

Financial Regulations

The Financial Regulations cover all aspects of the administration of MG ALBA's financial affairs and have been grouped in accordance with the main elements of financial administration as follows:

Financial Regulation A: Financial Management and Planning	Page No
• A.1 Introduction	4
• A.2 Operational and Corporate Plans	4
• A.3 General Accounting Framework	4
• A.4 Budgets	5
• A.5 Monitoring	5
• A.6 Management Accounts and Annual Statutory Accounts	6
• A.7 Accounts and Audit	7
• A.8 Annual Reports	7
Financial Regulation B: Risk Management and Control of Resources	
• B.1 Introduction	8
• B.2 Application of Funding	8
• B.3 Audit and Assurance Committee	8
• B.4 Risk Management and Insurance	8
• B.5 Custody and Security of Assets, Stocks and Stores	9
• B.6 Banking Arrangements	9
Financial Regulation C: Systems and Procedures	
• C.1 Introduction	11
• C.2 Income	11
• C.3 Salaries and Wages	11
• C.4 Expenses	12
• C.5 Orders for Work, Goods and Services	13
• C.6 Payment Procedures	14
• C.7 Value Added Tax	16
• C.8 Finance Team	16
• C.9 Capital Expenditure	16

Financial Regulation D: Third Party Arrangements

- D.1 Introduction 17
- D.2 Partnerships and Joint Arrangements 17
- D.3 Bids for External Funding 17
- D.4 Grants to External Organisations 17

Financial Regulation E: Production Contracts Process

- E.1 Process Stages 18
- E.2 Development Contract Workflow 18
- E.3 Production Contract Workflow 19

FINANCIAL REGULATIONS

1 INTRODUCTION

- 2.1 MG ALBA (Seirbheis nam Meadhanan Gàidhlig or Gaelic Media Service) must have sound financial management policies that are strictly adhered to, which are set out in these Financial Regulations.
- 2.2 The Chief Executive is the proper Officer responsible for the administration of MG ALBA's financial affairs.
- 2.3 Members of the Board ("**Members**") and employees of MG ALBA ("**Officers**") must foster the culture and attitudes that are necessary for good governance.
- 2.4 These Financial Regulations sit within MG ALBA's Assurance Framework and should be read in the context of the Standing Orders, the Members' Code of Conduct, the Schemes of Delegation & Administration, and the Procurement Policy & Scheme of Tenders.

2 STATUS OF FINANCIAL REGULATIONS

- 3.1 The Financial Regulations provide the framework for the management of MG ALBA's financial affairs. They apply to every Member and Officer of MG ALBA and anyone acting on its behalf. Additionally, all Members and Officers have a general responsibility for ensuring that the use of MG ALBA's resources is legal, properly authorised and provide value for money.
- 3.2 The Chief Executive is responsible for maintaining a continuous review of the Financial Regulations, including the financial limits contained in the Regulations and submitting any changes, other than those of a minor nature, to the Board for approval.
- 3.3 The Chief Executive is also responsible for issuing procedures, guidance and advice to underpin the Financial Regulations, and for investigating any breach of the Regulations.

FINANCIAL REGULATION A – FINANCIAL MANAGEMENT AND PLANNING

A.1 INTRODUCTION

1.1 Financial Management and Planning incorporates:

- Operational and Corporate Plans
- General Accounting Framework
- Budgets
- Monitoring
- Management Accounts and Annual Statutory Accounts

A.2 OPERATIONAL AND CORPORATE PLANS

2.1 A Corporate Plan, updated annually for a three-year period, will set out the strategic approach to be adopted by MG ALBA in performing its functions.

2.2 An annual Operational Plan will set out in detail the objectives for the financial year, together with a detailed budget and budget narrative. So far as possible, the annual Operational Plan will also outline the financial consequences of proposals contained in the Corporate Plan that relate to the year in question.

2.3 The Corporate Plan and the annual Operational Plan for the following year will be submitted to the Board and thereafter the Operational Plan will be submitted to Ofcom no later than 31 January of the financial year preceding the start of those Plans.

A.3 GENERAL ACCOUNTING FRAMEWORK

3.1 The Head of Finance & Assurance must ensure that adequate systems of accounting control are maintained.

2.2 When considering, agreeing and implementing a capital investment strategy, MG ALBA will take into account a variety of factors such as value for money, return on investment, asset management planning, practicality and achievability.

