explained below.

Council will approve high value, novel or contentious expenditure proposals in accordance with the Executive Framework.

3.1 Virement

Virement is the transfer of budget between expenditure/income headings or cost centres. We use virement as a way of funding desirable or essential expenditure. Authorised budget virements are needed for all expenditure above £3,000. Our Virement Policy is available on the intranet.

3.2 Alternative Expenditure Proposals (AEPs)

We use the AEP process (available on the intranet) to allow EMT to decide on expenditure priorities to react to corporate budget underspends. We use the AEP process where we need budget flexibility for non-recurring expenditure of more than £10,000 which we will incur within the current financial year. EMT must agree all AEP proposals. We must not use AEP proposals to finance a new service, change an existing SSSC policy decision or change the permanent establishment of the SSSC.

3.3 Fee income

Where we expect actual fee income to be more than the budget, this reflects extra workload requirements, and the related expenditure may exceed budget by an amount not more than the additional income. Correspondingly, if actual income is less than budgeted then we must adjust expenditure, as far as practical, to offset the shortfall of income.

4. Accounting

The Head of Finance will compile, or direct compilation of, all SSSC accounts and accounting records and liaise with external auditors in the preparation of accounts.

Each year, the Director of Strategy and Performance on behalf of Council, will make sure the SSSC's Annual Report and Accounts are laid before the Scottish Parliament in accordance with our statutory requirements.

5. Internal audit

As part of their remit, the Audit and Assurance Committee will make sure that there is appropriate and proportionate internal audit coverage of the SSSC's accounting and financial operations.

The Head of Legal & Corporate Governance or any other person authorised by them for that purpose, for example internal audit, Counter Fraud Service, is authorised to:

- enter all SSSC offices, establishments or land at any time
- have access to all records, computer files, disks and other media documents and correspondence relating to any financial and related SSSC transactions
- request and receive such explanations as are necessary concerning any matter under examination and
- request any SSSC employee to produce cash, stores or any other SSSC property under his/her control.

Whenever there is any suspicion of an irregularity concerning cash, payments made, income received, payroll (including claiming expenses), stores, other property of the SSSC or any suspected irregularity in the functions exercised by the SSSC, then the concerned party should inform the Head of Legal & Corporate Governance, as Fraud Liaison Officer in the first instance. If due to the nature of the suspicion it is not appropriate to inform this officer, then the concerned party should inform either the Chief Executive or the internal auditors, as appropriate. Employees should refer for guidance in such circumstances to the Counter Fraud and Corruption Framework and the Whistleblowing Policy.

The Head of Legal and Corporate Governance for consideration and agreement of management responses.

The Audit and Assurance Committee will receive and consider all reports from the external auditor and internal auditor.

6. Banking arrangements and control of cheques

The Head of Finance will make all arrangements for banking and will manage such banking accounts as they consider necessary.

The Head of Finance will make sure proper arrangements are in place for the safe custody of cash and cheques.

Two authorised signatories will sign cheques on the SSSC's banking accounts.

The Head of Finance is responsible for making sure that we make any payments through the Bankers Automated Clearing System (BACS) or online banking arrangements and that we affect and review proper security control procedures.

The Head of Finance is responsible for making sure the SSSC Accountancy team follows regular and effective bank account reconciliation procedures.

7. Procurement

We must follow the SSSC's Procurement Strategy and Policy for all procurement and purchasing activity. Guidance and procedural documentation is available for all procurement processes within the procurement area of the document library on the intranet. All procurement activity must follow the approved procurement procedures and comply with the 'Delegated Authority to Commit and Approve Business Expenditure and Award/Vary/Terminate Procurement Contracts/Third party agreements/Grants' as set out in Annex 1 of the SSSC Scheme of Delegation.

The procurement process we must follow is determined by an analysis of value and risk as follows:

Competitive process to follow	Value of spend (inc 20% indicative VAT and for the whole life of the requirement)	Value of spend (exc indicative 20% VAT and for the whole life of the requirement) ⁱ	Route to market		Procurement strategy business case required (Template 30)	Engage Procurement Team
			Suitable framework available?			
			Yes	No		
Low Value	<£6,000	<£5,000	n/a	Min 1 quote	No	No
Basic Value	£6,000-£12,000	£5,000 - £10,000	Direct award or mini competition as per Framework rules	Min 3 evidenced quotes	No	No (support available if required)
Quick Quote/ Framework	£12,000-£60,000	£10,000 - £50,000	Direct award or mini competition as per Framework rules	Min 4 quotes through PCS	No	Yes
Standard	£60,000 – £213,477	£50,000 – £177,897	Direct award or mini competition as per Framework rules	Open competition through PCS with basic SPD	Yes	Yes
Government Procurement Agreement (GPA) Tender Processes	>£213,447	>£177,897	Direct award or mini competition as per Framework rules	Open competition through PCS with SPD	Yes	Yes

¹ The values excluding VAT determine the appropriate route to market, except for GPA where the value limit is £213,447 in total.

