

Appendix 7: Financial regulations and delegations

Introduction

1. To conduct its business efficiently, the Gambling Commission (the Commission) needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations that set out the high level financial policies of the Commission.
2. The financial regulations have been prepared with reference to the relevant agreements between the Department of Culture, Media and Sport (DCMS) and the Commission. It should be noted that, as a public body, the Commission currently has to operate in accordance with government and Treasury guidance on accounting and financial control procedures.
3. These financial regulations are supported by detailed financial procedures which set out the day to day operation of finance activities.

Financial planning

4. The Commission shall ensure the ongoing solvency of the organisation and that sufficient levels of reserves are maintained.
5. The Commission shall agree and set a budget annually before the commencement of the next financial year. This budget will reflect the corporate and business plan objectives and enable their delivery.
6. The annual budget includes estimates of income, revenue expenditure, capital expenditure, reserves, cash flow forecasting and any representations to be made to DCMS in respect of the fee level. Indicative budgets and a financial plan will be projected for the following two financial years to support medium-term planning.

Budgetary control

7. The Chief Executive shall ensure there is an effective budget monitoring process in place.
8. Employees may not incur expenditure on an activity which cannot be met from the amount allocated to that specific activity in the annual budget, subject to the rules on virement and new activities given below. This also applies to where there may be a reduction in specific grant income or anticipated income. In this event, expenditure may not be incurred that exceeds the reduced level of income.
9. The inclusion of items in approved annual revenue or capital budgets shall constitute authority to incur such expenditure, unless the Commission has placed a reservation on such items. In such circumstances expenditure cannot be incurred until such a reservation is removed. In all cases expenditure must comply with procurement regulations.
10. Amounts provided for specific activities cannot be diverted to other purposes except as agreed under the virement delegations.

Changes to the annual budget

11. During the course of a financial year, some original budget estimates will need to be amended to reflect changes in circumstances. Changes must be authorised as set out below and documented in accordance with financial procedures:

- from time to time budgets may be adjusted or changed, following approval from the Board of Commissioners (the Board), to reflect changing business circumstances
- budget changes are likely to arise as part of the monthly re-forecasting process, which includes an early view of potential budgets for the following financial year
- virement is a re-allocation of funds from one budget heading to another for existing activities already approved as part of the annual budget
- virements cannot be made from budgets which are funded by external grants which have been awarded for specific purposes, or between areas which are funded from specific fee arrangements
- new activities – where expenditure on new activities (for example in addition to any agreed budget) is proposed, a full consideration of the overall affordability of the proposal must be made by way of a formal business case detailing the cost and benefits. This must be cleared by the Finance team, prior to the proposal going forward for consideration and approval by Business Plan Programme Board and, where necessary, the Executive Group
- the responsibility of approving new activities with budgets of below £50,000 each, up to a cumulative total of below £250,000 per annum, is delegated to the Chief Executive, who will set out any further delegations in detail within the financial procedures.

Financial reporting

12. The Board shall approve the Annual Financial Statements for signing by the Chief Executive.
13. The Board shall receive regular summary reports on the finances of the organisation.
14. Executive Group shall regularly receive and review the management accounts.

External audit

15. The Commission's accounts are subject under the Gambling Act 2005 to audit by the Comptroller and Auditor General. The Comptroller and Auditor General has arranged for KPMG to conduct the Commission's audit on their behalf.

Internal audit

16. An independent internal audit service shall be secured to carry out an examination of accounting, financial and other operations of the Commission on a regular cycle, in accordance with standards set out in the Government Internal Audit Manual.
17. Internal auditors will be selected and appointed by the Audit and Risk Committee in compliance with the Commission's procurement procedures. Currently the Commission's internal audit is supplied by Mazars.

Accounting

18. The Commission maintains proper accounting records and produces financial statements in accordance with any directions issued by the Secretary of State and Government Accounting guidance (namely the Government Financial Reporting Manual, managing Public Money, Accounts Directive and Accounting Standards issued or adopted by the Accounting Standards Board, Dear Accounting Officer letters and any other relevant guidance issued by Treasury).
19. As Accounting Officer, the Chief Executive is responsible for ensuring compliance with this, and he/she may delegate the task to other employees as appropriate.

20. Controls, checks and balances will be put in place when designing financial procedures, to reduce the risk of error and fraud consistent with the Commission's Anti-Fraud and Corruption Policy.
21. The Chief Executive is responsible for determining accounting policies and ensuring that they are applied consistently.
22. The Chief Executive is responsible for determining the accounting procedures and records for the Commission.
23. The Chief Executive is responsible for ensuring that the annual financial statements are prepared in accordance with the Accounts Direction and the requirements of Government Accounting.

Risk management

24. The Commission will ensure that an appropriate system of risk management is in place and regularly reviewed. The Audit and Risk Committee will be responsible for reviewing the effectiveness of the system.