2.3 It is the responsibility of the Head of Finance & Assurance & Assurance to ensure appropriate procedures and instructions are issued for:

- developing, maintaining and reviewing the overall budget strategy.
- producing annual revenue and capital budgets.
- producing annual activity and output budgets.
- budget monitoring.
- storage and disposal of financial records.
- producing financial management information monthly, such as monthly management accounts, reports on actual expenditure vs budget/forecast, and budget holders' reports.
- submission of statistical returns
- adhering to protocols agreed with Ofcom and the Scottish Government; and

- completion of the Statutory Accounts.
 - ensuring that all MG ALBA assets utilised by third parties are properly recorded and accounted for.
- 2.4 The Chief Executive is ultimately responsible for ensuring the proper completion of claims for government grants and other sources of income.
- 2.5 Board reports must contain a statement of financial implications, and confirmation that the Head of Finance & Assurance has verified the financial content of the report.

A.4 BUDGETS

4.1 Capital Planning Process

The Chief Executive is responsible for ensuring that MG ALBA agrees and implements a capital investment and planning strategy that fully complies with all relevant statutory provisions and MG ALBA policies. The strategic approach to capital investment will be integrated with asset management planning and option appraisal.

4.2 Capital Budget

The Head of Finance & Assurance is responsible for ensuring that a detailed capital budget is prepared annually as part of the agreed capital investment and planning strategy. The Head of Finance & Assurance is responsible for co-ordinating the budget and submitting it to the Senior Management Team. The Chief Executive will submit the capital budget to the Board for approval.

4.3 Revenue Budget

The Head of Finance & Assurance is responsible for presenting, annually, a revenue budget to the Senior Management Team. The Chief Executive will submit the revenue budget to the Board. The Board will consider and approve the revenue budget including the revenue consequences of the capital programme.

4.4 Submission of Budgets

The capital budget and revenue budget will be submitted as budget proposals to the Board for approval not later than 31 January preceding the financial year to which they relate. In practice, this will form part of the Operational Plan.

4.5 Budget Expenditure and Movement

No expenditure will be incurred unless there is provision for that expenditure in the budget contained in the Operational Plan approved by the Board. Variation in budgets will require the approval of the Chief Executive, after consultation with the Head of Finance & Assurance. Variations of more than 10% or £200k (whichever is lesser) will require the approval of the Board or the committee to which the matter is delegated by the Scheme of Delegation, with all variations subsequently reported to the Board.

4.6 Financial Year

The financial year of MG ALBA is 1 April to 31 March.

A.5 MONITORING

5.1 General

The Head of Finance & Assurance is responsible for providing appropriate financial information to enable budgets to be monitored effectively. It is the responsibility of budget holders to control income and expenditure within MG ALBA and to monitor net expenditure against the agreed budget.

5.2 Monitoring Requirements

MG ALBA is responsible for establishing a monitoring and control framework. Under the approved framework, the Head of Finance & Assurance is responsible for monitoring and, where necessary, implementing the necessary process for revising the budget during a financial year.

5.3 Budgetary Control and Reporting

5.3.1 Financial performance will be monitored against budget and reported, at least quarterly, to the Board. The Head of Finance & Assurance will be responsible for providing financial performance reports to the Senior Management Team (internal) and to the Scottish Government (external) on a monthly basis. A Quarterly Finance Pack, including accounts, will be issued to the members of the Audit & Assurance Committee for information purposes only. Ofcom and the external auditors may also receive quarterly management accounts and updates upon request.

5.3.2 Systems of budgetary control will be devised and maintained to include regular financial reports, as prescribed above, containing:

- income and expenditure to date and forecast year end position
- explanations of any material variations
- details of any corrective action necessary
- timely, accurate and comprehensible advice on financial reports to each budget holder covering the areas for which they are responsible

5.3.3 Each budget holder will be responsible for the management of their budgets within the approved policies of the Board.

5.3.4 Budget holders must prepare a yearly budget projection and submit these to the Head of Finance & Assurance in advance of the Operational Plan being prepared, i.e. no later than 1 October. The Head of Finance & Assurance is responsible for monitoring the overall budget and reporting on the financial position on a monthly basis to the Senior Management Team and at least quarterly to the Board meeting following the end of June, September and December each year.

5.3.5 The Head of Finance & Assurance is also responsible for issuing the final outturn report to the Board.

A.6 MANAGEMENT ACCOUNTS AND ANNUAL STATUTORY ACCOUNTS

6.1 An effective system of internal financial control will be maintained, including detailed financial procedures and systems incorporating the principles of separation of duties and internal checks.