² The Standard procurement value is determined by the Procurement Reform (Scotland) Act 2014

³ The GPA threshold is the equivalent of the previous OJEU threshold and is reviewed every two years.

Where quotes received exceed the originally estimated value of expenditure and this moves the procurement to a new value threshold, we must then apply the procurement route for the new value threshold. In exceptional circumstances, the budget holder may submit a request for an exception to the Procurement Team who may grant approval to proceed with the existing process.

All procurement which is advertised as a full tender on the 'Public Contracts Scotland' advertising portal must have a project and evaluation team whereby, as a minimum, the Lead Officer has undergone procurement training.

Authority to award competitively procured contracts is delegated to officers as noted in the 'Delegated Authority to Commit and Approve Business Expenditure and Award/Vary/Terminate Procurement Contracts/Third party agreements/Grants' as set out in Annex 1 of the SSSC Scheme of Delegation. This is with the exception of internal audit services where the authority to contract is reserved to the Council as noted in the Code of Corporate Governance. We will not delegate authority to award contracts to an officer unless they have satisfactorily undertaken the relevant procurement training.

Contracts awarded without competitive advertising need to meet specific criteria as noted in the procurement procedures and require specific approval. The Chief Executive can approve requests for 'Non-Competitive Action' with a value of lower than £36,000 total contract value of £12,000 annually (including indicative 20% VAT). Sponsor Department of Scottish Government must approve requests for 'Non-Competitive Action' for spend exceeding these values.

Scottish Government specific approval levels apply to the procurement of consultancy services. The definition and approval requirement for consultancy expenditure is available within the procurement area of the documents library on the intranet.

8. Orders for works, goods and services

Purchase orders must be raised and approved in the financial system for all goods and services **before** orders are placed. There are a few exceptions noted below. Guidance and procedures are in the purchasing area of the Finance section on the intranet.

Purchase orders must be issued for all work, goods or services to be supplied to the SSSC except for:

- the purchase is made using a Government Purchasing Card
- supplies of public utility services
- periodic payments such as rent and rates
- payments to the Care Inspectorate for shared services
- petty cash purchases
- postal charges or
- other exceptions as the Chief Executive may approve.

In exceptional cases of urgency, where it is not possible to issue an approved purchase order in the financial system, the Finance Team will provide a manual purchase order number. We will tell the supplier to quote this order number on any invoice they submit for payment.

We will not give authority to raise or approve purchase orders to any officer who has not satisfactorily undertaken the relevant training.

Each budget holder is responsible for all orders issued by their department and for making sure that the cost is allocated to an appropriate budget and is covered within the approved budgeted expenditure.

Budget Managers (EMT) may delegate financial responsibility to budget holders and expenditure approvers subject to the limits noted in our Scheme of Delegation.

The Head of Finance will make sure that we maintain a register of authorised signatories. Budget holders must notify any additions and deletions to the Head of Finance.

9. Government Purchasing Cards (GPC)

Designated officers have a GPC card to buy low value goods and services. The GPC card has set transaction limits of up to a maximum value of £1,000 per single transaction and £5,000 cumulative value of transactions per month. Applications for, and guidance on the use of GPC cards are included in the GPC card procedure within the Purchasing - transactions area of the Finance section of the intranet.

Purchases using the GPC card are restricted, and holders must never:

- withdraw cash
- use their GPC for personal expenditure
- use GPC to pay for items already invoiced
- collect supplier loyalty points from GPC purchases
- store card details on internet sites.

Cardholders are responsible for the safe, secure storage of their card and card details.

Budget holders are responsible for all purchases from their budget made by GPC cards.

10. Payment of accounts

The SSSC is committed to the Confederation of British Industry Prompt Payment Code for the payment of bills for goods and services we receive. It is our policy to make payments following the Scottish Government's instructions on prompt payment and a target of payment within 10 days of the date we receive invoice(s). We report our performance against this target in the Annual Report and Accounts each year.

All invoices should be sent directly to the Finance Transactions Team (accounts.payable.sssc@careinspectorate.gov.scot) as noted on the approved purchase order.

Where possible, budget holders and managers should make sure that the person authorising purchase orders is different to the person authorising goods received notes. The appropriate receiving officer should sign (or confirm by email) each goods received note. Where the supplier does not provide a goods received note, the receiving officer should create a manual one using the template provided within the Purchasing area of the Finance section on the intranet.