Preventing fraud and corruption

25. The Commission has a policy in place for preventing fraud and corruption.
26. Commissioners and employees shall comply with this policy.
27. It is an offence under the Prevention of Corruption Acts 1889-1916, for Commissioners or employees to corruptly accept any gifts or consideration as an inducement or reward for doing, or refraining from doing, anything in his/her official capacity, or showing favour or disfavour to any person in his/her official capacity. In addition, the Bribery Act 2010 creates four principal offences: paying bribes; receiving bribes; bribery of a foreign public official; and, failure by a commercial organisation to prevent a bribe being paid to obtain or retain business or a business advantage.

Treasury management and banking

28. The Commission shall establish and approve a treasury management policy.
29. The Chief Executive has delegated responsibility for implementing and monitoring the policy, and for recommending the treasury management strategy to the Commission.
30. The Chief Executive controls all money in the hands of the Commission and all decisions on borrowing, investment or financing shall be delegated to the Chief Executive, acting in accordance with the treasury management policy statement and the treasury management strategy.

Banking and cash

31. The Chief Executive is responsible for ensuring that the Commission's banking arrangements are in accordance with the requirements of Government Accounting.
32. The opening of all new bank accounts, and nomination of authorised signatories, can only be undertaken following the specific authority of the Board of Commissioners.
33. The Chief Executive has delegated responsibility for opening any bank account in the name of the Commission.
34. The banking arrangements of the Commission shall be reviewed at regular intervals of approximately three years.
35. The Chief Executive must advise the bankers in writing of the conditions under which the accounts are to be operated.

Procurement

36. All purchases made by the Commission will take into account the need to secure value for money and exercise propriety when expending Commission resources. This will include competitive and transparent tendering procedures at appropriate levels of expenditure.
37. The Commission delegates the establishment of procurement procedures to the Chief Executive who should ensure that such procedures are operated effectively and reviewed periodically.
38. Goods and services procured must be for the purposes and within the financial limits set out in the Annual Budget and Corporate Plan.

Authorisation levels

39. Contracts equal to and above £750,000 or with recurring annual costs of more than £250,000 must be approved by the Board and all deeds must be approved by the Board before they are signed.
40. The responsibility of authorising purchases below the above limits is delegated to the budget holder, who will set out any further delegations in detail within the financial procedures.
41. All purchases must have sufficient budget provision previously agreed and set out in the budget book, for at least the current year.
42. Contracts or purchase orders should be in place before the supply of the goods or service takes place.
43. Contract value is defined as being over the whole life of the contract, which should not normally be more than five years.
44. Purchase orders are legal contracts and the same levels of approval apply.
45. Purchase orders raised manually within the accounting system must be authorised by approved budget managers, provided that a hard copy has been previously signed at the appropriate authorisation level.
46. In his/her absence, the budget holder may delegate another approved authoriser from their budget to authorise contracts, submitting a notification to the Chief Executive if the contract is over £50,000.

Signing of contracts

47. New contracts of a value over £50,000 shall be reviewed by the Commission's legal advisers.
48. The Commission is responsible for the determination of authorised persons who may sign or execute documentation on behalf of the Commission, and delegates this responsibility to the Chief Executive. The Chief Executive will set out any further delegations in detail within the financial procedures.

Procurement processes

49. The Commission ensures that its procurement processes comply with the public procurement regulations, and are updated to comply with the most recent regulations.
50. While value for money and competition will form the basis for procurement procedures, all purchases equal to or greater than £10,000 shall be subject to at least three quotations and all purchases equal to or greater than £25,000 shall be subject to tender or public procurement as applicable.

51. A schedule of financial levels for obtaining quotes and tenders is included within the financial procedures.

Externally funded activities

52. The Commission may receive external funding for specified activities, subject to the following:
- the activity is within the Commission's powers and it contributes towards its corporate objectives, and there are sufficient resources to deliver the activity without detriment to existing activities
 - there is a written agreement or contract which is reviewed by the Commission's legal advisers
 - income contracts are signed by the Chief Executive, or in his/her absence a director may authorise contracts, submitting a notification to the Chief Executive of those contracts signed.
53. Acceptance of additional funding is delegated in accordance with the thresholds set out in the budgetary control section, under new activities.
54. All external funding shall be used for the purpose for which it was granted and no other and external terms and conditions must be complied with.

Insurance

55. Central government organisations should not normally buy commercial insurance to protect against risk. In certain circumstances, the Chief Executive as Accounting Officer may choose to purchase commercial insurance to protect certain parts of the organisation's portfolio or for items where insurance is legally required. On behalf of the Chief Executive as Accounting Officer, the Senior Manager - Finance shall ensure that appropriate insurance cover is in place, in accordance with the policy determined by the Commission and in accordance with guidance issued by Treasury, contained in Managing Public Money Annex 4.5 Senior Responsible Owner Accountability.

Indemnities and guarantees

56. The Commission shall not give indemnities or guarantees, except by specific agreement of the Board and by prior agreement of the Secretary of State as required.

Commissioners' expenses scheme

57. The Commission will establish a scheme for the payment of expenses to Commissioners, which shall be approved by the Commission and by the Secretary of State.
58. All claims for a financial year are to be submitted within two months of 31 March each year.

General business conduct

59. Commissioners must comply with the requirements of the Code of Conduct for Commissioners.
60. Employees and others working for the Commission must comply with the Employees Code of Conduct.