6.2 Sufficient records will be maintained to show and explain MG ALBA's transactions in order to disclose, with reasonable accuracy, the financial position of MG ALBA at any time.

- 6.3 Accounting policies will be set consistent with appropriate guidance and all accounting procedures and records will be consistent with any form of accounts prescribed.
- 6.4 Annual Statutory Accounts will be prepared, audited and submitted to the Board for approval no later than 30 June in respect of the financial year finishing on the 31 March.
- 6.5 The Chief Executive is responsible for ensuring that the Annual Accounts are produced in compliance with the Members' Code of Conduct, Standing Orders, relevant legislation and accounting requirements.
- 6.6 The Corporate Affairs Manager, on behalf of the Chief Executive, shall submit a copy of the Abstract of Accounts to Ofcom in accordance with the agreed timetable and as soon as possible following the end of the relevant financial year.

A.7 ACCOUNTS AND AUDIT

- 7.1 MG ALBA shall keep proper account and proper records in relation to the accounts, and shall prepare in respect of each financial year a statement of accounts in such form as Ofcom may direct.
- 7.2 The accounts of MG ALBA shall be audited by professional auditors, to be appointed by MG ALBA with the approval of Ofcom.
- 7.3 MG ALBA shall at all reasonable times, upon demand made by Ofcom or by persons authorised by them in the behalf:
- afford to them full liberty to examine the accounts of MG ALBA; and
 - furnish them with all forecasts, estimates, information and documents which they may require with respect to the financial transactions and commitments of MG ALBA.
- 7.4 With the approval of the Audit & Assurance Committee, or if directed by the Board, the Chief Executive shall appoint and direct an internal auditor to examine and report on any aspect of the governance, internal controls and risk management of MG ALBA. The internal audit must maintain objectivity and not assume management responsibility and the internal auditor will have direct access to the Chair of the Audit & Assurance Committee at all times.

A.8 ANNUAL REPORTS

- 8.1 As soon as possible after the end of each financial year, and not later than 31 July in the financial year following the year in question, MG ALBA shall prepare a general report of their proceedings during that year and transmit it to Ofcom.
- 8.2 The report shall have attached to it the statement of accounts for the year and a copy of any report made by the auditors on that statement.
- 8.3 Ofcom shall be responsible for sending a copy of each annual report received by them in accordance with this paragraph to the Secretary of State, who shall lay copies of it before each House of Parliament.

FINANCIAL REGULATION B – RISK MANAGEMENT AND INTERNAL CONTROL

B.1 INTRODUCTION

- 1.1 It is essential that robust systems are developed and maintained for identifying and evaluating on an integrated basis all significant strategic and operational risks to MG ALBA. This involves the proactive participation of all those associated with planning and delivering services.

B.2 APPLICATION OF FUNDING

- 2.1 In carrying out its functions,
- MG ALBA may apply its funds for the purposes set out in section 183 of the Broadcasting Act 1990 (as amended by section 208 of the Communications Act 2003) and as set out in the annual Grant Memorandum of Understanding from the Scottish Government.
 - MG ALBA will use its resources efficiently, economically and effectively, avoiding waste and extravagance.
 - MG ALBA will not fund any activity or material which is party political in intention, use, or presentation or appears to be designed to affect support for a political party. It will not employ consultants or other companies to lobby Parliament, Government or political parties.

B.3 AUDIT AND ASSURANCE COMMITTEE

- 3.1 MG ALBA will operate an Audit and Assurance Committee, whose role includes to:
- review and promote MG ALBA's system of internal control, both financial and otherwise, aimed at ensuring that MG ALBA's activities are carried out in an orderly and efficient manner, and that its assets are safeguarded;
 - evaluate MG ALBA's control environment, including measures to prevent and detect fraud; and
 - monitor the independence and effectiveness of internal and external audit.
- 3.2 The establishment, composition and remit of the Audit & Assurance Committee is set out in the Scheme of Delegation.
- 3.3 Wherever any matter arises which involves, or is thought to involve, a fraud or irregularity that affects the affairs of MG ALBA, the relevant Members or Officers must immediately notify the Chief Executive or, if appropriate, make a public interest disclosure in line with MG ALBA's whistleblowing policy. Thereafter an investigation is carried out in line with the procedures issued by the Chief Executive or the procedures in the whistleblowing policy.