Where budget holders or expenditure approvers are requested to manually approve an invoice, the officer must make sure that:

- the goods received match the order
- prices, discounts and arithmetic are correct
- there is no duplication of payments
- expenditure is within the approved budget
- the expenditure is coded to an appropriate cost centre and account code
- the expenditure is within their delegated financial authority
- work has been carried out to a satisfactory level.

Approved payment methods are:

- direct BACS submission ie invoices and non-payroll expenses
- indirect BACS submission ie managed payroll service payments
- cheque
- direct payments via bank account
- petty cash (see section 17)
- GPC card (see section 10).

Internal control arrangements are in place to make sure there is separation of duties between preparation, approval and processing of payments.

We will not make payment on duplicate invoices, statements, or photocopy invoices unless the approving officer certifies in writing that we have not previously paid the amount in question.

11. Payroll administration

There are approval and control arrangements to pay all salaries, wages, allowances, pensions, compensation and other payments to all employees/Council members or former employees/former Council members of the SSSC.

- The Head of HR will ensure that records are kept and information is passed to Payroll administration in respect changes that are covered by the following circumstances.
- appointments, promotions, resignations, dismissals, suspensions, secondments and transfers
- absences from duty for sickness, holidays or other reasons
- changes in remuneration, other than normal increments and pay awards and agreements of general application
- information necessary to maintain records of service for pension, income tax, national insurance and other areas as required.

Head of Finance or Head of HR will provide, through the managed payroll system, any management information as they, the Chief Executive, or any EMT member decide is necessary to achieve value for money and/or compliance with policy and procedures.

12. Income

We will determine fees or charges for any services supplied by the Council in accordance with the Fees & Charges section of the SPFM. Registration Fees charged by the Council are subject to consent by Scottish Ministers in line with Section 57 of the Regulation of Care (Sc) Act 2001.

Our Debt Management Policy 2024 should be referred to when considering reductions or waived fees.

EMT will approve the rate of charge for goods or services supplied by the SSSC to the public and external organisations and we will set them with reference to the Fees and Charges section of the Scottish Public Finance Manual.

It is the Chief Executives duty to make sure there are adequate financial and accounting arrangements in place so that we properly record all monies due to the SSSC and there is proper collection, custody, control and banking of all cash and cash equivalents in all the SSSC's departments.

It is essential that officers promptly notify the Head of Finance of particulars of all charges to be made for services rendered by the SSSC and of all other amounts due to it.

There are approved financial documents with the arrangement for the ordering, supply and control by each department. Each department must keep all records, forms and so on for a period stipulated by records management procedures.

Employees in every department must promptly deposit all monies received on behalf of the SSSC with the SSSC's bankers according to the internal arrangements. Officers must not make any deduction from such monies and must bank all income in full.

Employees must not cash personal cheques out of money held on behalf of the SSSC.

Where one employee passes cash to another, the person receiving it will sign for it and the departments concerned will keep a record of this as evidence.

Each EMT member is responsible for making sure that all of their departmental income is billed promptly and efficiently.

13. Insurance

The SSSC is not allowed to take out commercial insurance apart from circumstances meeting the exception criteria set out in the Scottish Public Finance Manual. It is the Scottish Government's policy to self-insure. The Sponsor Department has supplied a Certificate of Exemption for Employer's Liability Insurance. The Head of Finance make sure that necessary insurance cover is in place and the appropriate Director will negotiate all claims in consultation with other officers as necessary.

Staff must promptly notify their line manager of any action or event which may give rise to a claim being made by or against the SSSC. Managers will immediately notify the SSSC Accountancy Team in writing of any loss of property and inform the police, if appropriate, of the circumstances of the loss.

The Chief Executive is responsible for agreeing a position with the Sponsor Department where losses occur.

14. Inventories

The Head of Finance is responsible for making sure arrangements are in place to maintain inventory lists of all furniture and fittings, vehicles, plant and equipment, including the location of assets used for the purpose of homeworking. Several departments are involved in managing inventory lists depending on the type in property or equipment.

The Chief Executive may approve the write off of losses for cash or property and equipment which are due to theft, fraud, arson, fire, flood, motor vehicle accidents or damage to vehicles within the limits set out in the Scheme of Delegation. We must submit losses exceeding these limits to the Sponsor Department and report to the Audit and Assurance Committee.

We will advertise all surplus plant, vehicles, tools, equipment, furnishings, materials or commodities for disposal by any SSSC department for sale either by the invitation of sale offers or by public auction unless special circumstances apply. We must hold on file all offers received for audit purposes and amend the inventory records as appropriate.