B.4 RISK MANAGEMENT AND INSURANCE

- 4.1 MG ALBA has a responsibility to have in place effective risk management systems and a risk management policy.
- 4.2 The Chief Executive is responsible, in consultation with Members and Officers for developing and maintaining an Assurance Framework that includes a risk management strategy in accordance with the risk management policy. Members and Officers must promptly notify the Chief Executive (or relevant Officer to whom risk management systems have been delegated) of all new risks as they become apparent, or changes in the existing level of risk.
- 4.3 The Head of Finance & Assurance is responsible for reviewing insurable risks annually, determining the balance between insurance through external cover and self-insurance, and putting the necessary arrangements in place.
- 4.4 Members and Officers must immediately notify the Head of Finance & Assurance in writing of any loss, liability or damage or any event likely to lead to a claim and must inform the police where appropriate, in accordance with the relevant claim procedures.
- 4.5 The Head of Finance & Assurance negotiates all claims in consultation with the Chief Executive, Members and MG ALBA's insurers, where applicable.
- 4.6 No MG ALBA Officers shall give any indemnities on behalf of MG ALBA without the express approval of the Chief Executive.
- 4.7 MG ALBA Officers should ensure that cash holdings are minimised and do not exceed relevant insurance limits.

B.5 CUSTODY AND SECURITY OF ASSETS, STOCKS AND STORES

- 5.1 All MG ALBA Officers are responsible for maintaining proper security, care and custody of all buildings, stocks, stores, furniture, equipment, cash and other property including that owned by third parties.
- 5.2 The Chief Executive must ensure that proper contingency planning arrangements are in place for all critical services and systems. The Chief Executive must ensure that adequate procedures are in place in order that all computer systems are backed up at appropriate intervals and that back up media are held securely.
- 5.3 Disposal or write-offs of stores, plant, furniture and equipment with a cost of up to £100,000 must receive the prior approval of the Head of Finance & Assurance and the Chief Executive. Disposals of a value of £100,000 and above must receive the prior approval of the Board.
- 5.4 MG ALBA property must not be removed from MG ALBA premises other than for MG ALBA purposes, except in accordance with MG ALBA policy.

B.6 BANKING ARRANGEMENTS

- 6.1 The Head of Finance & Assurance is responsible for ensuring that arrangements are made for the provision of mainstream banking services and that the contract is renewed periodically by a competitive process.
- 6.2 The Head of Finance & Assurance makes arrangements regarding the opening and operation of all MG ALBA bank accounts and use of banking services in the name of MG ALBA, Gaelic Media Service or Seirbheis nam Meadhanan Gàidhlig.
- 6.3 No MG ALBA monies will be held in any bank accounts outwith those approved by the Board.

- 6.4 Detailed arrangements and instructions on the operation of bank accounts will be prepared and maintained, including:
- the conditions under which each bank account is to be operated
 - those with the authority to set up and authorise online payments and direct debits, sign cheques or other orders drawn on MG ALBA's bank accounts, and the limits of their authority.
- 6.5 Banking arrangements will be reviewed at regular intervals to ensure that they reflect best practice and represent best value for money. MG ALBA is not permitted to enter into overdraft arrangements.

FINANCIAL REGULATION C – SYSTEMS AND PROCEDURES

C.1 INTRODUCTION

- 1.1 Sound systems and procedures are essential for an effective framework of accountability and control.

C.2 INCOME

- 2.1 The recovery and collection of all money due to MG ALBA is undertaken in accordance with guidelines issued by the Head of Finance & Assurance. The guidelines will include procedures for raising invoices, recording income, paying in cash, under and over banking, security and insurance of cash, cash transfers, personal cheques and the supply of receipts and tickets.

- 2.2 Invoices should be issued for sums due to MG ALBA, unless alternative arrangements have been agreed with the Head of Finance & Assurance. All MG ALBA Officers must:

- ensure the prompt rendering of accounts in connection with work done, goods supplied or services rendered.
- ensure that all money received by MG ALBA is paid directly to MG ALBA's bank account.
- Provide such information as is required to establish income due to MG ALBA.

- 2.3 Where invoices have not been issued, other appropriate arrangements must be adopted and promptly initiated, in line with the guidelines issued by the Head of Finance & Assurance.

- 2.4 The Head of Finance & Assurance, in consultation with the Chief Executive, is authorised to write off any single miscellaneous debt of up to £3,000 where MG ALBA has tried all reasonable means of debt collection.

- 2.5 In addition, the Head of Finance & Assurance, in consultation with Members and the Chief Executive, is authorised to write off any amount of miscellaneous debt that cannot be recovered where the debtor:

- is a debtor in bankruptcy or sequestration (and a suitable claim has been made); or
- is a company in liquidation, receivership, administrative receivership, dissolution, or has been struck off the register of companies (and a suitable claim has been made); or
- cannot be traced; or
- is deceased and there are no funds in the estate; or
- the debt has prescribed (i.e. outwith the legal time limit for collection).

- 2.6 All monies received will be banked promptly.

C.3 SALARIES AND WAGES

- 3.1 The Board is responsible for authorising the annual pay bill and any variations to the annual pay bill, which shall form part of the annual Operational Plan submitted for approval each year to the Board by the Chief Executive.

- 3.2 The Chief Executive, in conjunction with line managers, is responsible for setting and reviewing the pay levels of individuals, within the scope of the approved annual pay budget.

- 3.3 The Head of Finance & Assurance is responsible for processing and payment of salaries, wages, compensations and other emoluments to employees, or retiring allowances to former employees.
- 3.4 The Head of Finance & Assurance is responsible for authorising the total monthly pay bill, along with any minor variations that fall within the scope of the approved annual pay budget.
- 3.5 The Head of Finance & Assurance is responsible for paying employers pension contributions to the relevant pension provider, and tax and National Insurance contributions to HM Revenue and Customs.

C.4 EXPENSES

- 4.1 The Head of Finance & Assurance is responsible for issuing guidance on and reimbursement of travelling and subsistence expenses to Officers and Members. Expense claims and credit card returns for Officers are to be submitted through Xero. Claims by Members are to be submitted on an MG ALBA expenses claim form.
- 4.2 Reimbursement of expenses is only to be made following approval by the appropriate authorised signatory, as set out in the table below:

Request for expense made by	Value	Authorised signatory
Any Officer (excluding those undernoted)	Expenses under £100 (excluding VAT) if made up of usual travel and subsistence costs (with minimal perceived personal benefits)	Any member of the Finance Team
Any Officer (excluding those undernoted)	Expenses over £100 (excluding VAT) and all those which do not relate to travel and subsistence or could contain perceived benefits, such as entertaining.	Line Manager
Any Officer in Finance Team	Any	Line Manager
Chief Executive	Any	Chairperson
Chairperson and Members	Any	Chief Executive, in capacity as Accounting Officer

- 4.3 Officers and Members are responsible for ensuring that:
- claims for expenses are submitted in accordance with conditions of service, MG ALBA policies and other statutory provisions.
 - the Head of Finance & Assurance is advised of the Officers authorised to approve claims and applications on their behalf.
 - the Head of Finance & Assurance is provided with such information as is required to complete MG ALBA statutory returns.

C.5 ORDERS FOR WORKS, GOODS AND SERVICES

5.1 Roles

- 5.1.1 Only Budget Holders shall place orders for works, goods and services from their budgets. In the case of media content, this role of “Budget Holder” will generally be discharged by the Head of Business.
- 5.1.2 As a rule, all orders are initiated by raising a Purchase Order in ApprovalMax, complete with evidence of value for money, compliance with budgetary limits and compliance with procurement policy as part of their “first line of defence” role in terms of the Assurance Framework. Reliance on an exclusion or exemption must be supported with evidence.
- 5.1.3 The Head of Finance & Assurance, Chief Executive, Chairperson and Board, in varying circumstances as set out below, fulfil a “second line of defence” role in terms of the Assurance Framework by exercising a challenge function.
- 5.1.4 In particular, when required by these Financial Regulations, the Head of Finance & Assurance is responsible for assessing the sufficiency of Budget Holder evidence, as well as undertaking supplier due diligence and financial risk evaluation.
- 5.1.5 The Chief Executive is responsible for ensuring that large and complex financial proposals have been rigorously tested, including when appropriate through independent financial review and wider risk evaluations.
- 5.1.6 The Chairperson is responsible for ensuring that the largest spending proposals are tested by the Board and in so doing, the Board reviews the sufficiency of the case made by the executive.
- 5.1.7 Authorisers who exercise a second line of defence function cannot make alternative spending proposals.