Officers will not remove the SSSC's property unless in the ordinary course of SSSC business, which includes working from home. SSSC's property must only be used for official purposes unless otherwise specifically directed by an EMT member.

15. Security

Each EMT member and senior managers as appropriate are responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, equipment, cash, records etc under their control. They must consult with the Health, Safety & Estates Manager in any case where they think security is defective or where they consider we may need special security arrangements.

There is an agreed maximum limit for cash holdings which employees must not exceed without their express permission. Specific guidance relating to the administration of petty cash advances is available on the SSSC's intranet.

Keys to safes and similar receptacles are the responsibility of the designated keyholder who will make suitable arrangements for their security at all times. Keyholders must report the loss of any such keys to the Health, Safety & Estates and Business Support immediately. For security purposes, keyholders must remove keys from premises overnight.

16. Petty cash advances

The Head of Finance will make appropriate petty cash advances and determine accounting periods in connection with the payment of expenses and outlays chargeable to the SSSC. Petty cash will be managed and secured in accordance with the petty cash procedure.

The recipient of any advance of petty cash will account for this money to the Head of Finance when required and will repay the money on leaving the SSSC's employment or earlier as directed. Detailed guidance on the administration of petty cash is available on the SSSC's intranet.

17. Travel, subsistence and financial loss allowances

Employees, Council members and others requiring reimbursement, will submit all claims for payment of car allowances, subsistence allowances, travelling and incidental expenses according to the approved Business Travel and Subsistence Policy, duly certified, via MyView or on the appropriate format agreed regular intervals.

18. Expenditure on gifts, hospitality and sponsorship

EMT members and budget holders may provide hospitality within their delegated budget allowance. Hospitality is appropriate when members and/or officers of the SSSC are meeting with members or officers of other public bodies, Members of Parliament, or others who are assisting or cooperating with the SSSC in carrying out its functions. Any hospitality should be modest and normally restricted to teas/ coffees and biscuits rather than main meals. We will keep a record of all hospitality granted, which is open to inspection by any member or officer of the SSSC.

Where an officer would like to provide a gift, with a value over £20, they must submit a request in writing to the Chief Executive who will consider and, if appropriate, approve. The maximum value for any gift cannot be more than £200 in line with our Executive Framework.

EMT will consider for approval any proposal to make payments to sponsor individuals, groups or events prior to making any payment with reference to the SSSC's Sponsorship Policy. The maximum value of any sponsorship cannot be more than £2,000.

19. Ex-gratia payments

Ex-gratia payments are made where there is no legal obligation to pay. There must always be good public policy grounds for making such payments. Examples of ex-gratia payments are out of court settlements, such as cases where there is no legal case, but the organisation wants to stop the litigation because it is costly in time and resources. Another example is compensation for loss or distress arising from a perceived failure of the organisation but where there is no legal obligation to pay. The Chief Executive must approve ex-gratia payments up to a value of £200 and Scottish Government must approve any over £200 as set out in our Executive Framework.

20. Grants and third-party payments

The SSSC may provide grants to third party organisations or individuals. Where these arrangements are not covered by a commercial contract, standard practice learning arrangements, postgraduate bursary guidelines or Voluntary Sector Development Funding (VSDF) arrangements then we must seek the prior approval of the Sponsor as required in the Executive Framework.

21. Registering and declaring interests

Council members and officers must not allow any business or personal interest to influence the decisions they make in relation to work or use their position to further their own interests or the interest of others who do not have a right to benefit under SSSC policies.

Full details of registering and declaring interests are contained within the Council Members Code of Conduct and for officers, the Code of Conduct Policy.

A register of Council members' interests is maintained and reviewed at least annually.

Where there is any doubt about whether an interest should be registered or declared then advice should be sought from Head of Legal and Corporate Governance.

22. Grants awarded to the SSSC

We must refer grants from Scottish Government, other than grant in aid, to the Sponsor Department in advance of being agreed, in line with the Scottish Public Finance Manual as set out in section 51 of the Executive Framework

We will report and monitor grants awarded to the SSSC to the Audit and Assurance Committee within the regular financial reports.

23. Approval and revision of Financial Regulations

The Audit and Assurance Committee will review and approve the Financial Regulations at least annually and at any time if the circumstances indicate this would be appropriate.



Scottish Social Services Council
Compass House
11 Riverside Drive
Dundee
DD1 4NY

Tel: 0345 60 30 891
Email: enquiries@sssc.uk.com
Web: www.sssc.uk.com

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