5.2 Authorisation Levels

- 5.2.1 Orders for works, goods and services must be authorised via ApprovalMax by appropriate post holders, determined by cost centre and value:

Value of order for works, goods or services (ex VAT)	Required level of authorisation for order
Up to £2,000	<ul style="list-style-type: none">• Budget Holder
£2,001 – £50,000	<ul style="list-style-type: none">• Budget Holder and• Head of Finance & Assurance
£50,001 - £500,000	<ul style="list-style-type: none">• Budget Holder and• Head of Finance & Assurance and• Chief Executive
Over £500,000	<ul style="list-style-type: none">• All of the above and• Chairperson
Programmes with an estimated cost of over £100,000 per hour	<ul style="list-style-type: none">• Board

- 5.3 In addition, material amendments to financial commitments already approved in terms of 5.2 above, shall be re-submitted for consideration prior to any amendment taking effect.
- 5.4 A “material amendment” means either (i) any change to the total contract sum in excess of the lower of 10% of contract value or £50k or (ii) any aggregate change to contracted hours of 10% or more. The Authoriser will also be required to consider any significant proposed change to contract specification.
- 5.5 Orders must comply with the agreed ApprovalMax procedures for the issuing of Purchase Orders and with the MG ALBA Procurement Policy and Scheme of Tender Procedures.
- 5.6 Whenever budget holders delegate responsibility for authorisation of orders they must obtain the approval of the Chief Executive in writing of the Officers with delegated authority.
- 5.7 Orders for items subject to contract should be placed with the contracted supplier. For construction contracts, orders shall only be placed with organisations that hold a relevant construction industry registration certificate.
- 5.8 Purchase Orders will be raised for all work, goods or services to be supplied to MG ALBA except for:
- supplies of public utility services.
 - periodical payments such as rent or rates.
 - credit card purchases, in line with MG ALBA’s corporate credit card policy.
 - immaterial, “run-of-the-mill” purchases under £500.
 - petty cash purchases.
 - other exceptions agreed with the Head of Finance & Assurance.
- 5.9 Before entering into spending commitments, the Head of Finance & Assurance must determine the correct accounting treatment and VAT treatment.

C.6 PAYMENT PROCEDURES

6.1 Certification of Invoices

- 6.1.1 Before an invoice is paid, it must be matched with a Purchase Order in ApprovalMax and be certified by both:
- the Budget Holder, or their authorised delegate, who must confirm that the conditions set out in [6.1.2] are met.
 - the Head of Finance & Assurance, or a Finance Associate specifically delegated for this purpose, who must confirm that the conditions set out in [6.1.3] are met.
- 6.1.2 Before certifying an invoice, Budget Holders must be satisfied that the following conditions are met:
- the invoice is matched with a valid Purchase Order previously agreed by the Budget Holder, or any exception to this per [5.8] is clearly documented, with evidence.
 - the works, goods or services to which the account relates have been received or carried out satisfactorily, and for these purposes the Budget Holder must ensure that all colleagues whose work depends on contract deliverables have been consulted and have declared themselves to be satisfied.

- 6.1.3 Before certifying an invoice, the Head of Finance & Assurance (or delegated Finance Associate) must be satisfied that the following conditions are met:
- all prices, extensions, calculations, discounts, other allowances, credits and taxes (including VAT, income tax and national insurance) are correct.
 - appropriate entries have been made in inventories or records if required.
 - that the invoice conforms to the agreed payment schedule, if relevant, and is within the planned financial means of MG ALBA.
 - the invoice has not previously been paid and is a proper liability of MG ALBA.

6.2 Method of Payment

- 6.2.1 The normal method of payment of money due from MG ALBA is by electronic bank transfer, such as BACS and CHAPS, or via Direct Debit. Occasionally, a cheque may require to be drawn on MG ALBA's bank account. The only other exceptions are payments from petty cash.
- 6.2.2 All cheques are issued only on the authority of the Head of Finance & Assurance, who makes proper arrangements for their ordering, issuing and safe custody.
- 6.2.3 Where manual amendments are required to be made to the payee name or address on a cheque, these must be authorised by the signature of one of the following Officers: Chief Executive or Head of Finance & Assurance.
- 6.2.4 The Head of Finance & Assurance may, exceptionally, provide cash advances for service units for the purposes of defraying petty cash and other expenses in accordance with the issued procedures.

6.3 Authorised Signatories

- 6.3.1 The following shall be considered authorised to execute financial transactions from MG ALBA's bank account:
- Chief Executive
 - Head of Finance & Assurance
 - Head of Business
 - Finance team members

- 6.3.2 Online payments, direct debits or cheques must be authorised as follows:

Value of Payment (inc. VAT)	Authorisation Level
Up to £20,000	Any 2 Signatories
£20,001 - £100,000	Head of Finance & Assurance (or their delegate) plus 1 other Signatory
£100,001-£500,000	Chief Executive plus 2 other Signatories
£500,001+	Chief Executive plus 1 other Signatory plus written authorisation by Chairperson in a prescribed form agreed with the relevant Bank

C.7 VALUE ADDED TAX

- 7.1 The Head of Finance & Assurance is responsible for issuing guidance to Officers on the application of value added tax rules.
- 7.2 The Head of Finance & Assurance is responsible for identifying and accounting properly for both input and output valued added tax.
- 7.3 The Head of Finance & Assurance is responsible for mitigating the VAT and other tax liabilities of MG ALBA, where this is commensurate with good business practice.

C.8 FINANCE TEAM

Internal Controls – Segregation of Duties

- 8.1 When invoices are received, a Finance Associate checks the additions and tax treatment before uploading to ApprovalMax for authorisation by the relevant Budget Holders.
- 8.2 Once fully authorised, the invoice is automatically posted to the purchase ledger in Xero. Payment of outstanding invoices is carried out at least once each week, initiated by a Finance Associate via the online banking facility and authorised by two other signatories, in accordance with approved authorisation levels.
- 8.3 When studio equipment or the services of MG ALBA employees are hired to third parties, this information is passed to the Finance Team by the Head of Technology and Facilities. Charges are agreed with the Head of Finance & Assurance and invoices are issued by a Finance Associate, no later than the end of each calendar month. Outstanding invoices are investigated at the end of each subsequent month.
- 8.4 Bank reconciliations are performed by a Finance Associate, within the accounting software system, and are checked at the end of each month during the accounts preparation.
- 8.5 Following each month end, the Finance Team prepares a Trial Balance, Income & Expenditure Account, Balance Sheet, Cash flow and appropriate notes for review and further update by the Head of Finance & Assurance. Once complete, the management reports are issued to the Senior Management Team and the MG ALBA Board receive quarterly management reports. OFCOM, the Scottish Government and the external auditors may also receive quarterly performance reports upon request.
- 8.6 Variance analysis – if variances are outwith accepted levels as per approved procedures, a meeting is held between the Head of Finance & Assurance and the budget holder to discuss any potential problems, with a view to avoiding an unfavourable variance or to seek approval at the appropriate level for budget adjustment.

C.9 CAPITAL EXPENDITURE

- 9.1 A fixed asset purchase request is made by a budget holder raising a purchase order in ApprovalMax, complete with evidence of a business case and value for money. This is automatically passed to Finance, who check it against the capital budget and evaluate the request and associated evidence.
- 9.2 If approved by Finance, the request will then automatically be passed to the Chief Executive for approval, if over £2,000.
- 9.3 Once the request is fully approved, the order is made, goods received and inspected, and details recorded in the fixed asset register.

FINANCIAL REGULATION D – THIRD PARTY ARRANGEMENTS

D.1 INTRODUCTION

- 1.1 It is essential that appropriate accounting and control arrangements are in place to regulate the operation of all arrangements involving third parties.

D.2 PARTNERSHIPS AND JOINT ARRANGEMENTS

- 2.1 Officers must ensure that MG ALBA's corporate governance framework is fully respected in any arrangements reached with external bodies and that financial risks have been fully appraised before agreements are entered into.
- 2.2 Officers are responsible for ensuring that appropriate approvals are obtained in relation to work with external bodies.
- 2.3 The Head of Finance & Assurance must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory and provide for effective internal control.

D.3 BIDS FOR EXTERNAL FUNDING

- 3.1 To assess the financial implications, Officers must consult with the Head of Finance & Assurance regarding the financial content of all bids and business cases for external funding prior to them being submitted by MG ALBA. This applies, for example, to public private partnerships and lottery funding.
- 3.2 The Head of Finance & Assurance is responsible for ensuring that all funding awarded to MG ALBA by external bodies is received and properly recorded in MG ALBA's accounts.

D.4 GRANTS TO EXTERNAL ORGANISATIONS

- 4.1 Approval of grants to external organisations must be made within the terms of MG ALBA policy and in accordance with MG ALBA's Operational Plan.

FINANCIAL REGULATION E – PRODUCTION CONTRACTS PROCESS

E.1 PROCESS STAGES

Board Responsibility

- 1.1 Establishment of policies and desired outcomes.

Officer Responsibility

- 1.2 Agreement in writing to commission video or audio content by Director of Content (or delegate) in the form of a Commissioning Specification.
- 1.3 Programme Purchase Agreement, or similar in the case of short form video content, between Producer and MG ALBA, by Head of Business, having obtained the necessary second line Authorisations set out at C.5.2
- 1.4 Licence Agreement between MG ALBA and BBC or other distributor or broadcaster.
- 1.5 An Executive Producer will be appointed to oversee production, verify reports and liaise on matters of compliance and quality control.
- 1.6 Stage payments by MG ALBA to a Mandated Production Account (if appropriate) on the basis of agreed schedules and cash-flow verified by regular progress reports and VAT invoices.
- 1.7 Delivery of publicity materials (short form video content, images and graphics) and metadata, the quality of which must be verified by MG ALBA's [TBC].
- 1.8 Delivery of video or audio content to MG ALBA with copies of long form video content to the screen archive of National Library of Scotland, or in the case of live or near live television programmes delivery to the broadcaster, with copies to MG ALBA and screen archive of National Library of Scotland.
- 1.9 Final payment by MG ALBA to Producer on verification of satisfactory delivery, VAT invoice and final audit by MG ALBA (if appropriate).
- 1.10 Transmission on linear or digital media platforms.
- 1.11 Audit (interim audit if required between stages 1.7 and 1.8), as appropriate.

E.2 DEVELOPMENT CONTRACT WORKFLOW

- 2.1 Budget Holder selects project.
- 2.2 Head of Business reviews project budget.
- 2.3 Budget Holder issues Deal Memo to Head of Business, setting out delivery and content of delivery material.
- 2.4 Business Affairs issues Development contract, having obtained the necessary second line Authorisations set out at C.5.2.
- 2.5 Development contract is signed in accordance with the authorisation set out in the Schemes of Delegation and Administration and cash flow of development phase commences on receipt of invoices.
- 2.6 Delivery of Development Material and final invoice as per contract and final payment released.

E.3 PRODUCTION CONTRACT WORKFLOW

- 3.1 Budget Holder selects project.
- 3.2 Head of Business reviews project budget.
- 3.3 Budget Holder issues Deal Memo to Head of Business, setting out delivery and content of delivery material.
- 3.4 Business Affairs issues contract, having obtained the necessary second line Authorisations set out at C.5.2.
- 3.5 Contract is signed in accordance with the authorisation set out in the Schemes of Delegation and Administration and cash flow of development phase commences on receipt of invoices.
- 3.6 Delivery of materials and final invoice as per contract and final payment released.
- 3.7 For scheduled production payments ahead of final delivery, the Head of Business (or delegate) checks with the relevant commissioning editor to ensure that production is running to schedule. Cost reports and production reports may also be required before payment is made. Payment is withheld until all these are in place or satisfying explanation given.
- 3.8 An interim audit may be carried out by the Finance Team. If the findings of the audit prove satisfactory, it is recorded on file for reference at next payment date. If findings are unsatisfactory, payments are withheld until the situation is rectified.
- 3.9 Before final payment is made, the contract is checked to ensure conditions are fulfilled and that all deliverables, including promotional videos, pictures and metadata, have been confirmed as meeting the standards set out in the contract. If any deliverables do not meet the required standard, the producer will be asked to fulfil their contractual requirements.
- 3.10 A final audit may be carried out, at the discretion of MG ALBA's Finance Team or Chief Executive. The purpose of the audit will be to verify that the production budget was managed properly and that deliverables were in line with the Commissioning Specification. The cost reports will be scrutinised and sample transactions analysed for accuracy and propriety. Any budget overspend or underspend will be documented and explained. If the results of the audit are unsatisfactory, the producer is informed and final payment withheld until the situation is rectified.
- 3.11 Once audit is satisfied, any budget overspend is borne by the Producer (save in circumstances where increased costs arise directly as a result of MG ALBA having agreed changes to the programme specification). Any underspend is applied between MG ALBA and the Producer in accordance with the underspend guidelines as set out in the programme purchase conditions, subject always to MG ALBA's right of audit. Once complete, the file is closed.